有利集團有限公司

Yau Lee Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 0406

GREEN INTEGRATED CORPORATION

ANNUAL REPORT 2011

Contents

DIRECTORS

Executive Directors

Wong Ip Kuen *(Chairman)*
Wong Tin Cheung *(Vice Chairman)*
Wong Wai Man
So Yau Chi
Sun Chun Wai
Tsang Chiu Kwan (appointed on 1 May 2010)

Independent Non-Executive Directors

Chan, Bernard Charnwut
Wu King Cheong
Yeung Tsun Man, Eric

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

10th Floor, Tower 1
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay
Hong Kong

Websites: http://www.yaulee.com
http://www.irasia.com

COMPANY SECRETARY

Ho Sui Man (resigned on 11 April 2011)
Chan Sai Yan (appointed on 11 April 2011)

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited
BNP Paribas Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of Tokyo-Mitsubishi UFJ, Ltd. Hong Kong Branch

AUDITOR

PricewaterhouseCoopers

SOLICITORS

Gallant Y.T. Ho & Co
T. H. Koo & Associates

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Ltd.
17M Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

RESULTS FOR THE YEAR

On behalf of the Board, I am pleased to report that the Group continued to achieve favourable results for the year. The Group reported increase in revenue and net profit during the year, attributed to the continuous and healthy growth in our main business operations as well as the fair value gains on the Group's investment properties.

The Group achieved a turnover of HK$3,573,181,000 representing a moderate growth over last year. This was brought about by the stable contribution from our core construction business, especially in Hong Kong and Singapore, as well as a steady growth in the electrical and mechanical installation business. Gross profit for the year was HK$207,395,000 compared with HK$231,639,000 reported last year as a result of additional costs incurred in certain completed construction contracts. Besides, other income and gains increased considerably to HK$84,373,000, benefited mainly from the appreciation in fair values of the Group's investment properties in Hong Kong. From costs perspective, the Group's tightened control over administrative expenses has proved to be effective in an inflationary environment. Administrative expenses were maintained at HK$200,394,000 which is about the same level as previous year. The finance cost in current year increased in order to fund various new property development projects. The Group's tax expenses for the year amounted to HK$14,981,000, representing an effective tax rate of 17%. Overall, net profit for the year increased to HK$71,351,000 reflecting the Group's progressive growth in our core businesses and the flourishing property investments.

The basic earnings per share for the year was HK16.42 cents compared to HK12.86 cents of last year. Net asset value of the Group as at 31 March 2011 was HK$1,387,490,000 (2010: HK$1,303,450,000), equivalent to HK$3.17 (2010: HK$2.98) per share based on 438,053,600 (2010: 438,053,600) ordinary shares in issue.

DIVIDEND

In the Board meeting held on 27 June 2011, the Directors recommended the payment of a final dividend of HK2.28 cents (2010: HK1.28 cents) per share for the year ended 31 March 2011. Subject to the equity holders' approval at the forthcoming Annual General Meeting, the dividend will be paid on 22 September 2011 to equity holders whose names appear on the Company's register of members on 26 August 2011.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 8 August 2011 to Friday, 12 August 2011 (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the forthcoming Annual General Meeting ("AGM") of the Company.

In order to qualify for attendance to the AGM, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 5 August 2011.

The register of members of the Company will be closed again from Monday, 22 August 2011 to Friday, 26 August 2011 (both days inclusive) for the purpose of determining the identity of members who are entitled to the recommended final dividend of HK2.28 cents per share for the year ended 31 March 2011, following the approval at the AGM of the Company.

In order to qualify for the final dividend, all share transfers accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 19 August 2011.

REVIEW OF OPERATIONS

Building construction, renovation and maintenance

Revenue for the building construction, renovation and maintenance segment for the current year was HK$1,950,609,000 (2010: HK$2,183,737,000) and the segment loss was HK$18,250,000 (2010: profit of HK$15,214,000). At the beginning of 2010 during which economic recovery from the financial crisis was still in the early stage, developers and contractors have been cautious in carrying out contract works given the uncertain outlook. The recovery has picked up pace in the second half of 2010, with Hong Kong and Singapore property construction markets growing strong. The overall result of this for the Group in this segment was a moderate drop of revenue during the year. Segment results experienced a loss due to unexpected cost increment for certain construction contracts completed during the year. The Group will continue to monitor closely its contracts in progress to ensure profitability and completion on time in a quality manner. On the other hand, the Group's jointly controlled entity in respect of a major public construction project in Hong Kong has commenced full construction during the year.

During the year, the Group secured 10 major contracts with a total contract sum of HK$2,048,000,000 and completed 7 contracts with total contract value of HK$3,893,000,000. Total value of contracts in hand as at 31 March 2011 was HK$5,065,000,000. In addition, the contract secured through a jointly controlled entity with a renowned contractor of value HK$2,896,000,000 was in progress during the year. As at 31 March 2011, the Group's total contract value in hand was at HK$7,961,000,000 including those held through a jointly controlled entity. Subsequent to the year end and up to the date of this report, the Group has further secured two contracts totalling HK$393,000,000. The strong contract intakes demonstrate the Group's experience and competitive strength in the construction market. The Group has developed strong expertise and reputation in the building construction and renovation sector and the Group will continue to leverage on these advantages to actively explore opportunities in both public and private sector projects.

Achieving high quality, safety and environmental standards has always been the Group's mission. During the year, the Group's effort towards this mission continued to receive recognition from the industry and brought to the Group a variety of more than 30 awards, including:

1. Gold Award of Considerate Contractors;
2. Silver Award for Building Sites (Public Sector) in Safety Award Scheme;
3. Silver Award for Outstanding Contractors Award (Building);
4. Bronze Award of Safety Team Award; and
5. Merit Award for Environmental Excellence.

Electrical and mechanical installation

The electrical and mechanical installation segment has achieved solid growth as a result of robust development in the property markets of Hong Kong and Mainland China. Revenue for the segment was HK$1,581,137,000 (2010: HK$1,232,158,000) and segment profit was HK$28,949,000 (2010: HK$21,922,000).

Although competition in this business segment was keen, the Group has managed to achieved a 28% increase in revenue, which was driven by the strong growth in contract intakes. The growth in Mainland China is particularly encouraging especially in Shanghai, and new contracts secured were generally of high contract values. Contracts with total sums amounting to approximately HK$1,600,000,000 were secured during the year, including a contract of HK$436,000,000 in Mainland China and two contracts totalling HK$187,000,000 in Macau. As at 31 March 2011, total contracts in hand for this segment amounted to HK$3,849,000,000.

Profit of this segment increased by about 32% and was in line with the increase in revenue. The Group believes that the markets in Hong Kong, Mainland China and Macau will be the major drivers for further and sustained growth in this business segment. Apart from leveraging on own expertise and experience, the Group will also actively pursue strategic partnerships with other companies in the sector in order to increase competitive strength for securing more significant opportunities.

Building materials trading

The segment reported turnover of HK$28,711,000 (2010: HK$32,958,000) and a segment profit of HK$12,757,000 (2010: HK$1,554,000). The reduced turnover was due to decreased materials supply contracts with private developers in Hong Kong as a result of the conservative attitude of developers with uncertainty about the full recovery of the global economy. During the year, appreciation of Renminbi, increasing labour costs and fluctuating raw material prices remained major concerns in the operation, as the production facilities were located in Mainland China. Nevertheless, profit from this segment moved up significantly which mainly attributed to the gain on derivative financial assets and currency exchange gain of Renminbi. Besides, persistent efforts to implement efficient operational measures and better cost control in factory production were also contributing factors to the profit increase in this segment.

Property investment and development

Revenue generated from this segment during the year amounted to HK$1,536,000 (2010: HK$2,816,000) which came from rental of the Group's investment properties. There was a slight decrease in revenue because rental of an investment property in Hong Kong was terminated by the Group during the year in order to plan the site for redevelopment. Segment profit recorded was HK$50,833,000 (2010: HK$41,269,000), resulted primarily from the gains on fair value of the investment properties during the year, which was driven by the recent soar in property prices in Hong Kong. These properties were acquired in 2009 in Hong Kong during the global financial crisis with significant downward market adjustments. Some of those properties are currently under development and the rest continue to derive rental income for the Group.

Others

The Group's other businesses include business units that support the Group's existing construction business and at the same time, actively pursue work from external customers. These units include computer software development as well as architectural and engineering services businesses. These enable the Group to provide integrated services to clients and help build up competitive edge in the market in terms of service coverage and cost savings.

BUSINESS PROSPECTS

The Group will continue its positioning as a total solution contractor in the market with diversified construction related businesses and will proactively explore opportunities across different territories. This will increase our competitiveness and strengthen our ability to sustain long-term growth.

Although full recovery of the global economy is still uncertain, locally Hong Kong's property construction market has shown a continuous upward trend as a result of the Hong Kong Government's "Ten Major Infrastructure Projects", and the various coming major public and private sector projects. With our strong expertise and excellent reputation developed in the local construction and building renovation sector, the Group will continue to actively pursue further contract works in Hong Kong. The Group has also gained favourable reputation around the region from its recent works in Macau and Singapore and this has helped securing further new contracts in these expanding markets. The Group is confident that such momentum will continue.

Our mechanical and electrical installation business has already gained a strong presence and contract base in Hong Kong, Macau and Mainland China, capitalizing on our experience and local knowledge in these regions, we will continue to look for further expansion on a proactive basis. On the other hand, a number of large infrastructure projects are progressing in Hong Kong currently. The Group will look for strategic partnership locally and from overseas to enhance our capabilities in order to increase the chance of securing major projects. Besides, the Group will also engage in developing environmental products to the market by actively collaborating with local universities for researches and developments.

The construction of the Group's new integrated factory in Huizhou, Guangdong Province of China is well in progress, and some of the production lines have already commenced operations. At the moment, the factory in Longhua of Shenzhen will continue to be the main production hub for supplying building construction materials. Upon completion of construction of the new factory, the centralised management of the various production lines should promote synergies among each other, thereby reducing cost and improving efficiency. It will also enhance our capabilities and capacity to cope with new business intakes, especially in precast building units and materials. Further, one Starfon production line has already completed set up within the new factory and ready for pilot operation. With the addition of the innovative Starfon technology, the Group will be able to develop and promote this environmentally friendly, cost effective and high performance building material to the market and this will undoubtedly strengthen our building material trading business.

Property development projects of the Group have also been moving along with good progress. In Hong Kong, the Holiday Inn Express Hong Kong SoHo in Sheung Wan are targeted to be operational in the first quarter of 2012. It should then provide an additional steady source of revenue for the Group. In alignment with our pursuit of corporate social responsibility, the Group aims at building an environmentally friendly hotel by incorporating various innovative, energy saving, waste reduction measures. The hotel will be a representative work of the Group for demonstrating our effort towards green building construction. On the other hand, the properties located in Kwun Tong and To Kwa Wan are planned for redevelopment into offices and residential premises respectively and have been undergoing statutory procedures. The Group has enjoyed favourable appreciation in values of these properties and upon completion of the redevelopment, they should provide another steady source of revenue to the Group. In general, the Group will maintain a strategic and balanced property investment portfolio which will bring additional and long-term benefits to the Group.

With our solid foundation in the construction and related businesses, sound business development plans, together with our continuous effort to drive synergies amongst different divisions, the management team is confident of achieving steady growth for the Group in the coming years. The Group will continue to attune to the economy and market trend, seizing favourable opportunities whenever they arise and take prompt actions. Besides, we will continue to adopt a proactive, yet prudent approach in developing our businesses and to maximize return for shareholders. We will also continue to invest in staff development and training. Finally, being a responsible corporate citizen, we will extensively implement energy saving, low carbon emission and environmentally friendly construction technologies, aiming to build a better environment for people.

By order of the Board

Wong Ip Kuen
Chairman

Hong Kong, 27 June 2011

FINANCIAL POSITION

As at 31 March 2011, the Group's total cash in hand was HK$428,230,000 (2010: HK$566,630,000) while total borrowings have increased to HK$809,260,000 (2010: HK$516,949,000). The Group has net debt of HK$381,030,000 (total borrowings less total cash in hand) as at 31 March 2011 (2010: nil) and the current ratio has reduced from 1.69 in 2010 to 1.50 in 2011. The reduction in net cash position is mainly a result of the timing of receipt of construction revenue at year end, the payments of machinery for production of environmentally friendly products and construction costs of the development projects which were partly satisfied by internally generated resources and partly from banking facilities.

The short-term and long-term borrowings are secured by the Group's properties, certain time deposits and financial assets at fair value through profit or loss. Interest on bank loans are charged at floating rates and the Company monitors interest rate risks continuously and considers hedging any excessive risk when necessary. The Group has been granted banking facilities of HK$1,408,638,000 (2010: HK$948,067,000) relating to bank loans and overdrafts and HK$611,004,000 (2010: HK$608,802,000) relating to guarantees and trade financing as at 31 March 2011, in which an amount of HK$809,260,000 (2010: HK$516,949,000) and HK$309,914,000 (2010: HK$290,728,000) were utilised respectively. The Group's banking facilities increased as a result of business expansion, financing for capital expenditure and property development projects.

HUMAN RESOURCES

As at 31 March 2011, the Group employed approximately 3,100 (2010: 2,600) employees. There are approximately 1,850 (2010: 1,900) employees in Hong Kong, Macau and Singapore and 1,250 (2010: 700) in Mainland China. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned.

MOVEMENT OF INCOMPLETE CONTRACTS

FOR THE YEAR ENDED 31 MARCH 2011

Contract value

	31 March 2010 HK$'million	Contracts Secured HK$'million	Contracts Completed HK$'million	31 March 2011 HK$'million
Building construction, renovation and maintenance	6,910	2,048	(3,893)	5,065
Electrical and mechanical installation	3,460	1,600	(1,211)	3,849
Less: Inter-segment contracts	(315)	(246)	208	(353)
	10,055	3,402	(4,896)	8,561

The above contract value as at 31 March 2011 did not include a contract of a jointly controlled entity with HK$2,896,000,000 in value.

Building construction, renovation and maintenance segment

Contracts completed during the year ended 31 March 2011

Contracts	Commencement date	Completion date	Contract value HK$'million
Design and Construction of the Redevelopment of Lo Wu Correctional Institution	April 2007	April 2010	1,228
Construction of Choi Wan Road Development Site 3B Phase 1	April 2007	April 2010	551
District Term Contract for the Maintenance and the Vacant Flat Refurbishment for Ma On Shan and Shatin North District (2007/2010)	May 2007	May 2010	156
Construction of the Podium of the Marina Bay Sands Integrated Resort from Basement 4 to Level L5 in Singapore	June 2008	February 2010	1,026
Ma On Shan Area 86B	August 2008	March 2011	799
Marina Bay Sands Integrated Resort Podium-Wide Post-Fixed Column/Beam Facings in Singapore	March 2009	August 2010	111
Demolition of Kowloon Bay Flatted Factory and Construction of Hoarding for Public Housing Development at Tung Tau Cottage Area East	January 2010	November 2010	22
Total			3,893

Building construction, renovation and maintenance segment *(Continued)*

Contracts secured in prior year and in progress during the year ended 31 March 2011

Contracts	**Commencement date**	**Contract value** HK$'million	**Estimated remaining works as at 31 March 2011** HK$'million
District Term Contract for the Maintenance and Vacant Flat Refurbishment for Property Service Administration Unit/Kowloon West & Hong Kong (2009/2012)	April 2009	97	33
District Term Contract for the Maintenance and Vacant Flat Refurbishment for Property Service Administration Unit/Kwai Chung & Tsuen Wan (2009/2012)	May 2009	156	56
Construction of Public Rental Housing at Shek Kip Mei Estate Phase 2	June 2009	542	283
Redevelopment of Lower Ngau Tau Kok Estate Phase 1	July 2009	1,242	635
Term Contract for the Design and Construction of Fitting-Out Works to Buildings and Lands and Other Properties which The Architectural Services Department is Responsible	July 2009	348	145
Hamilton Scotts Road Condominium Development Package S02 – Structural Works, Plumbing and Sanitary Works in Singapore	January 2010	122	38
Term Contracts for the Alterations, Additions, Maintenance and Repair of Buildings and Lands and Other Properties for which the Architectural Services Department (Property Services Branch) is Responsible	April 2010	360	270
District Term Contract for the Maintenance and Vacant Flat Refurbishment for Property Service Administration Unit/Kowloon East (2009/2012)	April 2010	150	50
Total		3,017	1,510

Building construction, renovation and maintenance segment *(Continued)*

Contracts secured in current year and in progress during the year ended 31 March 2011

Contracts	**Commencement date**	**Contract value** HK$'million	**Estimated remaining works as at 31 March 2011** HK$'million
Maintenance, Improvement and Vacant Flat Refurbishment for Ma On Shan, Shatin (North) and Tseung Kwan O (1) District 2010/2013	May 2010	235	167
Design and Build for Staging and Receiving Facility – Lantau Island	July 2010	11	1
Construction works – Lantau Island	July 2010	446	253
The Greenwich and Greenwich Village in Singapore	November 2010	488	474
Part A: Building Works at Sembawang Neighbourhood 4 Contracts 10 (Total: 432 Dwelling Units); Part B: Contingency Works in Singapore	December 2010	332	318
New Extension to Canossa Hospital (Caritas) at No.1 Old Peak Road	January 2011	317	310
Construction works – Lantau Island	February 2011	87	82

Building construction, renovation and maintenance segment *(Continued)*

Contracts secured in current year and in progress during the year ended 31 March 2011 *(Continued)*

