CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 711

Warrant Code: 1032

MANPOWER DEVELOPER

5 years+ 商界展關懷 caringcompany

This report is printed on environmentally friendly paper

Annual Report 2011/12

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

- COMMITMENT 承諾・互信
- CONCERN 安全・環保
- CARE 用心・可靠
- COLLABORATION 團結・創造
- CREDIT 人才・獎勵
- COURAGE 勇氣・策略
- CONTINUITY 持續・卓越

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
Liu Chun Ming, Robin

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

Chairman's Statement

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 2012. I am pleased to report that we have returned to profitability this year. Our construction business has been very busy with a number of major infrastructure projects across Hong Kong, for both government and private sector clients. The Group won a number of important new tenders during the year and is currently in the process of bidding for several more. Our property development business in Mainland China has been somewhat quieter, partly as a result of the ongoing tightening measures imposed by the People's Republic of China ("PRC") government on the property sector there, and partly due to the Company's strategic decision to refocus our property development activities in Hong Kong. We have strong confidence in the steady growth of the Hong Kong construction business, and believe it is likely that conditions limiting our PRC property business will be eased in due course.

Review of Achievements

In the past year, the Group recorded the highest revenue in its history, at approximately HK$4.8 billion, including share of revenue of jointly controlled entities. Revenue on this scale is a testimony to our success in winning major contracts and our reputation in the industry; we see this as a solid foundation on which to build up our profit margin over the coming years. We are expecting growth in the construction sector to be sustained and manageable, with the major challenge being to deal effectively with the current shortage of skilled labour and staff at managerial and supervisory levels, which has pushed wages up by around 10–15% per annum over the past couple of years.

The PRC government's well-publicised measures to dampen housing speculation have impacted construction and sales of new property across all major cities, breaking the upward trend in prices for new properties. As a result, the Group's China property projects have had a relatively quiet year. During the first three quarters of the financial year, we witnessed a significant reduction in apartment sales, although the situation improved somewhat during the fourth quarter. The Group's policy of investing in cities less affected by speculative property buyers has meant that we have witnessed no significant market-wide price reductions in Shijiazhuang and Shanwei City, the cities where we currently have substantial unsold inventory.

We have however been active in preparing ourselves for re-entering the Hong Kong property market in the near future, as part of the strategic refocus planned last year. Currently we are looking for potential partners and sounding out the market, with the intention of making a move as appropriate. We see the current environment as a good one for our property development plans, benefiting indirectly from global events such as the European debt crisis through factors of low interest rates and a relatively weak Hong Kong dollar.

Chairman's Statement

"Our specific goal is to increase our net profit by 10% per annum in the coming few years, an achievement I believe to be manageable in the current environment. Alongside this economic goal, we will of course be holding fast to our wider corporate culture with its unwavering commitment to safety, operating in a sustainable fashion, and changing people's lives for the better."

A Bright Horizon

Given the Hong Kong government's commitment to infrastructure development and housing and our Group's strong profile in the industry, I believe that Chun Wo can now look forward to a period of prolonged and sustainable growth in its construction business. We remain one of a very few industry players with the relevant experience, expertise and technical registrations to qualify as a tenderer for government mega-projects, and our proven experience and high quality of work suggest that we will continue to win significant project tenders from these sources. With major infrastructure projects coming up in the next few years, such as the Hong Kong-Zhuhai-Macao Bridge projects, the Tuen Mun-Chek Lap Kok Link, the Liantang/Heung Yuen Wai Boundary Control Point, the remainder of the Central-Wanchai Bypass, the third runway project at Hong Kong International Airport and various railway development projects, our Group is well placed to become heavily involved in the next phase of Hong Kong's infrastructure development.

By refocusing our property development business in Hong Kong, we are concentrating on our home market, which we know very well and where we have a strong business foothold. By virtue of the rapid uptake of property deals in Hong Kong and the vast capital required for initial investment, we will be strategically exploring growth for this side of our business through partnerships and joint ventures, at least in an initial stage.

We expect the buoyant construction sector to enable us to achieve steadily improving profit margins on our construction projects as time goes by. Our specific goal is to increase our net profit by 10% per annum in the coming few years, an achievement I believe to be manageable in the current environment. Alongside this economic goal, we will of course be holding fast to our wider corporate culture with its unwavering commitment to safety, operating in a sustainable fashion, and changing people's lives for the better.

Acknowledgements

I once again extend my warmest thanks for the help and support Chun Wo has received throughout the year. Internally, my fellow board members and management team have expertly driven strategy and decision-making, while the Group's staff have played their part. Externally, my thanks go especially to our shareholders for their support, and to our business partners and clients for their vital roles in helping us maximize our shareholders' investment. Together we can take Chun Wo to a new stage of its development in the coming year.

Pang Yat Ting, Dominic
Chairman

Hong Kong, 27 June 2012

Management Discussion and Analysis

	2011/12 HK$'000	2010/11 HK$'000
• Total Revenue (including share of jointly controlled entities)	4,837,469	4,017,494
• Profit (loss) attributable to owners of the Company	53,042	(54,963)
• Earnings (loss) per share	HK5.76 cents	HK(6.00) cents
• Dividend per share	HK0.8 cent	N/A
• Equity per share*	HK$1.48	HK$1.45
• Gearing ratio#	0.56	0.60

* *Equity per share refers to equity attributable to owners of the Company divided by the total number of issued ordinary share capital as at 31 March 2012 and 31 March 2011 respectively.*

\# *Gearing ratio represented the proportion of net interest bearing debts to equity attributable to owners of the Company.*

Final Dividend

The Board recommended the payment of a final dividend of HK0.8 cent per share (2011: nil) for the year ended 31 March 2012 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company at the close of business on Thursday, 13 September 2012. The total dividend for the year amounted to HK0.8 cent per share (2011: nil). The proposed final dividend will be paid on or about Friday, 12 October 2012 subject to approval from the Shareholders at the forthcoming annual general meeting (the "AGM").

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 30 August 2012 to Monday, 3 September 2012 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the AGM. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the share options and warrants granted by the Company. In order to be eligible to attend and vote at the AGM, all transfer document(s) accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Share Registrar of the Company, Tricor Secretaries Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 29 August 2012.

The register of members of the Company will also be closed from Friday, 7 September 2012 to Thursday, 13 September 2012 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2012. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the share options and warrants granted by the Company. In order to qualify for the proposed final dividend, all transfer document(s) accompanied by the relevant share certificate(s) must be lodged with Tricor Secretaries Limited at the above address no later than 4:00 p.m. on Thursday, 6 September 2012.

Registered holders of the Company's 2013 warrants who wish to exercise their subscription rights attached to their warrants in order to qualify for receiving the proposed final dividend should complete and sign the subscription forms and lodge them with the relevant warrant certificate(s) and the appropriate subscription money with Tricor Secretaries Limited at the above address no later than 4:00 p.m. on Thursday, 6 September 2012.

Management Discussion and Analysis

Business Review

Construction

The significant improvement on this segment's revenue and profit was mainly due to the successfully completion of some profitable projects and recognition of profit in relation to those projects completed at 20% or over the total estimated contract sum of individual project in the year under review.

As at 31 March 2012, the estimated value of the Group's contracts in hand was approximately HK$20.51 billion, of which HK$10.19 billion remains outstanding. These figures represent increases of 28.2% and 4.0% respectively over the comparable figures as at 31 March 2011.

Despite the number of projects around, the environment remained tight for construction players due to pressure of costs relating to skilled labour and materials. The amount of construction work currently going on in Hong Kong and neighbouring Macao have placed a premium on the services of essential subcontractors, besides raising basic labour costs across the board. Despite the higher wages being paid, it can still prove difficult to find workers for various stages of the construction process. Alongside this, materials costs have risen steadily across the year. Such changes can make it challenging to meet budgets and place a strain on forward planning.

In the year under review, the Group won a number of important and valuable new construction contracts, including some that come under the umbrella of the Hong Kong government's "Ten Major Infrastructure Projects"; these will extend the Company's project pipeline for some years. These major contracts are three rail contracts: for laying track and overhead lines for the Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section); for constructing the new Whampoa Station and overrun tunnel on the Kwun Tong Line Extension; and for carrying out site formation and piling works for the Wong Chuk Hang Depot of the South Island Line (East).

Other significant construction contracts won by the Group included contracts for design and construction of foundation works for the Urban Renewal Project at Castle Peak Road in Sham Shui Po; for building cycle tracks and associated facilities along the seafront at Tseung Kwan O Town Centre South; and for carrying out work on the German Swiss International School's redevelopment project.

Known for its competence in water and sewage contracts, during the year the Group successfully won contracts for constructing sewage treatment works including an effluent tunnel and disinfection facilities on Stonecutters Island and for replacement and rehabilitation of water mains in the Western New Territories, and Eastern and Southern Districts of Hong Kong Island.

The Group was also busy during the year on several ongoing long-term construction projects. These included extensive work on the Central-Wan Chai Bypass at the Hong Kong Convention and Exhibition Centre and Wan Chai East, construction of the Student Residence at The University of Hong Kong, and construction work on the Tsz Shan Monastery Development.

Waterworks projects that were on the go included extensive projects of replacement and rehabilitation of water mains in Sai Kung, Tai Po, Sha Tin, Hong Kong Island and Ap Lei Chau, on Lantau and the Outlying Islands, and in the Western New Territories including Yuen Long and Tuen Mun.

Some projects were successfully completed during the year under review. The design and construction of expansion of Tseung Kwan O Hospital was one such completion, as were carcass works for a residential development at Hung Shui Kiu at Yuen Long and interior fitting out works for towers and town houses in the same place; tower fitting out for a residential development in Tseung Kwan O; piling works for an area of residential development in Central and Western District; and a term contract for waterworks on Lantau and the Outlying Islands.

