CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 711
Warrant Code: 1032

Annual Report 2010/11

Principles to Propel

SUCCESS

Vision

- To be an acclaimed contractor and developer in Asia with dynamic and sustainable growth

Mission

- Improve people's quality of life through city and infrastructure development
- Grow with our employees through fulfilling work environment and career development
- Create value for shareholders

Core Values

Contents

Company Culture

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

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

Corporate Information

Board of Directors

Executive Directors

Pang Yat Ting, Dominic *(Chairman)*
Pang Yat Bond, Derrick
(Deputy Chairman)
Kwok Yuk Chiu, Clement
(Managing Director)
Li Wai Hang, Christina

Independent Non-executive Directors

Au Son Yiu
Chan Chiu Ying, Alec
Hui Chiu Chung, Stephen
Lee Shing See

Audit Committee

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

Executive Committee

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

Management Committee

Pang Yat Bond, Derrick *(Chairman)*
Pang Yat Ting, Dominic
Kwok Yuk Chiu, Clement
Li Wai Hang, Christina

Nomination Committee

Lee Shing See *(Chairman)*
Au Son Yiu
Pang Yat Ting, Dominic

Remuneration Committee

Au Son Yiu *(Chairman)*
Chan Chiu Ying, Alec
Pang Yat Bond, Derrick

Secretary

Chan Sau Mui, Juanna

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

Conyers Dill & Pearman
Mayer Brown JSM

Principal Bankers

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

Head Office and Principal Place of Business

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

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Share Registrar

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

Hong Kong Branch Share Registrar

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

Website

http://www.chunwo.com

Stock Code

711

Warrant Code

1032

Key Events in the Financial Year

The Group regularly participates in events designed to foster closer co-operation with partners and other stakeholders, and to publicize its work more widely. The photos below illustrate some of the key events in the year.

Jun 2010

- Mr. Pang Yat Bond, Derrick, Deputy Chairman of Chun Wo, received the "2010 Entrepreneur of Tomorrow" award bestowed by Capital Entrepreneur, financial magazine. The award highlights the work of China's second generation of entrepreneurs, especially those who have navigated their companies away from conventional market thinking to embrace previously unexplored opportunities.

Aug 2010

- The Group organised the "Enhancement of Site Health, Safety and Environmental Management Competition 2010", in which 24 project sites participated. The Competition aimed at enhancing tidiness, safety and environmental protection standards at construction sites. The picture shows officiating guests with the winning teams at the award presentation ceremony.

Sep 2010

- The Group arranged a media tour to its upscale commercial and residential project "Arc de Royal" in Shijiazhuang, Hebei Province, on 17–18 September 2010. The project has a total gross floor area of 380,000 square meters and is being developed in three phases.

Oct 2010

- Major Contract Awarded:
  West Island Line: Building Services for Kennedy Town Station
  Attributable contract value: HK$112 million
  Category: E&M Work
  Project commencement date: Oct 2010
  Expected completion date: Jun 2014

- The Group continued its sponsorship of the "Hug Families Charity Walk" organized by the YWCA; almost 70 members of staff & their families joined the event on 17 October. Some of our volunteers also visited a home for the elderly in Ap Lei Chau and accompanied the elderly for a lunch gathering, after which they joined the charity walk at the Hong Kong Science Park.

Nov 2010

- Major Contract Awarded
  Noise Barriers on the Fanling Highway between MTR Fanling Station and Wo Hing Road
  Attributable contract value: HK$157 million
  Category: Civil Engineering Work
  Project commencement date: Nov 2010
  Expected completion date: Feb 2013 (Section I); Feb 2015 (Section II)

- As part of the Group's cooperation with the Drainage Services Department on the Tuen Mun Western Trunk Sewerage Project, which involves building a trunk sewer of about 6km and a sewage pumping station, the two parties held a joint "Trenchless Construction Exhibition" from 6 to 8 November 2010. The photo shows officiating guests at the exhibition launch ceremony beside the tunnel boring machine display.

Jan & Feb 2011

- Major Contract Awarded:
  Central-Wan Chai Bypass Tunnel (North Point section) and Island Eastern Corridor Link
  Attributable contract value: HK$2.4 billion
  Category: Civil Engineering Work
  Project commencement date: Jan 2011
  Expected completion date: 2017

- Major Contract Awarded:
  Proposed Tsz Shan Monastery Development at Tai Po
  Attributable contract value: HK$423 million
  Category: Building Construction
  Project commencement date: Feb 2011
  Expected completion date: Mar 2012

Mar 2011

- On signing a Partnering Charter for the Tuen Mun Western Trunk Sewerage Project with the Drainage Services Department on 16 March 2011, the Group organised a same-day workshop designed to foster teamwork and communication between the partners.

Mar 2011

- The Group organized a golf day at the Xili Golf and Country Club on 4 March 2011. Over 20 business partners were invited, who teamed up with the Group's management staff and competed for individual and team prizes.

- The Group was awarded the "5 Years Plus Caring Company" logo (2005–2011) by HKCSS, in recognition of its contributions to society over six consecutive years.

5 years +
商界展關懷
caringcompany
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Chairman's Statement

We consistently put our customers' needs at the forefront, and work to fulfil them creatively and expertly, through dedication and teamwork. At every step, we never lose sight of safety, the environment, or the public interest.

Pang Yat Ting, Dominic
Chairman

On behalf of the board of directors (the "Board" or the "Directors"), I hereby present the annual results of Chun Wo Development Holdings Limited ("the Company") and its subsidiaries (collectively "Chun Wo" or "the Group") for the year ended 31 March 2011. Although the financial results of the Group for the year under review were not as satisfactory as could be wished, the Group nevertheless enjoyed a good year in both its construction and property development businesses, winning important construction contracts in Hong Kong and achieving profitability from its property development projects in Mainland China. For our construction arm, which mainly operates in Hong Kong, the general environment has been very favourable. The city currently enjoys a flourishing infrastructure market, with numerous public sector projects either recently launched or in the pipeline. Our property development arm has faced a somewhat different set of conditions on the macro level. Our primary property development activities in Mainland China have had to deal with a series of cooling measures imposed on the property market by the government there over the past year to control prices and discourage speculation. However, these measures have primarily affected first-tier and top second-tier cities; their impact on average second-tier cities and on third-tier cities like Shijiazhuang in Hebei Province, where we are active, has been much lower.

Overall, the macro environment has been favourable for the Group's business activities. However, the Company posted a loss for the year which was mainly arisen from settlement of final accounts of several completed projects at substantial lower amounts than previously estimated. These old projects were completed around the time of the global financial tsunami, with rising overheads and materials costs. In addition, the majority of our newly awarded large projects of which construction period lasting from five to seven years had not reached the stage where they could contribute to our profit for this financial year. These are not systemic factors; in particular, we do not expect to see negative adjustments on this scale in the future. The other factor presenting a drag on profitability for the year was our property venture in Abu Dhabi, the United Arab Emirates ("UAE"). Political and economic turmoil has knocked back what until recently was a very bullish property market in the UAE, and we have had to proceed cautiously with our investments there as the situation stabilizes.

FOCUS for a new golden era

We see the year under review as a watershed for Chun Wo. We have enjoyed a long history in Hong Kong, but the past year has brought big changes to our Group while also hinting at the arrival of a new 'golden era' for construction due to infrastructure developments in Hong Kong. There is a vibrant and optimistic economic environment, and a flood of new projects that Chun Wo is already heavily involved with. We have a new management team in place, and over the past year we have looked closely at our activities and taken a strategic decision to achieve greater focus in our business and a more intense concentration on our core strengths.

In practical terms, since 2009 this focus has translated into a policy of more selective construction tendering which we will continue with into the future, to ensure the projects we undertake fit our profile and provide us with good returns. In other words, we will be focusing on high-margin projects, and more prestigious ones. At the same time, we will be looking to leverage our strong and respected brand name to strengthen our strategic working partnerships with other construction companies. For our property development arm, greater focus will mean we will centre our development efforts for the time being on Shijiazhuang, where we have achieved proven success and know the locality well. By committing to this smaller but less volatile market, where demand is driven by a genuine need for better housing rather than by investor speculation, we believe we can achieve good profitability while avoiding the impact of shocks in the nationwide property market.

A positive outlook for the future

The immediate outlook for the Group is positive. We are one of a few construction players in Hong Kong who possess the requisite experience and technical qualifications to fulfil the requirements of most of the government's 'mega' contracts. Currently, the majority of our contracts are public sector ones, which bring us many advantages in terms of security and protection against certain cost increases. In short, we are expecting to achieve progressively improving results from our construction arm over the next few years. In property, we have a series of clear-cut and achievable goals in terms of development and sales, and we are expecting property sales in Shijiazhuang in the coming year to achieve a significant price premium over previous phases. We are also making concrete plans to re-enter the Hong Kong property market when conditions are right.

In summary, we believe that the Group is in a strong position to take advantage of the boom in infrastructure developments in Hong Kong, while at the same time working steadily to achieve strong returns from its China property development initiatives. This year can be characterized as one in which we have been successful in winning many significant tender awards that will sustain the Group's healthy growth for years to come. Milestones included the contract for construction of the Central-Wan Chai Bypass Tunnel (North Point Section) and of the Island Eastern Corridor Link. We have redoubled our dedication to our threefold mission of improving people's quality of life, creating a workplace that fulfils employee potential, and most of all, maximizing value for our shareholders. To achieve these goals, we consistently put our customers' needs at the forefront, and work to fulfil them creatively and expertly, through dedication and teamwork. At every step, we never lose sight of safety, the environment, or the public interest.

Acknowledgements

Finally, I would like to offer my sincere thanks to all those who have supported Chun Wo over the past year, especially my fellow board members, my expert management team, and the Group's staff across all its businesses. They have worked hard to achieve a new focus and set us on a strong development path for the future. Appreciation is also due to our shareholders, business partners and clients for their commitment and support. I am convinced that our collaborative efforts over the past year will translate into a strong performance in the year to come.

Pang Yat Ting, Dominic
Chairman

Hong Kong, 28 June 2011

Management Discussion and Analysis

The Group reported a turnover of approximately HK$3,002.4 million for the year ended 31 March 2011, as compared with HK$2,606.2 million last year. Loss attributable to owners of the Company was approximately HK$55.0 million, compared with a profit of HK$31.1 million last year. Loss per share was HK6.0 cents, compared with earnings per share of HK3.6 cents last year.

Final Dividend

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2011.

Business Review

Although the Group's China property development arm achieved a profit during the year and its construction arm was kept busy with new and ongoing projects, the Group posted a loss in the year under review. This was primarily the result of settlement of final accounts at substantial lower amounts than previously estimated on several completed contracts that the Group undertook some years ago. These old projects were won and carried out under drastically different and often difficult conditions. Furthermore, concessions were made at the time in order to prevent escalations and disputes that could have resulted in far-reaching consequences. Exceptionally, we also incurred high tendering and overhead costs which have been reflected in the Group's profit and loss, whereas attributable profit from some large projects with comparatively long construction periods has not been included in this year's financials since, as required by accounting policy, revenue from each of these projects had not yet amounted to 20% of the respective contract sum. These factors contributed to a loss on the construction segment. However, the Group does not expect losses related to final accounts to continue on this scale in the future, as our more recent projects enjoy higher margins and our changes in management and administration have brought overhead costs under firm control. As for property development, returns were good and the segment achieved a profit mainly from the sale of residential units of Phase 2A of Arc de Royal in Shijiazhuang, Hebei Province despite loss on disposal of worker quarters and impairment charge sustained from the Group's property development in Abu Dhabi, UAE. Moreover, property investment segment recorded a material positive fair value change on "Infinity 8" at Choi Hung. Lastly, the professional services segment achieved higher revenue and profit as compared with that of last year despite fierce competition.


1


2
Panasonic


COMMITMENT

1,3 Wan Chai Development Phase II – Central–Wan Chai Bypass at Hong Kong Convention and Exhibition Centre

2,4 Wan Chai Development Phase II – Central–Wan Chai Bypass at Wan Chai East

1 Improvement of Fuk Man Road Nullah, Sai Kung

2 Infrastructure Works at Town Centre South and Tiu Keng Leng, Tseung Kwan O

3 Construction Works of Tuen Mun Western Trunk Sewerage

4 Road & Master Utility Works, Proposed Residential Development (Package 3) at TKOTL 70, Area 86, Site E, Tseung Kwan O

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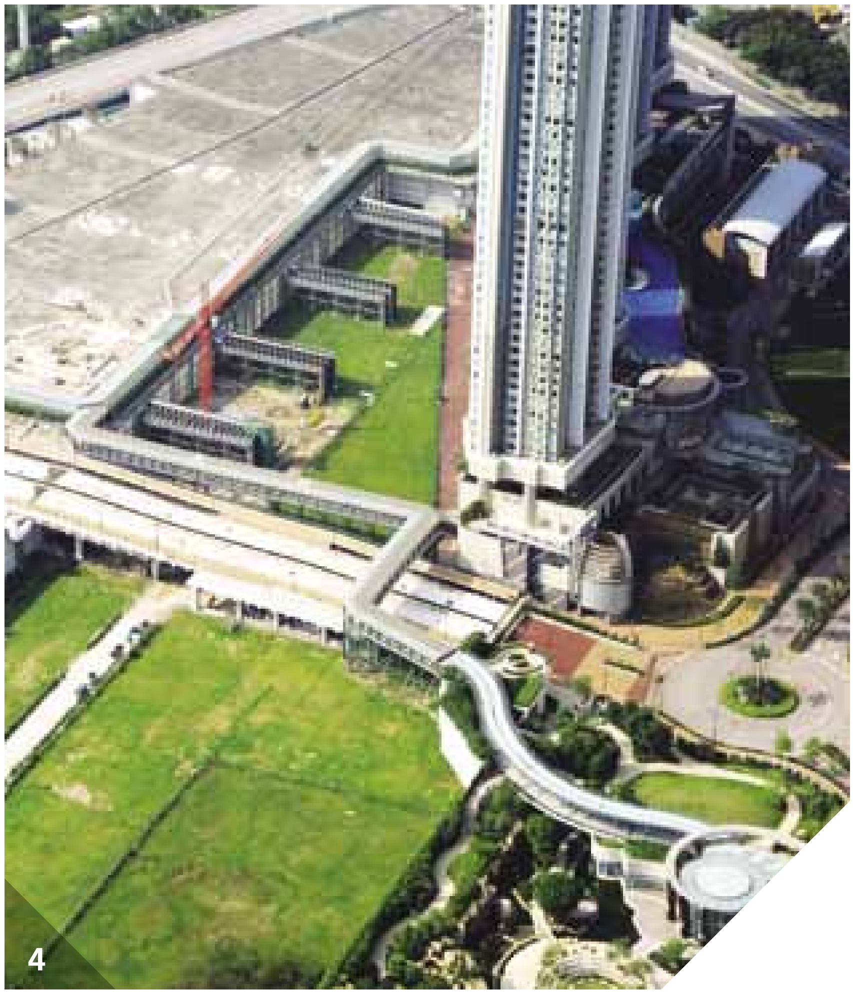
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Business Review (continued)

Construction

The construction sector in Hong Kong is experiencing an unprecedented boom, as Hong Kong's economy has flourished and infrastructure projects in particular have taken off. The Group has the expertise, the experience and the scale to bid on many of these new projects, either on its own or in collaboration with partners. In the year under review, the Group devoted much attention to selecting prestigious and high-margin projects to tender for. This year can be characterized as one in which we successfully won many significant tender awards that will sustain the Group's healthy growth for years to come. Milestones includes the contract for construction of the Central-Wan Chai Bypass Tunnel (North Point Section) and Island Eastern Corridor Link. This project is worth HK$4 billion, which began in January 2011 and is led by the Group, with a joint venture arrangement with China Railway Group Limited and China Major Bridge Engineering Company Limited.

Another major Hong Kong infrastructure contract won during the year was for the provision of electrical and mechanical services in the construction of the new Kennedy Town MTR Station, part of the new MTR West Island Line project. This HK$112 million project, begun in October 2010, is scheduled for completion in June 2014.

Other projects won in the year under review included contracts for the construction of noise barriers on the Fanling Highway, between MTR Fanling Station and Wo Hing Road; for piling works for the proposed residential development at 150-162 Belcher's Street on Hong Kong Island; and for podium fitting out works for a residential development project in Tseung Kwan O. In February 2011, the Group also won the contract for the proposed Tsz Shan Monastery Development at Tai Po in the New Territories, worth HK$423 million.

The Group also made good progress on a number of ongoing projects won in earlier years. In infrastructure, these included contracts for constructing the Central-Wan Chai Bypass at the Hong Kong Convention and Exhibition Centre and also at Wan Chai East, as part of the Wan Chai Development Phase II. It also continued with major infrastructure works at Town Centre South and Tiu Keng Leng, in Tseung Kwan O. The Group has made significant headway in the construction of several major new buildings, including designing and building the extension to the Tseung Kwan O Hospital, constructing a Library Extension for the Chinese University of Hong Kong, and building a 1,800 places Student Residence in Pokfulam for the University of Hong Kong. It also continued work on carcass works contract for a residential development at Hung Shui Kiu, in Yuen Long. Besides these projects, Chun Wo carried out the fitting out of new residential developments in Tseung Kwan O and Hung Shui Kiu.

The Group was also very active during the year on various projects related to water supplies and drainage. It worked on contracts for replacing and rehabilitating the water mains in Hong Kong Island North and South West, Tuen Mun and Yuen Long, Tai Po and Sha Tin, and in Yuen Long, Tai Tong, Kam Tin, Pat Heung and Shek Kong. It also carried out term contracts for waterworks in District L (Lantau and the Outlying Islands) and District H (Hong Kong Island and Ap Lei Chau). Other important drainage projects included construction work for the Tuen Mun Western Trunk Sewerage project, and construction of the Fuk Man Road Nullah in Sai Kung.

Major projects completed during the year included building construction and civil engineering work for the proposed residential development at TKOTL No. 70, Area 86, Site AB, Tseung Kwan O, foundation work for Express Rail Link – West Kowloon Terminus (Site A – South) and the construction of noise barrier for MTR Corporation Limited ("MTRC") at Olympic Station.

In summary, as at 31 March 2011, the estimated value of the Group's contracts in hand was approximately HK$16.0 billion, of which around HK$9.8 billion is still outstanding. These figures represent an increase of 20.3% in the value of contracts in hand over the figure for last year, and an increase of 6.5% in the amount outstanding.

Business Review (continued)

Property Development

During the year under review, the Chinese government continued to implement a series of control measures designed to rein in the property sector. These included the "Eight New Rules" (新八招) aimed at curbing the overheating property market, especially in the bigger cities. The government intervention has made for uncertainty in the market, but overall sales remained healthy, especially in non first-tier cities where property speculation was less rampant. This was in evidence in those smaller cities where the Group is active, and showed itself in its satisfactory sales results for the financial year. The Group's profitability in China property was also helped by greater internal efficiencies, for example as it gained tight control over delivery schedules.

Up to 31 March 2011, the Group had sold 99% of the residential units of Phase 2A of its Arc de Royal development in Shijiazhuang, in Hebei Province. These were handed over to buyers once the completion certificate had been issued on 11 March 2011. Meanwhile, the superstructure work on another of the Group's property developments, Le Palais Royal in Shanwei, Guangdong Province, was substantially completed in April 2011. Around 32% of the residential units have been pre-sold.

The Group holds two residential projects with a total GFA of around 28,000 square metres in Abu Dhabi, UAE, one of which has obtained building consent and has a provisional construction start-date in the third quarter of 2011. However, regional instability has affected the progress of the projects and their likely returns on investment. That said, oil-exporting states such as the UAE have benefited from the political turbulence, with oil revenues rising. The boost in oil revenues is likely to sustain the high level of public spending across the UAE, focused especially on addressing the housing shortage there and developing infrastructure. In this scenario, the Group's property development in Abu Dhabi will benefit in the longer term. In the meantime, as the Middle East region works through some of its political and economic issues, the Group will continue exercising caution in its activities in the UAE, limiting its exposure to uncertainties and being prepared to move appropriately once the economy there shows clear signs of recovery and stability.