Contracts	Commencement date	Contract value HK$'million	Estimated remaining works as at 31 March 2011 HK$'million
Venetian Macao Resort Hotel Phase 5 & 6 – Podium Paradise Gardens Fit-Out	February 2011	20	17
Venetian Macao Resort Hotel Phase 5 & 6 – Sheraton Entry and P6 Family Friendly Route Fit-Out	April 2011	36	36
Venetian Macao Resort Hotel Phase 5 & 6 – Podium P5 & P6 Casino Screens	April 2011	24	24
Others		52	32
Total		2,048	1,714
Contracts in hand as at 31 March 2011		5,065	3,224

Contracts secured subsequent to the year end and up to the date of this report

Contracts	Commencement date	Contract value HK$'million
Maggie's Cancer Caring Centre (Phase III) – Tuen Mun Hospital Main Contract	May 2011	33
Maintenance, Improvement and Vacant Flat Refurbishment for Wong Tai Sin, Tsing Yi, Tsuen Wan and Island (1) 2011/2014	July 2011	360
Total		393

Building construction, renovation and maintenance segment *(Continued)*

Contract secured by a jointly controlled entity and completed during the year ended 31 March 2011

Contract	**Commencement date**	**Completion date**	**Contract value** HK$'million
Design and Construction of Prince of Wales Hospital-Extension Block at Shatin (50% effective interest by the Group)	April 2007	April 2010	1,654

Contract secured by a jointly controlled entity in prior year and in progress during the year ended 31 March 2011

Contract	**Commencement date**	**Contract value** HK$'million	**Estimated remaining works as at 31 March 2011** HK$'million
The Integrated Contract for Construction of Public Rental Housing Development at Kai Tak Site 1B at Kowloon (60% effective interest by the Group)	November 2009	2,896	2,509

Summary of Contracts

Electrical and mechanical installation segment

Contracts completed during the year ended 31 March 2011

Contracts	Commencement date	Completion date	Contract value HK$ million
Electrical Term Maintenance Contract (Kwai Tsing, Tsuen Wan, Island Region) 2007/2010 Housing Authority Estates, Areas & Buildings	April 2007	April 2010	97
Electrical Term Maintenance Contract (Kowloon East Region) 2007/2010 Housing Authority Estates, Areas & Buildings	April 2007	April 2010	95
Redevelopment of Lo Wu Correctional Institution (Electrical Installation)*	April 2007	April 2010	113
Redevelopment of Lo Wu Correctional Institution (HVAC Installation)*	April 2007	April 2010	61
Redevelopment of Lo Wu Correctional Institution (Fire Services Installation)*	April 2007	April 2010	34
Electrical Installation for Construction of Public Housing Development at Ex-Chai Wan Estate	July 2007	April 2010	28
Wong Tai Sin Temple Abbot Hall in Wong Tai Sin	April 2010	September 2010	18
Refurbishment of Plant Rooms and Vent Shafts at Stations of Island Line	May 2010	March 2011	17
Others			748
Total			1,211

* Inter-segment contracts

Electrical and mechanical installation segment *(Continued)*

Contracts secured in prior years and in progress during the year ended 31 March 2011

Contracts	Commencement date	Contract value HK$'million	Estimated remaining works as at 31 March 2011 HK$'million
Shanghai IFC Boiler System	June 2007	34	4
Housing Authority Electrical Installation for Construction of Redevelopment of Shatin Pass Estate	August 2007	25	1
Electrical & MVAC Installation for the Proposed GIC/Public Carpark & Residential Development (Phase 2) at TSWTL No. 24 Area 33 Tin Shui Wai N.T.	November 2007	51	2
Shanghai IFC North Tower - Electrical Installation	December 2007	124	30
Shanghai IFC North Tower - HVAC Installation	December 2007	114	18
Maintenance Services for Central Plants at West Rail Line, East Rail Line, Airport and Tung Chung Line	May 2008	78	9
Guangzhou Taikoo Hui HVAC System Supply and Installation	June 2008	231	102
Residential Development at Ap Lei Chau Inland Lot No.129 - Plumbing System	April 2009	72	2
Construction of Public Rental Housing at Shek Kip Mei Estate Phase 5	July 2009	57	45

Electrical and mechanical installation segment *(Continued)*

Contracts secured in prior years and in progress during the year ended 31 March 2011 *(Continued)*

Contracts	Commencement date	Contract value HK$'million	Estimated remaining works as at 31 March 2011 HK$'million
Fitting-out works to Building & Lands & Other Properties for which the Architectural Services Department is Responsible (HK Island & Outlying Island)*	July 2009	107	89
Sewage Interception Scheme in Kowloon City	July 2009	72	70
Tai Wai Maintenance Centre Property Development Phase 3 at STTL No. 529	July 2009	56	50
The Proposed Residential Development at Ma On Shan Area 77, STTL No. 548	August 2009	53	15
The Proposed Residential Development at Hung Shui Kiu, Lot No. 2064 in DD121	August 2009	32	7
The Construction of Second Secondary School at Development near Choi Wan Road & Jordan Valley	November 2009	37	35
New Academic Building, Institute for Advanced Study and Residential Accommodation for the Hong Kong University of Science and Technology	December 2009	55	53
Galaxy Resort & Casino in Cotai City Macau	January 2010	356	35
Others		695	42
Total		2,249	609

* Inter-segment contracts

Electrical and mechanical installation segment *(Continued)*

Contracts secured in current year and in progress during the year ended 31 March 2011

Contracts	Commencement date	Contract value HK$'million	Estimated remaining works as at 31 March 2011 HK$'million
Shanghai Lux China Mixed-use Project	April 2010	436	392
Term Contract for the Alterations, Additions, Maintenance & Repair of Electrical & Air Conditioning Installations at Architectural Services Department In the Designated Contract Area of Central, Peak and Mid-levels*	April 2010	62	56
Mechanical Ventilation and Air Conditioning Installation for the Construction of Proposed Residential Development at 2A Seymour Road, Hong Kong	April 2010	20	18
Biennial Term Contract for the Maintenance & Repair of Fire Services Installations in Hong Kong Island	April 2010	16	5
Supply and Installation of MVAC and Electrical Works for New Commercial Building No. 414 Kwun Tong Road, Kwun Tong	June 2010	59	58
E & M Sub-contract Works for Improvement Works at Sha Tin Station	June 2010	27	21
Supply and Installation of an Additional Combined Heat and Power Generating set at Shek Wu Hui Sewage Treatment works	June 2010	13	10
Electrical, MVAC, Fire services and Plumbing & Drainage Installations – Lantau Island*	July 2010	99	75

* Inter-segment contracts

Electrical and mechanical installation segment *(Continued)*

Contracts secured in current year and in progress during the year ended 31 March 2011 *(Continued)*

Contracts	Commencement date	Contract value HK$'million	Estimated remaining works as at 31 March 2011 HK$'million
Supply and Installation of Mechanical and Electrical Equipment at Salt Water Supply for North West New Territories	July 2010	17	16
Electrical Installations Term Maintenance Contract for Shopping Centres, Carparks, Markets & Cook-food Stalls at Ma On Shan, Tseung Kwan O, Kowloon East & Hong Kong Island Districts	July 2010	15	10
Retrofitting works for Existing Sludge Dewatering Centrifuges at Stonecutters Island Sewage Treatment work	July 2010	12	10
Podium Fire Services Wet Installation at Macau Cotai, Parcel 5 & 6 & Tropical Gardens	September 2010	86	75
Sub-contract for MVAC, Electrical, Fire Services and Plumbing & Drainage Installation for Hotel Development at Jervois Street, Sheung Wan, Hong Kong*	September 2010	58	57
Combined Building Services Installation for Building C Entertainment Annex at Galaxy Resort & Casino in Cotai City, Macau	January 2011	101	99
Electrical and ELV Installation for Canossa Hospital (Caritas) at No.1 Old Peak Road*	January 2011	27	26
Supply and Installation of a Combined Heat and Power Generator Set at Shatin Sewage Treatment Works	February 2011	18	17
Others		534	264
Total		1,600	1,209
Contracts in hand as at 31 March 2011		3,849	1,818

* Inter-segment contracts

Electrical and mechanical installation segment *(Continued)*

Contracts secured subsequent to the year end and up to the date of this report

Contracts	Commencement date	Contract value HK$'million
Design, Supply and Installation of E&M Works for Electrical and MVAC for Station Commercial Works at Tin Shui Wai & Tin Hau Station	April 2011	4
Electrical, HVAC, Fire Services and Plumbing & Drainage Installation – Lantau Island*	April 2011	31
Electrical and MVAC Installation for Proposed Residential Development at 4-22 Alnwick Road, Kowloon	April 2011	6
E&M Renovation Works at Shanghai Novel Plaza	April 2011	80
Provision of Electronic Systems Installation, Modification, Repair and Maintenance Works at Various Sewage Treatment Works and their Outstations (Region 1A)	May 2011	3
Provision of Electronic Systems Installation, Modification, Repair and Maintenance Works at Various Sewage Treatment Works and their Outstations (Region 1B)	May 2011	3
Maintenance Services for Central ECS Plants at Various Premises	May 2011	83
24-Month Contract for the Operation & Maintenance of Air-Conditioning Installations at New Territories Region	May 2011	24
24-Month Contract for the Operation & Maintenance of Air-Conditioning Installations at Hong Kong Region	May 2011	23
Others		13
Total		270

* Inter-segment contracts

EXECUTIVE DIRECTORS

Mr. Wong Ip Kuen

aged 75, is the Chairman of the Group. Mr. Wong has over 50 years of experience in the building construction industry of Hong Kong. He is responsible for the overall strategic development and management of the Group. Mr. Wong is the father of Mr. Wong Tin Cheung and Ms. Wong Wai Man.

Mr. Wong Tin Cheung, JP

aged 47, has been with Yau Lee Group for 23 years. He is the Vice Chairman of the Group, undertaking the posts of Managing Director of Yau Lee Construction Company Limited and Yau Lee Wah Concrete Precast Products Company Limited, Vice Chairman of REC Engineering Company Limited, Chief Executive Officer of VHSoft Technologies Company Limited and Director of Yau Lee Hing Materials Manufacturing Limited.

Mr. Wong is responsible for formulating the Group's overall strategic planning and overseeing business development as well as investment strategy. Mr. Wong is committed to the research and development of green building technologies, precast construction technologies, energy efficient electrical and mechanical systems and the use of renewable energy to fulfill the global carbon reduction needs.

Mr. Wong holds a Bachelor Degree in Civil Engineering from the University of Southampton, Master Degree in Foundation Engineering from the University of Birmingham, Master Degree in Business Administration from the Chinese University of Hong Kong and Bachelor Degree in Religious Studies from the Holy Spirit Seminary College of Theology & Philosophy. He is a Member of the Hong Kong Institution of Engineers and a Fellow of both the Chartered Institute of Building and the Institute of Civil Engineers (United Kingdom). In 2009, he was conferred a Honorary Fellow by the Vocational Training Council and a Honorary Fellow by the University of Central Lancashire in recognition of his contributions.

In public services, Mr. Wong is appointed as the Vice Chairman of the Occupational Safety and Health Council, a Member of Construction Industry Council, the Director of Hong Kong Green Building Council, a Member of the Land and Development Advisory Committee, a Member of MPF Industry Schemes Committee, a Member of the Antiquities Advisory Board and a Member of the Vocational Training Council. He also serves as the President of the International Federation of Asia and West Pacific Contractors' Associations. In the past, Mr. Wong served as President of the Hong Kong Construction Association from 2005 to 2011.

Mr. Wong was an elected member of the 2006 Election Committee Subsection Election (Real Estate & Construction) and is currently a member of Guizhou Province Committee of the Chinese People's Political Consultative Conference. Mr. Wong has since 2008 been appointed and served as Justice of the Peace (JP) by the Government of the HKSAR for recognition of his outstanding contributions made to society.

In academic fields, Mr. Wong has been appointed as an Adjunct Professor in the Department of Civil Engineering in the University of Hong Kong for a term starting in September 2010 and Adjunct Professor in the Department of Building and Real Estate of The Hong Kong Polytechnic University as well as the Chairman of Divisional Advisory Committee for Division of Building Science and Technology of City University of Hong Kong. He was awarded the "2001 Hong Kong Outstanding Young Digi Persons Award" and the "Bauhinia Cup Outstanding Entrepreneur Award 2002" presented by the Hong Kong Polytechnic University. Mr. Wong is the son of Mr. Wong Ip Kuen and brother of Ms. Wong Wai Man.

Ms. Wong Wai Man

aged 44, has been appointed as an Executive Director of the Company since 2008, after working with different entities in the Group since 2003.

She is also Director of various companies which carry out primary business of the Group, namely Yau Lee Construction Company Limited, Yau Lee Wah Concrete Precast Products Company Limited, Yau Lee Hing Materials Manufacturing Limited, Yau Lee Curtain Wall and Steel Works Limited, REC Engineering Company Limited, Ming Hop Company Limited, Yau Lee Development Company Limited, Yau Lee Innovative Technology Limited, VHSoft Technologies Company Limited, InnoVision Architects & Engineers Limited, Leena Theme Painting Limited, as well as the Managing Director of Yau Lee Construction (Macau) Company Limited and Yau Lee Construction (Singapore) Pte. Ltd.

Ms. Wong is responsible for formulating the Group's strategic planning, overseeing corporate business development, reviewing and improving the internal management systems, actively participating in deeds of fulfilling and discharging corporate social responsibility and over all management of construction projects in Hong Kong, together with the expansion and implementation of the regional and overseas markets namely Macau, Singapore and United Arab Emirates as well as being the chief of the Group's investment projects and green technologies. Under the leadership of Ms. Wong, Yau Lee has excelled into a green integrated corporation.

Ms. Wong holds a Bachelor Degree in Design with First Class Honours from the De Montfort University, a Master Degree in Design from the Royal College of Art in the U.K., an Executive Master Degree in Business Administration and another Master Degree in Philosophy both awarded by the Chinese University of Hong Kong. Ms. Wong is the daughter of Mr. Wong Ip Kuen and sister of Mr. Wong Tin Cheung.

Mr. So Yau Chi

aged 67, joined the Group in 1994 as the General Manager of Yau Lee Construction Company Limited and was appointed as an Executive Director of the Company in 1996. He is responsible for the general management of Yau Lee Construction Company Limited. Before joining the Group, he worked in the Housing Department for over 17 years and held the post of Senior Structural Engineer before he left. Mr. So is a fellow member of the Institution of Structural Engineers in the United Kingdom and was the Vice President of the Hong Kong Institution of Engineers for the 1994/95 sessions.

Mr. Sun Chun Wai

aged 50, earned a Bachelor Degree in Britain. He joined the Group in 1992 to manage the Group's property development, construction works, manufacturing and trading of building materials, and development and marketing of computer software in Mainland China. Mr. Sun was appointed as an Executive Director of the Company in 1994 and is responsible for the Group's business management and development in Mainland China.

Mr. Tsang Chiu Kwan (appointed on 1 May 2010)

aged 64, joined REC Engineering Company Limited ("REC") from 1988 to 2007 and re-joined in July 2008. REC became a wholly owned subsidiary of the Company since 2008. Mr. Tsang is responsible for overall strategic planning, management and direction of REC. He is a fellow member of Hong Kong Institution of Engineers and Institution of Engineering and Technology. He graduated with a Bachelor Degree in Electrical Engineering from The University of Hong Kong in 1970.

Mr. Tsang is a member of The Construction Workers Registration Authority. In addition, he is a member of management committee for Voluntary Subcontractor Registration Scheme under the Construction Industry Council. In the past, he has served as Chairman of The Hong Kong Federation of Electrical and Mechanical Contractors Limited, and currently the President of The Hong Kong Electrical & Mechanical Contractors' Association, and was a member of the Construction Advisory Board of the Government of the HKSAR. Mr. Tsang has also served on a number of non-construction related non-government organisations in Hong Kong.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan, Bernard Charnwut

aged 46, has been an Independent Non-Executive Director of the Company since 2000. He is a graduate of Pomona College in California, the United States of America ("USA") and he holds the positions of Executive Director and President of Asia Financial Holdings Limited and Asia Insurance Company Limited. Mr. Chan is a Hong Kong Deputy to the National People's Congress of the People's Republic of China and a former member of Hong Kong's Executive and Legislative Councils. He is Chairman of the Antiquities Advisory Board, the Advisory Committee on Revitalizing Historical Buildings and the Council for Sustainable Development. He is a Non-Executive Director of City e-Solutions Limited and New Heritage Holdings Limited, an Independent Non-Executive Director of each of Chen Hsong Holdings Limited and China Resources Enterprise Limited, all of which are listed on The Stock Exchange of Hong Kong Limited ("SEHK"). In addition, he is also an Advisor of the Bangkok Bank (Hong Kong Branch), the Vice Chairman of Hong Kong-Thailand Business Council, the Chairperson of The Hong Kong Council of Social Service and a Trustee of the Pomona College, California, USA.

Mr. Wu King Cheong

aged 59, has been an Independent Non-Executive Director of the Company since 1994. Mr. Wu is a Life Honorary Chairman of the Chinese General Chamber of Commerce, the Honorary Permanent President of the Chinese Gold & Silver Exchange Society and the Permanent Honorary President of the Hong Kong Securities Association Limited. He is an Executive Director of Lee Cheong Gold Dealers Limited. He is also an Independent Non-executive Director of Chevalier Pacific Holdings Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Miramar Hotel and Investment Company Limited and Hong Kong Ferry (Holdings) Company Limited, all of which are companies listed in Hong Kong.