Management Discussion and Analysis

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

Management Discussion and Analysis

2 Wan Chai Development Phase II - Central-Wan Chai Bypass at Wan Chai East
3 Central-Wan Chai Bypass Tunnel (North Point Section) and Island Eastern Corridor Link
4 Harbour Area Treatment Scheme Stage 2A Upgrading Works at Stonecutters Island Sewage Treatment Works - Effluent Tunnel and Disinfection Facilities
5 Kwun Tong Line Extension: Whampoa Station and Overrun Tunnel

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	MTR Contract No. 907 — South Island Line (East): Wong Chuk Hang Depot Site Formation and Piling	Foundation Works	Apr 2011	Nov 2012	163
2	MTR Contract No. 1002 — Kwun Tong Line Extension: Whampoa Station and Overrun Tunnel	Railway	May 2011	May 2015	456
3	German Swiss International School Redevelopment Phase 3 — Guildford Road, the Peak	Building Construction	Jun 2011	Jun 2014	196
4	Harbour Area Treatment Scheme Stage 2A Upgrading Works at Stonecutters Island Sewage Treatment Works — Effluent Tunnel and Disinfection Facilities	Civil Engineering Works	Jun 2011	Jan 2015	347
5	Cycle Tracks and Associated Facilities along the Seafront at Tseung Kwan O Town Center South	Civil Engineering Works	Jul 2011	Jan 2013	92
6	Design and Construction of Foundation Works including Pile Caps for the Urban Renewal Project at Castle Peak Road/Cheung Wah Street (K20) & Castle Peak Road/Hing Wah Street (K23) at Sham Shui Po	Foundation Works	Jul 2011	Nov 2012	162
7	12/WSD/10 — Replacement and Rehabilitation of Water Mains, Stage 4 Phase 1 — Mains in Eastern and Southern Districts	Maintenance Works	Jul 2011	Aug 2015	543
8	9/WSD/10 — Replacement and Rehabilitation of Water Mains, Stage 4 Phase 1 — Major Mains in Western New Territories	Maintenance Works	Jul 2011	Apr 2015	431
9	MTR Contract 830 — Guangzhou–Shenzhen–Hong Kong Express Rail Link (Hong Kong Section) — Trackwork and Overhead Line System	Railway	Jul 2011	May 2015	526
10	1/WSD/11(L) — Term Contract for Waterworks — District L — Lantau and the Outlying Islands	Maintenance Works	Sep 2011	Aug 2014	220
11	District Term Contract for the Maintenance, Improvement and Vacant Flat Refurbishment for Properties Managed by District Maintenance Offices/Kowloon West and Hong Kong (2) 2011/2014	Maintenance Works	Oct 2011	Sep 2014	300
12	MTR Contract 965B South Island Line (East) Building Services for Wong Chuk Hang Depot	Electrical & Mechanical Works	Mar 2012	Jul 2015	99

Business Review (continued)

Major Projects Completed in the Financial Year:

	Project Name	Category	Completion Date	Attributable Contract Value (HK$' Million)
1	Design and Construction of Expansion of Tseung Kwan O Hospital	Building Construction	Jan 2012	577
2	Carcass Works Contracts for Proposed Residential Development at Hung Shui Kiu, Yuen Long Lot 2064 in DD121	Building Construction	May 2011	512
3	Proposed Residential Development at Hung Shui Kiu, Yuen Long Lot 2064 in DD121, Interior Fitting Out Works for Tower and Town House	Fitting Out Works	May 2011	87
4	1/WSD/08 (L) — Term Contract for Waterworks — District L — Lantau and the Outlying Island	Maintenance Works	Sep 2011	260

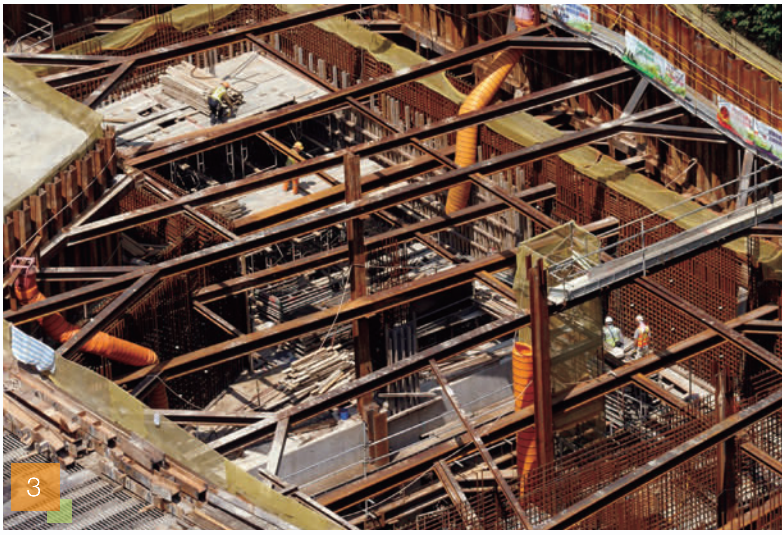
Major Projects in Progress at the End of the Financial Year:

	Project Name	Project Commencement Date	Expected Completion Date	Attributable Contract Value (HK$' Million)
	Building Construction			
1	The University of Hong Kong, 1,800 Places Student Residence, Pokfulam	Mar 2009	Aug 2012	801
2	Construction Works for the Library Extension of the Chinese University of Hong Kong	Dec 2009	Jun 2012	213
3	Proposed Tsz Shan Monastery Development at Tai Po	Feb 2011	Aug 2012	466
	Civil Engineering Works			
4	Improvement of Fuk Man Road Nullah, Sai Kung	Aug 2009	Jun 2012	71
5	Infrastructure Works at Town Centre South and Tiu Keng Leng, Tseung Kwan O	Sep 2009	Feb 2013	352
6	Wan Chai Development Phase II — Central-Wan Chai Bypass at Hong Kong Convention and Exhibition Centre	Dec 2009	Aug 2016	1,127
7	Construction Works of Tuen Mun Western Trunk Sewerage	Dec 2009	Dec 2013	711
8	Wan Chai Development Phase II — Central-Wan Chai Bypass at Wan Chai East	Jan 2010	Sep 2017	2,380
9	Noise Barriers on Fanling Highway between MTR Fanling Station and Wo Hing Road	Nov 2010	Jun 2015	164
10	Central-Wan Chai Bypass Tunnel (North Point Section) and Island Eastern Corridor Link	Jan 2011	Apr 2018	2,400

Management Discussion and Analysis

1, 2 Proposed Tsz Shan Monastery Development at Tai Po

Management Discussion and Analysis



3 Construction Works of Tuen Mun Western Trunk Sewerage
4 Improvement of Fuk Man Road Nullah, Sai Kung
5 28/WSD/06 - Replacement and Rehabilitation of Water Mains, Stage 2, Mains on Hong Kong Island North and South West

Business Review (continued)

Major Projects in Progress at the End of the Financial Year: (continued)

	Project Name	Project Commencement Date	Expected Completion Date	Attributable Contract Value (HK$' Million)
	Electrical and Mechanical Works			
11	MTR Contract No. 771B — West Island Line: Building Services for Kennedy Town Station	Oct 2010	Jun 2014	112
	Fitting Out Works			
12	Tower Fitting Out Works Direct Contract — Proposed Residential Development (Package 2) Phase 2 (Towers 6–8) at TKOTL No. 70 Area 86, Site AB, Tseung Kwan O	Mar 2009	Aug 2012	235
13	Podium Fitting Out Works Direct Contract — Proposed Residential Development (Package 2) (Phase 3) at TKOTL No. 70, Area 86, Site AB, Tseung Kwan O	Nov 2010	Feb 2013	76
14	Interior Fitting Out Direct Contract Works for Proposed Residential Development at RBL 756 at Deep Water Bay Road	Nov 2010	Aug 2012	55
	Maintenance Works			
15	28/WSD/06 — Replacement and Rehabilitation of Water Mains, Stage 2 — Mains on Hong Kong Island North and South West	Jun 2007	Dec 2012	362
16	11/WSD/06 — Replacement and Rehabilitation of Water Mains, Stage 2 — Mains in Yuen Long, Tai Tong, Kam Tin, Pat Heung & Shek Kong	Jun 2007	Aug 2012	281
17	14/WSD/08 — Replacement and Rehabilitation of Water Mains, Stage 3 — Mains in Tuen Mun and Yuen Long	Feb 2009	May 2013	275
18	15/WSD/08 — Replacement and Rehabilitation of Water Mains, Stage 3 — Mains in Tai Po and Sha Tin	Mar 2009	Dec 2012	317
19	1/WSD/09 (H) — Term Contract for Waterworks — District H — Hong Kong Island and Ap Lei Chau	Sep 2009	Aug 2012	540

Property Development

Over the past couple of years, the PRC government has introduced a number of restrictive measures designed to control housing prices and curb speculation in the property market. These measures have proved successful in reining in housing prices and curbing demand from speculators. The consolidation has been most obvious in first-tier cities with overheating property markets. However, in non-first-tier cities where property speculation was less rampant, overall sales have been less affected by the measures, despite market uncertainty. This could be seen in the smaller cities in which the Group is active, and showed itself in the Group's satisfactory sales results for this financial year. More generally, though, they have flattened demand for housing across the board, and this has directly impacted on the Group's property developments in Mainland China.

Arc De Royal, Shijiazhuang, Hebei Province

Business Review (continued)

Property Development (continued)

Progress continues at the Group's residential development in the second-tier city of Hebei Province, Shijiazhuang, although sales of Tower 9 of Arc de Royal has slowed significantly in the past year. In September 2011 and March 2012, the Group completed the handover of residential units in Tower 10 and Tower 9 of Arc de Royal respectively, following the issue of a completion certificate. The last and the most prominent residential building of the development, Tower 8, is scheduled for open sale in July 2012. It is likely to take longer than expected to sell the remainder of the development at desirable prices, and the Group is looking at ways of speeding up turnover, such as by stepping up promotional efforts and incentives. The Group will continue to monitor the housing climate in Mainland China closely, with the aim of completing development at Arc de Royal once the market situation improves.