Perspective of Le Palais Royal, Shanwei, Guangdong Province

Management Discussion and Analysis

Business Review (continued)

New Major Projects Awarded During the Financial Year:

	Project Name	Category	Project Commencement Date	Expected Completion Date	Attributable Contract Value (HK$' Million)
1	**Piling Works for Proposed Residential Development at 150–162 Belcher's Street, Hong Kong**	Foundation Work	Sep 2010	May 2011	19
2	**West Island Line: Building Services for Kennedy Town Station**	E&M Work	Oct 2010	Jun 2014	112
3	**Noise Barriers on Fanling Highway between MTR Fanling Station and Wo Hing Road**	Civil Engineering Work	Nov 2010	Feb 2013 (Section I); Feb 2015 (Section II)	157
4	**Podium Fitting Out Works, Proposed Residential Development at Tseung Kwan O Town Lot no. 70, Area 86, Site AB (Package 2)(Phase 3)**	Fitting Out Work	Nov 2010	Feb 2013	60
5	**Central-Wan Chai Bypass Tunnel (North Point Section) and Island Eastern Corridor Link**	Civil Engineering Work	Jan 2011	Apr 2018	2,412
6	**Proposed Tsz Shan Monastery Development at Tai Po, New Territories**	Building Construction	Feb 2011	Mar 2012	423

Major Projects Completed in the Financial Year:

	Project Name	Category	Completion Date	Attributable Contract Value (HK$' Million)
1	**Road & Master Utility Works, Proposed Residential Development (Package 3) at TKOTL 70, Area 86, Site E, Tseung Kwan O**	Civil Engineering Work	Jun 2010	108
2	**Carcass Works (Podium) for the Proposed Residential Development (Package 2) (Phase 3) at TKOTL No. 70, Area 86, Site AB, Tseung Kwan O**	Building Construction	Oct 2010	178
3	**Design and Construction of Noise Barrier Works North of Olympic Station**	Railway	Dec 2010	84
4	**Foundation Works of Express Rail Link – West Kowloon Terminus Piles (Site A – South)**	Foundation Work	Feb 2011	176

Business Review (continued)

Major Projects in Progress at the End of the Financial Year:

	Project Name	Project Commencement Date	Expected Completion Date	Attributable Contract Value (HK$' Million)
	Building Construction			
1	Design and Construction of Expansion of Tseung Kwan O Hospital	Feb 2009	Oct 2011	552
2	The University of Hong Kong, 1,800 Places Student Residence, Pokfulam	Mar 2009	Aug 2012	779
3	Carcass Works Contracts for Proposed Residential Development at Hung Shui Kiu, Yuen Long Lot. 2064 in DD121	Sep 2009	May 2011	494
4	Construction Works for the Library Extension of the Chinese University of Hong Kong	Dec 2009	Dec 2011	203
	Civil Engineering Works			
5	Improvement of Fuk Man Road Nullah, Sai Kung	Aug 2009	Aug 2012	57
6	Infrastructure Works at Town Centre South and Tiu Keng Leng, Tseung Kwan O	Sep 2009	Dec 2012	319
7	Wan Chai Development Phase II – Central-Wan Chai Bypass at Hong Kong Convention and Exhibition Centre	Dec 2009	Q3 2015	965
8	Construction Works of Tuen Mun Western Trunk Sewerage	Dec 2009	Dec 2013	574
9	Wan Chai Development Phase II – Central-Wan Chai Bypass at Wan Chai East	Jan 2010	Sep 2017	2,153
	Fitting Out Works			
10	Fitting out (T6–T8) for the Proposed Residential Development (Package 2) (Phase 2) at TKOTL No. 70, Area 86, Site AB, Tseung Kwan O	Mar 2009	Oct 2011	208
11	Proposed Residential Development at Hung Shui Kiu, Yuen Long Lot. 2064 in DD121, Interior Fitting Out Works for Tower and Town House	Mar 2010	May 2011	82
	Maintenance Works			
12	28/WSD/06 – Replacement and Rehabilitation of Water Mains, Stage 2, Mains on Hong Kong Island North and South West	Jun 2007	May 2012	308
13	11/WSD/06 – Replacement and Rehabilitation of Water Mains, Stage 2, Mains in Yuen Long, Tai Tong, Kam Tin, Pat Heung & Shek Kong	Jul 2007	Apr 2011	260
14	1/WSD/08 (L) – Term Contract for Waterworks District L – Lantau and the Outlying Island	Sep 2008	Aug 2011	258
15	14/WSD/08 – Replacement and Rehabilitation of Water Mains Stage 3 – Mains in Tuen Mun and Yuen Long	Feb 2009	May 2013	277
16	15/WSD/08 – Replacement and Rehabilitation of Water Mains Stage 3 – Mains in Tai Po and Sha Tin	Mar 2009	Dec 2012	314
17	1/WSD/09(H) – Term Contract for Waterworks – District H – Hong Kong Island and Ap Lei Chau	Sep 2009	Aug 2012	520

1 Carcass Works (Podium) for the Proposed Residential Development (Package 2) (Phase 3) at TKOTL No. 70, Area 86, Site AB, Tseung Kwan O

2,3 Carcass Works Contracts for Proposed Residential Development at Hung Shui Kiu, Yuen Long Lot. 2064 in DD121

4 Design and Construction of Expansion of Tseung Kwan O Hospital


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Business Review (continued)

Property Investment

The Group's major property investment is the 'Infinity 8' shopping mall at Choi Hung, Hong Kong. Performance and returns from this investment holding have been satisfactory for the year under review, and the fair value of 'Infinity 8' has increased as other high-profile developments in the vicinity have been competed, drawing more traffic to the area. In line with the Group's aim of focusing its activities more directly on its core competencies, the management is looking at the possibility of disposing of 'Infinity 8' in the coming year if prices continue to rise.

Security and Property Management

The Group's security and property management subsidiary has successfully positioned itself as an integrated facility services company. By focusing its efforts on customer retention and enhancements to the quality of its services, it was awarded several security service contracts with "Elements", an upscale shopping mall in Tsimshatsui with over one million square feet of floor area, and "Lake Silver", a prestigious residential property in Ma On Shan; these contracts were awarded by the MTRC. In addition, the subsidiary has been nominated as a security service provider for the 45th Hong Kong Brands and Products Expo organized by the Chinese Manufacturer's Association of Hong Kong. The Group is optimistic about the subsidiary's ability to execute its integrated business model and achieve organic growth.

The subsidiary is firmly committed to developing integrated facility services, and to responding to the increasing focus on environmental protection in the community. To this end, it has obtained ISO 14001 – Environmental Management System (EMS) accreditation for incorporating green elements in its services and enhancing its quality standards. Its efforts have been reflected in the award of security service contracts by Cafe de Coral and CITIC Bank International, and, more generally, increased corporate confidence in its services.

Business Review (continued)

Liquidity and Financial Resources

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

At 31 March 2011, the total net debts of the Group amounted to approximately HK$793.3 million, representing total debts of approximately HK$1,581.8 million less total of pledged bank deposits and bank balances and cash of approximately HK$788.5 million. The debt maturity profile based on scheduled repayment dates set out in loan agreements of the Group at 31 March 2011 is analysed as follows:

	As at 31 March 2011 HK$ million	As at 31 March 2010 HK$ million
Borrowings and obligations under finance leases repayable:		
Within 1 year or on demand	**1,163.7**	684.2
After 1 year, but within 2 years		
– On demand shown under current liabilities	**50.2**	213.4
– Remaining balances	**39.7**	238.4
After 2 years, but within 5 years		
– On demand shown under current liabilities	**80.5**	66.3
– Remaining balances	**5.1**	32.1
Over 5 years		
– On demand shown under current liabilities	**10.2**	11.9
	1,349.4	1,246.3
Amount due to a shareholder		
– repayable within 1 year	**202.4**	–
Amount due to a jointly controlled entity		
– repayable within 1 year	**30.0**	30.0
Total debts	**1,581.8**	1,276.3

At 31 March 2011, the gearing ratio of the Group, being the proportion of net interest bearing debts to Shareholders' equity was 0.60 (2010: 0.63 (restated)). The amount due to a shareholder was included in the analysis even though the amount is interest free due to its materiality.

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

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

1 Air Conditioning and Mechanical Ventilation Installation at Yau Lai Estate Phase 5, Yau Tong
2 Construction Works for the Library Extension of the Chinese University of Hong Kong
3 Design and Construction of Expansion of Tseung Kwan O Hospital – Electrical Installation
4 The University of Hong Kong, 1,800 Places Student Residence, Pokfulam

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Outlook & Prospects

Construction

Management is very positive about the prospects for the Group's construction arm over the next decade in Hong Kong. The spur in infrastructure development in Hong Kong is opening numerous opportunities for Chun Wo to reap the benefits, and the Group is optimistic about winning a number of the new tenders still in the pipeline. Some of these are on a very substantial scale, such as the Hong Kong-Macau-Zhuhai Bridge project, the trunk road connecting Kowloon and the Tseung Kwan O-Lam Tin tunnel, and several relating to the MTRC's Shatin to Central Link. Further, there has been a growing amount of work from public sector clients, and this is expected to grow even further, especially if the Private Sector Participation Scheme gains government approval, as this will open up further opportunities on public housing estates.

This potential portfolio is only one side of the picture, however. Internally, the Group is at a stage now where it has close control of its overhead costs. Further, revenue of a number of the Group's existing projects will reach the 20% completion mark in the next year or so; this is the point at which the Group can begin booking profits on these contracts. All these factors combine to suggest that the Group's construction arm should be able to achieve good profits over the next couple of years.

Property Development

As part of Chun Wo's theme of focus in the coming year, management plans to focus its property development resources primarily at Shijiazhuang, where higher returns from property sales are expected in the future. Pre-sales of Phase 2B of the Group's Arc de Royal residential development in Shijiazhuang are scheduled to begin in the third quarter of 2011, and management is optimistic about the likely demand for these units and the prices they should realise, especially given the fact that they will comprise some of the most luxurious residential units available in the region. The final portion, Phase 3, of the Arc de Royal development is commercial, and hence not subject to government cooling measures: it is planned as a combination of offices, serviced apartments and shops. Currently, plans for the commercial development have been submitted to the local government; once approved, Phase 3 is expected to be completed in under four years.

Another of the Group's commercial projects is located in the central business district of Shenyang, in Liaoning Province. Currently at the building plan approval stage, the 64,000 square metres GFA project is scheduled for completion in 2013.

The Group is also looking to capitalise on its expertise in construction and its renowned brand name to enter into appropriate joint ventures to bid on land in Hong Kong, with the aim of re-entering the Hong Kong property market. Chun Wo's success and experience in property development in China, and our powerful construction capabilities in Hong Kong, suggest that we can achieve good results in the Hong Kong property sector with the right partner(s).

Outlook & Prospects (continued)

Other Businesses

Some pressure is expected on the Group's security and property management services subsidiary in the coming year as a result of the introduction of the Statutory Minimum Wage Ordinance in Hong Kong as from 1 May 2011. The Ordinance has already caused many users of security services in Hong Kong to reduce their use in order to save costs. At the time of writing, the Group is maintaining its high standard of services and working to minimise the impact of the Ordinance on revenue, and over 95% of existing clients have accepted price adjustments in the light of higher wage costs.

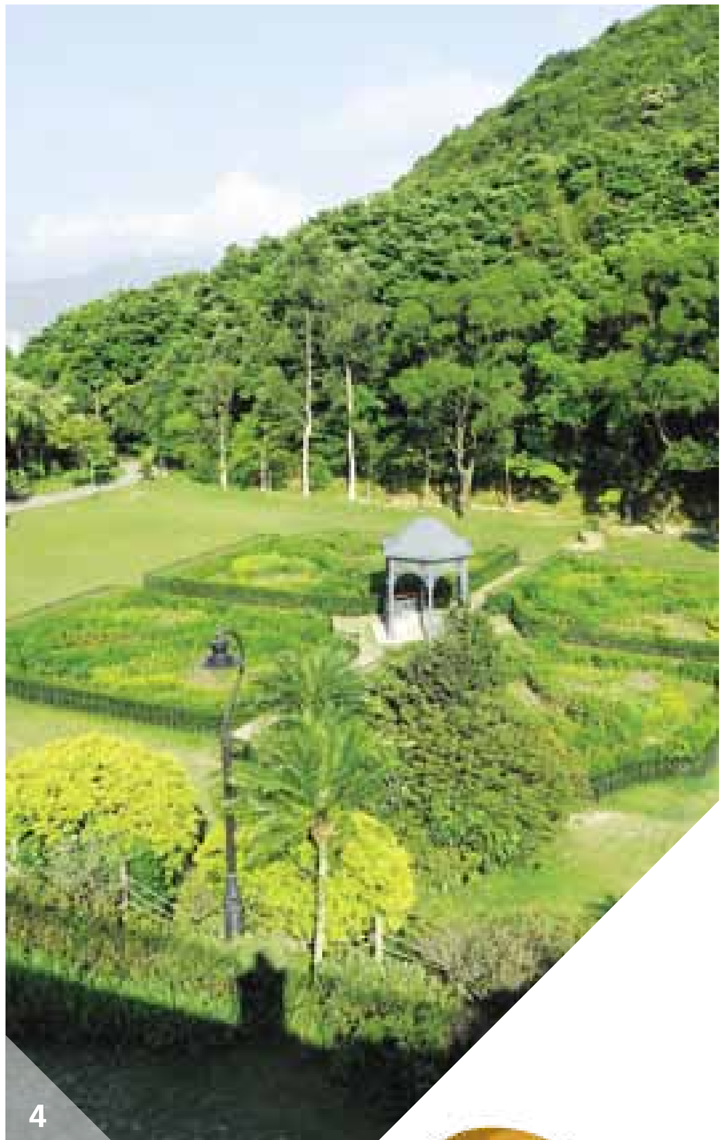
Leveraging the Group's existing resources and networks arising from providing building maintenance services to 45 large estates managed by MTRC, we also plan to participate in a new scheme being developed for providing a home maintenance service for large estates.

In summary, Chun Wo expects to stride forward positively in the coming year, leveraging its strong brand name, proven expertise and capabilities, and high-level management know-how to turn solid plans into firm achievements. With a reputation for quality and many new projects in the pipeline, we believe that the Group is very well placed to achieve a good performance in years to come, and deliver satisfactory returns to its shareholders.

Perspective of Arc De Royal, Shijiazhuang, Hebei Province

1 Proposed Tsz Shan Monastery Development at Tai Po, New Territories
2 Proposed Residential Development at Hung Shui Kiu, Lot. 2064 in DD121, Interior Fitting Out Works for Tower and Town House
3 Improvement Works to the Peak – Phase IV
4 Tourism Enhancement Programme – The Peak Phase IV

3



4

Corporate Social Responsibility

As a company whose success has been founded on the people of Hong Kong, the Group has always been committed to contributing to the community that has sustained and supported us. In the year under review, Chun Wo has been involved in many philanthropic and community-based initiatives, providing both financial support for the needy and personal input from its staff members to foster social harmony and goodwill. The Group also offered various scholarship programmes to students from the University of Hong Kong, the Hong Kong University of Science and Technology, and the Hong Kong Institute of Vocational Education. The photos below capture some of the major events and initiatives in which the Group participated during the year, often in collaboration with charitable groups and organizations.

With the Tung Wah Group of Hospitals Tai Po and Northern District Service Centres, the Chun Wo voluntary service team co-organized the "Caring for the Rural Elderly Project", a scheme which provides essential home improvement works for the elderly.

Chun Wo has Sponsored various charity programmes organized by the Society for Community Organization. Over 100 enthusiastic elderly folk visited the Hong Kong Science Museum together with Chun Wo volunteers and community helpers.

Corporate Social Responsibility

- The Group continued its sponsorship of the "Hug Families Charity Walk" organized by the YWCA; almost 70 members of staff & their families participated in the event. The event was designed to promote 'The Power of Hugs' and encourage the physical expression of love and affection between family members, to create more harmonious family relationships.

- The Group partnered with Habitat for Humanity to support the restoration project for the historic Tai O stilt houses. Chairman Mr. Pang Yat Ting, Dominic was invited to officiate at the opening ceremony of "World Habitat Day". Chun Wo's participation helped raise money to restore these unique buildings and improve their residents' safety and quality of life, in an environment where many residents were unable to finance the necessary repairs themselves. Giving back to society has always been a part of Chun Wo's corporate philosophy; the Group will continue contributing to sustainable growth of the community, and building a brighter future for the next generation.

- Over 40 staff from Chun Wo's voluntary service team took part in the Caritas Fund-Raising Bazaar this year, collecting almost HK$150,000 in donations.

Corporate Social Responsibility

Chun Wo participated the Corporate Challenge 2010 held by Outward Bound Hong Kong; they competed against over 50 other teams in a series of stimulating teambuilding challenges.

Chun Wo fielded two teams in the Community Chest Sports Corporate Challenge. The Group's senior management team and its "Core Program" member team competed against over 40 other teams in a range of challenges.

5 years +
商界展關懷
caringcompany
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Chun Wo was awarded the "Five Years Plus Caring Company" logo (2005–2011) by HKCSS.

Awards and Recognitions

The year under review was a bonanza year for Chun Wo in terms of the number of awards it received for its safety and quality building achievements. The sheer quantity of these awards for 2010/11 speaks volumes about the Group's commitment to safety; this commitment is backed up by statistics, which show that in the year the Group's accident frequency rates was 0.23 which was lower than the target rate of 0.75 as set by Development Bureau. Besides its stringent safety achievements, the Group has also picked up numerous awards for aspects such as its exceptional building quality, and its commitment to the environment.


1


2a


3


2b

No.	Award Name	Issuing Authority
1.	HSBC Living Business Green Achievement Award 2010 • Certificate of Merit	HSBC
2.	a HKCA Annual Safety Conference 2010 and HKCA Proactive Safety Contractors Award 2009 b HKCA 2010 Hong Kong Construction Environmental Award	The Hong Kong Construction Association
3.	9th Hong Kong Occupational Safety & Health Award 2010 • Safety Performance Award – Construction • Safety Performance Award – SMEs	The Occupational Safety and Health Council

Awards and Recognitions


4a


4b


5

No.	Award Name	Issuing Authority
4.	2010 Hong Kong Awards for Environmental Excellence (HKAEE) a Wastewi$e Scheme – Class of Excellence b Sectoral Awards (Construction Industry) Certification of Merit	Environmental Campaign Committee
5.	Construction Safety Promotional Campaign 2010 • Short Video Competition on Site Safety Exercise and Safety Briefing – Bronze Award • Short Video Competition on Site Safety Exercise and Safety Briefing – Merit Awards • Competition on Safety Culture – Merit Award • Best Safety Culture Site Agent – Merit Award • Best Safety Culture Activity Team – Merit Award • Best Safety Culture Sub-contractor – Merit Award • Best Presentation Award – Sliver Award • Best Presentation Award – Bronze Award • Best Safe Working Cycle Site – Bronze Awards • Best Fall Arresting Safety Enhancement Program for Working at Height – Merit Award • Outstanding Bamboo Scaffolder in Occupational Safety and Health – Sliver Award • Best Refurbishment and Maintenance Contractor in Occupational Safety and Health – Merit Award • Outstanding Metal Scaffolder in Occupational Safety and Health – Merit Award	The Occupational Safety and Health Council

Biographical Details of Directors and Senior Management

Executive Directors

Pang Yat Ting, Dominic *BA, JD Chairman*
Aged 38. Graduated from the University of Columbia, New York in 1995 with a Bachelor of Arts degree in Economics, Political Science and Mathematics, received Juris Doctorate from the New York University School of Law in 1998 and a Master degree in Business Administration from Kellogg-HKUST in 2010. After working at a law firm for 2 years in New York, he moved on to set up three IT systems and solutions companies. Joined the Group in 2003 and was appointed as Assistant to the late Chairman, Dr. Pang Kam Chun. He holds several directorships in certain subsidiaries of the Group and is in charge of evaluating new business opportunities, and management of the Group's property development ventures local and abroad. Appointed as Chairman and Executive Director of the Company in April 2010 and is also the Chairman of the Executive Committee and a member of the Management Committee and the Nomination Committee. Son of Madam Li Wai Hang, Christina, an Executive Director of the Company, and also the brother of Mr. Pang Yat Bond, Derrick, the Deputy Chairman of the Company.