Dr. Yeung Tsun Man, Eric

aged 65, has been an Independent Non-Executive Director of the Company since 1993. Dr. Yeung is Director and Vice President of Perfekta Enterprises Limited, a toy manufacturing company. He holds directorships of companies in Hong Kong, Macau, Mainland China, USA and Australia, which are engaged in electronics, trading and agriculture businesses. He is a Standing Committee Member of the National Committee, The Chinese People's Political Consultative Conference, an Executive Committee Council Member of the Hong Kong Management Association, the Chairman of Macau Productivity and Technology Transfer Centre, Member of World Presidents' Organisation and Chief Executives Organisation. He was awarded the Medal of Merit by the Macau Government in 1994, Commander of the Order of Merit by the Government of Portugal in 1998, the Medal of Professional Merit by the Macau SAR Government 2001 and Gold Lotus Medal of Honor by the Macau SAR Government 2010. He is also listed in "The Marquis Who's Who in the World" and "The International Who's Who of Professionals".

SENIOR MANAGEMENT#

Mr. Chan Sai Yan, Chief Financial Officer and Company Secretary

aged 36, joined the Group in 2011. Mr. Chan holds a Bachelor Degree in Accountancy from The Hong Kong Polytechnic University, a Master Degree in Business Administration and a Master Degree in Philosophy from the Chinese University of Hong Kong. He is currently a fellow member of the Association of Chartered Certified Accountants, an associate member of The Taxation Institute of Hong Kong and a Certified Tax Advisor (Hong Kong). He has over 14 years of experience in professional accounting, auditing, financial management and business administration. Prior to joining the Company, he has worked in several Hong Kong listed companies of various industries and served senior roles in accounting and secretarial functions.

Mr. Cheung Woon Yin, Deputy General Manager

aged 59, joined Yau Lee Construction Company Limited in 1987 as a Contract Manager and was promoted to his present post in 1996. He has over 30 years of experience in the construction industry. He holds a Higher Certificate in Construction Technology and is an associate of the Chartered Institute of Building.

Mr. Lee Shiu Ming, Deputy General Manager (Engineering)

aged 54, joined the Group in 1987. He has held various posts within the Group namely, Quality Control Engineer, Research, Design and Development Manager and Project Manager before promotion to the present position in 2010. He has 30 years working experience, particularly in the precast construction technology. He holds a Higher Diploma in Structural Engineering and a Master Degree in Business Administration (Total Quality Management). He is a Chartered Engineer in UK and a Corporate Member of the Institution of Structural Engineers. He is also a Corporate Member of the Hong Kong Institution of Engineers and a Registered Professional Engineers (Structural). He has been appointed as an Adjunct Associate Professor in the Department of Civil and Structural Engineering of The Hong Kong Polytechnic University.

Mr. So Ho Man, Chief Quantity Surveyor

aged 46, joined the Group in 2010. Mr. So is a Professional Member of The Royal Institution of Chartered Surveyors, a Member of The Hong Kong Institute of Surveyors, a Member of The Chartered Institute of Building, a Member of The Hong Kong Institute of Construction Managers and also a Registered Professional Surveyor (Quantity Surveying). He holds a Bachelor of Science Honours Degree in Quantity Surveying of The University of Greenwich (UK), a Master Degree in Business Administration (Construction and Real Estate) of The University of Reading (UK) and a Postgraduate Diploma in Project Management of The College of Estate Management (UK). He has over 21 years of experience in quantity surveying and is responsible for contractual matters of Yau Lee Construction Company Limited.

In alphabetical order

Ms. Tang Wai Chun, Chief Quantity Surveyor

aged 54, joined the Group in 1993. Ms. Tang is a Professional Member of The Royal Institution of Chartered Surveyors and a Member of The Hong Kong Institute of Surveyors, Member of the Chartered Institute of Arbitrators and Registered Professional Surveyor (Quantity Surveying). She is also a Certified General Contractor in Construction in the state of Florida, the USA. She holds a Bachelor Degree in Quantity Surveying. She has over 30 years of experience in litigation, arbitration, mediation, quantity surveying, project management and subcontracting business in civil, building, maintenance & repair and fitting-out works in Hong Kong, Macau, the United Kingdom, Central America and the USA. She has been the chairperson and member of the Course Advisory Committee on Measurement Technician Programme and Course Advisory Committee on Certificate in Quantity Measurement of the Construction Industry Council Training Academy from 2002 to 2004 and from 2004 to 2011 respectively. She is responsible for quantity surveying management, contract and disputes resolution advisory of Yau Lee Construction Company Limited.

SITE MANAGEMENT

Contract Managers#

- Cheung Yu Wai
- Lau Wai Foo
- Man Tin Hung
- Wong Kwok Keung

Project Managers#

- Ho Chi Man
- Lam Lap Wa
- Ngan Siu Tak
- Wu Yuk Cheung

HEAD OFFICE MANAGEMENT

Department Heads#

*	Cheung Man Ching	Legal Advisor
*	Fung Kui Shun	Building Services Department
*	Kwan Man Ho	Machinery and Logistics Department
*	Lam Chan Sing	Health and Safety Department
*	Lum Lai Kuen	Human Resources and Administration Department
*	Wong Ko Yin	Research and Development Department
*	Wong Sik Yan	Information Technology Department
*	Yu Chi Kin	Quality Department
*	Yu Kwok Yan	Tender and Purchase Department

In alphabetical order

SUBSIDIARIES MANAGEMENT

InnoVision Architects & Engineers Limited

*	Fung Shuk Mei	Assistant Director

Ming Hop Company Limited#

*	Ng Hak Ming	Contract Manager
*	Wong Lai Ying	Assistant General Manager

REC Engineering Company Limited#

*	Chan Chi Ming, Antonio	Executive Director
*	Lok Tat Hong	Executive Director
*	Yeung Wai Ming	Executive Director

VHSoft Technologies Company Limited

*	Mak Yiu Kau, Hubert	Chief Operating Officer

Yau Lee Building Construction and Decoration Company Limited

*	Ho Chi Fai	Project Director

Yau Lee Construction (Singapore) Pte. Ltd.#

*	Goh Hock Chai	Director
*	Wong Ming Tak	Commercial Director

Yau Lee Curtain Wall and Steel Works Limited

*	Lee Shiu Ming	Deputy General Manager (Engineering)

Yau Lee Wah Concrete Precast Products Limited

*	Wong Chi Leung	General Manager

In alphabetical order

The Directors submit their report together with the audited financial statements of the Company and the Group for the year ended 31 March 2011.

PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials trading and property investment and development. In addition, the Group is engaged in other activities which mainly include computer software development and architectural and engineering services.

An analysis of the Group's performance for the year by business segments is set out in Note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 38.

In the Board meeting held on 27 June 2011, the directors recommend the payment of a final dividend of HK2.28 cents (2010: HK1.28 cents) per share, totalling approximately HK$9,988,000 (2010: HK$5,607,000) for the year ended 31 March 2011.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in Note 34 to the financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to approximately HK$1,183,000 (2010: HK$3,825,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the financial statements.

INVESTMENT PROPERTIES

Details of the principal properties held for investment purposes are set out on page 115 of this annual report.

DISTRIBUTABLE RESERVES

At 31 March 2011, the reserves of the Company available for distribution, calculated under the Companies Act 1981 of Bermuda, amounted to approximately HK$1,004,088,000 (2010: HK$1,005,091,000).

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 33 to the financial statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws and there is no restriction against such rights under the laws of Bermuda.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the last five financial years is set out on page 116.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed, and neither the Company nor any of its subsidiaries had purchased or sold the Company's listed securities during the year ended 31 March 2011.

SHARE OPTION SCHEMES AND DIRECTORS' RIGHTS TO ACQUIRE SHARES

Since 17 October 2000, the Company has operated a share option scheme (the "Share Option Scheme") under which the Company may grant options to Directors and employees of the Group to subscribe for shares in the Company. The Share Option Scheme expired on 16 October 2010.

A summary of the details of the Share Option Scheme are as follows:

Purpose of the scheme	:	To retain qualified and skilled employees to contribute to the development of the Group
Participants	:	Full-time employees (including Executive Directors of the Company and any of its subsidiaries)
Total number of shares of the Company available for issue and the percentage of the issued share capital that it represents	:	43,805,360 shares (10% of the issued share capital of the Company)

Maximum entitlement of each participant	:	Shall not exceed 25% of the aggregate number of shares subject to the Share Option Scheme at the time of the proposed grant of that option
Period within which the securities must be taken up under an option	:	One year after the date of grant and no later than ten years from the date of adoption of the Share Option Scheme
Minimum period for which an option must be held before it can be exercised	:	Not applicable
Period within which payments/calls/loan must be made/repaid	:	Not applicable
Basis of determining the exercise price	:	Details are set out in Note 33 to the financial statements
The remaining life of the share option scheme	:	The scheme remains in force for a period of 10 years until 16 October 2010

Save as otherwise disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Company's Directors or members of its management to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS

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

Executive Directors

Mr. Wong Ip Kuen *(Chairman)*
Mr. Wong Tin Cheung *(Vice Chairman)*
Ms. Wong Wai Man
Mr. So Yau Chi
Mr. Sun Chun Wai
Mr. Tsang Chiu Kwan (appointed on 1 May 2010)

Independent Non-Executive Directors

Mr. Chan, Bernard Charnwut
Mr. Wu King Cheong
Dr. Yeung Tsun Man, Eric

In accordance with the Company's bye-laws, Ms. Wong Wai Man, Mr. Sun Chun Wai and Mr. Chan, Bernard Charnwut retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who are proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Group which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any of the Directors of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At the date of this report, the interests of each Director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as notified to the Company and SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

Shares of HK$0.2 each in the Company

	Number of shares held (long position)	
Director	**Corporate interest**	**Percentage**
Mr. Wong Ip Kuen	247,651,599	56.53%

The shares referred to above are registered in the name of All Fine Investment Company Limited and Billion Goal Holdings Limited with respective registered holding of 230,679,599 shares and 16,972,000 shares. Mr. Wong Ip Kuen owns the entire issued share capital of All Fine Investment Company Limited and Billion Goal Holdings Limited. All Fine Investment Company Limited and Billion Goal Holdings Limited are incorporated in the Cook Islands and the British Virgin Islands respectively. Mr. Wong Ip Kuen is a director of both All Fine Investment Company Limited and Billion Goal Holdings Limited.

During the year, none of the Directors and chief executives (including their spouses and minor children) had any interests in, or had been granted, or exercised, any rights to subscribe for shares or debentures of the Company and its associated corporations (within the meaning of the SFO).

At no time during the year was the Company, its subsidiaries, its associates or its jointly controlled entities a party to any arrangement to enable the Directors and chief executives of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF THE COMPANY

At 31 March 2011, the register of substantial shareholders maintained under Section 336 of the SFO showed that the Company had not been notified of any substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital, other than those of the Directors and chief executives as disclosed above.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases		
–	five largest suppliers	13%
–	the largest supplier	3%
Sales		
–	five largest customers	58%
–	the largest customer	35%

None of the Directors, their associates, or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interests in the major suppliers or customers noted above.

CONNECTED TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 March 2011, which do not constitute connected transactions under the Rules Governing the Listing of Securities on the SEHK (the "Listing Rules") are disclosed in Note 39 to the financial statements.

CONTINUING OBLIGATIONS UNDER CHAPTER 13 OF THE LISTING RULES

Banking facility with covenant relating to specific performance of the controlling shareholder

In accordance with the requirements under Rule 13.21 of the Listing Rules, the Directors of the Company reported the following loan facility which entered during the year and included a condition relating to specific performance of the controlling shareholder of the Company.

On 14 May 2010, a wholly-owned subsidiary of the Company was granted a term loan facility of up to HK$475,000,000 to be repaid in one lump sum 36 months after the date of the loan agreement or 31 December 2012, whichever shall be the earlier. The facility is for purpose of refinancing the subsidiary's existing indebtedness and financing or refinancing its property development project.

Pursuant to the loan agreement, it shall be an event of default if Mr. Wong Ip Kuen, the controlling shareholder of the Company, and his family, hold directly or indirectly less than 40% of the equity interest and voting shares of the Company. The occurrence of the aforesaid event of default would render all outstanding liabilities and indebtedness of the subsidiary under the loan agreement to become immediately due and payable.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the date of this report.

CORPORATE GOVERNANCE

The Company's Corporate Governance Report is set out on pages 31 to 35.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Wong Ip Kuen
Chairman

Hong Kong, 27 June 2011

The Directors are committed to safeguard the interest of its shareholders by complying with the corporate governance requirements set out in the Code on Corporate Governance Practice (the "Code") as set out in the Appendix 14 of the Listing Rules. The Company strives to improve the transparency of its corporate governance practices and maximise the return to its shareholders through prudent management, investment and treasury policies.

THE BOARD OF DIRECTORS

During the year, the Board of Directors of the Company is comprised of six Executive Directors and three Independent Non-Executive Directors, whose personal biographies are set out on pages 19 to 22 of this report.

The Company forms its Board of Directors based on the characteristics and uniqueness of its operations to ensure that each Director possesses the required experience and management expertise. In order to balance the power between the Executive Directors and Independent Non-Executive Directors, the Company appointed three qualified candidates to become its Independent Non-Executive Directors to ensure the independence of the policy making process of the Board and protect the interests of its shareholders. The Company has received confirmations of independence from each of the Independent Non-Executive Directors. The Company considers them to be independent.

The responsibilities of the Chairman and the Vice Chairman of the Company are properly defined and separated. The Chairman is responsible for leading the Board of Directors to ensure effective operation of the Board and compliance with corporate governance requirements. The Vice Chairman is responsible for the day-to-day operation of the Company and implementation of the development strategy adopted by the Board of Directors. The Chairman is the father of the Vice Chairman.

The Directors delegate day-to-day operation of the business of the Group to the management of relevant subsidiaries or divisions.

The Directors held regular meetings during the year to discuss the overall development strategy, operations and financial reporting of the Company. The matters resolved and considered by the Directors include overall development strategies, major acquisitions and disposals, annual and interim results, dividend policy, proposed appointment and re-election of directors, appointment of auditor and other operational and financial matters relating to the Company. Notice convening each regular Board meeting was sent at least 14 days in advance, and reasonable notice would be given for other Board meetings. The agenda, accompanied by the relevant documents of the Board meeting were sent to each director with sufficient period in advance to enable each Director to fully understand the matters to be discussed and make an informed opinion. Each Director had the right to seek independent professional advice in furtherance of his duties at the expense of the Company.

During the year, four board meetings were held. The attendance of the Directors at the meetings of the Board and its respective committees is as follows:

	Board	Audit Committee	Remuneration Committee	Nomination Committee
Mr. Wong Ip Kuen	4/4	N/A	N/A	N/A
Mr. Wong Tin Cheung	4/4	N/A	1/1	N/A
Ms. Wong Wai Man	4/4	N/A	N/A	N/A
Mr. So Yau Chi	2/4	N/A	1/1	N/A
Mr. Sun Chun Wai	4/4	N/A	N/A	N/A
Mr. Tsang Chiu Kwan (appointed on 1 May 2010)	3/3	N/A	N/A	N/A
Mr. Chan, Bernard Charnwut	3/4	1/2	1/1	1/1
Mr. Wu King Cheong	4/4	2/2	1/1	1/1
Dr. Yeung Tsun Man, Eric	4/4	2/2	1/1	1/1

COMMITTEES OF THE BOARD

The Directors have set up an audit committee, a remuneration committee and a nomination committee, all of them are chaired by an Independent Non-Executive Director with written terms of reference which were discussed and approved by the Directors. The duties of the three committees are as follows:

Audit Committee

The Audit Committee was established in April 1999 and its responsibilities include the review of the Company's financial reporting, internal control system, appointment of auditor, review of corporate governance issues and making recommendations to the Board as appropriate, resulting from the above matters. The committee comprises:

Dr. Yeung Tsun Man, Eric – Chairman of the Committee
Mr. Chan, Bernard Charnwut
Mr. Wu King Cheong

The Chairman of the Audit Committee is an Independent Non-Executive Director and its members are all Independent Non-Executive Directors with relevant financial and commercial experience. Their role is to ensure objectivity and credibility of financial reporting, and that the Directors have exercised the care, diligence and skills prescribed by law when presenting results to the shareholders.

During the year ended 31 March 2011, the Audit Committee held two meetings to review the results, the accounting principles and practices adopted by the Company, the requirements of the Listing Rules and discuss the auditing, internal control, risk management and financial reporting matters with the Company's senior management and independent auditor. The record of attendance of the members is listed above.

Remuneration Committee

The Remuneration Committee was established in April 2005 and is chaired by Mr. Chan, Bernard Charnwut. The Remuneration Committee is responsible for the approval of remuneration packages (including non-monetary benefits, retirement benefits and share option scheme) for all Executive Directors and senior management and advising on the remuneration of Independent Non-Executive Directors. The Remuneration Committee met once during the year ended 31 March 2011 and the record of attendance of the members is listed on page 32. The members of the Remuneration Committee are:

Mr. Chan, Bernard Charnwut – Chairman of the Committee
Mr. Wong Tin Cheung
Mr. So Yau Chi
Mr. Wu King Cheong
Dr. Yeung Tsun Man, Eric

Nomination Committee

The Nomination Committee was established in April 2005 and is chaired by Mr. Wu King Cheong. The terms of reference of the Nomination Committee was formulated in accordance with the requirements of the Code on Corporate Governance Practices. The Nomination Committee is responsible for making recommendations to the Board on the appointment of directors. The Nomination Committee met once during the year ended 31 March 2011 and the record of attendance of the members is listed on page 32. The members of the Nomination Committee are:

Mr. Wu King Cheong – Chairman of the Committee
Mr. Chan, Bernard Charnwut
Dr. Yeung Tsun Man, Eric

AUDITOR'S REMUNERATION

The Company engaged PricewaterhouseCoopers as the Company's external auditor. For the year ended 31 March 2011, PricewaterhouseCoopers provided the following services to the Group:

	2011 HK$'000	2010 HK$'000
Audit services	**3,486**	3,268
Transaction related services	**–**	545
Taxation services	**454**	225
	3,940	4,038

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors of the Company acknowledged their responsibility for the preparation of consolidated financial statements that give a true and fair view of the state of affairs of the Group and of the Group's results and cash flows during the year. The Directors are responsible for keeping of appropriate accounting records that reasonably and accurately disclose the financial position of the Company from time to time. In preparing the financial statements for the year ended 31 March 2011, appropriate accounting policies are selected and applied consistently by the Directors who made careful and reasonable judgements and estimates, and prepared the financial statements on an on-going basis.