At Le Palais Royal in Shanwei City, Guangdong Province, 40% of the residential units had been sold to buyers as at 31 March 2012. The Group will relaunch sale of the remainder once it is confident that market sentiment is on the rise and it can obtain satisfactory prices.

The land acquired by the Group in Shenyang City, Liaoning Province, with the intention of developing a commercial project, has been cleared. Given the current uncertainties in the property market in Mainland China, the Group is taking a cautious approach and has decided to hold off committing significant capital investment until government policies are eased.

Elsewhere, work has resumed at the Group's property development in Abu Dhabi, UAE, which had lain dormant in recent times due to economic issues in the region. Preliminary work has continued at the Reem Diamond project.

In summary, work continues on the Group's overseas property development projects, but we expect our activities and investments overseas to decrease. Over the next few years, as existing projects are completed and sold at satisfactory prices, we will focus our resources on the Hong Kong market. We are already actively looking for suitable project tenders and joint venture partners, and expect to embark on our first development project in Hong Kong soon.

Management Discussion and Analysis

1 Noise Barriers on Fanling Highway between MTR Fanling Station and Wo Hing Road

2, 4 Design and Construction of Expansion of Tseung Kwan O Hospital

1

2

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

5 Cycle Tracks and Associated Facilities along the Seafront at Tseung Kwan O Town Center South

Management Discussion and Analysis

Business Review (continued)

Property Investment

The Group's major property investment is its "Infinity 8" shopping mall at Choi Hung in Hong Kong. Performance and returns from this property have been satisfactory for the year under review. The mall achieved an average 25% increase in rental revenues across the year for tenancy renewals and new tenancy, while the total annual income generated from shop rental and parking services rose by 32% over the previous year. The fair value of "Infinity 8" also increased, partly as a result of the completion of other high-profile developments in the vicinity that are moving the area upscale.

In the short term, the Group is looking to further diversify the tenant mix in "Infinity 8", for instance by expanding the number of branded restaurants and adding niche facilities like a health care shop and learning centre. Longer term, the Group will consider disposing of the mall if commercial property prices continue to rise, particularly as it restructures its overall trade mix in the coming few years.

Security and Property Management

The Group's security and property management has achieved notable growth during the year under review. This subsidiary was awarded as 1st runner up of 2011 Best Security Contractor Award by the Property Investment & Management Department of MTR Corporation Limited ("MTRC"). Until now, here is the third consecutive year to receive this honour. Having proved its ability to offer reliable, high quality security and property management services, the MTRC awarded the subsidiary a number of sizable and prestigious contracts, including Le Prestige at LOHAS Park; it had also succeeded in acquiring a new and remarkable project Hysan Place, which will be a new landmark in Causeway Bay.

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 2012, the total net debts of the Group amounted to approximately HK$814.5 million, representing total debts of approximately HK$1,471.5 million less total of pledged bank deposits and bank balances and cash of approximately HK$657.0 million. The debt maturity profile based on scheduled repayment dates set out in loan agreements of the Group at 31 March 2012 is analysed as follows:

Business Review (continued)

Liquidity and Financial Resources (continued)

	As at 31 March 2012 HK$ million	As at 31 March 2011 HK$ million
Borrowings and obligations under finance leases repayable:		
Within 1 year or on demand	**1,141.9**	1,163.7
After 1 year, but within 2 years		
— On demand shown under current liabilities	**87.7**	50.2
— Remaining balances	**36.0**	39.7
After 2 years, but within 5 years		
— On demand shown under current liabilities	**20.1**	80.5
— Remaining balances	**27.4**	5.1
Over 5 years		
— On demand shown under current liabilities	**8.4**	10.2
	1,321.5	1,349.4
Unsecured bonds		
— repayable after 2 years, but within 5 years	**150.0**	—
Amount due to a shareholder		
— repayable within 1 year	**—**	202.4
Amount due to a jointly controlled entity		
— repayable within 1 year	**—**	30.0
Total debts	**1,471.5**	1,581.8

At 31 March 2012, the gearing ratio of the Group, being the proportion of net interest bearing debts to equity attributable to owners of the Company was 0.56 (31 March 2011: 0.60). 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 South Island Line (East): Wong Chuk Hang Depot Site Formation and Piling

2 Construction Works for the Library Extension of the Chinese University of Hong Kong
3 German Swiss International School Redevelopment Phase 3
4 The University of Hong Kong, 1,800 Places Student Residence, Pokfulam

Management Discussion and Analysis

Outlook and Prospects

Construction

The upswing in infrastructure activity in Hong Kong in the last year or two has led to a flurry of construction activity that has proved very beneficial for Chun Wo. The outlook for the next five or more years remains strong for Hong Kong's investment in infrastructure. Annual expenditure on capital works will exceed HK$70 billion for each of the next few years as mentioned in 2012–13 Budget. Major projects that are likely to be upcoming in the near term include the Shatin-Central Link Railway, projects related to the Hong Kong-Zhuhai-Macao Bridge development, the Kai Tak Development Plan, the Tuen Mun-Chek Lap Kok Link, the remainder of the Central Wanchai Bypass, and the Liantang/Heung Yuen Wai Boundary Control Point. All of these mega-projects are ones that the Group will be a strong contender for, either on its own or in partnership with others. Further, the Hong Kong government has raised the possibility of the industry's participation in local public housing construction projects in the future.

The private sector too is expected to be the source of some major projects over the next few years. With many opportunities arising from the development of the West Kowloon Cultural District, the building construction sector should be a vibrant one over the next few years.

This rich array of upcoming projects suggests there should be room for the Group to improve its net profit margin steadily over the next few years. However, this positive outlook must be counterbalanced by a couple of industry constraints. Staff shortages at both management and labour levels have already arisen due to the abundance of construction work currently available; at the same time, the cost of employing sub-contractors and specialist consultants and workers has risen dramatically for the same reason. The Group will work hard to control its cost and to plan effectively for possible changes, in order to maintain good levels of profitability. By exploring joint venture opportunities with overseas partners, it expects to extend the scope of its activities and benefit from the sharing of expertise and resources.

Property Development

Since June 2011, some cities in Mainland China have eased property curbs. Seeing both challenges and opportunities ahead, management is cautiously optimistic about its property development operation in Mainland China as a whole, and will focus on Shijiazhuang in the coming years. The residential apartment Tower 8 at Arc de Royal in Shijiazhuang will be placed on the market in July 2012, while Phase 3, comprising a complex of commercial and serviced apartment buildings, will enter the market at the end of 2013. The management is optimistic about prospects for Phase 3 and expects positive feedback.

Outlook and Prospects (continued)

Property Development (continued)

As for the property development in Shanwei City, Le Palais Royal, the open sale of its shopping arcade commenced in May 2012, with 30% having been pre-sold as at 31 May 2012.

The plots in the Group's undeveloped land bank including Phase 3 of Arc De Royal development at Shijiazhuang and a commercial project in Shenyang City, are all commercial in nature, which are not the target of central government tightening measures. Thus, the Group is fairly optimistic about the property development segment of its business in Mainland China, which should deliver solid returns to the Group.

The Group's new focus in its property development business will be on Hong Kong, but the opportunities in the Hong Kong property development tend to arise and be taken very quickly indeed. To obtain the best sites, the Group needs a stronger capital base and stronger investment capabilities, and for this reason it is actively seeking opportunities to partner with other developers. The Group is looking to acquire and complete a couple of smaller projects over the next five years or so. This should pave the way for more substantial work through joint ventures further down the track. The Group is confident that the Hong Kong property market offers good prospects over the medium to long term, and that Chun Wo has the capabilities to compete successfully in this market.

In summary, the Group has a sound strategic plan in place for all its business segments, and is in a strong position for moving forward. It is currently generating record revenues and its prospects, especially for its construction segment, are very bright. The strategic realignment of its property development is opening up new and valuable possibilities for the next few years. These prospects and unfolding opportunities for the Group suggest that its immediate financial goal of boosting its net profit by 10% each year is eminently achievable. In this connection, the Group will be much better and stronger so as to offer Shareholders regular satisfactory returns.

Le Palais Royal, Shanwei City, Guangdong Province

Corporate Social Responsibility

Chun Wo has been based on Hong Kong for the past 44 years. Throughout the time, one of our most cherished goals has been to give back generously to the community that has sustained us for so long. By playing a major part in Hong Kong's urban and infrastructure development, we have helped transform the physical environment of our home city for the better and contributed to improved living standards and lifestyles for the wider community. However, we also foster a culture of corporate social responsibility throughout our organisation at a personal level, from top management down to frontline workers. We have embraced many initiatives to create a positive and harmonious working environment for every employee, and to encourage a sense of belonging and of team spirit. The outcome has been a ready willingness by our staff to volunteer for activities that benefit our wider society, as the following photos show.

2011
April

MTR Hong Kong Race Walking 2011

Chun Wo participated in the MTR Hong Kong Race Walking 2011, an event designed to promote good health. Jointly organised by Hong Kong Amateur Athletic Association and MTR Corporation and held at Chater Road, Central on 10 April 2011, the donation collected for the Hospital Authority's Health InfoWorld, which supports work in disease prevention and health education. Mr. Dominic Pang and Mr. Derrick Pang joined the Chairman's Invitational, and some Chun Wo staff members participated in the 4 x 100m relay. Supported by the enthusiastic Chun Wo cheering team, our athletes showed outstanding race walking techniques in the competition.

Corporate Social Responsibility

August

Habitat for Humanity – Tai O Stilt House Restoration and Community Development Project

On 6 August 2011, volunteers from Chun Wo participated in the Tai O Stilt House Restoration and Community Development Project 2011 organised by Habitat for Humanity. Our volunteers showed their care for the elderly and less well-off in the Tai O community by using their creativity to draw and paint on the hoardings around the stilt houses, helping add a splash of colour to what remains of the original fishing village.