Pang Yat Bond, Derrick *BSc, MEng, MBA, MICE, PE(US) Deputy Chairman*
Aged 36. Graduated from the University of California, Berkeley in 1997 with a Bachelor of Science degree in Civil and Environmental Engineering and obtained a Master of Engineering degree in Geotechnical Engineering from Massachusetts Institute of Technology in 1998 and a Master degree in Business Administration from The Chinese University of Hong Kong in 2007. A member of The Institution of Civil Engineers, United Kingdom and The Hong Kong Institution of Engineers and a Registered Professional Engineer for the State of California, U.S.A. He has over 3 years of geotechnical design experience in the United States and 10 years of construction experience in Hong Kong. Joined the Group in 2001 and holds several directorships in certain subsidiaries of the Group. Appointed as Deputy Chairman and Executive Director of the Company in April 2010 and is also the Chairman of the Management Committee and a member of the Executive Committee and the Remuneration Committee. Son of Madam Li Wai Hang, Christina, an Executive Director of the Company, and also the brother of Mr. Pang Yat Ting, Dominic, the Chairman of the Company.

Kwok Yuk Chiu, Clement *BSc (CEng), MICE, MHKIE, RSE, RPE Managing Director*
Aged 58. Graduated from The University of Hong Kong in 1974 with a Bachelor of Science degree in Civil Engineering. A member of the Hong Kong Institution of Engineers and is a Registered Structural Engineer. Joined the Group in 1981 and has over 37 years' experience in the construction industry. Appointed as Executive Director of the Company in July 1992 and Managing Director in February 1999. He is also a member of the Management Committee and the Executive Committee.

Li Wai Hang, Christina
Aged 60. Joined the Group in 1975 and has over 32 years' experience in the construction industry. Appointed as Executive Director of the Company in July 1992 and a member of the Management Committee. Mother of Mr. Pang Yat Ting, Dominic and Mr. Pang Yat Bond, Derrick, the Chairman and the Deputy Chairman of the Company respectively.

Biographical Details of Directors and Senior Management

Independent Non-Executive Directors

Au Son Yiu

Aged 65. Has extensive experience in the securities industry. A director of The Association of Former Council Members of the Stock Exchange, a consultant to Dao Heng Securities Limited (1989–2008) and a member of the Election Committee for the financial services subsector election for the 1998 Legislative Council. He is also an Independent Non-executive Director of Texwinca Holdings Limited and CEC International Holdings Limited, all of which are companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In addition, he is the Ex-Deputy Chairman of the Hong Kong Securities Clearing Company Limited (1992–1994) and Ex-Council member of the Stock Exchange (1988–1994). Appointed as Independent Non-executive Director of the Company in July 1992, the Chairman of the Remuneration Committee in April 2005, a member of the Audit Committee and Nomination Committee in December 1998 and August 2005 respectively.

Chan Chiu Ying, Alec *MBA, FCPA, ACMA, MHKSI*

Aged 52. Has over 20 years' experience in the fields of accounting, securities and corporate finance spanning from regulatory to investment advisory and management of listed companies in Hong Kong. Holds a Master degree in Business Administration from the University of Bradford, the United Kingdom and is an advisor providing corporate and strategic advisory services in Hong Kong and China. He is a fellow of the Hong Kong Institute of Certified Public Accountants, an associate of the Chartered Institute of Management Accountants, the United Kingdom and an associate of the Hong Kong Securities Institute. Appointed as Independent Non-executive Director of the Company in September 2004, a member of the Remuneration Committee in August 2005 and the Chairman of the Audit Committee in January 2006.

Hui Chiu Chung, Stephen *JP*

Aged 64. Currently the Vice Chairman of OSK Holdings Hong Kong Limited. Has 40 years of experience in the securities and investment industry. He had for years been serving as a Council Member and Vice Chairman of the Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission, a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchanges and Clearing Limited, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform and a member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A. Mr. Hui was appointed by the Government of the HKSAR a Justice of the Peace in 2004 and was also appointed a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference in 2006. Mr. Hui is at present a Government "Appointee" (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui also serves as Independent Non-executive Director of Hong Kong Exchanges and Clearing Limited, Luk Fook Holdings (International) Limited, Jiuzhou Development Company Limited, Lifestyle International Holdings Limited, Frasers Property (China) Limited and China South City Holdings Limited whose shares are listed on the Stock Exchange. Appointed as Independent Non-executive Director and a member of the Audit Committee in January 2006.

Lee Shing See *GBS, OBE, JP*
Aged 69. Graduated from The University of Hong Kong in 1964. A Fellow of both The Hong Kong Institution of Engineers and The Institution of Civil Engineers (UK). He joined The Hong Kong Government since he graduated from the University and has over 47 years' experience in engineering and construction. He was the director of Territory Development for the period from August 1994 to August 1999 and the Secretary for Works for the period from August 1999 to August 2002 (including 2 months as a Permanent Secretary). He is a director of the Hong Kong Cyberport Management Company Limited, the Chairman of the Construction Industry Council, the Convenor of the Panel on Promoting Testing and Certification Services in Construction Materials Trade and a board member of the Airport Authority Hong Kong. He is also a member of the Development Committee of the West Kowloon Cultural District Authority and Environmental Impact Assessment Appeal Board Panel. Mr. Lee is an Independent Non-executive Director of China State Construction International Holdings Limited, a company listed on the main board of the Stock Exchange. Mr. Lee is appointed as Independent Non-executive Director and the Chairman of the Nomination Committee in January 2006.

Senior Management

Chan Sing Cho *PhD, MSc, DIC, BSc(Eng), MIStructE, MHKIE, RPE(Struct), PEng*
Aged 60. Graduated from The University of Hong Kong in 1973 with a BSc degree in Civil Engineering. Possesses a PhD degree in Systems Design Engineering of the University of Waterloo, Canada and a MSc degree in Management Science of the Imperial College, United Kingdom. A Registered Professional Engineer (Structural) with memberships of The Hong Kong Institution of Engineers, the Institution of Structural Engineers and Professional Engineers Ontario. Has 30 years of experience in civil engineering and building construction and 8 years of experience in operations research, pattern analysis and machine intelligence. He was previously an Executive Director of the Company. Re-joined the Group as director of Chun Wo Construction and Engineering Company Limited since September 2008.

Edward Peter Slack *FPWS, MPWI*
Aged 68. Graduated from Sheffield College of Technology in 1961. A fellow of the China Hong Kong Railway Institution. Has more than 50 years in the construction industry covering many large industrial projects. He came to Hong Kong in 1977 to work on the Modified Initial System of the Mass Transit Railway Corporation. He has since worked on many schemes for the Mass Transit Railway Corporation and Kowloon-Canton Railway Corporation but has kept his hand in civil engineering working on the Island Eastern Corridor, Kowloon Reclamation, Terminal Eight and the Lotus Bridge in Macau amongst others. Having first worked with Chun Wo as Joint Venture Project Manager in 2000 on West Rail, he has since completed a total of 4 such joint ventures. Joined the Group as director of Chun Wo Railway Engineering Limited, Chun Wo Holdings (Thailand) Co., Ltd. and Chun Wo (Thailand) Co., Ltd. in March 2009.

Kwan Chuen Kin, Peter *BSc(Hons), FCIOB, MHKIE, FHKICM, RPE*
Aged 59. Graduated from the South Bank Polytechnic, United Kingdom in 1980 with a Bachelor of Science degree (Honors) in Building. A Chartered Builder and Registered Professional Engineer, a fellow member of the Chartered Institute of Building, United Kingdom, a member of the Hong Kong Institution of Engineer, a fellow member of Hong Kong Institute of Construction Managers and Accredited Mediator. Joined the Group in 1998 and has over 33 years' experience in project management of large scale building construction projects in Hong Kong. Appointed as managing director of Chun Wo Elegant Decoration Engineering Company Limited in April 2006.

Biographical Details of Directors and Senior Management

Kwok Man Fai, Wilson
Aged 50. Graduated from Macquarie University in 1984 with a Bachelor degree in Economics and obtained a Master of Commerce degree in Information Systems in 1991 from University of New South Wales. A member of CPA Australia and Hong Kong Institute of Certified Public Accountants. He has over 26 years of experience in accounting, finance and management. Joined the Group during 1994–2008 and rejoined the Group in 2009 as Finance Director. He is also a member of the Executive Committee.

Lai Kam Hung, Joseph
Aged 53. Graduated from The Hong Kong Polytechnic University in 1980. An associate member of the Hong Kong Institution of Engineers. He has over 35 years' experience in the building and civil engineering works including construction supervision, project management and subletting. Joined the Group during 1984–1987 and re-joined the Group in 1989. Appointed as director of Chun Wo Construction and Engineering Company Limited in April 2006.

Lam Chi Wing, Eric *BscCivil, MICE, CEng, MHKIE, RPE (Civil)*
Aged 56. Graduated from University of Calgary, Canada in 1980 with a Bachelor degree in Civil Engineering. A member of The Institute of Civil Engineers and The Hong Kong Institution of Engineers, a Registered Professional Engineer. Has more than 30 years of experience in construction industry including project and construction management and tendering of different types of large-scale civil engineering projects. Joined the Group in 2005 and appointed as director of Chun Wo Construction and Engineering Company Limited in September 2007.

Lee Chun Fai, Rayland *BSc, MHKIE, MICE, CEng, PEng, RPE, MAPM*
Age 56. Graduated from The University of Manitoba, Canada in 1979 with a BSc degree in Civil Engineering. A member of Hong Kong Institution of Engineers, The Institution of Civil Engineers and The Association of Project Managers. Has 31 years' experience in heavy construction industry on tendering, supervision and project management in local and overseas market. Joined the Group in 2010 and appointed as director of Chun Wo Construction and Engineering Company Limited.

Leung Yin Bun, Francis *MBA, MHKIE, RSO*
Aged 54. Joined the Group in February 2010 and appointed as director of Chun Wo E&M Engineering Limited in May 2010. Graduated from The Hong Kong Polytechnic University in 1980. Obtained a Master degree in Business Administration in 2005. A member of the Hong Kong Institution of Engineers (MHKIE) in Building Services discipline and a member of Society of Registered Safety Officers in Hong Kong. Has more than 31 years' experience in project management, sales and marketing, operations management and engineering design for electrical and mechanical projects in Hong Kong, Mainland China and the Middle East. His project portfolio includes various infrastructural, industrial and commercial construction projects of Railway, Airport, Highway, Bridge, Tunnel, Pumping Station, Hospital and Hotel Casino.

Malcolm Iain McGregor *B.Eng (Hons), CEng, MICE*
Aged 65. Graduated from Sheffield University, United Kingdom with a Bachelor of Engineering (Hons) degree in Civil Engineering and a member of the Institute of Civil Engineers United Kingdom. Rejoined the Group as director (Projects) in early 2009. Has 42 years' working experience in the construction industry for international clients and contractors in Southeast Asia, Europe, and Africa in the fields of civil, building and foundations with positions in senior corporate and project management.

Biographical Details of Directors and Senior Management

Poon Chi Choi, Anthony *BA(AS), B.Arch, HKIA, Registered Architect HK, Authorized Person – Architect, PRC Class 1 Registered Architect Qualification*
Aged 49. Graduated from The University of Hong Kong in 1986 with degree in Bachelor of Arts (Architectural Studies) and Bachelor of Architecture. An Architect and Authorized Person with PRC Class 1 Registered Architect Qualification. Has more than 25 years of working experience in architectural and interior design, project management and property development aspects for many projects of various sizes and complexity in Hong Kong and China. Prior to joining the Group in 2008, he had worked as director in 2 big architectural practices and also served a public listed property development company in Hong Kong responsible for the design and project management of projects in China. He is a director of Chun Wo Property Development Limited and certain subsidiaries companies of the Group responsible for the property development projects in China, Hong Kong and UAE.

Shea Chun Lok, Martin *BBus., FCPA(Aust.), CPA, CTA, CMA, ICPAS, ATIHK*
Aged 44. Graduated from Monash University of Australia with a Bachelor degree in Business. A fellow member of CPA Australia, a member of Hong Kong Institute of Certified Public Accountants, The Taxation Institute of Hong Kong, Chartered Institute of Management Accountants of United Kingdom and Institute of Certified Public Accountants of Singapore, and a Certified Tax Adviser of Hong Kong. He worked as company secretary and qualified accountant in various Hong Kong main board listed companies for many years. In 2001, appointed as an independent non-executive director of Beijing Enterprises Water Group Limited, a company listed on the Stock Exchange. Joined the Group in 2008 and appointed as Financial Controller of property development and joint venture and overseas construction projects segments.

To Kai Yin, Kelvin *MCIOB, MAIB*
Aged 50. Graduated from The Hong Kong Polytechnic University in 1983. Obtained an associateship in building technology and management from The Hong Kong Polytechnic University in 1987. He has over 27 years' experience in the construction industry including construction supervision, management, quantity surveying and tendering. Joined the Group in 1991 and appointed as director of Chun Wo Building Construction Limited in March 1999.

Tsang Wing Ho, Francis *BSc, MBA, MICE, MHKIE*
Aged 54. Graduated from The City University, United Kingdom in 1981 with a Bachelor of Science degree in Civil Engineering and obtained a Master degree in General Business Administration from The University of Hull, United Kingdom in 1994. A member of The Institution of Civil Engineers and The Hong Kong Institution of Engineers. Has over 30 years experience in the construction industry including construction supervision, design and project management. Joined the Group as the general manager of Chun Wo Construction and Engineering Company Limited since 2006 to take charge of the building division. Appointed as director of Chun Wo Building Construction Limited in April 2010.

Tse Tak Ming, Herman *BEng(Hons), MSc(C.Mgt), MHKICM*
Aged 42. Graduated from City University of Hong Kong in 2007 with Bachelor of Engineering (Honours) in Building Engineering (Construction Engineering and Management). Obtained his Master of Science degree in Construction Management (Construction Project Management) from the said university in 2010. Received his membership of Hong Kong Institute of Construction Managers. Joined the Group in 2008 and awarded "The Outstanding Project Manager Award" in March 2009. Appointed as Assistant General Manager of Green Solution Interior Design and Decoration Company Limited, the Group's indirect subsidiary, in August 2010.

Biographical Details of Directors and Senior Management

Wong Hin Ming, Raymond *BSc, MICE, CEng, MCIArb, MHIE, RPE(Civil)*
Aged 56. Graduated from The Hong Kong Polytechnic University in 1978 and continue the study in Brighton Polytechnic, United Kingdom with a Bachelor degree (First Class Honors) in Civil Engineering. A member of The Institution of Civil Engineers, Chartered Institute of Arbitrators and The Hong Kong Institution of Engineers. Has over 30 years of experience in construction industry. Joined the Group in 2004 and appointed as general manager (construction) of Chun Wo Construction and Engineering Company Limited in February 2009 to take charge of the maintenance and minor works division.

Wong Wing Tong, Michael *MISM, MIPSA*
Age 55. Has more than 14 years' experience in the executive level of security industry. A member of International Professional Security Association. He was the Chief Training Instructor of the Hong Kong Military Service Corp in the former British Garrison with various professional military qualifications and skills. Joined the Group in 1997. Appointed as managing director of City Security Company Limited and City Professional Management Limited in June 2006 and June 2007 respectively.

Yeung Shiu Kin, Eddie *JD, BSc(Eng), ACGI, MSc, DIC, PhD, MICE, MHKIE, MINZPE, MIEAust, MASCE, CEng, RPE*
Aged 52. Graduated from Imperial College of Science & Technology, University of London in 1981 with a Bachelor of Science degree in Civil Engineering, and in 1982 with a Master degree in Soil Mechanics. Obtained his Doctoral degree in Geotechnical Engineering from University of Sydney in 1989. Received Juris Doctorate from the School of Law, City University of Hong Kong in 2009. A member of each of the Institution of Civil Engineers, United Kingdom, the Hong Kong Institution of Engineers, the Institution of Professional Engineers, New Zealand, the Institution of Engineers of Australia and also the American Society of Civil Engineers. Registered Professional Engineer in Civil & Geotechnical discipline in Hong Kong. Joined the Group in 2002 and has more than 29 years of experience in the construction industry including design and project management of civil and foundation engineering projects in Australia and Hong Kong. Appointed as director of Chun Wo Foundations Limited in January 2003 and the managing director of Chun Wo Foundations Limited in February 2006.

Yiu Chi Sang, Andy *Dip(Eng), LLB(Hons), MA(ArbDR), MSc(C.Mgt), MRICS, MICE, MHKIE, MASCE, FCIArb, FHKIArb, CEng*
Aged 55. Graduated from The Hong Kong Baptist University in 1981 with a Diploma in Civil Engineering, obtained a Master of Arts degree in Dispute Resolution and Arbitration in 1995 and a Master of Science degree in Construction Management in 1998 both from City University of Hong Kong, a Bachelor of Laws degree in 2004 from the University of Wolverhampton of United Kingdom. A member each of the Royal Institution of Chartered Surveyors, the Institution of Civil Engineers, United Kingdom, Hong Kong Institution of Engineers, the American Society of Civil Engineers, a fellow member each of the Chartered Institute of Arbitrators, United Kingdom and the Hong Kong Institute of Arbitrators. Re-joined the Group in 2008 with over 30 years of experience in the construction industry including civil, building, foundation and marine engineering projects in Hong Kong, Macau, Vietnam, and PRC. Appointed as director of Chun Wo Construction and Engineering Company Limited to take charge of the civil division and to oversee Chun Wo Foundations Limited.

Corporate Governance Report

The Company has made continued efforts to incorporate the key elements of sound corporate governance in its management structures and internal control procedures. The Company is committed to maintaining high standard of corporate governance, the principles of which serve to uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, and to ensure that affairs are conducted in accordance with applicable laws and regulations.

Corporate Governance Practices

The Company has complied with the code provisions in effect and certain recommended best practices set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing Securities on the Stock Exchange (the "Listing Rules") throughout the year under review except for the deviations from the provision A.4.2 of the Code. Pursuant to provision A.4.2 of the Code, every Director should be subject to retirement by rotation at least once every 3 years. The Board considers that the Chairman and the Managing Director are not subject to retirement by rotation in order to maintain the stability and continuity.

Directors' Securities Transactions

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

Board of Directors

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

- those functions and matters as set out in the terms of reference of various committees (as amended from time to time), in which Board's approval must be sought from time to time;
- those functions and matters in which Board's approval must be sought in accordance with the Group's internal policy as amended from time to time;
- consideration and approval of financial statements in interim reports and annual reports, announcements and press releases of interim and final results;
- focus its attention on matters affecting the Company's overall strategic policies, finances and Shareholders;
- consideration of dividend policy and dividend amount; and
- monitoring the corporate governance of the Group in compliance with the relevant rules and regulations.