The independent auditor's report, which contains the statement of the external auditor about its reporting responsibilities on the Company's financial statements, is set out on pages 36 to 37 of this annual report.

INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimise the risks to which the Group is exposed and used as a management tool for the day-to-day business operation. The system can only provide reasonable but not absolute assurance against misstatements or losses.

The Board appointed an international accounting firm, Baker Tilly Hong Kong, to conduct a review of the internal control system of the Group for the year ended 31 March 2011, including financial, operational and compliance controls as well as the Group's risk management process. The results of the internal control review were submitted to the Audit Committee for their consideration. The Audit Committee has reviewed the results of the internal control review and is satisfied that the Group's system of internal controls is sound and adequate. As part of the process of the annual review, the Board has performed evaluation of the Group's accounting and financial reporting function to ensure that there is adequacy of resources, qualifications and experience of staff of the function, and their training programmes and budget.

The Board will continue to review and improve the Group's internal control system, taking into account the prevailing regulatory requirements, the interests of shareholders, and the Group's business growth and development.

DIRECTORS' AND EMPLOYEES' SECURITIES TRANSACTIONS

The Company has adopted the requirements of the Model Code as set out in Appendix 10 of the Listing Rules regarding the securities transactions of the Directors of the Company. The Company has received confirmations from all Directors that they have complied with the requirements of the Model Code for the year ended 31 March 2011.

COMPLIANCE WITH LISTING RULES

In the opinion of the Directors, the Company has complied with the requirements of the Code as set out in Appendix 14 of the Listing Rules for the year ended 31 March 2011 except for the Code provision A.2.1 which requires the roles of chairman and chief executive officer be separated and not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. However, the roles of the chairman and the chief executive officer of the Company are not separated and are performed by the same individual, Mr. Wong Ip Kuen. The current structure will enable the Company to make and facilitate the implementation of decisions promptly and efficiently.

COMMUNICATION WITH SHAREHOLDERS

The Board endeavours to maintain an on-going dialogue with shareholders. All Directors are encouraged to attend the general meetings to have personal communication with shareholders. In annual general meeting ("AGM"), Chairman of the Board and the Chairman of each committee are required to attend and answer questions from shareholders in respect of the matters that they are responsible and accountable for. The external auditor is also required to be present to assist the Directors in addressing any relevant queries by shareholders.

The Company's AGM and extraordinary general meeting provide good opportunities for shareholders to air their views and ask Directors and management questions regarding the Company. Separate resolutions are required at general meetings on each distinct issue. Each shareholder is permitted to appoint a proxy to attend and vote in his stead.

Information relating to the Company's financial results, corporate details, notifiable transactions and major events are disseminated through publication of interim and annual report, announcements, circulars, press release and newsletters. These publication can also be obtained from the Company's website (www.yaulee.com).

The Company is offering options to the shareholders to receive corporate communications of the Company by electronic means or in printed form. The Board believes that electronic means of communication will increase the efficiency of communication between the Company and the shareholders. The Company will review and improve the disclosure of information and the effectiveness of communication with shareholders and the public from time to time.

VOTING BY POLL

Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Accordingly, the ordinary resolutions proposed at the AGM will also be taken by poll. A poll results announcement will be made by the Company after the AGM in accordance with Rule 13.39(5) of the Listing Rules.

羅兵咸永道

TO THE SHAREHOLDERS OF YAU LEE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Yau Lee Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 114, which comprise the consolidated and Company balance sheets as at 31 March 2011, and the consolidated income statement, the consolidated statement of comprehensive income, 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 information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 Companies Act 1981 of Bermuda 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 about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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 judgement, 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 of consolidated financial statements that give a true and fair view 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 Company and of the Group as at 31 March 2011 and of the Group's profit 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 June 2011

Consolidated Income Statement

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	5	**3,573,181**	3,462,014
Cost of sales	7	**(3,365,786)**	(3,230,375)
Gross profit		**207,395**	231,639
Other income and gains	6	**84,373**	55,479
Distribution costs	7	**(13,260)**	(8,234)
Administrative expenses	7	**(200,394)**	(200,850)
Other operating expenses	7	**(4,177)**	(3,905)
Operating profit		**73,937**	74,129
Finance costs	9	**(8,101)**	(4,035)
Share of profit/(loss) of associates	20	**112**	(362)
Share of profit/(loss) of jointly controlled entities	21	**20,384**	(912)
Profit before income tax		**86,332**	68,820
Income tax expense	10	**(14,981)**	(12,485)
Profit for the year		**71,351**	56,335
Attributable to:			
Equity holders of the Company	11	**71,945**	56,337
Non-controlling interests		**(594)**	(2)
		71,351	56,335
Dividend	12	**9,988**	5,607
Earnings per share (basic and diluted)	13	**16.42 cents**	12.86 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Profit for the year		**71,351**	56,335
Other comprehensive income:			
Currency translation differences	34	**18,296**	3,217
Total comprehensive income for the year		**89,647**	59,552
Attributable to:			
Equity holders of the Company		**90,241**	59,554
Non-controlling interests		**(594)**	(2)
Total comprehensive income for the year		**89,647**	59,552

Balance Sheets

As at 31 March 2011

	Notes	2011 Group HK$'000	2011 Company HK$'000	2010 (Restated) Group HK$'000	2010 Company HK$'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	**688,318**	**–**	525,361	–
Investment properties	16	**368,069**	**–**	299,370	–
Leasehold land and land use rights	17	**60,209**	**–**	59,018	–
Intangible assets	18	**18,846**	**–**	19,902	–
Goodwill	18	**15,905**	**–**	15,905	–
Subsidiaries	19	**–**	**571,615**	–	491,615
Associates	20	**1,654**	**–**	1,542	–
Jointly controlled entities	21	**11,342**	**–**	1,132	–
Deferred income tax assets	31	**14,699**	**–**	9,011	–
Other non-current assets	22	**98,302**	**–**	41,423	–
		1,277,344	**571,615**	972,664	491,615
Current assets					
Cash and bank balances	24	**428,230**	**2,214**	566,630	17,713
Trade debtors, net	25(a)	**543,037**	**–**	422,952	–
Prepayments, deposits and other receivables	23, 25(b)	**246,253**	**306**	192,830	290
Inventories	26	**57,123**	**–**	33,797	–
Prepaid income tax		**115**	**–**	634	–
Due from customers on construction contracts	27	**388,154**	**–**	374,077	–
Financial assets at fair value through profit or loss	28	**43,919**	**18,886**	–	–
Derivative financial assets	29	**2,069**	**–**	499	–
Due from associates, net	20	**–**	**–**	8,653	1,043
Due from subsidiaries	19	**–**	**1,116,313**	–	1,069,205
Due from jointly controlled entities	21	**31,203**	**–**	59,740	138
		1,740,103	**1,137,719**	1,659,812	1,088,389
Total assets		**3,017,447**	**1,709,334**	2,632,476	1,580,004
EQUITY					
Share capital	33	**87,611**	**87,611**	87,611	87,611
Other reserves	34	**438,337**	**414,135**	420,041	414,135
Retained profits					
Proposed final dividend	34	**9,988**	**9,988**	5,607	5,607
Others	34	**851,554**	**994,100**	789,597	999,484
Attributable to equity holders of the Company		**1,387,490**	**1,505,834**	1,302,856	1,506,837
Non-controlling interests		**–**	**–**	594	–
Total equity		**1,387,490**	**1,505,834**	1,303,450	1,506,837

Balance Sheets
As at 31 March 2011

	Note	2011 Group HK$'000	2011 Company HK$'000	2010 (Restated) Group HK$'000	2010 Company HK$'000
LIABILITIES					
Non-current liabilities					
Long-term borrowings	30	**437,086**	**–**	315,206	–
Deferred income tax liabilities	31	**21,946**	**–**	11,527	–
Retention payables		**9,218**	**–**	19,788	–
		468,250	**–**	346,521	–
Current liabilities					
Short-term bank loans	30	**353,012**	**30,000**	195,000	–
Current portion of long-term borrowings	30	**19,162**	**–**	6,743	–
Derivative financial liabilities	29	**1,317**	**–**	284	–
Payables to suppliers and subcontractors	32	**273,046**	**–**	258,940	–
Accruals, retention payables and other liabilities		**199,600**	**808**	172,937	1,126
Income tax payable		**15,019**	**–**	19,052	–
Obligation in respect of jointly controlled entities	21	**1,203**	**–**	9,066	–
Due to customers on construction contracts	27	**291,108**	**–**	310,483	–
Due to subsidiaries	19	**–**	**172,692**	–	72,041
Due to jointly controlled entities	21	**8,240**	**–**	10,000	–
		1,161,707	**203,500**	982,505	73,167
Total liabilities		**1,629,957**	**203,500**	1,329,026	73,167
Total equity and liabilities		**3,017,447**	**1,709,334**	2,632,476	1,580,004
Net current assets		**578,396**	**934,219**	677,307	1,015,222
Total assets less current liabilities		**1,855,740**	**1,505,834**	1,649,971	1,506,837

Wong Ip Kuen
Director

Wong Tin Cheung
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2011

	Attributable to equity holders of the Company							
			Capital	Currency			Non-	
	Share	Share	redemption	translation	Retained		controlling	
	capital	premium	reserve	reserve	profits	Sub-total	interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 April 2010	**87,611**	**413,776**	**359**	**5,906**	**795,204**	**1,302,856**	**594**	**1,303,450**
Comprehensive income:								
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**71,945**	**71,945**	**(594)**	**71,351**
Other comprehensive income:								
Currency translation differences	**–**	**–**	**–**	**18,296**	**–**	**18,296**	**–**	**18,296**
2010 final dividend	**–**	**–**	**–**	**–**	**(5,607)**	**(5,607)**	**–**	**(5,607)**
As at 31 March 2011	**87,611**	**413,776**	**359**	**24,202**	**861,542**	**1,387,490**	**–**	**1,387,490**
As at 1 April 2009	87,611	413,776	359	2,689	743,116	1,247,551	596	1,248,147
Comprehensive income:								
Profit/(loss) for the year	–	–	–	–	56,337	56,337	(2)	56,335
Other comprehensive income:								
Currency translation differences	–	–	–	3,217	–	3,217	–	3,217
2009 final dividend	–	–	–	–	(4,249)	(4,249)	–	(4,249)
As at 31 March 2010	87,611	413,776	359	5,906	795,204	1,302,856	594	1,303,450

Consolidated Cash Flow Statement

For the year ended 31 March 2011

	Note	2011 HK$'000	2010 (Restated) HK$'000
Cash flows from operating activities			
Net cash used in operations	35(a)	**(170,397)**	(41,202)
Hong Kong profits tax paid		**(105)**	(10)
Overseas tax paid		**(14,476)**	(6,864)
Net cash used in operating activities		**(184,978)**	(48,076)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(144,733)**	(400,842)
Additions to prepayments and deposits of plant and equipment		**(47,353)**	(35,754)
Additions to investment properties	16	**(12,355)**	(232,800)
Purchase of leasehold land and land use rights	17	**–**	(57,244)
Dividend received from a jointly controlled entity	21	**2,040**	–
Realised gain on derivative financial assets, net		**5,769**	839
Realised gain on financial assets at fair value through profit or loss, net		**122**	242
(Additions to)/settlements on derivative financial assets/liabilities and financial assets at fair value through profit or loss, net		**(48,272)**	12,296
Proceeds from disposal of property, plant and equipment		**1,497**	5,020
Additions to intangible assets	18	**–**	(730)
Dividend received from investments		**76**	78
Interest received		**8,306**	7,932
Net cash used in investing activities		**(234,903)**	(700,963)
Cash flows from financing activities	35(b)		
Repayment of long-term bank loans		**(1,592)**	(1,356)
Drawdown of long-term bank loans		**141,844**	295,000
Increase in short-term bank loans		**152,876**	145,000
Decrease in restricted deposits		**34,843**	8,163
Capital element of finance lease payments		**(6,605)**	(6,305)
Interest element of finance lease payments		**(91)**	(132)
Dividend paid		**(5,607)**	(4,249)
Interest paid		**(4,976)**	(1,608)
Net cash from financing activities		**310,692**	434,513
Decrease in cash and cash equivalents		**(109,189)**	(314,526)
Cash and cash equivalents at beginning of year		**423,079**	736,778
Exchange gains on cash and cash equivalents		**5,632**	827
Cash and cash equivalents at end of year		**319,522**	423,079
Analysis of cash and cash equivalents	24(b)		
Cash and bank balances		**290,754**	369,903
Time deposits		**28,768**	53,176
		319,522	423,079

1 GENERAL INFORMATION

Yau Lee Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") are principally engaged in the contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials trading and property investment and development. The Group is also engaged in other activities which mainly include computer software development and architectural and engineering services.

The Company is a limited liability company incorporated in Bermuda on 25 June 1991. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK").

These financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 27 June 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss and investment properties which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Other than as disclosed in Notes 2(k), (l) and (n), areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Revised standards, amendments to standards and interpretations that are effective in the year

The following revised standards, amendments to standards and interpretations have been published that are effective for the accounting period of the Group beginning on 1 April 2010 and are relevant to the Group's operations:

– HKFRS 3 (revised) – "Business Combinations" and consequential amendments to HKAS 27 – "Consolidated and Separate Financial Statements", HKAS 28 – "Investments in Associates" and HKAS 31 – "Interests in Joint Ventures" are effective prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with HKFRS 3. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs are expensed.

  The Group has changed its accounting policy for business combination but the adoption of the revised standard had no impact on the results or financial position of the Group for the year ended 31 March 2011.

– HKAS 27 (revised) – "Consolidated and Separate Financial Statements" requires the effects of all transactions with non-controlling interests to be recorded in reserve if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in consolidated income statement.

  The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 April 2010 when HKAS 27 (revised) – "Consolidated and Separate Financial Statements" became effective. The revision to HKAS 27 contains consequential amendments to HKAS 28 – "Investments in Associates" and HKAS 31 – "Interests in Joint Ventures". Previously, transactions with non-controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained profits. Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date of control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entities or financial assets. The adoption of the revised standard had no impact on the Group's results or financial position as at 31 March 2011.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Revised standards, amendments to standards and interpretations that are effective in the year (Continued)

– HKAS 17 (amendment) – "Leases" deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land and land use rights", and amortised over the lease term.

The Group has reassessed the classification of unexpired leasehold land and land use rights as at 1 April 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease. Such land interest of the Group that is held for own use is now reclassified from "Leasehold land and land use rights" to "Property, plant and equipment" and is depreciated over the lease term. Certain comparative figures have been restated accordingly as a result of the adoption but there is no impact on the Group's results or financial position as at 31 March 2011.

– HK Interpretation 5 – "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause". This interpretation provides guidance on the classification by the borrower of a term loan that contains a repayment on demand clause, with reference to the criteria for classification of liabilities as current or non-current as set out in HKAS 1.

The Group has reassessed the classification of borrowings and the effect of the changes in the accounting policy following the adoption of HK Interpretation 5. The adoption of HK Interpretation 5 has no impact on the financial position of the Group as at 31 March 2011. The interpretation requires a retrospective application, however, such changes have no material effect on the results and financial position of the Group as at 31 March 2010, and hence comparative figures have not been restated.

Except for the above, the adoption of the other revised standards, amendments to standards and interpretations had no material financial impact on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) New and revised standards, amendments to standards and interpretations that are not yet effective and have not been early adopted by the Group

The following new and revised standards, amendments to standards and interpretations have been published and are mandatory for the accounting periods of the Group beginning on or after 1 April 2011 that the Group has not early adopted:

–	HKAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets
–	HKAS 24 (revised)	Related Party Disclosures
–	HKFRS 9	Financial Instruments
–	HK(IFRIC) - Int 14 (amendment)	Prepayments of a Minimum Funding Requirement
–	HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments
–	HKFRSs Amendments	Improvements to HKFRSs 2010

The Group will adopt the above new and revised standards, amendments to standards and interpretations as and when they become effective. The Group has already commenced an assessment of the impact to the Group but is not yet in a position to state whether they would have significant impact on its results of operations and financial position.

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is acquired by the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation *(Continued)*

(i) Subsidiaries *(Continued)*

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2(l)). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation *(Continued)*

(iii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

(iv) Jointly controlled entities

Jointly controlled entities are entities which operate under a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Jointly controlled entities are accounted for by the equity method of accounting. The consolidated income statement includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities and goodwill (net of any accumulated impairment loss) on acquisition.

The Group's share of the net liabilities of jointly controlled entities will be recognised only to the extent that the Group has incurred legal or constructive obligations to made payments on behalf of the jointly controlled entities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Consolidation *(Continued)*

(v) Partial disposal

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property.

Land held under operating leases is classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value, representing market value determined by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent firm of qualified property valuers. Gains or losses in fair values of investment property are recognised in the consolidated income statement as part of “Other income and gains” or “Other operating expenses” respectively.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land classified as investment property. Others, including contingent rent payments, are not recognised in the consolidated financial statements.