Wu Zhi Qiao Bridge Programme

In August 2011, the Group joined forces with Wu Zhi Qiao teams from Sichuan University and the Hong Kong Polytechnic University to build a safe footbridge for the locals and students in Sichuan.

September

Youth Outreach Chun Wo Rock & Fun 2011

Chun Wo and Youth Outreach co-organised a Charity Night namely, "Youth Outreach Chun Wo Rock & Fun 2011", at the Sai Wan Ho Civic Centre on 17 September 2011. The event was to raise funds in support of Youth Outreach services. It was a great night not only for the Youth Outreach performers, but also for our sponsors and colleagues. All parties performed wonderfully in the solo and chorus parts.

November

Hug Families Charity Day 2011

Hug Families Charity Day is our annual highlighted sponsorship event. This was the third consecutive year in which our staff took part in the event along with their family members and friends, to promote "family values". Donations made on the Hug Families Charity Day will be used to support the YWCA Family Wellness and Women's Affairs Program.

December

Tree Expert Class

For companies like Chun Wo involved in the construction industry, environmental concerns are increasingly important. During the year, Chun Wo invited two experts to give a course to staff about tree conservation. Held at Tai Tong Country Park in Yuen Long, the Fanling countryside and The North District Park, the course covered everything from identifying different tree varieties to protecting trees during construction site work. After a day or fun and learning, participants came away with lots of valuable new knowledge.

2012
January

Visits to the Elderly in Fanling

With the YWCA, 52 volunteers from Chun Wo visited 24 families at Wah Ming Estate, Fanling on 14 January 2012, including solitary elderly families and low-income class 2 elderly families. The volunteers helped cleaned up their flats, and chatted with the residents to learn more about their situations and lifestyles. They also presented 'goody bags' containing food items and daily necessities to show their care for the elderly residents.

February

Standard Chartered Hong Kong Marathon 2012

On 5 February 2012, Chun Wo participated in the Standard Chartered Hong Kong Marathon 2012. This year, Mr. Derrick Pang, Deputy Chairman, led over 20 colleagues and athletes from the Drainage Services Department in this annual Hong Kong event. Everyone embraced the challenge, with all competing hard and finishing the race. The event raised money for the Hong Kong Paralympic Committee and the Sports Association for the Physically Disabled.

Chun Wo has been awarded Caring Company for more than 5 consecutive years from the Hong Kong Council of Social Services since 2005.

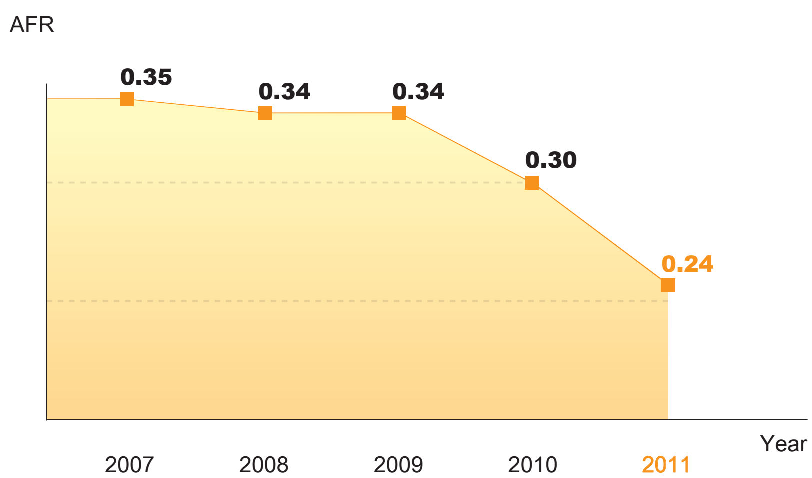
5 years+
商界展關懷
caringcompany
Awarded by The Hong Kong Council of Social Service
香港社會服務聯會頒發

Awards and Recognitions

Safety is a first priority for Chun Wo, in all that we do. Our focus on safety is based not simply on a strict adherence to rules and regulations, but comes from fostering a positive and vibrant occupational safety and health culture throughout our organisation. We are constantly looking for new ways of focusing our staff's attention on health and safety issues, getting them to reflect on their own practices, and further improving our corporate safety record. As a result of this comprehensive commitment to a safety culture, Chun Wo can boast an outstanding record of leadership and performance in the field of occupational safety; one that has made our Group a role model for the industry in Hong Kong.

Accident Frequency Rate

In 2011, Chun Wo's Accident Frequency Rate ("AFR") was 0.24 accidents/100,000 manhours which was lower than the target rate of 0.6 accidents/100,000 manhours as set by Development Bureau. This has continued the trend of decreasing AFR since 2007.



$$\text{AFR} = \frac{\text{No. of Accidents}}{\text{Manhours Worked}} \times 100{,}000$$

Safety Awards

During the year under review, Chun Wo received various safety awards recognising its contribution to industrial safety. At the 10th Hong Kong Occupational Safety & Health Awards 2011, Chun Wo Construction and Engineering Company Limited, one of our wholly-owned subsidiaries, received industry's highest honour, the "Safety Management System Award — Gold Award".

Awards and Recognitions

Safety Management System Gold Award

No.	Award Name	Issuing Authority
1	**10th Hong Kong Occupational Safety & Health Award 2011** • Safety Management System Award — Gold Award • Safety Performance Award	Occupational Safety & Health Council

2	**Construction Safety Promotional Campaign 2011**
	• Best Presentation Award (Gold Award)
	• Outstanding Metal Scaffolder
	• Outstanding Bamboo Scaffolder
	• Short Video Competition on Site Safety Exercise and Safety Briefing
	  ■ Silver Award
	  ■ Merit Award
	• Best Safe Working Cycle Site (Merit Award)
	• Best Safety Culture Site (Merit Award)
	• Best Safety Culture Activity Team (Merit Award)
	• Best Safety Culture Site Agent (Merit Award)
	• Best Safety Culture Sub-contractor (Merit Award)
		Occupational Safety & Health Council

3	**Construction Industry Safety Award Scheme 2011/2012** • Safety Team (Silver Prize & Bronze Prize) • Civil Engineering Site — Subcontractors Category (Bronze Prize) • Safety Worker	Labour Department

Awards and Recognitions

Safety Performance Awards

No.	Award Name	Issuing Authority
4	**First Safe Lifting Operation Competition** • Crawler-mounted Crane Category — Merit Award	Occupational Safety & Health Council
5	**3rd Best Employees Award Scheme 2011** • Silver Metal	Labour Department & Occupational Safety & Health Council
6	**Considerate Contractors Site Award Scheme 2010** • CCSA (New Works) — Merit Award • Model Worker • Outstanding Environmental Management and Performance Award — Merit Award	Development Bureau
7	**2010 HKCA Safety Awards Presentation Ceremony** • HKCA Proactive Safety Contractors Award 2010	Hong Kong Construction Association
8	**Safe Foreman Award 2011** • Recognizing Excellence in Safety for Outstanding Performance	Lighthouse Club

Biographical Details of Directors and Senior Management

Executive Directors

Pang Yat Ting, Dominic *BA, JD Chairman*

Aged 39. 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 37. 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 11 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 59. 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 38 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 61. Joined the Group in 1975 and has over 33 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 66. Has extensive experience in the securities industry. A director of The Association of Former Council Members of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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. 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 53. 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 65. Currently the Chairman and CEO of Luk Fook Financial Services Limited. Has 41 years' 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 ("SFC"), a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchanges and Clearing Limited ("HKEx"), an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform, a member of the Committee on Real Estate Investment Trusts of SFC and also an appointed 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. He is at present a member of Government "Appointee" (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong and also serves as an Independent Non-executive Director of the HKEx, Jiuzhou Development Company Limited, Lifestyle International Holdings Limited, Frasers Property (China) Limited, China South City Holdings Limited and Non-executive Director of Luk Fook Holdings (International) Limited whose shares are listed on the Stock Exchange. Appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company in January 2006.

Biographical Details of Directors and Senior Management

Lee Shing See *GBS, OBE, JP*
Aged 70. 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 48 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 61. 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 31 years' experience in civil engineering and building construction and 8 years' experience in operations research, pattern analysis and machine intelligence. He was previously an Executive Director of the Company. Rejoined the Group as Director of Chun Wo Construction and Engineering Company Limited since September 2008.

Edward Peter Slack *FCHKRI, MPWI*
Aged 69. Graduated from Sheffield College of Technology in 1961. A fellow of the China Hong Kong Railway Institution. Has more than 51 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.

Ko Wing Nin *BSc(Eng), MSc(Eng), CEng, MICE, MHKIE, RPE(Civil), AFCHKRI*
Aged 48. Graduated from Chu Hai College in 1986 with a degree of Bachelor of Science and Engineering in Civil Engineering. Obtained a Master degree in Civil and Structural Engineering from University of Sheffield, United Kingdom in 1994 and Master Degree in Construction Law from the Hong Kong Polytechnic University in 2011. A member of the Institution of Civil Engineers, United Kingdom, the Hong Kong Institution of Engineers, Registered Professional Engineer in Civil discipline in Hong Kong and Associate Fellow of China Hong Kong Railway Institution. Has 25 years' experience in the construction industry including civil, building, foundation and marine engineering projects in Hong Kong, Macau and UAE. Joined the Group in March 2006 and appointed as Assistant General Manager (Construction) of Chun Wo Group in March 2011 to take charge of special projects and railway subsidiary.

Biographical Details of Directors and Senior Management

Kwan Chuen Kin, Peter *BSc(Hons), FCIOB, MHKIE, FHKICM, RPE*
Aged 60. 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 34 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.

Lai Kam Hung, Joseph
Aged 54. Graduated from The Hong Kong Polytechnic University in 1980. An associate member of the Hong Kong Institution of Engineers. He has over 36 years' experience in the building and civil engineering works including construction supervision, project management and subletting. Joined the Group during 1984–1987 and rejoined 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 57. 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 31 years' 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 57. 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 32 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 to take charge of the Civil Division.