Board of Directors (continued)

As at the date of this report, the Board comprises a total of 8 Directors including 4 Executive Directors, namely, Mr. Pang Yat Ting, Dominic (Chairman), Mr. Pang Yat Bond, Derrick (Deputy Chairman), Mr. Kwok Yuk Chiu, Clement (Managing Director) and Madam Li Wai Hang, Christina; and 4 Independent Non-executive Directors, namely, Mr. Au Son Yiu, Mr. Chan Chiu Ying, Alec, Mr. Hui Chiu Chung, Stephen and Mr. Lee Shing See. Mr. Chan Chiu Ying, Alec has appropriate professional qualifications, accounting and financial management expertise. Messrs. Pang Yat Ting, Dominic and Pang Yat Bond, Derrick are the sons of Madam Li Wai Hang, Christina.

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

Each of the Independent Non-executive Directors has a service agreement for a term of 1 year. The agreement is renewable subject to consent given by the Company and the respective Directors. The Independent Non-executive Directors are also subject to retirement by rotation in accordance with the Company's Bye-laws ("Bye-laws").

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

During the year under review, 4 board meetings were held by the Board. The attendance of individual members of the Board and other Board Committees meetings during the year under review is set out in the following table:

	Meetings attended/Eligible to attend			
Directors	**Board**	**Audit Committee**	**Nomination Committee**	**Remuneration Committee**
Executive Directors				
Mr. Pang Yat Ting, Dominic *(Chairman)**	3/4	–	–	–
Mr. Pang Yat Bond, Derrick *(Deputy Chairman)**	3/4	–	–	2/2
Mr. Kwok Yuk Chiu, Clement *(Managing Director)*	4/4	–	1/1	–
Madam Li Wai Hang, Christina	3/4	–	–	–
Independent Non-Executive Directors				
Mr. Au Son Yiu	4/4	2/2	1/1	2/2
Mr. Chan Chiu Ying, Alec	4/4	2/2	–	2/2
Mr. Hui Chiu Chung, Stephen	4/4	1/2	–	–
Mr. Lee Shing See	4/4	–	1/1	–

* appointed on 9 April 2010

Chairman and Managing Director

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

Board Committees

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

Management Committee

The Management Committee operates as a general management committee with overall delegated authority from the Board in order to increase the efficiency for the business decision and facilitate the approval of certain corporate actions.

Members of the Management Committee are:

Mr. Pang Yat Bond, Derrick *(Chairman)*
Mr. Pang Yat Ting, Dominic
Mr. Kwok Yuk Chiu, Clement
Madam Li Wai Hang, Christina

Executive Committee

The Executive Committee was established in March 2007 to assist the Management Committee in the running of the day-to-day business of the Company. It is responsible for the development and implementation of the business plans for corporate and business units. The Executive Committee is also supported by the Project Management Meeting which cascades performance management down to project level.

Members of the Executive Committee are:

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

Remuneration Committee

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

The Remuneration Committee comprises 3 members, a majority of whom are Independent Non-executive Directors.

Members of the Remuneration Committee are:

Mr. Au Son Yiu *(Chairman)*
Mr. Chan Chiu Ying, Alec
Mr. Pang Yat Bond, Derrick

During the year under review, the Remuneration Committee convened 2 meetings to review the remuneration packages of Executive Directors. The attendance of individual Directors at the committee meeting is set out in the table on page 40.

Nomination Committee

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

The Nomination Committee comprises 3 members, a majority of whom are Independent Non-executive Directors.

Members of the Nomination Committee are:

Mr. Lee Shing See *(Chairman)*
Mr. Au Son Yiu
Mr. Pang Yat Ting, Dominic

During the year under review, the Nomination Committee convened 1 meeting for considering and making recommendations to the Board on the appointment of directors. The attendance of individual directors at the committee meeting is set out in the table on page 40.

Audit Committee

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

The Audit Committee comprises 3 Independent Non-executive Directors, one of whom possesses appropriate professional qualification, accounting or related financial management expertise as required under the Listing Rules.

Members of the Audit Committee are:

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

During the year under review, 2 meetings were held by the Audit Committee. The attendance of individual Directors at the committee meeting is set out in the table on page 40.

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

(i) review of the annual report and final results announcement for the year ended 31 March 2010, with a recommendation to the Board for approval;

(ii) review of the external auditor's independence and report, with a recommendation to the Board for the re-appointment of the external auditor at the 2010 AGM; and

(iii) review of the interim report and the interim results announcement for the 6 months ended 30 September 2010, with a recommendation to the Board for approval.

Auditor's Remuneration

During the year, Deloitte Touche Tohmatsu provided statutory audit services amounted to approximately HK$3,416,000 and tax and consulting services amounted approximately to HK$334,000.

Directors' and Auditor's Responsibilities for Accounts

Statements of the Directors' responsibility for preparing the financial statements and the auditor of the Company about their reporting responsibilities are set out in the Independent Auditor's Report of this annual report.

Internal Control

The Directors have reviewed the internal controls of the Group, including financial, operational and compliance controls and risk management functions.

Investor Relations and Communication with Shareholders

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. Annual and interim reports and circulars of the Company are printed and sent to all Shareholders. Moreover, announcements, circulars, publications and press releases of the Company are published on the Company's website (www.chunwo.com). The Company's website disseminates corporate information and other relevant financial and non-financial information electronically on a timely basis. It also provides email address, postal address, fax number and telephone number by which enquiries may be put to the Company's Board. The Company acknowledges that general meetings are good communication channel that members of the Board and committees are encouraged to attend the meetings.

Directors' Report

The Directors present the annual report and the audited financial statements of the Group for the year ended 31 March 2011.

Principal Activities

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

Results and Appropriations

The results of the Group for the year ended 31 March 2011 are set out in the consolidated statement of comprehensive income on page 58.

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2011.

Financial Summary

A financial summary of the Group is set out on page 134.

Investment Properties

The investment properties of the Group were revalued as at 31 March 2011 as set out in note 15 to the consolidated financial statements.

Property, Plant and Equipment

During the year under review, the Group acquired property, plant and equipment at a cost of approximately HK$65.9 million for the purpose of expanding the Group's business.

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

Share Capital and Warrants

Details of movement during the year under review in the share capital and warrants of the Company are set out in Notes 31 and 32 to the consolidated financial statements.

Borrowings and Interest Capitalised

Details of the Group's borrowings are set out in Notes 27 and 28 to the consolidated financial statements.

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

Subsidiaries, Associates and Jointly Controlled Entities

Particulars of the Company's principal subsidiaries and the Group's principal associates and jointly controlled entities as at 31 March 2011 are set out in Notes 44, 45 and 46 to the consolidated financial statements respectively.

Distributable Reserves of the Company

The Company's reserves available for distribution to Shareholders as at 31 March 2011 were as follows:

	HK$'000
Contributed surplus	52,552
Retained earnings	138,119
	190,671

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

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

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

Share Option Schemes

Particulars of the share option schemes and the details of the movements in share options which were granted under the share option scheme of the Company ("Chun Wo Scheme") are set out in Note 33 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

A brief biographical details of Directors and senior management are set out on pages 33 to 38.

Directors and Service Contracts

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

Executive Directors:

Dr. Pang Kam Chun (passed away on 2 April 2010)
Mr. Pang Yat Ting, Dominic (appointed on 9 April 2010)
Mr. Pang Yat Bond, Derrick (appointed on 9 April 2010)
Mr. Kwok Yuk Chiu, Clement
Madam Li Wai Hang, Christina

Independent Non-executive Directors:

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

In accordance with the Bye-laws 87 and 169(2), Mr. Chan Chiu Ying, Alec and Mr. Lee Shing See will retire at the forthcoming Annual General Meeting ("AGM") and, being eligible, will offer themselves for re-election. The remaining Directors will continue in office.

Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within 1 year without payment of compensation, other than statutory compensation.

Emoluments of Directors and the 5 Highest Paid Individuals

Details of the Directors' emoluments and the 5 highest paid individuals in the Group are set out in Note 11 to the consolidated financial statements.

Emolument Policy for Directors

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

- No individual should determine his or her own remuneration;

- Remuneration should be broadly aligned with companies with whom the Group competes for human resources; and

- Remuneration should reflect performance and responsibility with a view to motivating and retaining high performing individuals and enhancing of the value of the Company to its shareholders.

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

Employee and Remuneration Policies

The Group had approximately 3,320 employees at 31 March 2011. Total remuneration of employees for the year ended 31 March 2011 amounted to approximately HK$693.8 million. Employees are remunerated according to nature of the job and market trend, with built-in merit component incorporated in the annual increment to reward and motivate individual performance. Employee bonus is distributable based on the performance of the respective companies and the employees concerned. The Group also provides in-house and external training programmes which are complementary to certain job functions.

Directors' Interests in Contracts of Significance

Save as the related party transactions disclosed in Note 42 to the consolidated financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

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

As at 31 March 2011, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of Director	Personal interest	Family interest	Total Interests	Total interests as % of the Company's issued share capital
Madam Li Wai Hang, Christina	10,148,875	477,542,884 (Note 1)	487,691,759	53.23%
Mr. Pang Yat Ting, Dominic	3,736,000	–	3,736,000	0.41%
Mr. Pang Yat Bond, Derrick	1,000,000	–	1,000,000	0.11%
Mr. Kwok Yuk Chiu, Clement	3,300,000	860,000 (Note 2)	4,160,000	0.45%
Mr. Au Son Yiu	301,816	–	301,816	0.03%

Notes:

1. Madam Li Wai Hang, Christina is the spouse of the late Dr. Pang Kam Chun ("Dr. Pang") and is deemed to have interest in those shares of the Company held by him and his associates.

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

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

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

Name of Director	**Personal interest**	**Family interest**	**Total Interests**	**Total interests as % of the Company's issued share capital**
Madam Li Wai Hang, Christina	3,599,914 (Note 1)	93,800,290 (Note 2)	97,400,204	10.63%
Mr. Pang Yat Ting, Dominic	2,400,500 (Note 3)	–	2,400,500	0.26%
Mr. Pang Yat Bond, Derrick	8,113,500 (Note 4)	–	8,113,500	0.89%
Mr. Kwok Yuk Chiu, Clement	6,644,750 (Note 5)	161,250 (Note 6)	6,806,000	0.74%
Mr. Au Son Yiu	600,000 (Note 7)	–	600,000	0.07%
Mr. Chan Chiu Ying, Alec	300,000 (Note 8)	–	300,000	0.03%
Mr. Hui Chiu Chung, Stephen	300,000 (Note 8)	–	300,000	0.03%
Mr. Lee Shing See	300,000 (Note 8)	–	300,000	0.03%

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

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

Notes:

1. These represent the interests in the underlying shares of the Company in respect of (i) 1,697,000 units of share options granted by the Company, details of which are stated under the heading "Directors' and Chief Executive's Rights to Acquire Shares or Debentures" below and (ii) 1,902,914 units of warrants of the Company.

2. Madam Li Wai Hang Christina is deemed to have interest in the underlying shares of the Company held by the late Dr. Pang and his associates.

3. These represent the interests in the underlying shares of the Company in respect of (i) 1,700,000 units of share options granted by the Company, details of which are stated under the heading "Directors' and Chief Executive's Rights to Acquire Shares or Debentures" below and (ii) 700,500 units of warrants of the Company.

4. These represent the interests in the underlying shares of the Company in respect of (i) 7,926,000 units of share options granted by the Company, details of which are stated under the heading "Directors' and Chief Executive's Rights to Acquire Shares or Debentures" below and (ii) 187,500 units of warrants of the Company.

5. These represent the interests in the underlying shares of the Company in respect of (i) 6,026,000 units of share options granted by the Company, details of which are stated under the heading "Directors' and Chief Executive's Rights to Acquire Shares or Debentures" below and (ii) 618,750 units of warrants of the Company.

6. These represent the interests in the warrants of the Company beneficially owned by the spouse of Mr. Kwok Yuk Chiu, Clement.

7. These represent the interests in the underlying shares of the Company in respect of (i) 300,000 units of share options granted by the Company, details of which are stated under the heading "Directors' and Chief Executive's Rights to Acquire Shares or Debentures" below and (ii) 300,000 units of warrants of the Company.

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

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

Details of the movements in share options granted under the Chun Wo Scheme to Directors and chief executive of the Company during the year ended 31 March 2011 are as follows:

				Number of share options				
Name of Director	Date of grant	Exercise price per option HK$	Exercisable period	Outstanding at 1/4/2010	Granted during the year	Cancelled/ Exercised during the year	Lapsed during the year	Outstanding at 31/3/2011
Madam Li Wai Hang, Christina	2/4/2007	1.01	10/4/2007 to 1/4/2017	747,000	–	–	–	747,000
	15/1/2010	0.65	15/1/2011 to 14/1/2014	285,000	–	–	–	285,000
		0.65	15/1/2012 to 14/1/2014	285,000	–	–	–	285,000
		0.65	15/1/2013 to 14/1/2014	380,000	–	–	–	380,000
Mr. Pang Yat Ting, Dominic (Note 1)	15/1/2010	0.65	15/1/2011 to 14/1/2014	510,000	–	–	–	510,000
		0.65	15/1/2012 to 14/1/2014	510,000	–	–	–	510,000
		0.65	15/1/2013 to 14/1/2014	680,000	–	–	–	680,000
Mr. Pang Yat Bond, Derrick (Note 1)	13/8/2004	0.904	21/8/2004 to 12/8/2014	6,326,000	–	–	–	6,326,000
	2/5/2007	1.01	2/5/2007 to 1/5/2010	3,736,000	–	–	(3,736,000)	–
	15/1/2010	0.65	15/1/2011 to 14/1/2014	480,000	–	–	–	480,000
		0.65	15/1/2012 to 14/1/2014	480,000	–	–	–	480,000
		0.65	15/1/2013 to 14/1/2014	640,000	–	–	–	640,000
Mr. Kwok Yuk Chiu, Clement	13/8/2004	0.904	21/8/2004 to 12/8/2014	3,326,000	–	–	–	3,326,000
	15/1/2010	0.65	15/1/2011 to 14/1/2014	810,000	–	–	–	810,000
		0.65	15/1/2012 to 14/1/2014	810,000	–	–	–	810,000
		0.65	15/1/2013 to 14/1/2014	1,080,000	–	–	–	1,080,000
Mr. Au Son Yiu	15/1/2010	0.65	15/1/2011 to 14/1/2014	90,000	–	–	–	90,000
		0.65	15/1/2012 to 14/1/2014	90,000	–	–	–	90,000
		0.65	15/1/2013 to 14/1/2014	120,000	–	–	–	120,000

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

Name of Director	Date of grant	Exercise price per option HK$	Exercisable period	Number of share options: Outstanding at 1/4/2010	Granted during the year	Cancelled/ Exercised during the year	Lapsed during the year	Outstanding at 31/3/2011
Mr. Chan Chiu Ying, Alec	15/1/2010	0.65	15/1/2011 to 14/1/2014	90,000	–	–	–	90,000
		0.65	15/1/2012 to 14/1/2014	90,000	–	–	–	90,000
		0.65	15/1/2013 to 14/1/2014	120,000	–	–	–	120,000
Mr. Hui Chiu Chung, Stephen	15/1/2010	0.65	15/1/2011 to 14/1/2014	90,000	–	–	–	90,000
		0.65	15/1/2012 to 14/1/2014	90,000	–	–	–	90,000
		0.65	15/1/2013 to 14/1/2014	120,000	–	–	–	120,000
Mr. Lee Shing See	15/1/2010	0.65	15/1/2011 to 14/1/2014	90,000	–	–	–	90,000
		0.65	15/1/2012 to 14/1/2014	90,000	–	–	–	90,000
		0.65	15/1/2013 to 14/1/2014	120,000	–	–	–	120,000
Others (Note 2)	13/8/2004	0.904	21/8/2004 to 12/8/2014	1,464,000	–	–	–	1,464,000
	2/4/2007	1.01	10/4/2007 to 1/4/2017	747,000	–	–	–	747,000
	15/1/2010	0.65	15/1/2011 to 14/1/2014	834,600	–	–	–	834,600
		0.65	15/1/2012 to 14/1/2014	834,600	–	–	–	834,600
		0.65	15/1/2013 to 14/1/2014	1,112,800	–	–	–	1,112,800
				27,278,000	–	–	(3,736,000)	23,542,000

Notes:

1. These Directors were appointed on 9 April 2010.

2. These outstanding share options were held by a former Independent Non-executive Director and a deceased Director. The Board has approved that these outstanding share options can be exercised during the exercise period respectively.

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

Save as disclosed above and other than the Foundations Scheme as set out in Note 33, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the Directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company or had exercised any such right during the year under review.

Interests and Short Positions of Substantial Shareholders Discloseable Under the SFO

So far as is known to the Directors, as at 31 March 2011, the following party (other than Directors or chief executive of the Company) was recorded in the register kept by the Company under Section 336 of the SFO ("Register of Substantial Shareholders") as being interested in or deemed to be interested in 5% or more of the issued share capital of the Company:

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

Name of Shareholder	Personal Interest	Family Interest	Corporate Interest	Total Interests	Total Interest as % of the Company's issued share capital
Dr. Pang (late)	348,194,590	10,148,875 (Note 1)	129,348,294 (Note 2)	487,691,759	53.23%
GT Winners Limited	129,348,294 (Note 2)	–	–	129,348,294	14.12%

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

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

Name of Shareholder	Personal Interest	Family Interest	Corporate Interest	Total Interests	Total Interest as % of the Company's issued share capital
Dr. Pang (late)	69,547,485	3,599,914 (Note 1)	24,252,805 (Note 2)	97,400,204	10.63%
GT Winners Limited	24,252,805 (Note 2)	–	–	24,252,805	2.65%

Notes:

1. The late Dr. Pang is deemed to have interest in the shares and underlying shares of the Company held by Madam Li Wai Hang, Christina, the Executive Director of the Company and the spouse of the late Dr. Pang.

2. GT Winners Limited is wholly-owned by the late Dr. Pang who is deemed to have interest in the shares and underlying shares of the Company held by GT Winners Limited.

Save as disclosed above, as at 31 March 2011, the Register of Substantial Shareholders disclosed no other party (other than Directors or chief executive of the Company) as being interested or deemed to be interested in 5% or more of the issued share capital of the Company.

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

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

Pre-emptive Rights

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

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float throughout the year ended 31 March 2011 as required under the Listing Rules.

Major Customers and Suppliers

For the year ended 31 March 2011, the aggregate amount of turnover attributable to the Group's 5 largest customers accounted for approximately 55% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 28% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's 5 largest suppliers accounted for less than 30% of the Group's total purchases.

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

Donations

During the year under review, the Group made charitable and other donations totalling approximately HK$485,000.