Subsequent expenditure is charged to the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment

Buildings comprise mainly factories and offices. Leasehold land classified as finance lease and all other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Direct and indirect costs relating to the construction in progress, including borrowing costs during the construction period are capitalised as the costs of the assets.

Leasehold land classified as finance lease commences depreciation from the time when the land interest becomes available for its intended use. Depreciation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Lease term
Buildings	20-50 years
Leasehold improvements	4 years
Plant and machinery	5-10 years
Furniture, fixtures and office equipment	3-5 years
Motor vehicles	4-5 years
Construction in progress	–

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(l)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Other income and gains" and "Other operating expenses" respectively in the consolidated income statement.

(e) Goodwill

Goodwill is tested for impairment annually and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leasehold land and land use rights

Leasehold land and land use rights represent non-refundable rental payments for lease of land. The up-front payments are amortised over the lease term in accordance with the pattern of benefit provides or on a straight line basis over the period of the lease. The amortisation of the leasehold land and land use rights is capitalised under the relevant assets when the properties on the land are under construction. In all other cases, the amortisation is recognised in the consolidated income statement.

(g) Intangible assets

Intangible assets represent the customer relationships acquired in a business combination, which are recognised at fair value at the acquisition date. The customer relationships have a finite useful life and carried at costs less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the client relationships of 20 years.

(h) Leases

Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in the long-term payables. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Assets held under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases net of any incentives received from the lessors are charged to the consolidated income statement on a straight-line basis over the period of lease.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(iii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the consolidated income statement in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of "other income and gains" when the Group's right to receive payments is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial assets *(Continued)*

(iii) Recognition and measurement *(Continued)*

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of trade receivables is described in Note 2(n).

(j) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. However, as the Group does not designate its hedging instruments, all changes in the fair value of these derivative instruments are recognised in the consolidated income statement.

(k) Inventories

Inventories comprise building materials and spare parts for sale and are stated at the lower of cost and net realisable value.

Cost is determined using the first-in, first-out (FIFO) basis, comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(m) Construction contracts in progress

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are probable of recovery.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, revenue is recognised over the period of the contract. When it is probable total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The Group uses the "percentage of completion method" to determine the appropriate amount of revenue and costs to be recognised in a given period. The stage of completion is measured by reference to work performed to date as a percentage of total contract value.

The Group presents as an asset the gross amount due from customers on construction contracts for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within "Trade and other receivables".

The Group presents as a liability the gross amount due to customers on construction contracts for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the consolidated income statement within "Administrative expenses". Subsequent recoveries of amounts previously written off are credited against "Administrative expenses" in the consolidated income statement.

(o) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

(p) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(q) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Borrowings *(Continued)*

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(r) Payables to suppliers and subcontractors

Payables to suppliers and subcontractors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(s) Current and deferred income tax *(Continued)*

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except for deferred income tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

(t) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, which it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(u) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset.

All other borrowing costs are accounted for on the accrued basis and are charged to the consolidated income statement during the financial period in which they are incurred.

(w) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefit obligations

The Group operates defined contribution schemes which are available to all employees. Contributions are made based on a percentage of the employees' basic salaries or a fixed sum and are charged to the consolidated income statement as incurred. The assets of the schemes are held separately from those of the Group in an independently administered fund. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Employee benefits *(Continued)*

(iii) Share-based compensation

The Company operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(iv) Bonus entitlements

The Group recognises a liability and an expense for bonuses when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonuses are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(x) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue, cost incurred or to be incurred in respect of a transaction can be reliably measured, neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold are retained, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all the contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Revenue recognition *(Continued)*

(i) Contract revenue

To the extent that the outcome of the contract can be estimated reliably, revenue from construction contracts is recognised using the percentage of completion method, measured by reference to the percentage of work performed to date as a percentage of total contract value. When the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable of recovery.

(ii) Sale of building materials

Sale of building materials is recognised when significant risks and rewards of ownership of the goods have been transferred to customers.

(iii) Operating lease rental income

Operating lease rental income is recognised on a straight-line basis over the terms of the respective leases.

(iv) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(v) Dividend income

Dividend income is recognised when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses are presented in the consolidated income statement within "Other income and gains" or "Other operating expenses". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other income and gains" or "Other operating expenses".

(iii) Group companies

The results and financial position of all the Group entities (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) Foreign currency translation *(Continued)*

(iii) Group companies *(Continued)*

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(z) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company (the "Executive Directors") that make strategic decisions.

(aa) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividend is approved by the Company's shareholders and Directors.

(ab) Impairment of financial assets carried at amortised cost

The Group assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(ab) Impairment of financial assets carried at amortised cost *(Continued)*

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including price risk, foreign currency risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's management under the supervision of the Audit Committee. The Group's management identifies, evaluates and manages significant financial risks in the Group's individual operating units. The Audit Committee provides guidance for overall risk management.

(i) Market risk

(a) Price risk

The Group's investment securities are exposed to price risk as they are classified either as financial assets at fair value through profit or loss or derivative financial instruments. The Group manages its price risk arising in investment securities, through maintaining diversified investments. The price risk is being monitored regularly and management will consider hedging the risk exposure should the need arise.

The Group's derivative financial instruments are paper contracts traded with banks.

Had the price of these investments increased/decreased by 5% with all other variables held constant, post-tax profit would have been HK$1,865,000 (2010: HK$9,000) higher/lower.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Market risk *(Continued)*

(b) Foreign currency risk

The Group mainly operates in Hong Kong, Macau, Singapore and Mainland China. However, the transactions of the group companies are predominantly conducted in the functional currency of the respective group entities. Therefore, the Group is not significantly exposed to foreign currency risk. Although the group companies hold cash and bank balances in currencies other than in their functional currencies, the exposure to foreign currency risk is not significant.

(c) Cash flow interest rate risk

The Group's exposure to interest rate risk mainly arises from its borrowings, obligations under finance lease and interest bearing cash deposits.

The Group's borrowings, obligations under finance lease and cash deposits issued at variable rates expose the Group to cash flow interest rate risk. During 2010 and 2011, the Group's borrowings, obligations under finance lease and cash deposits were mainly denominated in Hong Kong dollars, Renminbi and Singapore dollars.

The Group manages its exposure to interest rate risk by maintaining borrowings and obligations under finance lease at a low level.

Had interest rates been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been HK$3,357,000 (2010: HK$3,921,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings and obligations under finance lease net of higher/lower interest income on cash deposits.

(ii) Credit risk

Credit risk is managed on a group basis. Credit risk arises mainly from trade debtors, other receivables, amounts due from associates, subsidiaries and jointly controlled entities, deposits with banks, as well as credit exposure to customers. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

To manage this risk, the management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management reviews regularly the recoverable amount of each individual trade receivable to ensure that adequate impairment is made for the irrecoverable amounts.

The Group has no significant credit risk regarding deposits with banks as these are held with high-credit-quality financial institutions, substantially comprising the Group's principal bankers.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk

In order to maintain flexibility in funding, the Group has credit facilities available from various banks. The Group has bank borrowings as at 31 March 2011 and 2010 to finance its operations.

Management monitors rolling forecasts of the Group's liquidity reserve (comprising undrawn borrowing facility and cash and cash equivalents) on the basis of expected cash flows.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at 31 March 2011, the Group held cash and bank deposits of HK$428,230,000 (2010: HK$566,630,000) and other current assets of HK$1,311,873,000 (2010: HK$1,093,182,000) that are expected to generate cash inflows in the next twelve months for managing liquidity risk.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	After 5 years HK$'000
Group				
At 31 March 2011				
Short-term bank loans and interest thereon	**358,789**	**–**	**–**	**–**
Long-term borrowings and interest thereon	**25,673**	**337,873**	**81,924**	**25,228**
Derivative financial liabilities	**1,317**	**–**	**–**	**–**
Payables to suppliers and subcontractors	**273,046**	**–**	**–**	**–**
Accruals, retention payables and other liabilities	**199,600**	**9,218**	**–**	**–**
Due to jointly controlled entities	**8,240**	**–**	**–**	**–**
At 31 March 2010				
Short-term bank loans and interest thereon	197,460	–	–	–
Long-term borrowings and interest thereon	11,382	246,918	37,016	40,070
Derivative financial liabilities	284	–	–	–
Payables to suppliers and subcontractors	258,940	–	–	–
Accruals, retention payables and other liabilities	172,937	19,788	–	–
Due to jointly controlled entities	10,000	–	–	–

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Financial risk factors *(Continued)*

(iii) Liquidity risk *(Continued)*

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	After 5 years HK$'000
Company				
At 31 March 2011				
Short-term bank loans and interest thereon	**30,483**	**–**	**–**	**–**
Accruals and other liabilities	**808**	**–**	**–**	**–**
Due to subsidiaries	**172,692**	**–**	**–**	**–**
At 31 March 2010				
Accruals and other liabilities	1,126	–	–	–
Due to subsidiaries	72,041	–	–	–

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank balances.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Capital risk management *(Continued)*

The Group's strategy is to maintain a gearing ratio at a minimal level. The gearing ratios at 31 March 2011 and 2010 were as follows:

	2011 **HK$'000**	2010 HK$'000
Total borrowings (Note 30)	**(809,260)**	(516,949)
Add: Cash and bank balances (Note 24)	**428,230**	566,630
(Net debt)/net cash	**(381,030)**	49,681
Total equity	**1,387,490**	1,303,450
Gearing ratio	**0.27**	N/A

The change from net cash to net debt position resulted primarily from normal operating and investing activities of the Group which include the acquisition of property, plant and equipment (Note 15) during the year.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

3 FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Fair value estimation *(Continued)*

The following table represents the Group's financial assets and liabilities measured at fair value:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2011				
Financial assets at fair value through profit or loss	**–**	**43,919**	**–**	**43,919**
Derivative financial assets	**–**	**2,069**	**–**	**2,069**
Derivative financial liabilities	**–**	**(1,317)**	**–**	**(1,317)**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2010				
Derivative financial assets	–	499	–	499
Derivative financial liabilities	–	(284)	–	(284)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Specific valuation techniques used to value financial instruments include:

– Quoted market prices or dealer quotes for similar instruments.

– The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

The carrying values of the Group's other financial assets and liabilities approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Percentage of completion of construction works

The Group recognises its contract revenue according to the percentage of work performed to date of the individual contract of construction works (including electrical and mechanical installation) as a percentage of total contract value. Because of the nature of the activity undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting period. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Management regularly reviews the progress of the contracts and the corresponding costs of the contract revenue.

(b) Estimation of foreseeable losses in respect of construction works

The Group's management estimates the amount of foreseeable losses of construction works based on the management budgets prepared for the construction works. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs which mainly comprise sub-contracting charges and costs of materials are prepared by management on the basis of quotations provided by the major contractors, suppliers and vendors involved, and the experience of the management. Management conducts periodic review on the management budgets by reviewing the actual amounts incurred.

(c) Investment properties

The fair values of investment properties are determined by independent valuers on an open market value basis. In making the judgements, consideration has been given to assumptions that are mainly based on market conditions existing at the balance sheet date. These estimates are compared to actual market data.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(Continued)

(d) Depreciation of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for the related depreciation charges of its property, plant and equipment. Management will revise the depreciation charge where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(e) Income taxes

The Group is mainly subject to income taxes in Hong Kong, Macau, Singapore and Mainland China. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(f) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2(l). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, details of which are disclosed in Note 18(a).

(g) Provision for impairment of trade debtors

The policy of provision for impairment of trade debtors of the Group is based on the evaluation of the recoverability and aging analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each counterparty. If the financial conditions of counterparty of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional provisions may be required.

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in contracting of building construction, plumbing, renovation, maintenance and fitting-out projects, electrical and mechanical installation, building materials trading and property investment and development.

	2011 HK$'000	2010 HK$'000
Revenue		
Contracting of building construction, plumbing, renovation, maintenance and fitting-out projects	**1,950,609**	2,183,737
Electrical and mechanical installation	**1,581,137**	1,232,158
Building materials trading	**28,711**	32,958
Property investment and development	**1,536**	2,816
Others	**11,188**	10,345
	3,573,181	3,462,014

The chief operating decision makers have been identified as the Executive Directors. In accordance with the Group's internal financial reporting provided to the Executive Directors, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are as follows:

- Construction – Contracting of building construction, plumbing, renovation, maintenance and fitting-out projects
- Electrical and mechanical installation – Provision of electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services
- Building materials trading – Trading of construction and building materials
- Property investment and development

Other operations of the Group mainly comprise computer software development and architectural and engineering services which are not of a sufficient size to be reported separately.

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction HK$'000	Electrical and mechanical installation HK$'000	Building materials trading HK$'000	Property investment and development HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2011						
Total sales	1,965,783	1,677,335	244,482	1,536	32,992	3,922,128
Inter-segment sales	(15,174)	(96,198)	(215,771)	–	(21,804)	(348,947)
External sales	1,950,609	1,581,137	28,711	1,536	11,188	3,573,181
Segment results	(18,250)	28,949	12,757	50,833	(1,725)	72,564
Unallocated income						1,373
Operating profit						73,937
Finance costs	(2,766)	(693)	(3,529)	(499)	(614)	(8,101)
Share of profit of associates	–	112	–	–	–	112
Share of profit/(loss) of jointly controlled entities	20,408	–	(24)	–	–	20,384
Profit before income tax						86,332
Income tax expense						(14,981)
Profit for the year						71,351

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction HK$'000	Electrical and mechanical installation HK$'000	Building materials trading HK$'000	Property investment and development HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2011						
Segment assets	1,170,252	454,875	474,758	811,650	54,496	2,966,031
Interests in associates	–	1,629	–	–	25	1,654
Interests in jointly controlled entities	11,342	–	–	–	–	11,342
Unallocated assets						38,420
Total assets						3,017,447
Segment liabilities	(699,534)	(363,965)	(98,463)	(410,781)	(32,266)	(1,605,009)
Obligation in respect of jointly controlled entities	–	–	(1,203)	–	–	(1,203)
Unallocated liabilities						(23,745)
Total liabilities						(1,629,957)
Capital expenditure	15,125	1,408	167,541	74,666	298	259,038
Depreciation	14,255	3,090	11,233	–	1,678	30,256
Amortisation of leasehold land and land use rights	56	–	1,292	–	–	1,348
Amortisation of intangible assets	–	1,056	–	–	–	1,056
Fair value gain on investment properties, net	–	–	–	(53,180)	–	(53,180)
Other non-cash expenses/(income), net	366	–	(198)	–	614	782

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction HK$'000	Electrical and mechanical installation HK$'000	Building materials trading HK$'000	Property investment and development HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2010						
Total sales	2,197,644	1,422,691	211,489	2,816	29,190	3,863,830
Inter-segment sales	(13,907)	(190,533)	(178,531)	–	(18,845)	(401,816)
External sales	2,183,737	1,232,158	32,958	2,816	10,345	3,462,014
Segment results	15,214	21,922	1,554	41,269	(10,487)	69,472
Unallocated income						4,657
Operating profit						74,129
Finance costs	(2,480)	(198)	(380)	(977)	–	(4,035)
Share of loss of associates	–	(362)	–	–	–	(362)
Share of (loss)/profit of jointly controlled entities	(924)	–	12	–	–	(912)
Profit before income tax						68,820
Income tax expense						(12,485)
Profit for the year						56,335

5 REVENUE AND SEGMENT INFORMATION *(Continued)*

	Construction HK$'000	Electrical and mechanical installation HK$'000	Building materials trading HK$'000	Property investment and development HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2010						
Segment assets	1,034,067	452,405	366,233	680,619	56,375	2,589,699
Interests in associates	–	1,517	–	–	25	1,542
Interests in jointly controlled entities	–	–	1,132	–	–	1,132
Unallocated assets						40,103
Total assets						2,632,476
Segment liabilities	(590,749)	(358,636)	(43,487)	(318,628)	(3,886)	(1,315,386)
Obligation in respect of jointly controlled entities	(9,066)	–	–	–	–	(9,066)
Unallocated liabilities						(4,574)
Total liabilities						(1,329,026)
Capital expenditure	18,650	5,809	66,250	610,575	99	701,383
Depreciation	12,371	2,277	9,004	–	1,639	25,291
Amortisation of leasehold land and land use rights	56	–	367	–	–	423
Amortisation of intangible assets	–	1,056	–	–	–	1,056
Fair value gain on investment properties	–	–	–	39,543	–	39,543
Other non-cash income, net	–	–	202	–	–	202

6 OTHER INCOME AND GAINS

	2011 HK$'000	2010 HK$'000
Other income		
Dividend income from investments	**76**	78
Bank interest income	**1,838**	3,018
Interest income from subcontractors	**6,468**	4,392
Interest income from a jointly controlled entity	**–**	522
Management service income from a jointly controlled entity	**1,831**	762
Write back of provision for impairment on an amount due from an associate	**2,812**	–
Sundry income	**7,737**	5,125
	20,762	13,897
Other gains		
Gain on disposal of property, plant and equipment, net	**210**	459
Fair value gain on investment properties, net	**53,180**	39,543
Gain on financial assets at fair value through profit or loss	**147**	242
Gain on derivative financial assets	**7,996**	1,338
Exchange gain, net	**2,078**	–
	63,611	41,582
	84,373	55,479