Lee Ka Lun Stephen *BA(AS), B Building, Dip Proj Man (RICS), FRICS, FHKIS, ACIArb, RPS(QS)*
Aged 55. Graduated from The University of Hong Kong in 1980 with a Bachelor of Arts (Architectural Studies) degree and with a Bachelor of Building degree in 1982. A Registered Professional Surveyor (QS) with fellow membership of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors and membership of the Chartered Institute of Arbitrators. On the Lists of Arbitrators of the Hong Kong International Arbitration Centre and the joint Hong Kong Institute of Surveyors and Hong Kong Institute of Architects. Has 31 years' experience in quantity surveying and commercial management working in Hong Kong, Mainland China, Taiwan, Macau, Singapore and Malaysia. Joined the Group during 1998–2005 and rejoined the Group in 2011. Appointed as Director (Commercial) of Chun Wo Construction and Engineering Company Limited since August 2011.

Biographical Details of Directors and Senior Management

Leung Yin Bun, Francis *MBA, MHKIE, RSO*
Aged 55. Joined the Group in February 2010 and appointed as managing director of Chun Wo E & M Engineering Limited in December 2011. Graduated from The Hong Kong Polytechnic University in 1980. Obtained a Master degree in Business Administration from The Open University of Hong Kong 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 32 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.

Liu Chun Ming, Robin *MFin, ACA, FCPA, FCCA*
Aged 46. Graduated from Curtin University of Technology, Australia with a Master degree in Finance. An Associate member of the Institute of Chartered Accountants in England and Wales, a fellow member of both Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants. He has got working experience in a number of listed companies in Hong Kong and London. He was appointed as the Chief Financial Officer of the Group in April 2012.

Malcolm Iain McGregor *BEng(Hons), CEng, MICE*
Aged 66. 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 43 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.

Poon Chi Choi, Anthony *BA(AS), B.Arch, HKIA, Registered Architect HK, Authorized Person — Architect, PRC Class 1 Registered Architect Qualification*
Aged 50. 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 26 years' 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, ACMA, ICPAS, ATIHK, CGMA*
Aged 45. 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, Institute of Certified Public Accountants of Singapore and Chartered Global Management Accountant, 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.

Biographical Details of Directors and Senior Management

To Kai Yin, Kelvin *MCIOB, MAIB*
Aged 51. 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 28 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 55. 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 31 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, MHKIVM*
Aged 43. Graduated from City University of Hong Kong in 2008 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 and the Hong Kong Institute of Value Management. 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.

Wong Hin Ming, Raymond *BSc, MICE, CEng, MCIArb, MHIE, RPE(Civil)*
Aged 57. 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 31 years' 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 56. Has more than 15 years' experience in the executive level of security industry. A member of International Professional Security Association and Vice-Chairman of Chamber of Security Industry Limited. 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.

Biographical Details of Directors and Senior Management

Yeung Ka Yin *MBA, BSc(Eng), MHKIE, MICE, RPE(Civil)*
Aged 58. Graduated from The University of Hong Kong in 1977 with a Bachelor of Science degree in Engineering and obtained a Master degree in Business Administration in 1995 from Asia International Open University (Macau). A member of the Hong Kong Institution of Engineers and the Institution of Civil Engineers (UK) and also a Registered Professional Engineer, Hong Kong. Has more than 35 years' experience in the construction industry including developer and contractor, project management and tendering of large scale civil engineering and building construction projects as well as large scale design and build projects. Joined the Group during 2002-2006 and rejoined the Group in 2011. Appointed as Director of Chun Wo Construction and Engineering Company Limited in May 2012.

Yeung Shiu Kin, Eddie *JD, BSc(Eng), ACGI, MSc, DIC, PhD, MICE, MHKIE, MINZPE, MIEAust, MASCE, CEng, RPE*
Aged 53. 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 30 years' 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 56. 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. Rejoined the Group in 2008 with over 31 years' 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 in December 2008 and Deputy Managing Director (Construction) of Chun Wo Development Holdings Limited in November 2011.

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. 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)*	4/4	–	–	–
Mr. Pang Yat Bond, Derrick *(Deputy Chairman)*	4/4	–	–	1/1
Mr. Kwok Yuk Chiu, Clement *(Managing Director)*	4/4	–	–	–
Madam Li Wai Hang, Christina	4/4	–	–	–
Independent Non-Executive Directors				
Mr. Au Son Yiu	4/4	2/2	–	1/1
Mr. Chan Chiu Ying, Alec	4/4	2/2	–	1/1
Mr. Hui Chiu Chung, Stephen	4/4	2/2	–	–
Mr. Lee Shing See	4/4	–	–	–

Corporate Governance Report

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. Liu Chun Ming, Robin

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 1 meeting to review the remuneration packages of Executive Directors. The attendance of individual Directors at the committee meeting is set out in the table on page 39.

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, no meeting was held by the Nomination Committee.

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 39.

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 2011, 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 2011 annual general meeting; and

(iii) review of the interim report and the interim results announcement for the 6 months ended 30 September 2011, 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$3,583,000 and tax and consulting services amounted approximately to HK$327,000.

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 2012.

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 2012 are set out in the consolidated statement of comprehensive income on page 56.

The Board recommended the payment of a final dividend of HK0.8 cent per share (2011: nil) for the year ended 31 March 2012 to the Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 13 September 2012. The total dividend for the year amounted to HK0.8 cent per share (2011: nil). The proposed final dividend will be paid on or about Friday, 12 October 2012 subject to approval from the Shareholders at the AGM.

Financial Summary

A financial summary of the Group is set out on page 130.

Investment Properties

The investment properties of the Group were revalued as at 31 March 2012 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$30.1 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 28 and 29 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 2012 are set out in Notes 42, 43 and 44 to the consolidated financial statements respectively.

Distributable Reserves of the Company

The Company's reserves available for distribution to Shareholders as at 31 March 2012 were as follows:

	HK$'000
Contributed surplus	52,552
Retained earnings	248,369
	300,921

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 31 to 37.

Directors and Service Contracts

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

Executive Directors:
Mr. Pang Yat Ting, Dominic
Mr. Pang Yat Bond, Derrick
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), Madam Li Wai Hang, Christina and Mr. Hui Chiu Chung, Stephen will retire at the 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 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 3,200 employees at 31 March 2012. Total remuneration of employees for the year ended 31 March 2012 amounted to approximately HK$799.1 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 40 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 2012, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

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

Name of Director	Personal Interest	Family Interest	Corporate Interest	Total Interests	Total Interests as % of the Company's issued share capital
Madam Li Wai Hang, Christina	10,148,875	2,154,000 (Note 1)	537,888,884 (Note 2)	550,191,759	56.22%
Mr. Pang Yat Ting, Dominic	5,680,000	—	537,888,884 (Note 2)	543,568,884	55.54%
Mr. Pang Yat Bond, Derrick	1,000,000	—	—	1,000,000	0.10%
Mr. Kwok Yuk Chiu, Clement	3,650,000	860,000 (Note 3)	—	4,510,000	0.46%
Mr. Au Son Yiu	501,816	—	—	501,816	0.05%

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

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

Notes:

1. These shares are beneficially owned by the spouse of Madam Li Wai Hang, Christina, the late Dr. Pang Kam Chun ("Dr. Pang").

2. GT Winners Limited is 45% owned by Madam Li Wai Hang, Christina and Mr. Pang Yat Ting, Dominic respectively and they are deemed to have interest in the shares of the Company held by GT Winners Limited.

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

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

Name of Director	Personal Interest	Family Interest	Corporate Interest	Total Interests	Total Interests as % of the Company's issued share capital
Madam Li Wai Hang, Christina	3,599,914 (Note 1)	69,358,485 (Note 2)	24,441,805 (Note 3)	97,400,204	9.95%
Mr. Pang Yat Ting, Dominic	2,400,500 (Note 4)	—	24,441,805 (Note 3)	26,842,305	2.74%
Mr. Pang Yat Bond, Derrick	8,113,500 (Note 5)	—	—	8,113,500	0.83%
Mr. Kwok Yuk Chiu, Clement	6,644,750 (Note 6)	161,250 (Note 7)	—	6,806,000	0.70%
Mr. Au Son Yiu	600,000 (Note 8)	—	—	600,000	0.06%
Mr. Chan Chiu Ying, Alec	300,000 (Note 9)	—	—	300,000	0.03%
Mr. Hui Chiu Chung, Stephen	300,000 (Note 9)	—	—	300,000	0.03%
Mr. Lee Shing See	300,000 (Note 9)	—	—	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.

3. GT Winners Limited is 45% owned by Madam Li Wai Hang, Christina and Mr. Pang Yat Ting, Dominic respectively and they are deemed to have interest in the underlying shares of the Company held by GT Winners Limited.

4. 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.

5. 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.

6. 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.

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

8. 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.

9. 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.

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

Save as disclosed above and other than certain nominee shares in the subsidiaries held by Directors in trust for the Group, as at 31 March 2012, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

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

Details of the movements in share options granted under the Chun Wo Scheme to Directors and chief executive of the Company during the year ended 31 March 2012 are as follows:

				Number of share options				
Name of Director	Date of grant	Exercise price per option HK$	Exercisable period	Outstanding at 1/4/2011	Granted during the year	Cancelled/ Exercised during the year	Lapsed during the year	Outstanding at 31/3/2012
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	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	13/8/2004	0.904	21/8/2004 to 12/8/2014	6,326,000	–	–	–	6,326,000
	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 1/4/2011	Granted during the year	Cancelled/ Exercised during the year	Lapsed during the year	Outstanding at 31/3/2012
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)	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
				23,542,000	–	–	–	23,542,000

Note:

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 exercisable period respectively.