Auditor

A resolution will be submitted to the forthcoming AGM of the Company to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Pang Yat Ting, Dominic
Chairman

Hong Kong, 28 June 2011

Independent Auditor's Report

Deloitte.
德勤

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

We have audited the consolidated financial statements of Chun Wo Development Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 58 to 133, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 Group as at 31 March 2011, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

28 June 2011

For the year ended 31 March 2011

Consolidated Statement of Comprehensive Income

	NOTES	**2011 HK$'000**	2010 HK$'000 (restated)
Revenue	7	**3,002,446**	2,606,241
Cost of sales		**(2,815,017)**	(2,418,975)
Gross profit		**187,429**	187,266
Other income		**25,780**	16,657
Other gains and losses		**(20,081)**	798
Fair value changes on investment properties	15	**51,114**	10,473
Selling expenses		**(8,993)**	(5,816)
General and administrative expenses		**(241,363)**	(216,532)
Gain on disposals of subsidiaries	36	**–**	16,898
Fair value changes on embedded derivatives of convertible bonds		**–**	1,158
Share of results of associates		**2,202**	34,517
Share of results of jointly controlled entities		**9,142**	2,857
Finance costs	8	**(22,148)**	(22,214)
(Loss) profit before tax		**(16,918)**	26,062
Income tax (expense) credit	9	**(38,045)**	5,028
(Loss) profit for the year	10	**(54,963)**	31,090
Other comprehensive income (expense)			
Exchange differences arising on translation		**32,456**	3,871
Share of translation reserve of associates		**(1,798)**	(4,384)
Disposals of subsidiaries	36	**–**	(16,898)
Other comprehensive income (expense) for the year		**30,658**	(17,411)
Total comprehensive (expense) income for the year		**(24,305)**	13,679
(Loss) profit for the year attributable to:			
Owners of the Company		**(54,963)**	31,090
Non-controlling interests		**–**	–
		(54,963)	31,090
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(24,305)**	13,679
Non-controlling interests		**–**	–
		(24,305)	13,679
(Loss) earnings per share	13		
– Basic		**(6.00) cents**	3.62 cents
– Diluted		**N/A**	3.35 cents

At 31 March 2011

Consolidated Statement of Financial Position

	NOTES	**31.03.2011 HK$'000**	31.03.2010 HK$'000 (restated)	01.04.2009 HK$'000 (restated)
Non-current assets				
Property, plant and equipment	14	**256,217**	251,042	185,003
Investment properties	15	**370,193**	324,524	617,051
Interests in associates	16	**58,534**	70,130	62,629
Interests in jointly controlled entities	17	**42,834**	37,767	39,884
Amounts due from associates	18	**103,417**	103,414	106,498
		831,195	786,877	1,011,065
Current assets				
Amounts due from customers for contract work	19	**401,101**	621,375	534,293
Debtors, deposits and prepayments	20	**555,559**	567,723	397,626
Properties under development	21	**995,924**	696,302	676,613
Deposits paid for properties under development		**180,263**	336,460	238,465
Properties held for sale		**52,501**	101,536	174,136
Deposits paid for properties held for sale		**44,822**	54,762	53,999
Investments held for trading	22	**651**	967	2,474
Amounts due from associates	23	**1,253**	1,251	1,233
Amounts due from jointly controlled entities	23	**34,204**	32,154	25,242
Tax recoverable		**16,010**	23,552	28,618
Pledged bank deposits	24	**183,228**	67,566	22,454
Bank balances and cash	24	**605,295**	366,548	435,882
		3,070,811	2,870,196	2,591,035
Current liabilities				
Amounts due to customers for contract work	19	**102,905**	161,783	53,830
Creditors, deposits and accrued charges	25	**631,791**	621,000	600,801
Deposits received from pre-sales of properties under development		**153,576**	136,532	72,323
Amount due to a shareholder	26	**202,384**	–	–
Amounts due to associates	26	**15,770**	15,625	12,436
Amounts due to jointly controlled entities	26	**47,928**	64,890	36,886
Tax payable		**26,961**	27,455	14,712
Obligations under finance leases	27	**14,494**	8,262	546
Borrowings	28	**1,290,109**	967,454	1,111,946
Derivative financial instruments	29	**–**	–	88,000
		2,485,918	2,003,001	1,991,480
Net current assets		**584,893**	867,195	599,555
Total assets less current liabilities		**1,416,088**	1,654,072	1,610,620

At 31 March 2011

Consolidated Statement of Financial Position

	NOTES	**31.03.2011 HK$'000**	31.03.2010 HK$'000 (restated)	01.04.2009 HK$'000 (restated)
Non-current liabilities				
Obligations under finance leases	27	**15,039**	12,172	–
Borrowings	28	**29,762**	258,421	–
Convertible bonds	29	**–**	–	259,270
Deferred tax liabilities	30	**46,375**	35,140	64,445
		91,176	305,733	323,715
Net assets		**1,324,912**	1,348,339	1,286,905
Capital and reserves				
Share capital	31	**91,613**	91,572	85,884
Reserves		**1,232,949**	1,256,417	1,200,671
Equity attributable to owners of the Company		**1,324,562**	1,347,989	1,286,555
Non-controlling interests		**350**	350	350
Total equity		**1,324,912**	1,348,339	1,286,905

The consolidated financial statements on pages 58 to 133 were approved and authorised for issue by the Board of Directors on 28 June 2011 and are signed on its behalf by:

Kwok Yuk Chiu, Clement
DIRECTOR

Li Wai Hang, Christina
DIRECTOR

For the year ended 31 March 2011

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000	**Special reserve** HK$'000	**Share option reserve** HK$'000	**Capital reserve** HK$'000	**Translation reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 April 2009	85,884	337,143	(7,340)	4,592	8,531	72,410	785,335	1,286,555	350	1,286,905
Profit for the year	–	–	–	–	–	–	31,090	31,090	–	31,090
Exchange differences arising on translation	–	–	–	–	–	3,871	–	3,871	–	3,871
Share of translation reserve of associates	–	–	–	–	–	(4,384)	–	(4,384)	–	(4,384)
Disposals of subsidiaries (note 36)	–	–	–	–	–	(16,898)	–	(16,898)	–	(16,898)
Total comprehensive (expense) income for the year	–	–	–	–	–	(17,411)	31,090	13,679	–	13,679
Issue of shares upon acquisition of subsidiaries (note 35)	5,641	30,459	–	–	–	–	–	36,100	–	36,100
Deemed contribution from a shareholder upon acquisition of subsidiaries	–	–	10,240	–	–	–	–	10,240	–	10,240
Recognition of equity-settled share-based payments	–	–	–	1,265	–	–	–	1,265	–	1,265
Issue of shares upon exercise of share options	47	103	–	–	–	–	–	150	–	150
Lapse of share options	–	–	–	(941)	–	–	941	–	–	–
At 31 March 2010	91,572	367,705	2,900	4,916	8,531	54,999	817,366	1,347,989	350	1,348,339
Loss for the year	–	–	–	–	–	–	(54,963)	(54,963)	–	(54,963)
Exchange differences arising on translation	–	–	–	–	–	32,456	–	32,456	–	32,456
Share of translation reserve of associates	–	–	–	–	–	(1,798)	–	(1,798)	–	(1,798)
Total comprehensive income (expense) for the year	–	–	–	–	–	30,658	(54,963)	(24,305)	–	(24,305)
Recognition of equity-settled share-based payments	–	–	–	5,238	–	–	–	5,238	–	5,238
Issue of shares upon exercise of share options	27	123	–	–	–	–	–	150	–	150
Issue of shares upon exercise of warrants	14	56	–	–	–	–	–	70	–	70
Lapse of share options	–	–	–	(3,399)	–	–	3,399	–	–	–
Dividends recognised as distribution	–	–	–	–	–	–	(4,580)	(4,580)	–	(4,580)
At 31 March 2011	91,613	367,884	2,900	6,755	8,531	85,657	761,222	1,324,562	350	1,324,912

For the year ended 31 March 2011

Consolidated Statement of Changes in Equity

The special reserve includes (i) a debit balance of HK$7,340,000 recognised in prior years, which represented the aggregate amount of the non-voting deferred share capital of Chun Wo Construction and Engineering Company Limited and the difference between the nominal amount of the share capital issued by the Company and the aggregate nominal amount of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1993; and (ii) deemed contribution of HK$10,240,000 recognised upon the acquisition of the remaining 62% interest in Mandarin Group Limited from a director and controlling shareholder of the Company during the year ended 31 March 2010 (see note 35).

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

For the year ended 31 March 2011

Consolidated Statement of Cash Flows

	2011 **HK$'000**	2010 HK$'000
Operating activities		
(Loss) profit before tax	**(16,918)**	26,062
Adjustments for:		
Finance costs	**22,148**	22,214
Interest income	**(2,409)**	(1,641)
Share of results of associates	**(2,202)**	(34,517)
Share of results of jointly controlled entities	**(9,142)**	(2,857)
Depreciation and amortisation	**6,435**	5,330
Fair value changes on investment properties	**(51,114)**	(10,473)
Share-based payment expense	**5,238**	1,265
Fair value changes on investments held for trading	**316**	1,507
Fair value changes on embedded derivatives of convertible bonds	**–**	(1,158)
Loss (gain) on disposal of property, plant and equipment	**21,895**	(1,775)
Gain on disposals of subsidiaries	**–**	(16,898)
Operating cash flows before movements in working capital	**(25,753)**	(12,941)
Decrease in amounts due from (to) customers for contract work	**195,087**	45,585
Decrease (increase) in debtors, deposits and prepayments	**15,622**	(168,963)
(Increase) decrease in properties under development	**(81,101)**	68,983
Increase in deposits paid for properties under development	**(27,091)**	(97,487)
Decrease in properties held for sale	**53,628**	73,191
Decrease (increase) in deposits paid for properties held for sale	**10,096**	(686)
Increase in amounts due from jointly controlled entities	**(2,050)**	(6,912)
Increase in creditors, deposits and accrued charges	**6,801**	3,959
Increase in deposits received from pre-sales of properties under development	**10,868**	63,962
(Decrease) increase in amounts due to jointly controlled entities	**(16,962)**	27,702
Cash generated from (used in) operations	**139,145**	(3,607)
Income taxes paid	**(18,980)**	(6,432)
Net cash from (used in) operating activities	**120,165**	(10,039)

For the year ended 31 March 2011

Consolidated Statement of Cash Flows

	NOTES	2011 HK$'000	2010 HK$'000
Investing activities			
Dividend received from an associate		**12,000**	2,786
Proceeds from disposal of property, plant and equipment		**8,342**	6,032
Proceeds from disposal of investment properties		**5,445**	303,000
Dividends received from jointly controlled entities		**4,075**	4,995
Interest received		**2,409**	1,641
Purchase of property, plant and equipment		**(47,666)**	(69,527)
Increase in pledged bank deposits		**(114,690)**	(45,073)
Amounts advanced to associates		**(2)**	(1,281)
Cash inflow relating to acquisition of subsidiaries	35	**–**	3,263
Capital injected into a jointly controlled entity		**–**	(21)
Net cash (used in) from investing activities		**(130,087)**	205,815
Financing activities			
New trust receipt loans raised		**998,060**	603,665
Repayment of trust receipt loans		**(951,034)**	(539,910)
New bank loans raised		**518,709**	437,005
Repayment of bank loans		**(476,970)**	(407,952)
New mortgage loans raised		**–**	21,226
Repayment of mortgage loans		**(1,771)**	(442)
Repayment of principal portion of obligations under finance leases		**(9,090)**	(5,327)
Interest paid		**(38,309)**	(31,567)
Amount advanced from a shareholder		**202,384**	–
Amounts advanced from associates		**–**	3,189
Proceeds from issue of shares		**220**	150
Dividends paid		**(4,580)**	–
Repurchase of convertible bonds		**–**	(346,112)
Net cash from (used in) financing activities		**237,619**	(266,075)
Net increase (decrease) in cash and cash equivalents		**227,697**	(70,299)
Cash and cash equivalents at beginning of the year		**366,548**	435,882
Effect of foreign exchange rate changes		**11,050**	965
Cash and cash equivalents at end of the year, represented by bank balances and cash		**605,295**	366,548

For the year ended 31 March 2011

Notes to the Consolidated Financial Statements

1. General

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

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

The Company is an investment holding company. Its subsidiaries are principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work, property development, property investment and provision of security and property management services. Details of the principal subsidiaries are set out in note 44.

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

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the Group's financial year beginning 1 April 2010.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Right Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HK (IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

Except as described below, the application of the new and revised HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

HKAS 32 (Amendment) *Classification of Right Issues*

HKAS 32 (Amendment) requires that right issues, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the right issues, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. The adoption of this amendment has had no material impact on the reported results, basic and diluted loss per share and the financial position of the Group as the bonus warrants issued by the Company to its Shareholders on 9 September 2010 are denominated in the Company's functional currency.

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

Amendments to HKAS 17 *Leases*

As part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 April 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of HK$25,580,000 and HK$24,937,000 as at 1 April 2009 and 31 March 2010 respectively being reclassified to property, plant and equipment.

Summary of the effect of the changes in accounting policies

The effects of changes in accounting policies described above on the consolidated statement of financial position of the Group as at 1 April 2009 and 31 March 2010 are as follows:

	As at 1.4.2009 (originally stated)	**Adjustments**	**As at 1.4.2009 (restated)**	**As at 31.3.2010 (originally stated)**	**Adjustments**	**As at 31.3.2010 (restated)**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Property, plant and equipment	159,423	25,580	185,003	226,105	24,937	251,042
Prepaid lease payments						
– non-current	24,936	(24,936)	–	24,293	(24,293)	–
– current	644	(644)	–	644	(644)	–
Total effects on net assets	185,003	–	185,003	251,042	–	251,042

As at 31 March 2011, leasehold land that qualifies for finance lease classification with the carrying amount of HK$24,293,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss for the current and prior years.

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

Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*

Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* ("HK – Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK – Int 5 for the first time in the current year. HK – Int 5 requires retrospective application.

In order to comply with the requirements set out in HK – Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK – Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As a result, bank loans that contain a repayment on demand clause with the aggregate carrying amounts of HK$101,111,000 and HK$291,554,000 have been reclassified from non-current liabilities to current liabilities as at 1 April 2009 and 31 March 2010 respectively. As at 31 March 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with the aggregate carrying amount of HK$140,942,000 have been classified as current liabilities. The application of HK – Int 5 has had no impact on the reported profit or loss for the current and prior years.

Summary of the effect of the changes in accounting policies

The effects of changes in accounting policies described above on the consolidated statement of financial position of the Group as at 1 April 2009 and 31 March 2010 are as follows:

	As at 1.4.2009 (originally stated)	**Adjustments**	**As at 1.4.2009 (restated)**	**As at 31.3.2010 (originally stated)**	**Adjustments**	**As at 31.3.2010 (restated)**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Bank borrowings due within one year	1,010,835	101,111	1,111,946	675,900	291,554	967,454
Bank borrowings due after one year	101,111	(101,111)	–	549,975	(291,554)	258,421
Total effects on net assets	1,111,946	–	1,111,946	1,225,875	–	1,225,875

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see notes 6(b) and 28 for details).

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

The Group has not early applied the following new and revised Standards, Amendments or Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
[2] Effective for annual periods beginning on or after 1 July 2010
[3] Effective for annual periods beginning on or after 1 January 2011
[4] Effective for annual periods beginning on or after 1 July 2011
[5] Effective for annual periods beginning on or after 1 January 2012
[6] Effective for annual periods beginning on or after 1 January 2013

The amendments to HKAS 12 titled *Deferred Tax: Recovery of Underlying Assets* mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property*. As at 31 March 2011, the deferred tax arising from the revaluation of the properties amounted to HK$30,467,000. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. If the presumption is not rebutted, the Directors of the Company anticipate that the application of the amendments to HKAS 12 may decrease the deferred tax liabilities for investment properties that are measured using the fair value model for the Group and an associate. The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012, with earlier application permitted.

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

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

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors of the Company anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for financial year ending 31 March 2014. Based on the assets and liabilities of the Group as at 31 March 2011, the application of the new standard is not expected to have significant impact on amounts reported in financial statements of the Group.

The Directors of the Company anticipate that the application of the other new and revised Standards, Amendments or Interpretations will have no material impact on the consolidated financial statements.

3. Significant Accounting Policies

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

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

Basis of consolidation

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

3. Significant Accounting Policies (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

Changes in the Group's ownership interests in existing subsidiaries prior to 1 April 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

Revenue recognition

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

Where the outcome of a construction contract can be estimated reliably, revenue from a fixed price construction contract is recognised on the percentage of completion method, measured by reference to the value of work carried out during the period. Variations in contract work, claims, and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

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

Revenue from the sale of properties in the ordinary course of business is recognised upon delivery of properties to the buyers pursuant to the sales agreements and when all the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Payments received from purchasers prior to this stage are recorded as sales deposits received under current liabilities.

Service income is recognised when services are provided.

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

3. Significant Accounting Policies (continued)

Revenue recognition (continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group' consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3. Significant Accounting Policies (continued)

Jointly controlled entities

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

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity, the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a jointly controlled entity recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group's consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Jointly controlled assets

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

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

3. Significant Accounting Policies (continued)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised in the consolidated statement of comprehensive income by reference to the stage of completion of the contract activity at the end of the reporting period on the same basis as the contract revenue recognised. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably, and its receipt is considered probable.

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

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

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

Investment properties

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

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

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

3. Significant Accounting Policies (continued)

Property, plant and equipment

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

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

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account of their estimated residual values, using the reducing balance method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Leasing

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

The Group as lessor

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

3. Significant Accounting Policies (continued)

Leasing (continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as obligation under finance lease.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, except for those that are classified and accounted for as investment properties under the fair value model. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. Where the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Borrowing costs

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

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

Properties under development held for sale

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

3. Significant Accounting Policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

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

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL, of which interest income is included in net gains or losses.

Financial assets at fair value through profit or loss

The Group's financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity

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

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Convertible bonds

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

In subsequent periods, the liability component of the convertible bonds is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative component are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible bonds using the effective interest method.

Other financial liabilities

Other financial liabilities including creditors, accrued charges, amounts due to jointly controlled entities, a shareholder and associates, and borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Warrants

Warrants issued by the Company to acquire a fixed number of the Company's own equity instruments for a fixed amount of any currency are equity instruments if the Company offers the warrants pro rata to all of its existing owners of the same class of its own-derivative equity instruments. When the warrants are exercised, the portion of subscription money with the nominal value of the ordinary shares is recognised to the share capital account while any excess of the subscription money over the nominal value of ordinary shares is taken into the share premium account.

Embedded derivatives and derivatives

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

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

Financial guarantee contracts

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

3. Significant Accounting Policies (continued)

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. Significant Accounting Policies (continued)

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

From 1 April 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Retirement benefit costs

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

3. Significant Accounting Policies (continued)

Equity settled share-based payment transactions

The Group has applied HKFRS 2 *Share-based Payments* to share options granted on or after 1 April 2005. The policy below is applied to all equity-settled share-based payments that were granted after 7 November 2002 and vested after 1 April 2005.

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

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

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

In relation to share options granted before 1 April 2005, the Group chooses not to apply HKFRS 2 with respect to share options granted after 7 November 2002 and vested before 1 April 2005, the financial impact of share options granted is not recorded in the consolidated financial statements until such time as the options are exercised, and no charge is recognised in profit or loss in respect of the value of options granted. Upon the exercise of the share options, the resulting shares issued are recorded as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded as share premium. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

4. Key Sources of Estimation Uncertainty

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

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

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

4. Key Sources of Estimation Uncertainty (continued)

Construction contracts

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

Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 March 2011 at their fair value of approximately HK$370 million (2010: HK$325 million). The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets or capitalise the net rental income derived from the existing tenancies. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of comprehensive income.

Determination of net realisable value of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is the estimated selling price (based on the direct comparison method) less estimated selling expenses and estimated cost of completion (if any), which are determined based on best available information and valuation performed by independent professional valuers. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the People's Republic of China ("PRC") and United Arab Emirates ("UAE"), the loss will be recognised on the properties under development and properties held for sale in the consolidated statement of comprehensive income.

Income tax

As at 31 March 2011, a deferred tax asset (note 30) in relation to unused tax losses of HK$75,055,000 (2010: HK$44,139,000) has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised in respect of tax losses of HK$398,061,000 and HK$313,383,000 as at 31 March 2011 and 2010, respectively due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less or more than expected, a material reversal or further recognition of the deferred tax asset may arise, which would be recognised in profit or loss for the period in which such a reversal or recognition takes place.

4. Key Sources of Estimation Uncertainty (continued)

Land appreciation tax ("LAT")

The subsidiaries of the Group engaging in property development business in the PRC are subject to LAT, which have been included in the income tax expenses. However, the implementation and settlement of these taxes varies amongst various PRC cities and the Group has not finalised its LAT returns with various tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provision. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, and these differences will impact the income tax expenses and provisions for LAT in the periods in which the LAT filings are confirmed with the local tax authorities according to the prevailing tax rules.

5. Capital Risk Management

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

The capital structure of the Group consists of debt, which includes the borrowings disclosed in note 28, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and profits.