7 EXPENSES BY NATURE

	2011 **HK$'000**	2010 HK$'000
Cost of construction	**2,793,457**	2,661,830
Cost of inventories sold	**157,097**	160,171
Staff costs (excluding directors' emoluments) (Note 14)	**474,674**	429,090
Directors' emoluments (Note 8)	**18,594**	14,822
Depreciation		
Owned property, plant and equipment	**26,140**	21,817
Leased property, plant and equipment	**4,116**	3,474
	30,256	25,291
Operating lease rentals of		
Land and buildings	**9,902**	9,305
Other equipment	**40,190**	63,879
	50,092	73,184
Amortisation of leasehold land and land use rights	**1,348**	423
Less: Capitalised in construction in progress	**(1,292)**	(367)
	56	56
Amortisation of intangible assets	**1,056**	1,056
(Write back)/write off of impaired receivables, net	**(2,011)**	455
Auditor's remuneration	**3,506**	3,278
Loss on deregistration of subsidiaries, net	**1,793**	–
Exchange loss, net	**–**	1,065
Direct operating expenses arising from investment properties		
-Generate rental income	**242**	364
-Not generate rental income	**57**	65
Distribution costs	**13,260**	8,234
Others	**41,488**	64,403
Total cost of sales, distribution costs, administrative and other operating expenses	**3,583,617**	3,443,364

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The remuneration of the Directors for the year ended 31 March 2011 and 31 March 2010 is set out below:

Name	**Fees** **HK$'000**	**Salaries** **HK$'000**	**Discretionary bonuses** **HK$'000**	**Employer's contribution to pension scheme** **HK$'000**	**Total** **HK$'000**
2011					
Mr. Wong Ip Kuen	**–**	**5,940**	**600**	**275**	**6,815**
Mr. Wong Tin Cheung	**–**	**2,400**	**550**	**111**	**3,061**
Ms. Wong Wai Man	**–**	**1,750**	**350**	**81**	**2,181**
Mr. So Yau Chi	**–**	**1,823**	**250**	**72**	**2,145**
Mr. Sun Chun Wai	**–**	**1,055**	**300**	**49**	**1,404**
Mr. Tsang Chiu Kwan	**–**	**2,081**	**104**	**11**	**2,196**
Mr. Chan, Bernard Charnwut	**264**	**–**	**–**	**–**	**264**
Mr. Wu King Cheong	**264**	**–**	**–**	**–**	**264**
Dr. Yeung Tsun Man, Eric	**264**	**–**	**–**	**–**	**264**
	792	**15,049**	**2,154**	**599**	**18,594**

Name	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Employer's contribution to pension scheme HK$'000	Total HK$'000
2010					
Mr. Wong Ip Kuen	–	5,550	580	257	6,387
Mr. Wong Tin Cheung	–	2,090	500	97	2,687
Ms. Wong Wai Man	–	1,390	250	65	1,705
Mr. So Yau Chi	–	1,773	235	70	2,078
Mr. Sun Chun Wai	–	870	287	40	1,197
Mr. Chan, Bernard Charnwut	256	–	–	–	256
Mr. Wu King Cheong	256	–	–	–	256
Dr. Yeung Tsun Man, Eric	256	–	–	–	256
	768	11,673	1,852	529	14,822

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(Continued)

(b) Five highest-paid individuals

The five individuals whose emoluments were the highest in the Group for the year include five (2010: three) Directors whose emoluments are reflected in the analysis above. The emoluments paid and payable to the remaining two highest paid individuals in 2010 were as follows:

	2011 **HK$'000**	2010 HK$'000
Salaries	**–**	3,979
Bonuses	**–**	378
Retirement benefits	**–**	148
	–	4,505

The emoluments fell within the following bands:

	Number of individuals	
	2011	2010
HK$2,000,001-HK$2,500,000	**–**	2

(c) During the years ended 31 March 2011 and 2010, no emoluments have been paid by the Group to the Directors or the five highest-paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. None of the Directors waived or has agreed to waive any emoluments.

9 FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on overdrafts and short-term bank loans	6,206	1,656
Interest on long-term bank loans repayable within five years	3,731	2,041
Interest on long-term bank loans repayable after five years	1,277	379
Interest element of finance lease payments	410	358
Total borrowing costs incurred	11,624	4,434
Less: Classified as cost of construction	(1,899)	(1,251)
Capitalised in construction in progress	(2,875)	(1,443)
Capitalised in investment properties under development	(1,783)	–
	5,067	1,740
Loss on financial assets at fair value through profit or loss	1,005	118
Loss on derivative financial liabilities	2,029	2,177
	8,101	4,035

10 INCOME TAX EXPENSE

	2011 HK$'000	2010 HK$'000
Hong Kong profits tax provision for the year	116	74
Overseas tax provision for the year	11,784	17,107
Over-provision in prior years	(1,345)	(247)
Deferred income tax relating to the origination and reversal of temporary differences (Note 31)	4,426	(4,449)
	14,981	12,485

Hong Kong profits tax was calculated at 16.5% (2010:16.5%) on the estimated assessable profits for the year.

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

10 INCOME TAX EXPENSE *(Continued)*

The tax charge on the Group's profit before income tax differs from the theoretical amount that would arise using the Hong Kong taxation rate as follows:

	2011 HK$'000	2010 HK$'000
Profit before income tax	**86,332**	68,820
Share of (profit)/loss of associates and jointly controlled entities	**(20,496)**	1,274
	65,836	70,094
Calculated at a taxation rate of 16.5% (2010: 16.5%)	**10,863**	11,566
Effect of different tax rates in other countries	**(3,961)**	(3,905)
Income not subject to taxation	**(4,350)**	(195)
Expenses not deductible for taxation purposes	**5,075**	2,740
Temporary differences not recognised	**2,020**	(1,513)
Tax losses not recognised	**12,296**	19,272
Tax losses recognised	**(1,466)**	(11,200)
Utilisation of previously unrecognised tax losses	**(4,134)**	(4,016)
Over-provision in prior years	**(1,345)**	(247)
Others	**(17)**	(17)
Income tax expense	**14,981**	12,485

11 PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of approximately HK$4,604,000 (2010: HK$4,544,000).

12 DIVIDEND

In the Board meeting held on 27 June 2011, the Directors recommended the payment of a final dividend of HK2.28 cents (2010: HK1.28 cents) per share, totalling HK$9,988,000 (2010: HK$5,607,000) for the year ended 31 March 2011.

13 EARNINGS PER SHARE (BASIC AND DILUTED)

The calculation of earnings per share is based on:

	2011 **HK$'000**	2010 HK$'000
Net profit attributable to the equity holders of the Company	**71,945**	56,337

	2011	2010
Weighted average number of shares in issue during the year	**438,053,600**	438,053,600

Diluted earnings per share for the years ended 31 March 2011 and 2010 are not presented as there are no potential dilutive shares in issue during the years.

14 STAFF COSTS (EXCLUDING DIRECTORS' EMOLUMENTS)

	2011 **HK$'000**	2010 HK$'000
Salaries, wages and bonuses	**451,543**	405,794
Unutilised annual leave	**1,135**	2,909
Long service payments and pension costs		
-defined contribution scheme	**21,019**	19,350
Termination benefits	**977**	1,037
	474,674	429,090

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
Group								
At 31 March 2009								
Cost, as previously reported	–	48,283	6,193	153,704	55,612	34,821	–	298,613
Adjustment for adoption of amendment to HKAS 17 (Note 2(a))	47,062	–	–	–	–	–	–	47,062
Cost, as restated	47,062	48,283	6,193	153,704	55,612	34,821	–	345,675
Accumulated depreciation, as previously reported	–	(17,482)	(5,702)	(97,126)	(43,767)	(24,156)	–	(188,233)
Adjustment for adoption of amendment to HKAS 17 (Note 2(a))	(14,527)	–	–	–	–	–	–	(14,527)
Accumulated depreciation, as restated	(14,527)	(17,482)	(5,702)	(97,126)	(43,767)	(24,156)	–	(202,760)
Net book values, as restated	32,535	30,801	491	56,578	11,845	10,665	–	142,915
Year ended 31 March 2010								
Opening net book values, as restated	32,535	30,801	491	56,578	11,845	10,665	–	142,915
Additions, as restated	365,316	–	–	11,789	8,947	10,144	14,413	410,609
Disposals	–	–	–	(3,490)	(388)	(683)	–	(4,561)
Depreciation, as restated	(865)	(1,691)	(155)	(12,072)	(5,135)	(5,373)	–	(25,291)
Currency translation differences	–	–	29	1,563	60	37	–	1,689
Closing net book values, as restated	396,986	29,110	365	54,368	15,329	14,790	14,413	525,361
At 31 March 2010								
Cost, as restated	412,378	48,283	6,243	157,769	78,401	43,286	14,413	760,773
Accumulated depreciation, as restated	(15,392)	(19,173)	(5,878)	(103,401)	(63,072)	(28,496)	–	(235,412)
Net book values, as restated	396,986	29,110	365	54,368	15,329	14,790	14,413	525,361
Year ended 31 March 2011								
Opening net book values, as restated	**396,986**	**29,110**	**365**	**54,368**	**15,329**	**14,790**	**14,413**	**525,361**
Additions	**–**	**–**	**17**	**16,152**	**7,564**	**5,932**	**158,639**	**188,304**
Disposals	**–**	**(194)**	**–**	**(860)**	**(150)**	**(83)**	**–**	**(1,287)**
Depreciation	**(865)**	**(1,719)**	**(168)**	**(16,565)**	**(6,481)**	**(4,458)**	**–**	**(30,256)**
Currency translation differences	**–**	**703**	**23**	**2,849**	**199**	**160**	**2,262**	**6,196**
Closing net book values	**396,121**	**27,900**	**237**	**55,944**	**16,461**	**16,341**	**175,314**	**688,318**
At 31 March 2011								
Cost	**412,378**	**49,155**	**6,328**	**176,093**	**84,937**	**47,503**	**175,314**	**951,708**
Accumulated depreciation	**(16,257)**	**(21,255)**	**(6,091)**	**(120,149)**	**(68,476)**	**(31,162)**	**–**	**(263,390)**
Net book values	**396,121**	**27,900**	**237**	**55,944**	**16,461**	**16,341**	**175,314**	**688,318**

15 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Analysis of land

	2011 HK$'000	2010 HK$'000
In Hong Kong, held on		
Leases expiring from 10 to 50 years	**30,805**	31,670
Leases expiring over 50 years	**365,316**	365,316
	396,121	396,986

(a) On 30 April 2009, the Group acquired the land in No. 77-85 Jervois Street, Hong Kong at a consideration of HK$350,000,000 (excluding transaction expenses). The site is currently under construction to be redeveloped into a hotel building operating under the Holiday Inn Express brand name. The construction cost incurred is classified as "Construction in progress".

(b) The net book value of property, plant and equipment held under finance lease obligations comprises:

	Group 2011 HK$'000	2010 HK$'000
Plant and machinery	**1,746**	1,173
Motor vehicles	**8,314**	10,873
	10,060	12,046

(c) The net book value of property, plant and equipment pledged as security for the Group's banking facilities amounted to HK$399,817,000 (2010: HK$400,508,000) (Notes 30 and 36(e)).

16 INVESTMENT PROPERTIES

	Group 2011 HK$'000	2010 HK$'000
Beginning of year	**299,370**	24,727
Additions	**12,355**	232,800
Fair value gain on investment properties, net	**53,180**	39,543
Currency translation differences	**3,164**	2,300
End of year	**368,069**	299,370
In Hong Kong, held on		
Leases expiring from 10 to 50 years	**328,000**	270,000
Leases expiring over 50 years	**4,850**	–
	332,850	270,000
Outside Hong Kong, held on		
Leases expiring over 50 years	**35,219**	29,370
	368,069	299,370

16 INVESTMENT PROPERTIES *(Continued)*

(a) Investment properties situated in Hong Kong were valued as at 31 March 2011 by Savills Valuation and Professional Services Limited, an independent firm of qualified property valuers, for the purpose of inclusion in the Group's annual report.

(b) Investment properties situated in Singapore were valued as at 31 March 2011 by Savills (Singapore) Pte. Ltd., an independent firm of qualified property valuers, for the purpose of inclusion in the Group's annual report.

(c) Investment properties amounting to HK$363,219,000 (2010: HK$299,370,000) are pledged as security for the bank loans of the Group (Notes 30 and 36(e)).

17 LEASEHOLD LAND AND LAND USE RIGHTS

	Group	
	2011	2010
		(Restated)
	HK$'000	HK$'000
Beginning of year, as previously reported	**59,018**	34,732
Adjustment for adoption of amendment to HKAS 17 (Note 2(a))	**–**	(32,535)
Beginning of year, as restated	**59,018**	2,197
Additions	**–**	57,244
Amortisation	**(1,348)**	(423)
Currency translation differences	**2,539**	–
End of year	**60,209**	59,018
Outside Hong Kong, held on		
Leases expiring from 10 to 50 years	**2,085**	2,142
Leases expiring over 50 years	**58,124**	56,876
	60,209	59,018

On 24 September 2009, the Group entered into a contract to acquire a land use right in Huizhou, Mainland China at a consideration of RMB50,375,000 (approximately HK$57,244,000). The Group is currently building production plants on the land for manufacturing building materials.

The cost of construction of the project has been included under "Construction in progress" as disclosed in Note 15.

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments. Leasehold land and land use rights with a net book value of HK$2,085,000 (2010: HK$2,142,000) were pledged as security for the Group's banking facilities (Note 36(e)).

18 GOODWILL AND INTANGIBLE ASSETS

Group

	Goodwill HK$'000	Intangible assets HK$'000	Total HK$'000
Year ended 31 March 2010			
Opening net book value	15,905	20,228	36,133
Additions	–	730	730
Amortisation	–	(1,056)	(1,056)
Closing net book value	15,905	19,902	35,807
At 31 March 2010			
Cost	15,905	21,837	37,742
Accumulated amortisation	–	(1,935)	(1,935)
Net book value	15,905	19,902	35,807
Year ended 31 March 2011			
Opening net book value	**15,905**	**19,902**	**35,807**
Amortisation	**–**	**(1,056)**	**(1,056)**
Closing net book value	**15,905**	**18,846**	**34,751**
At 31 March 2011			
Cost	**15,905**	**21,837**	**37,742**
Accumulated amortisation	**–**	**(2,991)**	**(2,991)**
Net book value	**15,905**	**18,846**	**34,751**

(a) Goodwill is allocated to REC's cash generating units (CGUs) identified according to operating segments.

For impairment assessment of goodwill, the recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections prepared based on financial budgets covering a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates which do not exceed the long-term average growth rate in which the CGU operates.

18 GOODWILL AND INTANGIBLE ASSETS *(Continued)*

(a) *(Continued)*

Key assumptions used in value-in-use calculations include:

(i) gross margin ranging from 5% to 6% per annum (2010: 5% to 6%);

(ii) growth rate ranging from 1% to 2% per annum (2010: 1% to 2%); and

(iii) discount rate of 9% per annum (2010: 9%).

Management determined budgeted gross margin based on past performance and the expectations for the market development.

(b) Intangible assets relate substantially to the customer relationships held by REC. The Group has entered into agreements to deliver electrical and mechanical engineering services to long-term customers, including various government departments and major players in the construction industry, and expect to continue having business with these long-term customers in the future.

19 SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares, at cost	**326,615**	326,615
Advances to subsidiaries	**245,000**	165,000
	571,615	491,615
Due from subsidiaries	**1,116,313**	1,069,205
Due to subsidiaries	**172,692**	72,041

The advances to subsidiaries are unsecured and not repayable within the next twelve months from the balance sheet date. Included in the advances to subsidiaries are an amount of HK$165,000,000 (2010: HK$85,000,000) which bears interest at Hong Kong dollar prime rate less 2% per annum and other advances to subsidiaries are interest free. The amounts due from and to subsidiaries are unsecured, interest free, and have no fixed terms of repayment, except for an amount due from a subsidiary of HK$25,000,000 as at 31 March 2010 which bears interest at Hong Kong Inter Bank Offer Rate ("HIBOR") plus 1.5% per annum, and their carrying amounts are not materially different from their fair values.