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 2012, 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:

		Shares (Long Position)		Underlying shares (Long Position)	
Shareholders	**Capacity**	**Number of shares held**	**Total interests as % of the Company's issued share capital**	**Number of warrants held**	**Total interests as % of the Company's issued share capital**
GT Winners Limited	Beneficial Owner	537,888,884	54.96%	24,441,805	2.50%

Note:

GT Winners Limited is 45% owned by Madam Li Wai Hang, Christina and Mr. Pang Yat Ting, Dominic respectively and they are 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 2012, the Register of Substantial Shareholders disclosed no other party (other than Directors or chief executive of the Company) as being interested or deemed to be interested in 5% or more of the issued share capital of the Company.

Connected Transaction

On 12 January 2012, GT Winners Limited ("Subscriber"), a substantial shareholder of the Company, and the Company entered into a subscription agreement pursuant to which the Subscriber agreed to subscribe for and the Company agreed to allot and issue 62,500,000 new ordinary shares at a consideration of HK$25,000,000 ("Subscription").

Pursuant to Chapter 14A of the Listing Rules, the Subscription constituted a non-exempted connected transaction of the Company since the Subscriber was a connected person of the Company. As the relevant percentage ratios of the Subscription (other than the profits ratio) exceeded 5% and the consideration was more than HK$10,000,000, the Subscription was therefore subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules. Details of the Subscription were more particularly stipulated in an announcement and a circular issued by the Company on 12 January 2012 and 7 February 2012 respectively.

The Subscription was approved by the independent Shareholders of the Company at the special general meeting held on 27 February 2012 and was completed on 7 March 2012.

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 2012 as required under the Listing Rules.

Major Customers and Suppliers

For the year ended 31 March 2012, the aggregate amount of turnover attributable to the Group's 5 largest customers accounted for approximately 56% of the Group's total turnover and the turnover attributable to the Group's largest customer accounted for approximately 29% 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$3,095,000.

Auditor

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

On behalf of the Board

Pang Yat Ting, Dominic
Chairman

Hong Kong, 27 June 2012

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 56 to 129, which comprise the consolidated statement of financial position as at 31 March 2012, 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 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

27 June 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Revenue	7	**3,193,402**	3,002,446
Cost of sales		**(2,964,006)**	(2,815,017)
Gross profit		**229,396**	187,429
Other income		**85,762**	25,780
Other gains and losses		**1,348**	(20,081)
Fair value changes on investment properties	15	**1,301**	51,114
Selling expenses		**(9,633)**	(8,993)
General and administrative expenses		**(238,025)**	(241,363)
Share of results of associates		**17,547**	2,202
Share of results of jointly controlled entities		**50,969**	9,142
Finance costs	8	**(29,586)**	(22,148)
Profit (loss) before tax		**109,079**	(16,918)
Income tax expense	9	**(56,037)**	(38,045)
Profit (loss) for the year	10	**53,042**	(54,963)
Other comprehensive income (expense)			
Exchange differences arising on translation		**33,337**	32,456
Share of translation reserve of associates		**446**	(1,798)
Gain on revaluation of properties upon transfer to investment properties		**9,765**	—
Deferred tax on revaluation gain		**(1,611)**	—
Other comprehensive income for the year		**41,937**	30,658
Total comprehensive income (expense) for the year		**94,979**	(24,305)
Profit (loss) for the year attributable to:			
Owners of the Company		**53,042**	(54,963)
Non-controlling interests		**—**	—
		53,042	(54,963)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**94,979**	(24,305)
Non-controlling interests		**—**	—
		94,979	(24,305)
Earnings (loss) per share	13		
— Basic		**5.76 cents**	(6.00) cents
— Diluted		**5.76 cents**	(6.00) cents

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment	14	**215,890**	256,217
Investment properties	15	**422,622**	370,193
Interests in associates	16	**66,387**	58,534
Interests in jointly controlled entities	17	**77,626**	42,834
Deferred tax assets	30	**10,015**	—
Amounts due from associates	18	**103,420**	103,417
		895,960	831,195
Current assets			
Amounts due from customers for contract work	19	**564,814**	401,101
Debtors, deposits and prepayments	20	**578,998**	555,559
Properties under development	21	**642,587**	995,924
Deposits paid for properties under development	21	**179,783**	180,263
Properties held for sale		**457,088**	52,501
Deposits paid for properties held for sale		**36,004**	44,822
Investments held for trading	22	**468**	651
Amounts due from associates	23	**705**	1,253
Amounts due from jointly controlled entities	23	**54,581**	34,204
Tax recoverable		**17,010**	16,010
Pledged bank deposits	24	**242,082**	183,228
Bank balances and cash	24	**414,944**	605,295
		3,189,064	3,070,811
Current liabilities			
Amounts due to customers for contract work	19	**120,476**	102,905
Creditors, deposits and accrued charges	25	**765,213**	631,791
Deposits received from pre-sales of properties under development		**63,646**	153,576
Amount due to a shareholder	26	**—**	202,384
Amounts due to associates	26	**15,893**	15,770
Amounts due to jointly controlled entities	26	**69,905**	47,928
Tax payable		**82,796**	26,961
Obligations under finance leases	28	**15,864**	14,494
Borrowings	29	**1,242,185**	1,290,109
		2,375,978	2,485,918
Net current assets		**813,086**	584,893
Total assets less current liabilities		**1,709,046**	1,416,088

Consolidated Statement of Financial Position

At 31 March 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current liabilities			
Unsecured bonds	27	**150,000**	—
Obligations under finance leases	28	**15,250**	15,039
Borrowings	29	**48,189**	29,762
Deferred tax liabilities	30	**47,770**	46,375
		261,209	91,176
Net assets		**1,447,837**	1,324,912
Capital and reserves			
Share capital	31	**97,864**	91,613
Reserves		**1,349,623**	1,232,949
Equity attributable to owners of the Company		**1,447,487**	1,324,562
Non-controlling interests		**350**	350
Total equity		**1,447,837**	1,324,912

The consolidated financial statements on pages 56 to 129 were approved and authorised for issue by the board of directors (the "Board" or the "Directors") on 27 June 2012 and are signed on its behalf by:

Pang Yat Bond, Derrick
DIRECTOR

Kwok Yuk Chiu, Clement
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 March 2012

	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	**Revaluation reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
At 1 April 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
Profit for the year	–	–	–	–	–	–	–	53,042	53,042	–	53,042
Exchange differences arising on translation	–	–	–	–	–	33,337	–	–	33,337	–	33,337
Share of translation reserve of associates	–	–	–	–	–	446	–	–	446	–	446
Gain on revaluation of properties upon transfer to investment properties less deferred tax of HK$1,611,000 thereon	–	–	–	–	–	–	8,154	–	8,154	–	8,154
Total comprehensive income for the year	–	–	–	–	–	33,783	8,154	53,042	94,979	–	94,979
Recognition of equity-settled share-based payments	–	–	–	2,943	–	–	–	–	2,943	–	2,943
Issue of shares upon exercise of warrants	1	2	–	–	–	–	–	–	3	–	3
Issue of subscription shares	6,250	18,750	–	–	–	–	–	–	25,000	–	25,000
Lapse of share options	–	–	–	(591)	–	–	–	591	–	–	–
At 31 March 2012	97,864	386,636	2,900	9,107	8,531	119,440	8,154	814,855	1,447,487	350	1,447,837

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 then director and then controlling shareholder of the Company in the year ended 31 March 2010.

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

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Profit (loss) before tax	**109,079**	(16,918)
Adjustments for:		
Finance costs	**29,586**	22,148
Interest income	**(6,311)**	(2,409)
Share of results of associates	**(17,547)**	(2,202)
Share of results of jointly controlled entities	**(50,969)**	(9,142)
Depreciation and amortisation	**7,891**	6,435
Fair value changes on investment properties	**(1,301)**	(51,114)
Share-based payment expense	**2,943**	5,238
Fair value changes on investments held for trading	**183**	316
(Gain) loss on disposal of property, plant and equipment	**(4,800)**	21,895
Impairment loss in respect of properties under development	**35,710**	10,140
Operating cash flows before movements in working capital	**104,464**	(15,613)
(Increase) decrease in amounts due from (to) customers for contract work	**(106,998)**	195,087
(Increase) decrease in debtors, deposits and prepayments	**(21,822)**	15,622
Decrease (increase) in properties under development	**351,623**	(91,241)
Increase in deposits paid for properties under development	**—**	(27,091)
(Increase) decrease in properties held for sale	**(402,644)**	53,628
(Increase) decrease in deposits paid for properties held for sale	**(4,030)**	10,096
Increase in amounts due from jointly controlled entities	**(20,377)**	(2,050)
Increase in creditors, deposits and accrued charges	**128,388**	6,801
(Decrease) increase in deposits received from pre-sales of properties under development	**(95,327)**	10,868
Increase (decrease) in amounts due to jointly controlled entities	**37,991**	(16,962)
Cash (used in) generated from operations	**(28,732)**	139,145
Income taxes paid	**(11,784)**	(18,980)
Net cash (used in) from operating activities	**(40,516)**	120,165

Consolidated Statement of Cash Flows

For the year ended 31 March 2012

	2012 HK$'000	2011 HK$'000
Investing activities		
Dividend received from an associate	**10,140**	12,000
Proceeds from disposal of property, plant and equipment	**9,664**	8,342
Interest received	**6,311**	2,409
Amounts repaid from (advanced to) associates	**548**	(2)
Dividends received from jointly controlled entities	**163**	4,075
Purchase of property, plant and equipment	**(10,097)**	(47,666)
Increase in pledged bank deposits	**(55,357)**	(114,690)
Proceeds from disposal of investment properties	**—**	5,445
Net cash used in investing activities	**(38,628)**	(130,087)
Financing activities		
New trust receipt loans raised	**938,915**	998,060
Repayment of trust receipt loans	**(929,973)**	(951,034)
New bank loans raised	**576,167**	518,709
Repayment of bank loans	**(618,062)**	(476,970)
Repayment of mortgage loans	**(1,769)**	(1,771)
Repayment of principal portion of obligations under finance leases	**(18,450)**	(9,090)
Interest paid	**(47,804)**	(38,309)
(Repayment to) advance from a shareholder	**(202,384)**	202,384
Issuance of unsecured bonds	**150,000**	—
Proceeds from issue of shares	**25,003**	220
Dividends paid	**—**	(4,580)
Net cash (used in) from financing activities	**(128,357)**	237,619
Net (decrease) increase in cash and cash equivalents	**(207,501)**	227,697
Cash and cash equivalents at beginning of the year	**605,295**	366,548
Effect of foreign exchange rate changes	**17,150**	11,050
Cash and cash equivalents at end of the year, represented by bank balances and cash	**414,944**	605,295

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"). Its ultimate holding company is GT Winners Limited (incorporated in the British Virgin Islands). 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 42.