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

6. Financial Instruments

a. Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Fair value through profit or loss		
– Held for trading	**651**	967
Loans and receivables (including cash and cash equivalents)	**1,432,403**	1,095,375
Financial liabilities		
Amortised cost	**2,212,981**	1,923,121

6. Financial Instruments (continued)

b. Financial risk management objectives and policies

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

Market risk

(i) Currency risk

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

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

	2011 HK$'000	2010 HK$'000
United States Dollars	**22**	754

As Hong Kong dollars is pegged to United States dollars, the Directors of the Company consider that the foreign currency exposure is limited.

In addition, intercompany balances within the Group that form part of the Group's net investment in foreign operations, and are denominated in foreign currencies (i.e. Hong Kong Dollars) other than the functional currency of the respective entities (including Renminbi, Singapore Dollars and Thai Bahts), at the end of the reporting period amounted to HK$139,718,000 (2010: HK$180,394,000).

6. Financial Instruments (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2010: 5%) appreciation in the functional currencies of the relevant subsidiaries, Renminbi, Singapore Dollars and Thai Bahts, relative to the foreign currencies of the relevant subsidiaries, the Hong Kong dollars. There would be an equal and opposite impact where Renminbi, Singapore Dollars and Thai Bahts weaken 5% (2010: 5%) against the relevant currencies.

	Increase in other comprehensive income	
	2011 HK$'000	2010 HK$'000
Hong Kong dollars	**6,986**	9,020

(ii) Fair value and cash flow interest rate risks

The Group has significant bank borrowings (see note 28 for details), amount due to a jointly controlled entity (see note 26 for details) and bank deposits with floating interest rate which bear cash flow interest-rate risk. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Amount due to a jointly controlled entity carried at fixed rate exposes the Group to fair value interest-rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risks. The Directors consider the Group's exposure of cash flow interest rate risk on the bank deposits is not significant as most deposits bear variable interest rates which have not significantly fluctuated in recent years.

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for variable-rate bank borrowings at the end of the reporting period. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 (2010: 100) basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 (2010: 100) basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 March 2011 would increase/ decrease by approximately HK$11,021,000 (2010: post-tax profit for the year would decrease/ increase by HK$10,236,000).

Sensitivity analysis on bank deposits is not presented as the Directors consider that the Group's exposure to interest rate fluctuations on bank deposits is insignificant.

6. Financial Instruments (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(iii) Other price risk

If the prices of the respective listed equity instruments invested by the Group had been 5% (2010: 5%) higher/lower, loss for the year ended 31 March 2011 would decrease/increase by HK$33,000 (2010: profit for the year would increase/decrease by HK$48,000) as a result of the changes in fair value of held-for-trading investments.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 40. The Group's credit risk is primarily attributable to its debtors and amounts due from jointly controlled entities and associates. In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

Except for the above, the Group does not have any significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

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

With respect to credit risk arising from amounts due from jointly controlled entities and associates, the Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty has sufficient net assets to repay its debts and a good history of repayment. The Group does not expect to incur a significant loss for uncollected amounts due from these jointly controlled entities and associates.

6. Financial Instruments (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk

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

The Group relies on bank borrowings as significant sources of liquidity. Details of which are set out in note 28.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk tables

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK$'000	1–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2011 HK$'000
2011						
Creditors and accrued charges	–	540,560	86,468	–	627,028	627,028
Amount due to a shareholder	–	202,384	–	–	202,384	202,384
Amounts due to jointly controlled entities	–	17,928	–	–	17,928	17,928
Amount due to a jointly controlled entity – fixed rate	2.15	30,645	–	–	30,645	30,000
Amounts due to associates	–	15,770	–	–	15,770	15,770
Borrowings – variable rate	2.63	1,298,709	31,401	–	1,330,110	1,319,871
Obligations under finance leases	3.26	15,212	15,396	–	30,608	29,533
Financial guarantee contracts	–	480,385	–	–	480,385	–
		2,601,593	133,265	–	2,734,858	2,242,514

6. Financial Instruments (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Liquidity and interest risk tables (continued)

	Weighted average effective interest rate %	Repayable on demand or within 1 year HK$'000	1–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2010 HK$'000
2010 (restated)						
Creditors and accrued charges	–	534,991	81,740	–	616,731	616,731
Amounts due to jointly controlled entities	–	34,890	–	–	34,890	34,890
Amount due to a jointly controlled entity – fixed rate	2.15	30,269	–	–	30,269	30,000
Amounts due to associates	–	15,625	–	–	15,625	15,625
Borrowings – variable rate	3.60	968,998	266,386	–	1,235,384	1,225,875
Obligations under finance leases	2.47	8,803	12,546	–	21,349	20,434
Financial guarantee contracts	–	237,144	–	–	237,144	–
		1,830,720	360,672	–	2,191,392	1,943,555

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or within 1 year" time band in the above maturity analysis. As at 31 March 2011 and 31 March 2010, the aggregate carrying amounts of these bank borrowings amounted to HK$1,022,585,000 and HK$938,980,000 respectively. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

6. Financial Instruments (continued)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's bank borrowings with a repayment on demand clause based on the scheduled repayment dates set out in the agreement as set out in the table below:

	Repayable on demand or within 1 year HK$'000	1–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2011					
Bank borrowings with a repayment on demand clause	**911,164**	**135,659**	**10,486**	**1,057,309**	**1,022,585**
2010					
Bank borrowings with a repayment on demand clause	665,016	285,594	12,181	962,791	938,980

The amounts included above for financial guarantee contract are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

6. Financial Instruments (continued)

c. Fair value

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

- the fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis;
- the fair values of derivative instruments are determined in accordance with option pricing models based on data obtained in current market (see note 29); and
- the fair values of financial guarantee contracts are determined based on the present value of expected payments when default, where the main assumptions are the probability of default by the specific counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Other than the liability component of the convertible bonds as stated in note 29, the Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2011 Level 1 HK$'000	2010 Level 1 HK$'000
Investments held for trading	**651**	967

7. Segment Information

Revenue of the Group represents the contract revenue arising on construction contracts, revenue from sale of properties, rental and leasing income from properties and service income from security and property management services for the year.

For management purpose, the Group's business activities are categorised under the following operating segments:

1. Construction work – provision of civil engineering, electrical and mechanical engineering, foundation and building construction work
2. Property development – sale of properties
3. Property investment – leasing of properties
4. Professional services – provision of security and property management services
5. Other activities – other activities including trading of securities

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the year ended 31 March 2011

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
REVENUE						
External sales (Note)	2,364,707	430,442	8,129	199,168	–	3,002,446
Share of revenue of jointly controlled entities	1,015,048	–	–	–	–	1,015,048
Segment revenue	3,379,755	430,442	8,129	199,168	–	4,017,494
RESULT						
Operating results	(119,136)	72,824	57,800	5,089	(103)	16,474
Share of results of associates	–	2,202	–	–	–	2,202
Share of results of jointly controlled entities	9,142	–	–	–	–	9,142
Segment (loss) profit	(109,994)	75,026	57,800	5,089	(103)	27,818
Unallocated corporate expenses						(24,997)
Interest income						2,409
Finance costs						(22,148)
Loss before tax						(16,918)
Income tax expense						(38,045)
Loss for the year						(54,963)

7. Segment Information (continued)

Segment revenues and results (continued)

For the year ended 31 March 2010

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
REVENUE						
External sales (Note)	2,203,292	256,636	15,307	131,006	–	2,606,241
Share of revenue of jointly controlled entities	41,900	–	–	–	–	41,900
Segment revenue	2,245,192	256,636	15,307	131,006	–	2,648,141
RESULT						
Operating results	2,609	1,775	19,947	4,567	(1,619)	27,279
Share of results of associates	–	34,517	–	–	–	34,517
Share of results of jointly controlled entities	2,857	–	–	–	–	2,857
Segment profit (loss)	5,466	36,292	19,947	4,567	(1,619)	64,653
Unallocated corporate expenses						(19,176)
Interest income						1,641
Fair value changes on embedded derivatives of convertible bonds						1,158
Finance costs						(22,214)
Profit before tax						26,062
Income tax credit						5,028
Profit for the year						31,090

Note: The external sales represented the revenue of the Group as presented in consolidated statement of comprehensive income.

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies described in note 3 except for the segment revenue. In the current year, the share of revenue of jointly controlled entities has been included in segment revenue for the purpose of performance assessment by the chief operating decision maker. The segment revenue for the prior year has been restated to conform with the current year's presentation.

Segment result represents the gross profit (loss) generated from each segment, net of selling expenses and general and administration expenses directly attributable to each segment without allocation of interest income, fair value changes on embedded derivatives of convertible bonds and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

7. Segment Information (continued)

Segment assets and liabilities

Total segment assets and liabilities are not disclosed as they are not regularly reviewed by the chief operating decision maker.

Other segment information

2011

Amounts included in the measure to segment (loss) profit:

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
Depreciation and amortisation	**4,431**	**1,435**	**–**	**569**	**–**	**6,435**
(Gain) loss on disposal of property, plant and equipment	**(229)**	**22,122**	**–**	**2**	**–**	**21,895**

2010

Amounts included in the measure to segment profit (loss):

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
Depreciation and amortisation	3,523	1,380	–	427	–	5,330
Gain on disposal of property, plant and equipment	(1,775)	–	–	–	–	(1,775)

7. Segment Information (continued)

Geographical information

The Group operates in following principal geographical areas, including Hong Kong (country of domicile), other regions in the PRC and Others.

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets other than financial instruments.

	Revenue from external customers		Non-current assets	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000 (restated)
Hong Kong (country of domicile)	**2,349,188**	2,237,318	**644,894**	553,105
Other regions in the PRC	**568,230**	350,057	**11,690**	16,107
Others	**85,028**	18,866	**71,194**	114,251
	3,002,446	2,606,241	**727,778**	683,463

Information about major customers

Included in the revenue arising from construction work, there were two customers (2010: one) who accounted for over 10% of total revenue with revenue of HK$845,312,000 (2010: HK$654,406,000) and HK$402,326,000 (2010: nil) separately. Both customers were located in Hong Kong.

8. Finance Costs

	2011 HK$'000	2010 HK$'000
Interest on:		
Bank loans wholly repayable within five years	**36,817**	31,169
Bank loans not wholly repayable within five years	**217**	65
Finance leases	**630**	198
Amount due to a jointly controlled entity	**645**	135
Total borrowing costs	**38,309**	31,567
Less: Amount attributable to contract work	**(7,822)**	(3,993)
Amount attributable to properties under development	**(8,339)**	(5,360)
	22,148	22,214

9. Income Tax Expense (Credit)

	2011 HK$'000	2010 HK$'000
Current tax		
– Hong Kong Profits Tax		
– current year	**1,768**	18,337
– overprovision in prior year	**(4)**	(1,858)
	1,764	16,479
– Other jurisdictions		
– current year	**34**	556
– underprovision in prior year	**–**	1,072
	34	1,628
– PRC Enterprise Income Tax ("EIT")		
– current year	**18,688**	1,671
– (over)underprovision in prior years	**(2,599)**	798
	16,089	2,469
– PRC LAT	**8,923**	3,701
Deferred tax liabilities (note 30)	**11,235**	(29,305)
	38,045	(5,028)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

Under the EIT Law of PRC, withholding income tax at 10% is imposed on dividends declared in respect profits earned in the calendar year 2008 or onwards and being distributed by enterprises established in the PRC to their foreign shareholders, if there is no applicable tax treaty. Deferred tax liability of HK$366,000 (2010: HK$2,902,000) on the undistributed earnings of subsidiaries has been charged to the profit or loss for the year.

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

9. Income Tax Expense (Credit) (continued)

Details of deferred taxation are set out in note 30.

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

	2011 HK$'000	2010 HK$'000
(Loss) profit before tax	**(16,918)**	26,062
Tax at the Hong Kong Profits Tax rate of 16.5%	**(2,792)**	4,300
Tax effect of share of results of jointly controlled entities	**(1,508)**	(471)
Tax effect of share of results of associates	**(364)**	(5,695)
Tax effect of expenses not deductible for tax purposes	**22,567**	18,272
Tax effect of income not taxable for tax purposes	**(5,880)**	(8,047)
(Over)underprovision in prior years, net	**(2,603)**	12
Tax effect of tax losses for current year not recognised	**15,667**	11,676
Utilisation of tax losses previously not recognised	**(1,694)**	(1,887)
Effect of different tax rates of operations in other jurisdictions	**6,907**	717
PRC LAT	**8,923**	3,701
Tax effect of LAT	**(2,231)**	(925)
Deferred taxation on undistributed earnings of PRC subsidiaries (note 30)	**366**	2,902
Reversal of previously recognised deferred tax liabilities on disposal of an investment property	**(776)**	(29,649)
Others	**1,463**	66
Tax charge (credit) for the year	**38,045**	(5,028)

10. (Loss) Profit for the Year

	2011 HK$'000	2010 HK$'000 (restated)
(Loss) profit for the year has been arrived at after charging:		
Auditor's remuneration		
Current year	**3,416**	2,771
Underprovision in prior year	**242**	554
	3,658	3,325
Depreciation and amortisation	**32,185**	25,975
Less: Amount attributable to contract work	**(25,750)**	(20,645)
	6,435	5,330
Fair value changes on investments held for trading (included in other gains and losses)	**316**	1,507
Loss on disposal of property, plant and equipment (included in other gains and losses)	**21,895**	–
Operating lease rentals for:		
Rental properties	**9,838**	12,800
Plant and machinery	**46,525**	42,241
	56,363	55,041
Less: Amount attributable to contract work	**(50,563)**	(49,025)
	5,800	6,016
Share-based payment expense	**5,238**	1,265
Staff costs, including directors' emoluments	**693,769**	582,608
Less: Amount attributable to contract work	**(348,193)**	(311,501)
Amount attributable to properties under development	**(16,241)**	(19,775)
	329,335	251,332
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**2,056**	638
and after crediting:		
Gain on disposal of property, plant and equipment (included in other gains and losses)	**–**	1,775
Interest income	**2,409**	1,641
Net foreign exchange gains (included in other gains and losses)	**2,130**	530
Rental income from investment properties, net of direct operating expenses from investment properties that generated rental income during the year of HK$1,566,000 (2010: HK$2,009,000)	**6,563**	13,298

11. Directors' and Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the nine (2010: seven) Directors were as follows:

2011

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contribution HK$'000	Share-based payment HK$'000	Total HK$'000
Pang Kam Chun (deceased on 2 April 2010)	–	952	–	390	1,342
Pang Yat Ting, Dominic	–	2,986	12	238	3,236
Pang Yat Bond, Derrick	–	3,105	12	225	3,342
Kwok Yuk Chiu, Clement	–	2,902	12	378	3,292
Li Wai Hang, Christina	–	1,723	12	134	1,869
Au Son Yiu	205	–	–	41	246
Chan Chiu Ying, Alec	205	–	–	41	246
Hui Chiu Chung, Stephen	205	–	–	41	246
Lee Shing See	205	–	–	41	246
	820	11,668	48	1,529	14,065

2010

		Other emoluments			
	Fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contribution HK$'000	Share-based payment HK$'000	Total HK$'000
Pang Kam Chun	–	4,825	58	90	4,973
Kwok Yuk Chiu, Clement	–	2,860	54	87	3,001
Li Wai Hang, Christina	–	1,470	30	31	1,531
Au Son Yiu	200	–	–	10	210
Chan Chiu Ying, Alec	200	–	–	10	210
Hui Chiu Chung, Stephen	200	–	–	10	210
Lee Shing See	200	–	–	10	210
	800	9,155	142	248	10,345

11. Directors' and Employees' Emoluments (continued)

(b) Employees' emoluments

During the year, the five highest paid individuals included three (2010: two) Directors, details of whose emoluments are included above. The emoluments of the remaining two (2010: three) individuals are as follows:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	**4,846**	6,310
Retirement benefit scheme contributions	**17**	104
Share-based payment	**308**	146
	5,171	6,560

The employees' emoluments were within the following bands:

	Number of employees	
	2011	2010
HK$1,500,001 to HK$2,000,000	**–**	1
HK$2,000,001 to HK$2,500,000	**–**	2
HK$2,500,001 to HK$3,000,000	**2**	–

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

12. Dividends

	2011 HK$'000	2010 HK$'000
Final dividend recognised as distribution during the year in respect of 2010 of HK0.5 cent per share	**4,580**	–

The Directors did not recommend the payment of a final dividend for the year ended 31 March 2011.

13. (Loss) Earnings Per Share

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

	2011 **HK$'000**	2010 HK$'000
(Loss) earnings		
(Loss) earnings for the purpose of basic (loss) earnings per share	**(54,963)**	31,090
Effect of dilutive potential ordinary shares:		
– Fair value changes on embedded derivatives of convertible bonds	**N/A**	(1,158)
Earnings for the purpose of diluted earnings per share	**N/A**	29,932

	2011	2010
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**916,024,227**	859,074,989
Effect of dilutive potential ordinary shares:		
– convertible bonds	**N/A**	34,454,683
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**N/A**	893,529,672

No diluted loss per share for the year ended 31 March 2011 is presented as the exercise of the warrants and share options would result in a reduction in loss per share for the year ended 31 March 2011.

14. Property, Plant and Equipment

	Leasehold land and buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Furniture, fixtures and equipment HK$'000	Construction in progress HK$'000	Total HK$'000
COST						
At 1 April 2009						
As originally stated	33,595	429,724	47,922	42,042	27,000	580,283
– Effect of changes in accounting policies	32,177	–	–	–	–	32,177
– As restated	65,772	429,724	47,922	42,042	27,000	612,460
Exchange adjustment	–	1,505	8	24	29	1,566
Additions	30,380	46,377	2,500	1,415	14,070	94,742
Acquired on acquisition of subsidiaries	–	–	–	41	–	41
Disposals	–	(23,639)	(3,512)	(1,282)	–	(28,433)
At 31 March 2010 (restated)	96,152	453,967	46,918	42,240	41,099	680,376
Exchange adjustment	–	2,089	83	259	81	2,512
Additions	–	57,993	4,997	1,341	1,524	65,855
Transfer	–	282	–	14,093	(14,375)	–
Disposals	–	(15,982)	(5,019)	(735)	(28,329)	(50,065)
At 31 March 2011	96,152	498,349	46,979	57,198	–	698,678
DEPRECIATION AND AMORTISATION						
At 1 April 2009						
As originally stated	13,161	341,178	37,214	29,307	–	420,860
– Effect of changes in accounting policies	6,597	–	–	–	–	6,597
– As restated	19,758	341,178	37,214	29,307	–	427,457
Exchange adjustment	–	62	4	12	–	78
Provided for the year	1,884	18,395	2,981	2,715	–	25,975
Eliminated on disposals	–	(20,903)	(2,653)	(620)	–	(24,176)
At 31 March 2010 (restated)	21,642	338,732	37,546	31,414	–	429,334
Exchange adjustment	–	533	58	179	–	770
Provided for the year	2,633	24,331	2,878	2,343	–	32,185
Eliminated on disposals	–	(14,433)	(4,787)	(608)	–	(19,828)
At 31 March 2011	24,275	349,163	35,695	33,328	–	442,461
CARRYING VALUES						
At 31 March 2011	71,877	149,186	11,284	23,870	–	256,217
At 31 March 2010 (restated)	74,510	115,235	9,372	10,826	41,099	251,042
At 1 April 2009 (restated)	46,014	88,546	10,708	12,735	27,000	185,003

14. Property, Plant and Equipment (continued)

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

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

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

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

The carrying value of leasehold land and buildings under medium-term leases held by the Group at the end of the reporting period:

	31.03.2011 HK$'000	31.03.2010 HK$'000 (restated)	01.04.2009 HK$'000 (restated)
Properties in Hong Kong	**67,816**	70,289	41,634
Properties located elsewhere in the PRC	**4,061**	4,221	4,380
	71,877	74,510	46,014

The carrying value of the Group's property, plant and equipment includes an amount of HK$23,430,000 (2010: HK$19,820,000) and HK$1,212,000 (2010: HK$1,022,000) in respect of plant and machinery and motor vehicles held under finance leases respectively.