19 SUBSIDIARIES *(Continued)*

The following is a list of the principal subsidiaries at 31 March 2011:

Name	Place of incorporation/ operation	Particulars of registered/ issued share capital	Principal activities	Percentage of registered/ issued share capital held by Company	Subsidiaries	Group
Bellaglade Company Limited	Hong Kong	HK$2	Property holding	–	100%	100%
Best Ease Investment Limited	Hong Kong	HK$2	Property investment	–	100%	100%
Best Fortune Investment Limited	Hong Kong	HK$5,000,000	Property investment	–	100%	100%
City Hope Limited	The British Virgin Islands/Hong Kong	US$10	Property investment	–	90%	90%
First Smart Investment Limited	Hong Kong	HK$2	Investment holding	–	100%	100%
Grace Top Investment Limited	Hong Kong	HK$1	Trading of computer software	–	100%	100%
Guangdong Yuean REC Mechanical and Electrical Engineering Company Limited	Mainland China	US$380,000	Engineering services	–	60%	60%
InnoVision Architects & Engineers Limited	Hong Kong	HK$1	Architectural and engineering services	–	100%	100%
Leena Theme Painting (Macau) Limited	Macau	MOP100,000	Theme painting	–	100%	100%
Leena Theme Painting Limited	Hong Kong	HK$1	Theme painting	–	100%	100%
Million Wealth Enterprises Limited	Hong Kong	HK$2	Property development	–	100%	100%
Ming Hop Company Limited	Hong Kong	HK$1,000,000	Trading of construction materials and execution of plumbing work	–	100%	100%
Nanjing Nanda VH Software Intelligence Company Limited	Mainland China	RMB1,500,000	Development and sale of computer software	–	70%	70%
REC (China) Company Limited	Hong Kong	HK$13,800,000	Electrical and mechanical engineering services and investment holding	–	100%	100%

19 SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Particulars of registered/ issued share capital	Principal activities	Percentage of registered/ issued share capital held by Company	Subsidiaries	Group
REC Engineering Company Limited	Hong Kong	HK$50,000,000	Electrical, mechanical, ventilation and air conditioning, fire, plumbing and environmental engineering services and investment holding	100%	–	100%
REC Engineering Contracting Company Limited	Hong Kong	HK$2,000,000	Electrical and mechanical engineering services	–	100%	100%
REC Mechanical and Electrical Engineering (Shanghai) Company Limited	Mainland China	US$10,820,000	Engineering services	–	100%	100%
Right Motive Limited	Hong Kong	HK$6,000	Property holding	–	100%	100%
Solid Star Company Limited	Hong Kong	HK$2	Property holding	–	100%	100%
Steerers Engineering Limited	Hong Kong	HK$20	Engineering services	–	100%	100%
Tin Sing Chemical Engineers Limited	Hong Kong	HK$1,000,000	Water treatment services	–	100%	100%
Trendplot Investments Limited	Hong Kong	HK$2	Equipment leasing	–	100%	100%
Trinity Crown Limited	Hong Kong	HK$2	General trading	–	100%	100%
VHSoft I.P. Company Limited	Hong Kong	HK$2	Patent holding	–	100%	100%
VHSoft Technologies (Nanjing) Company Limited	Mainland China	US$500,000	Development and sale of construction equipment and computer software	–	100%	100%
VHSoft Technologies Company Limited	Hong Kong	HK$2	Computer software development	–	100%	100%
Yau Lee Building Construction and Decoration Company Limited	Hong Kong	HK$100,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Building Materials Trading Company Limited	Hong Kong	HK$2	Trading of building materials	–	100%	100%
Yau Lee Construction (Macau) Company Limited	Macau	MOP1,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction (Singapore) Pte. Ltd.	Singapore	S$4,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction (UAE) Company Limited	Hong Kong	HK$2	Investment holding	–	100%	100%

19 SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Particulars of registered/ issued share capital	Principal activities	Percentage of registered/ issued share capital held by Company	Subsidiaries	Group
Yau Lee Construction Company Limited	Hong Kong	HK$236,000,000	Building construction, maintenance and fitting-out	–	100%	100%
Yau Lee Construction Materials & Technology (B.V.I.) Limited	The British Virgin Islands/Hong Kong	US$2	Investment holding	–	100%	100%
Yau Lee Construction Materials & Technology Limited	Hong Kong	HK$2	Sale of building materials and precast products	–	100%	100%
Yau Lee Construction Materials Limited	Hong Kong	HK$1	Trading of building materials	–	100%	100%
Yau Lee Curtain Wall and Steel Works (Macau) Limited	Macau	MOP100,000	Curtain wall installation	–	100%	100%
Yau Lee Curtain Wall and Steel Works (Singapore) Pte. Ltd.	Singapore	S$50,000	Curtain wall installation	–	100%	100%
Yau Lee Curtain Wall and Steel Works Limited	Hong Kong	HK$2	Curtain wall installation	–	100%	100%
Yau Lee Development (Singapore) Pte. Ltd.	Singapore	S$50,000	Property and investment holding	–	100%	100%
Yau Lee Equipment Leasing Limited	Hong Kong	HK$2	Equipment leasing	–	100%	100%
Yau Lee Hing Materials Manufacturing (UAE) Limited	Hong Kong	HK$1	Trading of building materials	–	100%	100%
Yau Lee Hing Materials Manufacturing Limited	Hong Kong	HK$1	Trading of building materials	–	100%	100%
Yau Lee Innovative Technology Limited	Hong Kong	HK$2	Licensing of patent	–	100%	100%
Yau Lee Investment Limited	The Cook Islands/ Hong Kong	US$100	Investment holding	100%	–	100%
Yau Lee Management (UAE) Limited	Hong Kong	HK$2	Provision of management services	–	100%	100%
Yau Lee Materials Manufacturing Limited	Hong Kong	HK$1	Licensing of patent	–	100%	100%
Yau Lee Technology Limited	The British Virgin Islands/ Hong Kong	US$1	Investment holding and trading of construction equipment and development of computer control software	–	100%	100%

19 SUBSIDIARIES *(Continued)*

Name	Place of incorporation/ operation	Particulars of registered/ issued share capital	Principal activities	Percentage of registered/ issued share capital held by Company	Subsidiaries	Group
Yau Lee Wah Concrete Precast Products (Macau) Company Limited	Macau	MOP200,000	Sale of precast products	–	100%	100%
Yau Lee Wah Concrete Precast Products (Shenzhen) Company Limited	Mainland China	RMB39,076,066	Manufacturing of precast products	–	100%	100%
Yau Lee Wah Concrete Precast Products Company Limited	Hong Kong	HK$10,000,000	Sale of precast products	–	100%	100%
有利興建材(惠州)有限公司	Mainland China	HK$60,000,000	Manufacturing of building materials	–	100%	100%
有利華建材(惠州)有限公司	Mainland China	HK$120,000,000	Manufacturing of precast products and building materials	–	100%	100%
利華泰建材貿易(深圳)有限公司	Mainland China	HK$2,100,000	Trading of building materials	–	100%	100%
緯衡浩建科技(深圳)有限公司	Mainland China	HK$3,000,000	Computer software development	–	100%	100%

20 ASSOCIATES

	2011		2010	
	Group HK$'000	**Company HK$'000**	Group HK$'000	Company HK$'000
Beginning of year	**1,542**	**–**	1,929	–
Share of profit/(loss)	**112**	**–**	(362)	–
Loss on disposals	**–**	**–**	(25)	–
End of year	**1,654**	**–**	1,542	–
Due from associates	**9,674**	**–**	21,139	1,043
Provision for impairment	**(9,674)**	**–**	(12,486)	–
Due from associates, net	**–**	**–**	8,653	1,043

20 ASSOCIATES *(Continued)*

(a) The following are the details of the principal associates at 31 March 2011 and 2010:

Name	Particulars of issued share capital	Place of incorporation	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	(Loss)/profit HK$'000	Interest held
2011							
Yau Lee Development Company Limited ("YLDC") (Note (b))	100 ordinary shares of HK$1 each	Hong Kong	**714**	**(23,987)**	**11,838**	**(5,056)**	**50%**
EYE Lighting (Hong Kong) Limited ("Eye Lighting") (Note (c))	2,000,000 ordinary shares of HK$1 each	Hong Kong	**6,279**	**(1,994)**	**5,032**	**294**	**38%**
2010							
Yau Lee Development Company Limited (Note (b))	100 ordinary shares of HK$1 each	Hong Kong	17,220	(35,437)	–	428	50%
EYE Lighting (Hong Kong) Limited (Note (c))	2,000,000 ordinary shares of HK$1 each	Hong Kong	5,017	(1,026)	3,855	(953)	38%

(b) YLDC is engaged in a residential and commercial property development project in Shunde, Mainland China ("Fuli Building") with Chinese parties. The Group did not recognise the (loss)/profit of the associate for the year ended 31 March 2011 and 2010 as the Group's share of the accumulated losses exceeds its investment in YLDC.

(c) Eye Lighting is 38% owned by REC and it is engaged in the trading of electric bulbs, light fittings and related products.

(d) The amounts due from associates are unsecured, interest free and repayable on demand.

21 JOINTLY CONTROLLED ENTITIES

	2011		2010	
	Group	**Company**	Group	Company
	HK$'000	**HK$'000**	HK$'000	HK$'000
Beginning of year	**(7,934)**	**–**	7,987	–
Share of profit/(loss)	**20,384**	**–**	(912)	–
Dividend received	**(2,040)**	**–**	–	–
Distribution of funds	**–**	**–**	(15,000)	–
Currency translation differences	**(271)**	**–**	(9)	–
End of year	**10,139**	**–**	(7,934)	–
Jointly controlled entities	**11,342**	**–**	1,132	–
Obligation in respect of jointly controlled entities	**(1,203)**	**–**	(9,066)	–
Due from jointly controlled entities (Note (g))	**31,203**	**–**	59,740	138
Due to jointly controlled entities (Note (g))	**(8,240)**	**–**	(10,000)	–

21 JOINTLY CONTROLLED ENTITIES *(Continued)*

(a) The following is a list of the principal jointly controlled entities at 31 March 2011 and 2010:

Name	Particulars of registered/ issued share capital	Place of incorporation/ establishment	Assets HK$'000	Liabilities HK$'000	Revenue HK$'000	Profit/ (loss) HK$'000	Effective interest
2011							
Yau Lee Formglas Limited ("YLFG") (Note (b))	HK$1,000,000	Hong Kong	**854**	**(6,032)**	**–**	**471**	**51%**
Yau Lee Formglas (Macau) Limited ("YLFM") (Note (c))	MOP200,000	Macau	**3,470**	**(651)**	**–**	**(288)**	**51%**
Yau Lee Formglas (Shenzhen) Limited ("YLFS") (Note (d))	HK$4,200,000	Mainland China	**–***	**–***	**–***	**(231)***	**51%**
Hsin Chong-Yau Lee Joint Venture (Note (e))	N/A	Hong Kong	**39,349**	**(38,416)**	**129,976**	**18,550**	**50%**
Yau Lee-Hsin Chong Joint Venture (Note (f))	N/A	Hong Kong	**134,707**	**(118,581)**	**328,854**	**16,555**	**60%**
Total			**178,380**	**(163,680)**	**458,830**	**35,057**	
The Group's share			**102,704**	**(93,765)**	**262,300**	**20,384**	
2010							
Yau Lee Formglas Limited (Note (b))	HK$1,000,000	Hong Kong	4,102	(9,719)	–	(581)	51%
Yau Lee Formglas (Macau) Limited (Note (c))	MOP200,000	Macau	14,447	(1,869)	6,639	1,007	51%
Yau Lee Formglas (Shenzhen) Limited (Note (d))	HK$4,200,000	Mainland China	99	(4,840)	–	(401)	51%
Hsin Chong-Yau Lee Joint Venture (Note (e))	N/A	Hong Kong	159,627	(177,244)	1,080,491	(1,335)	50%
Yau Lee-Hsin Chong Joint Venture (Note (f))	N/A	Hong Kong	92,307	(92,736)	77,532	(428)	60%
Total			270,582	(286,408)	1,164,662	(1,738)	
The Group's share			144,708	(152,642)	590,151	(912)	

* up to the date of deregistration

21 JOINTLY CONTROLLED ENTITIES *(Continued)*

(b) YLFG is a joint venture with a Canadian party, and is engaged in investment holding of YLFM and YLFS, the principal activities of which are set out in Notes (c) and (d).

(c) YLFM is a wholly-owned subsidiary of YLFG, and is principally engaged in construction projects in Macau. The subsidiary remained inactive as at 31 March 2011.

(d) YLFS is a wholly-owned subsidiary of YLFG, and is principally engaged in manufacturing of glass reinforced gypsum products. The subsidiary was deregistered during the year.

(e) Hsin Chong-Yau Lee Joint Venture is an unincorporated joint venture operating in Hong Kong which holds a construction contract with a value of HK$1,654,000,000. The site work was completed on 23 April 2010.

(f) Yau Lee-Hsin Chong Joint Venture is an unincorporated joint venture operating in Hong Kong which holds a construction contract with a value of HK$2,896,000,000.

(g) The amounts due from/(to) jointly controlled entities of the Group and the Company were unsecured, interest free and repayable on demand, except for amounts due from YLFG, YLFM and YLFS which bear interest at 3% per annum.

22 OTHER NON-CURRENT ASSETS

	Group	
	2011	2010
	HK$'000	HK$'000
Retention receivables (Note 27 and Note (a))	**189,916**	227,241
Loans to employees (Note 23)	**448**	648
Prepayments and deposits (Note (b))	**58,379**	–
	248,743	227,889
Less: Current portion of retention receivables (Note 25(a))	**(150,109)**	(186,420)
Current portion of loans to employees (Note 23)	**(332)**	(200)
Provision for impairment	**–**	154
	98,302	41,423

(a) Long-term retention receivables were carried at amortised cost using the effective interest method.

(b) The Group has committed to purchase two sets of machinery for the construction of production lines for producing environmentally friendly and high performance building materials which will serve the Mainland China and the United Arab Embirates markets.

The instalment payment for the machinery is classified as "Prepayments and deposits" while the payments for installed parts were transferred to "Property, plant and equipment" (Note 15).

23 LOANS TO EMPLOYEES

The Group provides housing loans to certain employees and the loans are secured by second mortgages of the related properties of the employees. The repayment period ranges from two to three years with interest at 1% below prime rate. Amounts receivable within one year of HK$332,000 (2010: HK$200,000) are included in prepayments, deposits and other receivables (Note 25(b)). Loans to employees approximate their fair values.

24 CASH AND BANK BALANCES

	2011 Group HK$'000	2011 Company HK$'000	2010 Group HK$'000	2010 Company HK$'000
Cash and bank balances	290,754	2,214	369,903	7,713
Time deposits	28,768	–	53,176	–
Restricted deposits (Note a)	108,708	–	143,551	10,000
	428,230	2,214	566,630	17,713

(a) Restricted deposits are funds which are pledged as security for the banking facilities of the Group (Notes 30 and 36(a)).

(b) Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	2011 Group HK$'000	2011 Company HK$'000	2010 Group HK$'000	2010 Company HK$'000
Cash and bank balances	290,754	2,214	369,903	7,713
Time deposits	28,768	–	53,176	–
	319,522	2,214	423,079	7,713

(c) The Group's cash and bank balances are mainly denominated in the following currencies:

	2011 Group HK$'000	2011 Company HK$'000	2010 Group HK$'000	2010 Company HK$'000
Hong Kong dollars	194,779	2,055	306,305	17,713
Renminbi	192,259	–	102,414	–
Singapore dollars	19,517	–	9,786	–
Macau Patacas	17,570	–	5,528	–
United States dollars	1,561	159	141,207	–
Other currencies	2,544	–	1,390	–
	428,230	2,214	566,630	17,713

(d) Interest rates of time deposits and restricted deposits ranged from zero to 2.60% (2010: zero to 1.25%) per annum.

25 TRADE AND OTHER RECEIVABLES

(a) Trade debtors, net

	Group	
	2011	2010
	HK$'000	HK$'000
Trade debtors	**396,468**	248,201
Retention receivables (Note 22)	**150,109**	186,420
Provision for impairment	**(3,540)**	(11,669)
	543,037	422,952

The aging analysis of the trade debtors, net is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Current	**504,177**	395,845
1-30 days	**18,163**	5,550
31-90 days	**4,753**	6,182
91-180 days	**4,209**	1,870
Over 180 days	**11,735**	13,505
	38,860	27,107
	543,037	422,952

Trade debtors are due 30 days to 150 days after invoicing depending on the nature of services or products. As at 31 March 2011, trade debtors of HK$38,860,000 (2010: HK$27,107,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default.

As at 31 March 2011, trade debtors of HK$3,540,000 (2010: HK$11,669,000) were impaired and fully provided for. The individually impaired receivables relate to customers who experienced unexpected difficult economic situations. All of these trade debtors were overdue by more than 180 days as at 31 March 2011 and 2010.

25 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Trade debtors, net *(Continued)*

Movements of provision for impairment of trade debtors are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Beginning of year	**11,669**	12,781
Write back of impairment loss	**(2,955)**	(518)
Uncollectible amounts written off	**(5,312)**	(594)
Currency translation differences	**138**	–
End of year	**3,540**	11,669

The Group's trade debtors balances are mainly denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	HK$'000
Hong Kong dollars	**459,699**	299,104
Singapore dollars	**50,928**	82,545
Renminbi	**19,472**	4,247
Macau Patacas	**12,938**	37,056
	543,037	422,952

(b) Prepayments, deposits and other receivables

	2011		2010	
	Group	**Company**	Group	Company
	HK$'000	**HK$'000**	HK$'000	HK$'000
Advances to subcontractors	**138,367**	**–**	90,561	–
Prepayments and deposits	**51,507**	**71**	88,352	55
Loans to employees	**332**	**–**	200	–
Other receivables	**56,047**	**235**	13,717	235
	246,253	**306**	192,830	290

25 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Prepayments, deposits and other receivables *(Continued)*

Nearly all of the Group's prepayments, deposits and other receivables are denominated in Hong Kong dollars and United States dollars. Included in advances to subcontractors are amounts of HK$103,539,000 (2010: HK$55,115,000) which bear interest ranging from 8.0% to 9.0% (2010: 8.0% to 9.0%) per annum. All other advances to subcontractors are interest free and have no fixed terms of repayment. None of the prepayments, deposits and other receivables have been impaired.

The Group does not hold any collateral as security for trade and other receivables.

26 INVENTORIES

	Group	
	2011	2010
	HK$'000	HK$'000
Raw materials, at cost	**47,496**	29,924
Finished goods, at cost	**9,112**	3,395
Others, at cost	**515**	478
	57,123	33,797

27 CONSTRUCTION CONTRACTS IN PROGRESS

	Group	
	2011	2010
	HK$'000	HK$'000
Contract costs incurred plus attributable profits less foreseeable losses to date	**14,420,680**	12,665,244
Progress billings to date	**(14,323,634)**	(12,601,650)
	97,046	63,594
Included in current assets/(liabilities) are the following:		
Due from customers on construction contracts	**388,154**	374,077
Due to customers on construction contracts	**(291,108)**	(310,483)
	97,046	63,594

Retention receivables from customers in respect of construction contracts in progress of HK$189,916,000 (2010: HK$227,241,000) are classified under other non-current assets and trade debtors, net (Notes 22 and 25(a)).

28 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2011		2010	
	Group	**Company**	Group	Company
	HK$'000	**HK$'000**	HK$'000	HK$'000
Money market fund at fair value – unlisted	**43,919**	**18,886**	–	–

Financial assets at fair value through profit or loss of HK$41,903,000 (2010: Nil) were pledged as security for the Group's banking facilities (Note 36(b)).