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

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009–2011 Cycle[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[2]
HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

1 Effective for annual periods beginning on or after 1 January 2013
2 Effective for annual periods beginning on or after 1 July 2011
3 Effective for annual periods beginning on or after 1 January 2015
4 Effective for annual periods beginning on or after 1 January 2012
5 Effective for annual periods beginning on or after 1 July 2012
6 Effective for annual periods beginning on or after 1 January 2014

Amendments to HKAS 12 Deferred Tax — Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 *Investment Property* are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for the Group's annual period beginning on 1 April 2012. The Directors anticipate that the application of the amendments to HKAS 12 in future accounting periods may result in adjustments to the amounts of deferred tax liabilities recognised regarding the Group's investment properties. As at 31 March 2012, the deferred tax arising from the revaluation of the properties amounted to HK$33,132,000. Based on the amendments, the Directors assessed and concluded that the presumption set out in the amendments to HKAS 12 will not be rebutted as the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. 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 of the Group.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

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

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. 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 recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as 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 2015, with earlier application permitted.

The Directors anticipate that HKFRS 9 will be adopted in the Group's consolidated financial statements for the financial period beginning on 1 April 2015 but the application of HKFRS 9 is not expected to have significant impact on amounts reported in respect of the Group's consolidated financial assets and financial liabilities.

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

New and Revised Standards on Consolidation, Joint Arrangements, Associates and Disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities are currently accounted for using the equity method of accounting or proportionate accounting under HKAS 31.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for financial period beginning on 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. In particular, the application of HKFRS 11 may result in changes in the classification of joint arrangement as a joint operation or joint venture, depending on the rights and obligations of the parties to the joint arrangement. Under HKFRS 11, joint ventures will then been accounted for under equity method, while joint operator will be required to recognise directly assets, obligations, revenue and expenses of the joint operation. However, the Directors have not yet performed a detailed analysis of the impact of the application of these Standards and hence have not yet quantified the extent of the impact.

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

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for financial period beginning on 1 April 2013 and that the application of the new Standard is not expected to have material impact on the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group's annual period beginning on 1 April 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Except as disclosed above, the Directors 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.

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 in full 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.

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.

3. Significant Accounting Policies (continued)

Revenue recognition (continued)

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.

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 income can be measured reliably. Interest income 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 Group 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.

3. Significant Accounting Policies (continued)

Investments in associates (continued)

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.

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.

3. Significant Accounting Policies (continued)

Jointly controlled entities (continued)

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 entity 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, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group and their amount can be measured reliably.

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.

3. Significant Accounting Policies (continued)

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.

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.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance lease) other than construction in progress are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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.

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

3. Significant Accounting Policies (continued)

Property, plant and equipment (continued)

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.

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, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. 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 except for those that are classified and accounted for as investment properties under the fair value model. 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.

3. Significant Accounting Policies (continued)

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.

The Group transfers a property from inventories to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

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. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

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.

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 considered to be 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.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

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.

For certain categories of financial asset, such as debtors, assets that are assessed not to be impaired individually are, in addition, 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, the amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's 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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

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

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 issues 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.

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 of obligation under the contract, as 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 the revenue recognition policy.

3. Significant Accounting Policies (continued)

Financial instruments (continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are 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.

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. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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 (or a cash generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3. Significant Accounting Policies (continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the 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.

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.

Current and deferred tax are 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 current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3. Significant Accounting Policies (continued)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of 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) using exchange rates 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 under the heading of translation reserve.

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 recognised as an expense when employees have rendered service entitling them to the contributions.

Equity settled share-based payment transactions

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).

3. Significant Accounting Policies (continued)

Equity settled share-based payment transactions (continued)

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 original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve.

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.

If new share options are granted as replacement for the cancelled share options, the Group accounts for the granting of the replacement share options in the same way as a modification of the original grant.

For any modification to the terms and conditions of share options granted, the incremental fair value granted is determined at the difference between the fair value of the modified share options and that of the original share options, both as at the date of the modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from the modification date until the date when the modified share option vest, in addition to the amount based on the grant date fair value of the original share options, which is recognised over the remainder of the original vesting period. If the modification occurs after vesting date, the incremental fair value granted is recognised immediately.

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.

4. Key Sources of Estimation Uncertainty (continued)

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.

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 2012 at their fair value of approximately HK$423 million (2011: HK$370 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, by capitalising 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 remaining unsold 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, revision in estimated selling expenses and/or estimated cost of completion arising from any changes to the property market conditions in the People's Republic of China ("PRC") and United Arab Emirates ("UAE"), additional loss may be recognised on the properties under development and properties held for sale in the consolidated statement of comprehensive income. As at 31 March 2012, write down of HK$35,710,000 (2011: HK$10,140,000) has been recognised for properties under development mainly attributable to the decrease in estimated selling price having considered the current market condition in UAE.

4. Key Sources of Estimation Uncertainty (continued)

Income tax

As at 31 March 2012, a deferred tax asset (note 30) in relation to unused tax losses of HK$160,011,000 (2011: HK$75,055,000) has been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised in respect of tax losses of HK$342,931,000 and HK$398,061,000 as at 31 March 2012 and 2011, 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.

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 29, 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 as well as the issue of new debt or the redemption of existing debt.

6. Financial Instruments

a. Categories of financial instruments

	2012 **HK$'000**	2011 HK$'000
Financial assets		
Fair value through profit or loss		
— Held for trading	**468**	651
Loans and receivables (including cash and cash equivalents)	**1,336,629**	1,432,403
Financial liabilities		
Amortised cost	**2,285,051**	2,212,981

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, unsecured bonds, obligations under finance leases and borrowings. 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:

	2012 **HK$'000**	2011 HK$'000
United States dollars	**21**	22

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

6. Financial Instruments (continued)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

In addition, intercompany balances within the Group that form part of the Group's (i.e. Hong Kong dollars) net investment in foreign operations, and are denominated in foreign currency, 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$175,042,000 (2011: HK$139,718,000).

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2011: 5%) appreciation in the functional currencies of the relevant subsidiaries, Renminbi, Singapore dollars and Thai Bahts, relative to the foreign currency 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% (2011: 5%) against the relevant currency.

	Increase in other comprehensive income	
	2012	2011
	HK$'000	HK$'000
Hong Kong dollars	**8,752**	6,986

(ii) Fair value and cash flow interest rate risks

The Group has significant bank borrowings (see note 29 for details) and bank deposits with floating interest rate which bear cash flow interest-rate risk. Unsecured bonds (see note 27 for details) carried at fixed rate expose the Group to fair value interest-rate risk. During the year, the Group has not hedged its cash flow and fair value interest rate risks. The Directors consider the Group's exposure of cash flow interest rate risk on the bank deposits is insignificant as most deposits bear variable interest rates which did not significantly fluctuated in recent years.

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 (2011: 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 (2011: 100) basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 March 2012 would decrease/ increase by approximately HK$10,775,000 (2011: post-tax loss for the year would increase/ decrease by approximately HK$11,021,000).

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% (2011: 5%) higher/lower, profit for the year ended 31 March 2012 would increase/decrease by HK$23,000 (2011: loss for the year would decrease/increase by HK$33,000) 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 38. 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. The Group also 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. To mitigate credit risk arising from guarantee provided to banks in respect of credit facilities utilised by associates and jointly controlled entities, the Group has delegated a team responsible for assessing credit standing and limits to the guarantee to be made. In addition, the management considers the credit risk exposure to financial guarantees provided to property purchases is limited because the facilities are secured by the properties. 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 29.

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	Total undiscounted cash flows HK$'000	Carrying amount at 31.3.2012 HK$'000
2012					
Creditors and accrued charges	–	638,863	120,016	758,879	758,879
Unsecured bonds	7.25	10,860	167,889	178,749	150,000
Amounts due to jointly controlled entities	–	69,905	–	69,905	69,905
Amounts due to associates	–	15,893	–	15,893	15,893
Borrowings — variable rate	3.08	1,243,016	54,946	1,297,962	1,290,374
Obligations under finance leases	3.03	16,602	15,619	32,221	31,114
Financial guarantee contracts	–	645,542	–	645,542	–
		2,640,681	358,470	2,999,151	2,316,165

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	1–5 years	Total undiscounted cash flows	Carrying amount at 31.3.2011
	%	HK$'000	HK$'000	HK$'000	HK$'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

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.

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 2012 and 31 March 2011, the aggregate carrying amounts of these bank borrowings amounted to HK$1,211,321,000 and HK$1,022,585,000 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 below:

	Repayable within in 1 year HK$'000	1-5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2012					
Bank borrowings with a repayment on demand clause	**1,115,161**	**111,044**	**8,637**	**1,234,842**	**1,211,321**
2011					
Bank borrowings with a repayment on demand clause	911,164	135,659	10,486	1,057,309	1,022,585

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.

c. Fair value

The fair value 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 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.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

6. Financial Instruments (continued)

c. Fair value (continued)

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).