15. Investment Properties

	2011 HK$'000	2010 HK$'000
FAIR VALUE		
At beginning of the year	**324,524**	617,051
Disposals	**(5,445)**	(303,000)
Increase in fair value recognised in profit or loss	**51,114**	10,473
At end of the year	**370,193**	324,524

The fair values of the Group's investment properties at 31 March 2011 and 2010 have been arrived at on the basis of valuations carried out on that date by Centaline Surveyors Limited, Jones Lang LaSalle Sallmanns Limited, RHL Appraisal Limited and Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected with the Group. All of these valuers are members of the Hong Kong Institute of Surveyors. The valuations were arrived at with adoption of the direct comparison approach by making reference to comparable sales transactions as available in the relevant markets or, by capitalising the net rental income derived from the existing tenancies with due allowance for reversionary incoming potential of the respective properties.

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

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

	2011 HK$'000	2010 HK$'000
Hong Kong	**365,000**	315,000
Other regions in the PRC	**5,193**	9,524
	370,193	324,524

Included in investment properties in Hong Kong with a total carrying value of HK$42,000,000 (2010: HK$40,000,000) are co-owned with a venturer. The carrying value represents the Group's proportionate share in the valuation of the relevant properties. Details of which are set out in note 17.

16. Interests in Associates

	2011 HK$'000	2010 HK$'000
Cost of unlisted investments in associates	**42,783**	42,783
Share of post-acquisition profits and other comprehensive income, net of dividend received	**15,751**	27,347
	58,534	70,130

As set out in note 35, the Group acquired additional interests in two associates which then become subsidiaries of the Group during the year ended 31 March 2010.

Particulars of the Group's principal associates as at 31 March 2011 and 2010 are set out in note 45.

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

	2011 HK$'000	2010 HK$'000
Total assets	**708,740**	780,905
Total liabilities	**(429,521)**	(443,004)
Net assets	**279,219**	337,901
Group's share of net assets of associates	**58,534**	70,130

	2011 HK$'000	2010 HK$'000
Revenue	**11,825**	30,790
Profit for the year	**19,958**	188,305
Other comprehensive income	**(19,544)**	(21,920)
Group's share of profits and other comprehensive income of associates for the year	**404**	30,133

17. Interests in Jointly Controlled Entities

Jointly controlled entities

	2011 HK$'000	2010 HK$'000
Cost of unlisted investment in jointly controlled entities	**8,928**	8,928
Share of post-acquisition profits net of dividend received	**33,906**	28,839
	42,834	37,767

Particulars of the Group's principal jointly controlled entities as at 31 March 2011 and 2010 are set out in note 46.

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

	2011 HK$'000	2010 HK$'000
Current assets	**308,743**	159,091
Non-current assets	**4,459**	4,962
Current liabilities	**(270,363)**	(126,281)
Non-current liabilities	**(5)**	(5)
	42,834	37,767
Income recognised in profit or loss	**1,015,544**	45,533
Expenses recognised in profit or loss	**1,004,346**	42,661

Jointly controlled assets

Investment properties include the Group's share of interest in jointly controlled assets with a carrying value of HK$42,000,000 (2010: HK$40,000,000). The Group's share of net income in relation to the jointly controlled assets amounted to HK$1,628,000 (2010 HK$1,217,000).

18. Amounts Due from Associates

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

19. Amounts Due from (to) Customers for Contract Work

	2011 HK$'000	2010 HK$'000
Contracts in progress at the end of the reporting period		
Costs incurred to date plus recognised profits less recognised losses	**11,585,014**	13,800,510
Less: progress billings	**(11,286,818)**	(13,340,918)
	298,196	459,592
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**401,101**	621,375
Amounts due to customers for contract work	**(102,905)**	(161,783)
	298,196	459,592

20. Debtors, Deposits and Prepayments

	2011 HK$'000	2010 HK$'000
Debtors	**255,818**	271,701
Less: allowance for doubtful debts	**(534)**	(534)
	255,284	271,167
Retention receivables	**212,137**	191,174
Prepayments, deposits and other receivables	**88,138**	105,382
	555,559	567,723

Retention receivable is analysed as follows:

	2011 HK$'000	2010 HK$'000
Due within one year	**1,643**	2,034
Due after one year	**210,494**	189,140
	212,137	191,174

20. Debtors, Deposits and Prepayments (continued)

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

Interim applications for progress payments on construction contracts are normally submitted on a monthly basis and are settled within one month. The ageing analysis of debtors of HK$255,284,000 (2010: HK$271,167,000), which are included in the Group's debtors, deposits and prepayments, is as follows:

	2011 HK$'000	2010 HK$'000
Not yet due	**184,127**	205,919
Amounts past due but not impaired:		
1–30 days	**67,628**	61,537
31–90 days	**1,938**	2,960
91–180 days	**1,232**	166
Over 180 days	**359**	585
	255,284	271,167

Included in the Group's debtors balance are debtors with a carrying amount of HK$71,157,000 (2010: HK$65,248,000) which are past due as at the reporting date for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Movement in the allowance for doubtful debts:

	2011 HK$'000	2010 HK$'000
Balance at beginning and end of the year	**534**	534

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

21. Properties Under Development

Included in the amount are properties under development of HK$372,687,000 (2010: HK$71,901,000) expected to be completed after the next twelve months from the end of the reporting period.

22. Investments Held for Trading

	2011 HK$'000	2010 HK$'000
Investment held for trading:		
Equity securities listed in elsewhere stated at fair values	**651**	967

23. Amounts Due from Associates/Jointly Controlled Entities

The amounts due from jointly controlled entities are unsecured, interest-free and repayable on demand except HK$12,198,000 (2010: HK$294,000) which is trade-related.

The ageing analysis of amounts due from jointly controlled entities that are trade-related is as follows:

	2011 HK$'000	2010 HK$'000
Not yet due	**11,528**	188
Amounts past due but not impaired:		
1–30 days	**95**	106
31–90 days	**548**	–
91–180 days	**27**	–
	12,198	294

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

24. Pledged Bank Deposits and Bank Balances

The pledged deposits have been placed in designated banks as part of the security provided for general banking facilities granted to the Group. The bank deposits carry interest at an average rate of 0.24% (2010: 0.12%) per annum.

Bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at an average rate of 0.48% (2010: 0.40%) per annum.

25. Creditors, Deposits and Accrued Charges

The ageing analysis of trade payables of HK$246,771,000 (2010: HK$269,556,000), which are included in the Group's creditors, deposits and accrued charges, is as follows:

	2011 **HK$'000**	2010 HK$'000
Not yet due	**190,581**	183,389
1–30 days	**42,713**	71,284
31–90 days	**8,772**	7,217
91–180 days	**893**	2,525
Over 180 days	**3,812**	5,141
	246,771	269,556

Included in the amount of creditors, deposits and accrued charges are retention payables to sub-contractors of HK$86,468,000 (2010: HK$81,740,000).

26. Amounts Due to a Shareholder/Associates/Jointly Controlled Entities

The amounts are unsecured, interest-free and repayable on demand except for an advance from a jointly controlled entity of HK$30,000,000 (2010: HK$30,000,000) which carries interest at 2.15% (2010: 2.15%) per annum and repayable within 3 months.

For the year ended 31 March 2011

27. Obligations Under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Amounts payable under finance leases				
Within one year	**15,212**	8,803	**14,494**	8,262
In more than one year but not more than two years	**10,148**	8,803	**9,857**	8,488
In more than two years but not more than five years	**5,248**	3,743	**5,182**	3,684
	30,608	21,349	**29,533**	20,434
Less: Future finance charges	**(1,075)**	(915)	**–**	–
Present value of lease obligations	**29,533**	20,434	**29,533**	20,434
Less: Amount due for settlement with 12 months (shown under current liabilities)			**(14,494)**	(8,262)
Amount due for settlement after 12 months			**15,039**	12,172

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

It is the Group's policy to lease certain of its plant and machinery and motor vehicles under finance leases. The average lease terms range from two to three years (2010: range from two to three years). The effective borrowing rates underlying all obligations under finance leases are fixed at respective contract rates range from 2.6% to 3.6% (2010: 2.2% to 2.7%) per annum. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

28. Borrowings

	31.03.2011 HK$'000	31.03.2010 HK$'000 (restated)	01.04.2009 HK$'000 (restated)
Borrowings comprise:			
Trust receipt loans (note a)	**235,198**	188,172	124,417
Bank loans (note b)	**1,065,660**	1,016,919	987,529
Mortgage loans (note c)	**19,013**	20,784	–
	1,319,871	1,225,875	1,111,946
Analysed as:			
Secured	**634,465**	553,679	446,828
Unsecured	**685,406**	672,196	665,118
	1,319,871	1,225,875	1,111,946
Carrying amount repayable (Note)			
Within one year	**267,524**	28,474	249,050
More than one year, but not exceeding two years	**29,762**	229,947	–
More than two years, but not exceeding five years	**–**	28,474	–
Over five years	**–**	–	–
	297,286	286,895	249,050
Carrying amount of bank loans that contain a repayment on demand clause			
– repayable within one year	**881,643**	647,426	761,785
– repayable after one year (shown under current liabilities)	**140,942**	291,554	101,111
	1,319,871	1,225,875	1,111,946
Amounts repayable within one year shown under current liabilities	**(1,290,109)**	(967,454)	(1,111,946)
Amounts due after one year	**29,762**	258,421	–

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

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

28. Borrowings (continued)

Notes:

(a) The trust receipt loans are unsecured and carry interest at floating rates ranging from Hong Kong Interbank Offered Rates ("HIBOR") plus 1.5% to HIBOR plus 2.6% (2010: HIBOR plus 1.5% to HIBOR plus 2.6%).

(b) Bank loans of HK$924,588,000 (2010: HK$862,136,000) are denominated in Hong Kong dollars carrying interest at floating rates with average interest rates ranging from HIBOR plus 1% to HIBOR plus 4% (2010: HIBOR plus 1.5% to HIBOR plus 4%). The remaining borrowings are denominated in Renminbi carrying interest at floating rates with average interest rates ranging from benchmark interest rate from the People's Bank of China ("Benchmark Rate") to Benchmark Rate with 20% mark-up or Benchmark Rate plus 1.5% per annum, whichever is higher (2010: Benchmark Rate with 20% mark-up or Benchmark Rate plus 1.5% per annum, whichever is higher). The balance comprised secured bank loans and unsecured bank loans of HK$615,452,000 (2010: HK$532,895,000) and HK$450,208,000 (2010: HK$484,024,000), respectively.

(c) Mortgage loans are secured and carry interest at floating rates of Hong Kong Dollars Prime Rate ("Prime") minus 2.25% or HIBOR plus 0.925% (2010: Prime minus 2.25% or HIBOR plus 0.925%).

29. Convertible Bonds

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

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

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

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

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

29. Convertible Bonds (continued)

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

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

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

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

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

During the year ended 31 March 2010, the Company repurchased the convertible bonds from the holders of the convertible bonds at a total consideration of $346,112,000 (net with interest charge).

29. Convertible Bonds (continued)

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

	2010	
	Liability HK$'000	Embedded derivatives HK$'000
At beginning of the year	259,270	88,000
Gain arising on changes of fair value	–	(1,158)
Repurchase during the year	(259,270)	(86,842)
At end of the year	–	–

The fair values of the redemption option and the conversion option derivatives of the convertible bonds at the end of the reporting periods were calculated using Binomial model.

Notes:

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

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

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

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

30. Deferred Tax Liabilities

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

	Accelerated tax depreciation HK$'000	Tax losses HK$'000	Other temporary differences HK$'000 (note)	Fair value gain of investment properties HK$'000	Undistributed earnings of subsidiaries HK$'000	Total HK$'000
At 1 April 2009	(24,164)	2,066	4,559	(45,472)	(1,434)	(64,445)
Credit (charge) to profit or loss	(3,069)	5,217	2,179	(1,769)	(2,902)	(344)
Reversal of previously recognised deferred tax liabilities on disposal of investment properties	4,954	–	–	24,695	–	29,649
At 31 March 2010	(22,279)	7,283	6,738	(22,546)	(4,336)	(35,140)
Credit (charge) to profit or loss	(6,042)	5,101	(2,007)	(8,697)	(366)	(12,011)
Reversal of previously recognised deferred tax liabilities on disposal of investment properties	–	–	–	776	–	776
At 31 March 2011	(28,321)	12,384	4,731	(30,467)	(4,702)	(46,375)

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

At the end of the reporting period, the Group has unused tax losses of HK$473,116,000 (2010: HK$357,522,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$75,055,000 (2010: HK$44,139,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$398,061,000 (2010: HK$313,383,000) losses due to the unpredictability of future profit streams. Tax losses may be carried forward indefinity.

31. Share Capital of the Company

	Number of shares		Amount	
	2011	2010	**2011 HK$'000**	2010 HK$'000
Ordinary shares of HK$0.1 each				
Authorised:				
At beginning and at end of the year	**1,500,000,000**	1,500,000,000	**150,000**	150,000
Issued and fully paid:				
At beginning of the year	**915,718,274**	858,840,328	**91,572**	85,884
Exercise of warrants	**141,533**	–	**14**	–
Exercise of share options	**272,724**	471,696	**27**	47
Acquisition of subsidiaries (note 35)	**–**	56,406,250	**–**	5,641
At end of the year	**916,132,531**	915,718,274	**91,613**	91,572

Details of the exercise of warrants and share options during the years ended 31 March 2010 and 2011 are set out in notes 32 and 33 respectively.

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

32. Warrants

Pursuant to an ordinary resolution passed at a board of directors meeting of the Company held on 16 July 2010, a bonus issue of warrants (the "Warrants") on the basis of three warrants for every sixteen shares of HK$0.1 each held by Shareholders on the register of members of the Company as at 3 September 2010 was approved. A total of 171,748,312 units of the Warrants with an aggregate subscription amount of HK$85,874,156 were issued on 9 September 2010. Each of the Warrants confers rights to the registered holder to subscribe for one new share of the Company in cash at an initial subscription price of HK$0.5 per share, subject to anti-dilutive adjustment, at any time from the date of issue up to and including 12 September 2013.

During the year ended 31 March 2011, 141,533 new shares of the Company of HK$0.1 each were issued upon the exercise of the Warrants. At 31 March 2011, the Company had 171,606,779 outstanding Warrants. Exercise in full of such outstanding Warrants would result in the issue of 171,606,779 additional shares.

33. Share Option Schemes

(a) Chun Wo Scheme

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

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

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

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

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

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

(b) having an aggregate value, based on the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the relevant date of grant, in excess of HK$5 million,

such further grant of options must be approved by the Shareholders.

33. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

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

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

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

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

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

Details of the movements in share options are as follows:

For the year ended 31 March 2011

				Number of share options					
Eligible participants	Date of grant	Exercise price per option HK$	Exercisable period	Outstanding at 1/4/2010	Transferred from other category during the year	Transferred to other category during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/3/2011
Directors	13/8/2004	0.904	21/8/2004 to 12/8/2014	**4,058,000**	**6,326,000**	**(732,000)**	**–**	**–**	**9,652,000**
	2/4/2007	1.010	10/4/2007 to 1/4/2017	**1,494,000**	**–**	**(747,000)**	**–**	**–**	**747,000**
	2/5/2007	1.010	2/5/2007 to 1/5/2010	**–**	**3,736,000**	**–**	**–**	**(3,736,000)**	**–**
	15/1/2010	0.650	15/1/2011 to 14/1/2014	**2,289,600**	**990,000**	**(834,600)**	**–**	**–**	**2,445,000**
	15/1/2010	0.650	15/1/2012 to 14/1/2014	**2,289,600**	**990,000**	**(834,600)**	**–**	**–**	**2,445,000**
	15/1/2010	0.650	15/1/2013 to 14/1/2014	**3,052,800**	**1,320,000**	**(1,112,800)**	**–**	**–**	**3,260,000**
Employees	13/8/2004	0.904	21/8/2004 to 12/8/2014	**6,326,000**	**–**	**(6,326,000)**	**–**	**–**	**–**
	2/5/2007	1.010	2/5/2007 to 1/5/2010	**5,104,000**	**–**	**(5,104,000)**	**–**	**–**	**–**
	15/1/2010	0.650	15/1/2011 to 14/1/2014	**8,641,200**	**–**	**(1,365,000)**	**–**	**(555,600)**	**6,720,600**
	15/1/2010	0.650	15/1/2012 to 14/1/2014	**8,641,200**	**–**	**(1,365,000)**	**–**	**(555,600)**	**6,720,600**
	15/1/2010	0.650	15/1/2013 to 14/1/2014	**11,521,600**	**–**	**(1,820,000)**	**–**	**(740,800)**	**8,960,800**
Consultants	2/5/2007	1.010	2/5/2007 to 1/5/2010	**1,868,000**	**1,368,000**	**–**	**–**	**(3,236,000)**	**–**
	25/5/2007	1.420	25/5/2007 to 24/5/2010	**3,737,000**	**–**	**–**	**–**	**(3,737,000)**	**–**
	31/7/2007	2.396	31/1/2008 to 30/7/2010	**62,604**	**–**	**–**	**–**	**(62,604)**	**–**
	8/8/2007	2.010	25/9/2007 to 24/5/2010	**3,737,000**	**–**	**–**	**–**	**(3,737,000)**	**–**
	31/1/2008	0.968	31/7/2008 to 30/1/2011	**154,956**	**–**	**–**	**–**	**(154,956)**	**–**
	31/7/2008	0.684	31/1/2009 to 30/7/2011	**219,294**	**–**	**–**	**–**	**–**	**219,294**
	31/7/2009	0.550	31/1/2010 to 30/7/2012	**272,724**	**–**	**–**	**(272,724)**	**–**	**–**
	15/1/2010	0.650	15/1/2011 to 14/1/2014	**396,600**	**375,000**	**–**	**–**	**–**	**771,600**
	15/1/2010	0.650	15/1/2012 to 14/1/2014	**396,600**	**375,000**	**–**	**–**	**–**	**771,600**
	15/1/2010	0.650	15/1/2013 to 14/1/2014	**528,800**	**500,000**	**–**	**–**	**–**	**1,028,800**
	22/3/2010	0.660	22/3/2010 to 21/3/2013	**75,757**	**–**	**–**	**–**	**–**	**75,757**
Other (Note 1)	13/8/2004	0.904	21/8/2004 to 12/8/2014	**732,000**	**732,000**	**–**	**–**	**–**	**1,464,000**
	2/4/2007	1.010	10/4/2007 to 1/4/2017	**–**	**747,000**	**–**	**–**	**–**	**747,000**
	15/1//2010	0.650	15/1/2011 to 14/1/2014	**–**	**834,600**	**–**	**–**	**–**	**834,600**
	15/1//2010	0.650	15/1/2012 to 14/1/2014	**–**	**834,600**	**–**	**–**	**–**	**834,600**
	15/1//2010	0.650	15/1/2013 to 14/1/2014	**–**	**1,112,800**	**–**	**–**	**–**	**1,112,800**
				65,599,335	**20,241,000**	**(20,241,000)**	**(272,724)**	**(16,515,560)**	**48,811,051**
Number of options exercisable at the end of the reporting period									**23,676,851**
Weighted average exercise price				**0.863**	**0.843**	**0.843**	**0.550**	**1.294**	**0.719**

33. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

For the year ended 31 March 2010

				Number of share options				
Eligible participants	Date of grant	Exercise price per option HK$	Exercisable period	Outstanding at 1/4/2009	Granted during the year	Exercised during the year	Lapsed during the year	Outstanding at 31/3/2010
Directors	13/8/2004	0.904	21/8/2004 to 12/8/2014	4,058,000	–	–	–	4,058,000
	2/4/2007	1.010	10/4/2007 to 1/4/2017	1,494,000	–	–	–	1,494,000
	15/1/2010	0.650	15/1/2011 to 14/1/2014	–	2,289,600	–	–	2,289,600
	15/1/2010	0.650	15/1/2012 to 14/1/2014	–	2,289,600	–	–	2,289,600
	15/1/2010	0.650	15/1/2013 to 14/1/2014	–	3,052,800	–	–	3,052,800
Employees	13/8/2004	0.904	21/8/2004 to 12/8/2014	6,326,000	–	–	–	6,326,000
	3/9/2004	0.950	4/10/2004 to 30/9/2009	698,000	–	–	(698,000)	–
	2/5/2007	1.010	2/5/2007 to 1/5/2010	5,104,000	–	–	–	5,104,000
	15/1/2010	0.650	15/1/2011 to 14/1/2014	–	8,641,200	–	–	8,641,200
	15/1/2010	0.650	15/1/2012 to 14/1/2014	–	8,641,200	–	–	8,641,200
	15/1/2010	0.650	15/1/2013 to 14/1/2014	–	11,521,600	–	–	11,521,600
Consultants	3/9/2004	0.950	4/10/2004 to 30/9/2009	400,000	–	–	(400,000)	–
	2/5/2007	1.010	2/5/2007 to 1/5/2010	1,868,000	–	–	–	1,868,000
	25/5/2007	1.420	25/5/2007 to 24/5/2010	3,737,000	–	–	–	3,737,000
	31/7/2007	2.396	31/1/2008 to 30/7/2010	62,604	–	–	–	62,604
	8/8/2007	2.010	25/9/2007 to 24/5/2010	3,737,000	–	–	–	3,737,000
	31/1/2008	0.968	31/7/2008 to 30/1/2011	154,956	–	–	–	154,956
	31/7/2008	0.684	31/1/2009 to 30/7/2011	219,294	–	–	–	219,294
	2/2/2009	0.318	2/8/2009 to 1/2/2012	471,696	–	(471,696)	–	–
	31/7/2009	0.550	31/1/2010 to 30/7/2012	–	272,724	–	–	272,724
	15/1/2010	0.650	15/1/2011 to 14/1/2014	–	396,600	–	–	396,600
	15/1/2010	0.650	15/1/2012 to 14/1/2014	–	396,600	–	–	396,600
	15/1/2010	0.650	15/1/2013 to 14/1/2014	–	528,800	–	–	528,800
	22/3/2010	0.660	22/3/2010 to 21/3/2013	–	75,757	–	–	75,757
Other (Note 1)	13/8/2004	0.904	21/8/2004 to 12/8/2014	732,000	–	–	–	732,000
				29,062,550	38,106,481	(471,696)	(1,098,000)	65,599,335
Number of options exercisable at the end of the reporting period								27,841,335
Weighted average exercise price				1.138	0.649	0.318	0.950	0.863

33. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

Notes:

1. These outstanding share options were held by a former Independent Non-executive Director and a deceased Director. The Board has approved that these outstanding share options can be exercised on or before 14 January 2014, 12 August 2014 and 1 April 2017.

2. All options referred to in the above tables are not subject to any vesting period save as the options granted on 31 July 2007, 8 August 2007, 31 January 2008, 31 July 2008, 2 February 2009, 31 July 2009 and 15 January 2010, the vesting dates are 31 January 2008, 25 September 2007, 31 July 2008, 31 January 2009, 2 August 2009, 31 January 2010, 15 January 2011, 15 January 2012 and 15 January 2013 respectively.

3. In respect of the share options exercised during the year ended 31 March 2011, the weighted average share price at the date of exercise was HK$0.77 (2010: HK$0.63).

4. No share options were granted or cancelled during the year ended 31 March 2011.

During the year ended 31 March 2010, 38,106,481 share options were granted under the Chun Wo Scheme to the eligible directors and employees of the Group and consultants. The fair value of the options determined at the date of grant using the Black-Scholes option pricing model ranged from HK$0.188 to HK$0.282. The total fair value of the share options granted amounting to HK$5,238,000 (2010: HK$1,265,000) was recognised for the year ended 31 March 2011.

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

Date of grant of the share option	Expected life of share option	Expected volatility of share prices	Expected dividend yield
31 July 2009	1.75 years	66.53%	0.00%
15 January 2010	2.50 years	65.81%	0.00%
15 January 2010	3.00 years	63.95%	0.00%
15 January 2010	3.50 years	60.41%	0.00%
22 March 2010	1.71 years	62.93%	0.00%

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

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

As at 31 March 2011, the total number of shares in respect of which share options had been granted and remained outstanding under the Chun Wo Scheme was 48,811,051 (2010: 65,599,335) representing 5.33% (2010: 7.16%) of the shares of the Company in issue as at 31 March 2011.

33. Share Option Schemes (continued)

(b) Foundations Scheme

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

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

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

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

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

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

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

such further grant of options must be approved by the shareholders of CWF and, for so long as CWF remains a subsidiary of the Company, the shareholders of the Company.

33. Share Option Schemes (continued)

(b) Foundations Scheme (continued)

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

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

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

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

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

34. Retirement Benefit Schemes

Hong Kong

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

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

During the year, the Group made retirement benefit scheme contributions of HK$21,094,000 (2010: HK$20,148,000) after forfeited contributions utilised of HK$3,174,000 (2010: HK$1,414,000).

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

PRC

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

Contributions paid or payable for these retirement benefits schemes for the year are HK$1,754,000 (2010: 1,235,000).

35. Acquisition of Assets and Liabilities Through Acquisition of Subsidiaries

On 5 February 2010, Chun Wo China Construction Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Pacific Group Limited, a company wholly-owned by Mr. Pang Kam Chun, a director and controlling shareholder of the Company, for acquisition of the remaining 62% of the issued share capital of Mandarin Group Limited and its subsidiary (collectively referred to as the "Mandarin Group"); and the shareholder's loan of HK$5,145,732 due and owing by Mandarin Group Limited to Pacific Group Limited at a total consideration of HK$36,100,000. Since these companies are principally engaged in the property development, the acquisitions were therefore regarded as acquisition of assets and liabilities. The consideration was satisfied by the issue of 56,406,250 ordinary shares at an issue price of HK$0.64 upon completion. Upon the completion on 16 March 2010, Mandarin Group Limited became a wholly-owned subsidiary of the Company.

The net assets of the Mandarin Group at the date of acquisition were as follows:

	Carrying amount and fair value HK$'000
Net assets acquired:	
Property, plant and equipment	41
Properties under development	80,600
Other receivables and prepayments	859
Bank balances and cash	3,263
Other payables and accrued expenses	(14,230)
Amounts due to the Company's subsidiaries	(4,347)
Net assets of the Mandarin Group	66,186
Less: Interests in associates	(19,846)
Less: Deemed contribution from a shareholder upon acquisition of subsidiaries	(10,240)
	36,100
Consideration satisfied by:	
Shares issued	36,100
Cash inflow arising on acquisition:	
Bank balances and cash acquired	3,263

36. Disposals of Subsidiaries

During the year ended 31 March 2010, the Group disposed of its wholly-owned subsidiaries, which were established in the PRC and engaged in property development, at a cash consideration of HK$84,515,000 to an independent third party. The disposal was considered as disposal of assets-based subsidiaries as its subsidiaries owned properties interest. Upon the sale of these subsidiaries, the corresponding consideration for and the carrying amounts of the underlying properties interest were recorded as revenue and cost of sales respectively. Translation reserve relating to the relevant subsidiaries of HK$16,898,000 was released to profit or loss for the year.

37. Major Non-Cash Transactions

During the year, the Group entered into finance lease arrangements in respect of plant and machinery and motor vehicle with a total capital value at the inception of the leases of HK$18,189,000 (2010: HK$25,215,000).

As disclosed in note 35, the Group has acquired assets and liabilities through acquisition of subsidiaries by issuing the Company's ordinary shares during the year ended 31 March 2010. The net cash inflow of the transaction was HK$3,263,000.

38. Capital Commitments

	2011 **HK$'000**	2010 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**98**	3,610

39. Operating Lease Arrangements

The Group as lessee:

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

	2011 **HK$'000**	2010 HK$'000
Within one year	**4,667**	4,131
In the second to fifth year inclusive	**3,232**	1,055
	7,899	5,186

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

39. Operating Lease Arrangements (continued)

The Group as lessor:

Property rental income earned during the year was HK$8,129,000 (HK$15,307,000). The properties held have committed tenants for an average term of two years. In addition to the minimum lease payments, the Group is entitled to receive contingent rent based on a fixed percentage of turnover of the tenants in excess of the minimum lease payments as stated in the relevant rental agreements.

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

	2011 HK$'000	2010 HK$'000
Within one year	**6,385**	5,367
In the second to fifth year inclusive	**2,668**	3,622
	9,053	8,989

40. Contingent Liabilities and Performance Guarantee

	2011 HK$'000	2010 HK$'000
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by:		
– subsidiaries	**276,588**	352,909
– jointly controlled entities	**–**	5,850
	276,588	358,759
Extent of guarantee issued to financial institutions to secure credit facilities granted to:		
– an associate	**40,000**	40,000
– jointly controlled entities	**164,500**	–
	204,500	40,000
Extent of guarantee provided for a property development project to banks which granted facilities to purchasers of the Group's properties held for sale and pre-sale properties	**275,885**	197,144

In the opinion of the Directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote. Accordingly, no value has been recognised in the consolidated statement of financial position.

41. Pledge of Assets

At the end of the reporting period, the following assets were pledged by the Group to secure banking facilities granted to the Group:

	2011 HK$'000	2010 HK$'000
Investment properties	**365,000**	315,000
Property, plant and equipment	**68,147**	38,717
Properties under development	**39,792**	152,603
Properties held for sale	**3,559**	–
Bank deposits	**183,228**	67,566
	659,726	573,886

In addition, the Group has pledged its entire equity interest in one of its wholly-owned subsidiaries to secure the banking facilities granted to the Group as at the end of the reporting period.

42. Related Party Transactions

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

	Associates		Jointly controlled entities	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Transactions during the year:				
Contract revenue recognised	**–**	–	**152,753**	45,282
Project management fee received	**–**	–	**17,652**	293
Security guard services income received	**–**	–	**621**	479
Interest expense	**–**	–	**645**	135
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by related parties	**–**	–	**–**	5,850
Extent of guarantee issued to financial institutions to secure credit facilities granted	**40,000**	40,000	**164,500**	–

42. Related Party Transactions (continued)

(ii) On 5 February 2010, Chun Wo China Construction Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Pacific Group Limited, a company wholly-owned by Mr. Pang Kam Chun, a director and controlling shareholder of the Company, to acquire remaining 62% of the issued share capital of Mandarin Group Limited and its subsidiary; and the shareholder's loan of HK$5,145,732 due and owing by Mandarin Group Limited to Pacific Group Limited at a total consideration of HK$36,100,000. Details of the transaction are set out in the Company's circular dated 25 February 2010 and disclosed in note 35.

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

(iv) Details of the balances with related parties at the end of the reporting period are disclosed in the consolidated statement of financial position and respective notes.

43. Company's Condensed Statement of Financial Position

	2011 **HK$'000**	2010 HK$'000
ASSETS AND LIABILITIES		
Total assets	**1,270,980**	1,166,416
Total liabilities	**(614,057)**	(502,012)
	656,923	664,404
CAPITAL AND RESERVES		
Share capital	**91,613**	91,572
Reserves	**565,310**	572,832
	656,923	664,404

44. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2011 and 2010 are as follows:

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/registered capital	Percentage of issued share capital/ registered capital held by the Company/ subsidiaries		attributable to the Group		Principal activities
			2011 %	2010 %	**2011** %	2010 %	
Caine Developments Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Investment holding
Chun Wo Building Construction Limited	Hong Kong	HK$200,000 ordinary shares	**100**	100	**100**	100	Construction
Chun Wo (China) Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Investment holding and construction
Vasteam Construction Limited (formerly known as "Chun Wo Civil Engineering Limited")	Hong Kong	HK$18,000,000 ordinary shares	**100**	100	**100**	100	Construction
Chun Wo Construction and Engineering Company Limited ("CWCE")	Hong Kong	HK$111,000,000 ordinary shares HK$9,000,000 non-voting deferred shares	**100** **(note a)**	100	**100**	100	Construction
Bloom Team Building Construction Company Limited (formerly known as "Chun Wo Contractors Limited")	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Construction
Chun Wo E & M Engineering Limited	Hong Kong	HK$11,500,000 ordinary shares	**100**	100	**100**	100	Electrical and mechanical contract works
Chun Wo Elegant Decoration Engineering Company Limited	Hong Kong	HK$4,000,000 ordinary shares	**100**	100	**100**	100	Interior design and decoration
Chun Wo Foundations Limited	Hong Kong	HK$19,000,000 ordinary shares	**100**	100	**100**	100	Construction
Chun Wo Railway Engineering Limited	Hong Kong	HK$1 ordinary share	**100**	100	**100**	100	Construction
City Professional Management Limited	Hong Kong	HK$3,000,000 ordinary shares	**100**	100	**100**	100	Property management services
City Security Company Limited	Hong Kong	HK$1,000,000 ordinary shares	**100**	100	**100**	100	Security guard services
Mandarin Group Limited	BVI	HK$26,000,000 ordinary share	**100**	100	**100**	100	Investment holding
Rich Resource Development Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Property investment
Shanghai Jin Chun Wo Construction Engineering Co., Ltd. (note b)	PRC	US$3,000,000 registered capital	**100**	100	**100**	100	Construction

44. Particulars of Principal Subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/registered capital	Percentage of issued share capital/ registered capital held by the Company/ subsidiaries 2011 %	2010 %	attributable to the Group 2011 %	2010 %	Principal activities
Smart Rise Investment Limited	Hong Kong	HK$2 ordinary shares	100	100	100	100	Security investment
Smartwill Asia Limited	Hong Kong	HK$1 ordinary share	100	100	100	100	Property development
Wing Cheong Electrical Engineering & Contracting Company Limited	Hong Kong	HK$15,000,000 ordinary shares	100	100	100	100	Electrical and mechanical contract works
石家莊俊景房地產開發有限公司 (note c)	PRC	HK$150,000,000 registered capital	100	100	100	100	Property development
揚州俊杰房地產開發有限公司 (note c)	PRC	HK$55,000,000 registered capital	100	100	100	100	Property development
沈陽盛隆房地產開發有限公司 (note c)	PRC	US$20,000,000 registered capital	100	100	100	100	Property development

Notes:

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

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

(c) The subsidiaries are wholly foreign owned enterprise.

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

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

None of the subsidiaries had any debt securities outstanding at 31 March 2011 or at any time during the year.

45. Particulars of Principal Associates

Particulars of the Group's principal associates as at 31 March 2011 and 2010 are as follows:

Name of associate	Form of business structure	Place of incorporation and operations	Nominal value of issued capital	Percentage of issued capital held by the Group		Principal activities
				2011 **%**	2010 %	
Grand View Properties Limited	Incorporated	Hong Kong	HK$10 ordinary shares	**40**	40	Property investment
Vietnam Land (HK) Limited	Incorporated	BVI	US$25,000,000 ordinary shares	**20**	20	Investment holding

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

46. Particulars of Principal Jointly Controlled Entities

Particulars of the Group's principal jointly controlled entities as at 31 March 2011 and 2010 are as follows:

Name of jointly controlled entity	Form of business structure	Place of registration/ operation	Attributable interest to the Group		Principal activities
			2011 **%**	2010 %	
Chun Wo-CRGL Joint Venture	Unincorporated	Hong Kong	**70 (Note)**	70 (Note)	Construction
Chun Wo-CRGL-MBEC Joint Venture	Unincorporated	Hong Kong	**60 (Note)**	–	Construction
Chun Wo-Leader Joint Venture	Unincorporated	Hong Kong	**49**	49	Construction
Hip Hing-Chun Wo Joint Venture	Unincorporated	Hong Kong	**51 (Note)**	51 (Note)	Construction
Vibro-Chun Wo Joint Venture	Unincorporated	Hong Kong	**50**	50	Construction

Note: The Group holds greater than 50% interests in these entities. However, under the joint venture agreements, the entities are jointly controlled by the Group and the other significant joint venture partners. The joint venture partners have contractually agreed sharing of control over the financial and operating policies of these entities, therefore these entities are classified as jointly controlled entities.

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

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

47. Comparative Figures

In order to conform with current year's presentation:

(a) net gain on disposal of property, plant and equipment of HK$1,775,000 and net foreign exchange gains of HK$530,000 for the year ended 31 March 2010 included in other income have been reclassified to other gains and losses; and

(b) decrease in fair value of investments held for trading of HK$1,507,000 for the year ended 31 March 2010 included in general and administrative expenses has been reclassified to other gains and losses.

Financial Summary

	Year ended 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
RESULTS					
Revenue	4,034,066	2,952,736	2,010,338	2,606,241	**3,002,446**
Profit (loss) before tax	578,303	123,097	(100,275)	26,062	**(16,918)**
Income tax (expense) credit	(98,748)	(42,542)	(19,602)	5,028	**(38,045)**
Profit (loss) for the year	479,555	80,555	(119,877)	31,090	**(54,963)**
Attributable to:					
Owners to the Company	480,376	80,548	(119,877)	31,090	**(54,963)**
Non-controlling interests	(821)	7	–	–	**–**
	479,555	80,555	(119,877)	31,090	**(54,963)**

	At 31 March				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	3,441,968	3,577,750	3,602,100	3,657,073	**3,902,006**
Total liabilities	(2,190,580)	(2,164,789)	(2,315,195)	(2,308,734)	**(2,577,094)**
	1,251,388	1,412,961	1,286,905	1,348,339	**1,324,912**
Equity attributable to:					
Owners to the Company	1,251,045	1,412,611	1,286,555	1,347,989	**1,324,562**
Non-controlling interests	343	350	350	350	**350**
	1,251,388	1,412,961	1,286,905	1,348,339	**1,324,912**

Particulars of Properties

Properties held for Development/Sale

Location	Stage of completion	Expected date of completion	Usage	Total estimated site area (square metres)	Total estimated gross floor area (square metres)	Group's interest
A parcel of land located between northern side of He Ping Road and southern side of Guang Hua Road, Shijiazhuang, Hebei Province, The People's Republic of China	Phase 1: Completed Phase 2: Construction in progress Phase 3: Planning	– December 2011 –	Residential, commercial and carpark	111,554	265,000 (Phase 2: Unsold units and Phase 3)	100%
A parcel of land located at the northeastern side of Shanwei Middle Road, Shanwei City, Guangdong Province, The People's Republic of China	Construction in progress	December 2011	Residential, commercial and carpark	8,576	73,055	100%
A parcel of land located at Huigong Street, Huigong East 1st Street and Shandongbao Road, Shenhe District, Shenyang, The People's Republic of China	Planning	August 2013	Office and Commercial	6,413	64,000	100%
Plot No. S5-C35 at Shams Abu Dhabi, Al Reem Island, Abu Dhabi, United Arab Emirates	Planning	–	Residential	2,425	22,715	100%
Plot No. S6-C05 at Shams Abu Dhabi, Al Reem Island, Abu Dhabi, United Arab Emirates	Planning	–	Residential	1,646	5,644	100%
Plot No. 2APT002A, Al Marjan Island, Ras Al Khaimah, United Arab Emirates	Planning	–	Residential	9,099	27,296	100%

Particulars of Properties

Properties held for Investment

Location	Usage	Lease term
Commercial Shops and Carparks, Inland Lot No. 6179, Clear Water Bay Road, Kowloon, Hong Kong	Commercial and carpark	Medium
Level 23, Wing Kin Square, No. 31 Jiansheliu Road, Dongshan District, Guangzhou City, The People's Republic of China	Commercial	Medium