29 DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2011		2010	
	Group		Group	
	Assets	**Liabilities**	Assets	Liabilities
	HK$'000	**HK$'000**	HK$'000	HK$'000
At fair value				
Foreign currency forward contracts	**2,069**	**1,317**	499	284

The Group entered into several foreign currency forward contracts to mitigate its exchange rate exposure in Renminbi arising from its Mainland China operations. These forward contracts will expire during the period from 9 May 2011 to 12 March 2012.

30 BORROWINGS

	Group 2011 HK$'000	Group 2010 HK$'000	Company 2011 HK$'000	Company 2010 HK$'000
Non-current				
Obligations under finance lease	657	2,689	–	–
Long-term bank loans-secured	436,429	312,517	–	–
	437,086	315,206	–	–
Current				
Short-term bank loans-secured	353,012	195,000	30,000	–
Current portion of obligations under finance lease	4,617	5,351	–	–
Current portion of long-term bank loans-secured	14,545	1,392	–	–
	372,174	201,743	30,000	–
Total borrowings	809,260	516,949	30,000	–

(a) The maturity of borrowings is as follows:

	Group				Company	
	Bank loans		Obligations under finance lease		Bank loans	
	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000	2011 HK$'000	2010 HK$'000
Within 1 year	367,557	196,392	4,617	5,351	30,000	–
Between 1 and 2 years	332,837	240,851	657	2,689	–	–
Between 2 and 5 years	78,898	33,789	–	–	–	–
After 5 years	24,694	37,877	–	–	–	–
	803,986	508,909	5,274	8,040	30,000	–

(b) The annual effective interest rates at the balance sheet date are as follows:

	Group 2011 %	Group 2010 %	Company 2011 %	Company 2010 %
Short-term bank loans	1.6	1.3	1.6	–
Long-term bank loans	1.4	1.4	–	–
Obligations under finance lease	2.6	2.9	–	–

30 BORROWINGS *(Continued)*

(c) The carrying amounts of borrowings approximate their fair values.

(d) The borrowings are mainly denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	HK$'000
Hong Kong dollars	**778,118**	498,040
Singapore dollars	**19,266**	18,909
Renminbi	**11,876**	–
	809,260	516,949

(e) The bank borrowings are secured by certain property, plant and equipment, investment properties, restricted deposits and financial assets at fair value through profit or loss of the Group (Notes 15, 16, 24, 28 and 36).

(f) The obligations under finance lease are as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**4,747**	5,677
In the second year	**664**	2,739
	5,411	8,416
Future finance charges on finance lease	**(137)**	(376)
Present value of obligations under finance lease	**5,274**	8,040

31 DEFERRED INCOME TAX

	Group	
	2011	2010
	HK$'000	HK$'000
Beginning of year	**2,516**	6,833
Charged/(credited) to consolidated income statement (Note 10)	**4,426**	(4,449)
Currency translation differences	**305**	132
End of year	**7,247**	2,516

31 DEFERRED INCOME TAX *(Continued)*

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred income tax (assets)/liabilities in respect of the following:

Group	Tax losses		Fair value gain of investment properties		Intangible assets		Accelerated depreciation allowance		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Beginning of year	**(11,879)**	(679)	**6,553**	–	**3,164**	3,338	**4,678**	4,174	**2,516**	6,833
(Credited)/charged to consolidated income statement	**(5,527)**	(11,200)	**8,945**	6,536	**(175)**	(174)	**1,183**	389	**4,426**	(4,449)
Currency translation differences	**-**	–	**65**	17	**-**	–	**240**	115	**305**	132
End of year	**(17,406)**	(11,879)	**15,563**	6,553	**2,989**	3,164	**6,101**	4,678	**7,247**	2,516

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group	
	2011	2010
	HK$'000	HK$'000
Deferred income tax assets		
Recoverable more than twelve months	**(11,759)**	(7,209)
Recoverable within twelve months	**(2,940)**	(1,802)
	(14,699)	(9,011)
Deferred income tax liabilities		
Payable or settle more than twelve months	**17,557**	9,222
Payable or settle within twelve months	**4,389**	2,305
	21,946	11,527

31 DEFERRED INCOME TAX *(Continued)*

As at 31 March 2011, the Group has unrecognised tax losses of approximately HK$569,090,000 (2010: HK$539,179,000) to carry forward against future taxable income.

	Group	
	2011	2010
	HK$'000	HK$'000
With no expiry date	**504,642**	484,271
Expiring not later than one year	**10,671**	3,142
Expiring later than one year and not later than five years	**53,777**	51,766
	569,090	539,179

32 PAYABLES TO SUPPLIERS AND SUBCONTRACTORS

The aging analysis of payables to suppliers and subcontractors is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Current	**234,582**	218,026
1-30 days	**14,970**	24,907
31-90 days	**5,912**	13,870
91-180 days	**6,773**	1,564
Over 180 days	**10,809**	573
	273,046	258,940

The Group's payables to suppliers and subcontractors balances are mainly denominated in the following currencies:

	Group	
	2011	2010
	HK$'000	HK$'000
Hong Kong dollars	**207,506**	224,447
Renminbi	**37,711**	22,590
Singapore dollars	**15,191**	3,376
Macau Patacas	**12,457**	8,068
Other currencies	**181**	459
	273,046	258,940

33 SHARE CAPITAL

	Number of shares		Amount	
	2011	2010	2011 HK$'000	2010 HK$'000
Ordinary shares of HK$0.2 each				
Authorised: At beginning and end of the year	1,000,000,000	1,000,000,000	200,000	200,000
Issued and fully paid: At beginning and end of the year	438,053,600	438,053,600	87,611	87,611

Share option scheme

Since 17 October 2000, the Company has operated a share option scheme (the "Share Option Scheme") under which the Board of Directors (the "Directors") of the Company may, at their absolute discretion, offer to any Director or employee of the Company or any of its subsidiaries options to subscribe for shares in the Company.

Subject to adjustment as a result of any alteration in the capital structure of the Company, the subscription price per share payable on the exercise of an option is as follows:

(a) granted before 1 September 2001 was determined by the Directors as being in no event less than the higher of:

  (i) the nominal value of the shares; and

  (ii) 80% of the average of the closing price of the shares as stated in the SEHK's daily quotation sheets for the 5 business days immediately preceding the date of offer of an option.

(b) granted on or after 1 September 2001 is determined by the Directors, in compliance with the requirements of Chapter 17 of the Listing Rules, as being at least the higher of:

  (i) the closing price of the shares as stated in the SEHK's daily quotation sheets on the date of grant, which must be a business day; and

  (ii) the average closing price of the shares as stated in the SEHK's daily quotation sheets for the 5 business days immediately preceding the date of grant.

The maximum number of shares in respect of which options may be granted under the Share Option Scheme is such number of shares, which, when aggregated with shares subject to any other similar scheme of the Company, represents 10% of the issued share capital of the Company from time to time. The Share Option Scheme remained in force for a period of 10 years since set up. The Share Option Scheme expired on 16 October 2010. No share options have been granted before the expiry of the Share Option Scheme.

34 OTHER RESERVES AND RETAINED PROFITS

	Other Reserves				
	Share premium HK$'000	Capital redemption reserve HK$'000	Exchange reserve HK$'000	Total HK$'000	Retained profits HK$'000
Group					
At 1 April 2010	**413,776**	**359**	**5,906**	**420,041**	**795,204**
Profit for the year	**–**	**–**	**–**	**–**	**71,945**
2010 final dividend	**–**	**–**	**–**	**–**	**(5,607)**
Currency translation differences	**–**	**–**	**18,296**	**18,296**	**–**
At 31 March 2011	**413,776**	**359**	**24,202**	**438,337**	**861,542**
Representing:					
2011 final dividend proposed					**9,988**
Others					**851,554**
At 31 March 2011					**861,542**
At 1 April 2009	413,776	359	2,689	416,824	743,116
Profit for the year	–	–	–	–	56,337
2009 final dividend	–	–	–	–	(4,249)
Currency translation differences	–	–	3,217	3,217	–
At 31 March 2010	413,776	359	5,906	420,041	795,204
Representing:					
2010 final dividend proposed					5,607
Others					789,597
At 31 March 2010					795,204

34 OTHER RESERVES AND RETAINED PROFITS *(Continued)*

	Other Reserves			
	Share premium HK$'000	Capital redemption reserve HK$'000	Total HK$'000	Retained profits HK$'000
Company				
At 1 April 2010	**413,776**	**359**	**414,135**	**1,005,091**
Profit attributable to equity holders of the Company	**–**	**–**	**–**	**4,604**
2010 final dividend	**–**	**–**	**–**	**(5,607)**
At 31 March 2011	**413,776**	**359**	**414,135**	**1,004,088**
Representing:				
2011 final dividend proposed				**9,988**
Others				**994,100**
At 31 March 2011				**1,004,088**
At 1 April 2009	413,776	359	414,135	1,004,796
Profit attributable to equity holders of the Company	–	–	–	4,544
2009 final dividend	–	–	–	(4,249)
At 31 March 2010	413,776	359	414,135	1,005,091
Representing:				
2010 final dividend proposed				5,607
Others				999,484
At 31 March 2010				1,005,091

35 NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of operating profit to net cash used in operations

	2011 HK$'000	2010 (Restated) HK$'000
Operating profit	73,937	74,129
Interest income	(8,306)	(7,932)
Dividend income from investments	(76)	(78)
Gain on disposal of property, plant and equipment, net	(210)	(459)
Fair value gain on investment properties, net	(53,180)	(39,543)
Amortisation of intangible assets	1,056	1,056
Amortisation of leasehold land and land use rights	1,348	423
Depreciation	30,256	25,291
Write back of impaired receivables, net	(2,011)	–
Write back of provision for impairment on an amount due from an associate	(2,812)	–
Gain on disposal of an associate	–	25
Gain on derivative financial assets, net	(5,967)	(1,338)
Loss/(gain) on financial assets at fair value through profit or loss, net	858	(242)
Operating profit before working capital changes	34,893	51,332
Decrease/(increase) in retention receivables	1,168	(21,188)
Decrease in loans to employees	332	259
(Increase)/decrease in trade debtors, net	(97,767)	151,739
Increase in inventories	(16,914)	(12,447)
Increase in prepayments, deposits and other receivables	(109,089)	(19,054)
Increase in due from customers on construction contracts	(13,879)	(46,724)
Decrease in due from associates	11,465	121
Decrease/(increase) in due from jointly controlled entities	26,777	(22,783)
Increase/(decrease) in payables to suppliers and subcontractors	7,344	(40,974)
Increase/(decrease) in accruals, retention payables and other liabilities	24,543	(25,493)
Decrease in due to customers on construction contracts	(28,700)	(66,429)
(Decrease)/increase in long-term retention payables	(10,570)	10,439
Net cash used in operations	(170,397)	(41,202)

35 NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Analysis of changes in financing during the year

	Share capital HK$'000	Share premium HK$'000	Non-controlling interests HK$'000	Obligations under finance lease HK$'000	Long-term bank loans HK$'000	Short-term bank loans HK$'000	Restricted deposits HK$'000
At 1 April 2010	**87,611**	**413,776**	**594**	**8,040**	**313,909**	**195,000**	**(143,551)**
Net cash (outflow)/ inflow from financing activities	**–**	**–**	**–**	**(6,605)**	**140,252**	**152,876**	**34,843**
Transfer from non–current portion to current portion	**–**	**–**	**–**	**–**	**(5,136)**	**5,136**	**–**
Share of loss by non-controlling interests	**–**	**–**	**(594)**	**–**	**–**	**–**	**–**
Inception of finance lease obligations (Note (c))	**–**	**–**	**–**	**3,839**	**–**	**–**	**–**
Currency translation differences	**–**	**–**	**–**	**–**	**1,949**	**–**	**–**
At 31 March 2011	**87,611**	**413,776**	**–**	**5,274**	**450,974**	**353,012**	**(108,708)**
At 1 April 2009	87,611	413,776	596	4,287	18,610	50,000	(151,714)
Net cash (outflow)/ inflow from financing activities	–	–	–	(6,305)	293,644	145,000	8,163
Share of loss by non-controlling interests	–	–	(2)	–	–	–	–
Inception of finance lease obligations (Note (c))	–	–	–	10,058	–	–	–
Currency translation differences	–	–	–	–	1,655	–	–
At 31 March 2010	87,611	413,776	594	8,040	313,909	195,000	(143,551)

(c) Major non-cash transactions

During the year, the Group entered into finance lease arrangements in respect of property, plant and equipment with a total capital value at the inception of the leases of HK$3,839,000 (2010: HK$10,058,000).

36 BANKING FACILITIES

As at 31 March 2011, the Group had total banking facilities in respect of bank overdrafts, bank loans, bank guarantees and trade financing of HK$2,019,642,000 (2010: HK$1,556,869,000), of which HK$1,119,174,000 (2010: HK$807,677,000) had been utilised. These banking facilities are secured by the following:

(a) Restricted deposits of HK$108,708,000 (2010: HK$143,551,000) (Note 24);

(b) Financial assets at fair value through profit or loss of HK$41,903,000 (2010: Nil) (Note 28);

(c) Guarantees of HK$2,000,237,000 (2010: HK$1,534,872,000) given by the Company;

(d) Trade receivables of certain construction contracts; and

(e) Property, plant and equipment of HK$399,817,000 (2010: HK$400,508,000), investment properties of HK$363,219,000 (2010: HK$299,370,000) and leasehold land and land use rights of HK$2,085,000 (2010: HK$2,142,000) (Notes 15, 16 and 17).

37 COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

(a) In the normal course of its business, the Group is subject to various claims under its construction contracts. As at 31 March 2011, the Group had various liquidated damages claims on certain contracts for which the Group has filed extension of time claims with the customers. The amount of the ultimate liquidated damages, if any, cannot be ascertained but the Directors are of the opinion that any resulting liability would not materially affect the financial position of the Group.

(b) During the year, the Group filed a statement of claims against a subcontractor of HK$10,000,000 in respect of the subcontractor's failure to perform contractual duties and for recovery of overpayment made to the subcontractor. The subcontractor raised a counterclaim against the Group in the sum of HK$10,000,000. The case is in the process of exchanging documents for proceedings. The Directors consider that no provision is presently required with respect to the case.

(c) The Group has provided performance bonds amounting to approximately HK$424,327,000 (2010: HK$369,382,000) in favour of the Group's customers.

37 COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

(d) As at 31 March 2011, the Group has capital expenditure contracted for but not yet incurred in relation to the acquisition of plant and equipment, construction of a hotel in Hong Kong and a factory in Mainland China of approximately HK$83,524,000 (2010: HK$52,082,000).

(e) The future aggregate minimum lease rental payable under non-cancellable operating leases is as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Land and buildings		
– Within one year	**8,659**	6,428
– One year to five years	**13,212**	12,312
– More than five years	**40,029**	40,895
	61,900	59,635

38 FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

The Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of its investment properties as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**1,777**	1,223
One year to five years	**870**	999
	2,647	2,222

39 RELATED PARTY TRANSACTIONS

Key management compensation

Key management includes Directors (Executive and Independent Non-Executive Directors) of the Group. The compensation paid or payable to key management for employee services is shown below:

	Group	
	2011	2010
	HK$'000	HK$'000
Salaries and fees	**15,841**	12,441
Discretionary bonuses	**2,154**	1,852
Pension costs-defined contribution scheme	**599**	529
	18,594	14,822

List of Investment Properties

	Property	Location and lease term	Existing use	Group's interest
1.	43-45 Tsun Yip Street, Kwun Tong, Kowloon	Kwun Tong Inland Lots Nos. 359 and 360 are each held under a Government Lease for a term which expired on 27 June 1997 and had been extended upon expiry to 30 June 2047	The property is currently vacant	100%
2.	18 Chi Kiang Street, To Kwa Wan, Kowloon	Kowloon Inland Lot No. 9673 is held under Conditions of Sale No. 9607 for a term of 75 years commencing on 19 January 1970 renewable for a further term of 75 years	The property is currently vacant	100%
3.	40 Prinsep Street, Singapore, 188666	Lot No. 491K Town Subdivision 11 for a term of leasehold 99 years with effect from 1 March 1995	The property is currently leased out	100%
4.	10 Gopeng Street, #38-26 Icon, Singapore, 078878	Lot No. U2246A Town Subdivision 3 for a term of leasehold 99 years with effect from 29 January 2002	The property is currently leased out	100%
5.	Rear Portion of 4th Floor, 33 & 33A Pok Fu Lam Road, Sai Ying Pun Hong Kong	Lot No. 5821 for a term of 999 years commencing on 30 June 1862	The property is currently leased out	100%

Five Year Financial Summary

CONSOLIDATED RESULTS

For the year ended 31 March

	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Revenue	2,109,311	1,624,944	3,413,878	3,462,014	**3,573,181**
Profit before income tax	66,666	367,279	16,338	68,820	**86,332**
Income tax (expense)/credit	(17,057)	55,078	(5,715)	(12,485)	**(14,981)**
Non-controlling interests	181	3	29	2	**594**
Profit attributable to shareholders	49,790	422,360	10,652	56,337	**71,945**

CONSOLIDATED ASSETS AND LIABILITIES

As at 31 March

	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Total assets	2,067,814	1,801,176	2,229,094	2,632,476	**3,017,447**
Total liabilities	(1,201,189)	(516,869)	(980,947)	(1,329,026)	**(1,629,957)**
Shareholders' equity	866,625	1,284,307	1,248,147	1,303,450	**1,387,490**

The above financial summary is extracted from the audited financial statements of the Group. The result for the year ended 31 March 2008 was presented according to continuing and discontinued operations in the financial statements pursuant to HKFRS 5. Accordingly, the result for the year ended 31 March 2008 within the above table includes both continuing and discontinued operations.