	2012 **Level 1** **HK$'000**	2011 Level 1 HK$'000
Investments held for trading	**468**	651

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.

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred as the "CODM"). For the purpose of performance assessment and resource allocation by the CODM, the Group's business activities are categorised under the following operating and reportable 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

7. Segment Information (continued)

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 2012

	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)	2,610,881	336,737	10,494	235,290	–	3,193,402
Share of revenue of jointly controlled entities	1,644,067	–	–	–	–	1,644,067
Segment revenue	4,254,948	336,737	10,494	235,290	–	4,837,469
RESULT						
Operating results	6,292	56,788	13,054	4,898	(545)	80,487
Share of results of associates	–	15,312	2,235	–	–	17,547
Share of results of jointly controlled entities	50,969	–	–	–	–	50,969
Segment profit (loss)	57,261	72,100	15,289	4,898	(545)	149,003
Unallocated corporate expenses						(16,649)
Interest income						6,311
Finance costs						(29,586)
Profit before tax						109,079
Income tax expense						(56,037)
Profit for the year						53,042

7. Segment Information (continued)

Segment revenues and results (continued)

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)

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. The share of revenue of jointly controlled entities has been included in segment revenue for the purpose of performance assessment by the CODM.

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 and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

Total segment assets and liabilities are not disclosed as they are not regularly reviewed by the CODM.

7. Segment Information (continued)

Other segment information

2012

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	6,377	877	–	637	–	7,891
(Gain) loss on disposal of property, plant and equipment	(5,671)	674	–	197	–	(4,800)
Write down of properties under development	–	35,710	–	–	–	35,710

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
Write down of properties under development	–	10,140	–	–	–	10,140

Geographical information

The Group operates in following principal geographical areas, including Hong Kong (place of domicile), other regions in the PRC and other jurisdictions ("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	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
Hong Kong (place of domicile)	**2,754,847**	2,349,188	**697,878**	644,894
Other regions in the PRC	**361,528**	568,230	**12,096**	11,690
Others	**77,027**	85,028	**82,566**	71,194
	3,193,402	3,002,446	**792,540**	727,778

Information about major customers

Included in the revenue arising from construction work, there was one customer (2011: two) who accounted for over 10% of total revenue with revenue of HK$924,953,000 (2011: HK$845,312,000 and HK$403,326,000 separately). The customer is located in Hong Kong.

8. Finance Costs

	2012 HK$'000	2011 HK$'000
Interests on:		
Bank loans wholly repayable within five years	**42,353**	36,817
Bank loans not wholly repayable within five years	**209**	217
Finance leases	**929**	630
Amount due to a jointly controlled entity	**477**	645
Unsecured bonds	**3,836**	—
Total borrowing costs	**47,804**	38,309
Less: Amount attributable to contract work	**(9,676)**	(7,822)
Amount attributable to properties under development	**(8,542)**	(8,339)
	29,586	22,148

9. Income Tax Expense

	2012 HK$'000	2011 HK$'000
Current tax		
— Hong Kong Profits Tax		
— current year	**4,584**	1,768
— overprovision in prior year	**(242)**	(4)
	4,342	1,764
— PRC Enterprise Income Tax ("EIT")		
— current year	**22,238**	18,688
— under(over)provision in prior years	**1,484**	(2,599)
	23,722	16,089
— PRC LAT	**38,221**	8,923
— Other jurisdictions		
— current year	**—**	34
— overprovision in prior year	**(17)**	—
	(17)	34
Deferred taxation (note 30)	**(10,231)**	11,235
	56,037	38,045

9. Income Tax Expense (continued)

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.

Under the EIT Law of PRC, withholding income tax at 10% is imposed on dividends declared in respect of 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. At the end of the reporting period, deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to profits earned by the Company's PRC subsidiaries amounting to HK$170,850,000 (2011: nil) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax liability of HK$366,000 on the undistributed earnings of subsidiaries had been charged to the profit or loss for the year ended 31 March 2011. No such deferred tax liability is being provided for the year ended 31 March 2012.

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.

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

Details of deferred taxation are set out in note 30.

9. Income Tax Expense (continued)

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

	2012 **HK$'000**	2011 HK$'000
Profit (loss) before tax	**109,079**	(16,918)
Tax at the Hong Kong Profits Tax rate of 16.5%	**17,998**	(2,792)
Tax effect of share of results of associates	**(2,895)**	(364)
Tax effect of share of results of jointly controlled entities	**(8,410)**	(1,508)
Tax effect of expenses not deductible for tax purpose	**20,336**	22,567
Tax effect of income not taxable for tax purpose	**(1,736)**	(5,880)
Under(over)provision in prior years, net	**1,225**	(2,603)
Tax effect of tax losses for current year not recognised	**12,215**	15,667
Utilisation of tax losses previously not recognised	**(21,311)**	(1,694)
Effect of different tax rates of operations in other jurisdictions	**10,736**	6,907
PRC LAT	**38,221**	8,923
Tax effect of LAT	**(9,555)**	(2,231)
Deferred taxation on undistributed earnings of PRC subsidiaries (note 30)	**—**	366
Reversal of previously recognised deferred tax liabilities on disposal of an investment property	**—**	(776)
Others	**(787)**	1,463
Tax charge for the year	**56,037**	38,045

10. Profit (Loss) for the Year

	2012 HK$'000	2011 HK$'000
Profit (loss) for the year has been arrived at after charging (crediting):		
Auditor's remuneration		
Current year	**3,583**	3,416
Underprovision in prior year	**289**	242
	3,872	3,658
Depreciation and amortisation	**37,379**	32,185
Less: Amount attributable to contract work	**(29,488)**	(25,750)
	7,891	6,435
Fair value changes on investments held for trading (included in other gains and losses)	**183**	316
Write down of properties under development (included in cost of sales)	**35,710**	10,140
(Gain) loss on disposal of property, plant and equipment (included in other gains and losses)	**(4,800)**	21,895
Operating lease rentals for:		
Rental properties	**20,595**	9,838
Plant and machinery	**49,290**	46,525
	69,885	56,363
Less: Amount attributable to contract work	**(62,264)**	(50,563)
	7,621	5,800
Share-based payment expense	**2,943**	5,238
Staff costs, including directors' emoluments	**799,054**	693,769
Less: Amount attributable to contract work	**(419,116)**	(348,193)
Amount attributable to properties under development	**(11,982)**	(16,241)
	367,956	329,335
Share of tax of jointly controlled entities (included in share of results of jointly controlled entities)	**10,056**	2,056
Share of tax of associates (included in share of results of associates)	**6,471**	408
Construction project management fee income (included in other income)	**(72,561)**	(17,652)
Interest income	**(6,311)**	(2,409)
Net foreign exchange loss (gains) (included in other gains and losses)	**3,269**	(2,130)
Rental income from investment properties, net of direct operating expenses from investment properties that generated rental income during the year of HK$1,190,000 (2011: HK$1,566,000)	**(9,304)**	(6,563)

11. Directors' and Employees' Emoluments

(a) Directors' emoluments

The emoluments paid or payable to each of the eight (2011: nine) Directors were as follows:

2012

		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 Yat Ting, Dominic	**—**	**3,075**	**12**	**120**	**3,207**
Pang Yat Bond, Derrick	**—**	**3,190**	**12**	**113**	**3,315**
Kwok Yuk Chiu, Clement	**—**	**2,961**	**12**	**191**	**3,164**
Li Wai Hang, Christina	**—**	**2,003**	**12**	**67**	**2,082**
Au Son Yiu	**220**	**—**	**—**	**21**	**241**
Chan Chiu Ying, Alec	**220**	**—**	**—**	**21**	**241**
Hui Chiu Chung, Stephen	**220**	**—**	**—**	**21**	**241**
Lee Shing See	**220**	**—**	**—**	**21**	**241**
	880	**11,229**	**48**	**575**	**12,732**

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

11. Directors' and Employees' Emoluments (continued)

(b) Employees' emoluments

During the year, the five highest paid individuals included three (2011: three) Directors, details of whose emoluments are included above. The emoluments of the remaining two (2011: two) individuals are as follows:

	2012 HK$'000	2011 HK$'000
Salaries and other benefits	**6,383**	4,846
Retirement benefit scheme contributions	**12**	17
Share-based payment	**201**	308
	6,596	5,171

The employees' emoluments were within the following bands:

	Number of employees	
	2012	2011
HK$2,500,001 to HK$3,000,000	**1**	2
HK$3,500,001 to HK$4,000,000	**1**	—

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

12. Dividends

	2012 HK$'000	2011 HK$'000
Final dividend recognised as distribution during the year in respect of 2011 of nil (2010: HK0.5 cent) per share	**–**	4,580

Final dividend of HK0.8 cent per share in respect of the year ended 31 March 2012 (2011: nil) has been proposed by the Directors and is subject to approval from shareholders at the forthcoming annual general meeting.

13. Earnings (Loss) Per Share

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

	2012 HK$'000	2011 HK$'000
Earnings (loss)		
Earnings (loss) for the purpose of basic and diluted earnings (loss) per share	**53,042**	(54,963)

	2012	2011
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**920,235,471**	916,024,227
Effect of dilutive potential ordinary shares in respect of		
— Share options	**172,338**	—
— Warrants	**100**	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**920,407,909**	916,024,227

The computation of diluted loss per share for the year ended 31 March 2011 does not assume the exercise of the warrants and share options as it would result in decrease in loss per share.

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 2010	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
Exchange adjustment	—	(8)	68	556	—	616
Additions	—	18,904	7,836	3,388	—	30,128
Gain on revaluation upon transfer to investment properties	9,765	—	—	—	—	9,765
Transfer to investment properties	(40,145)	—	—	—	—	(40,145)
Disposals	—	(13,178)	(4,073)	(3,598)	—	(20,849)
At 31 March 2012	65,772	504,067	50,810	57,544	—	678,193
DEPRECIATION AND AMORTISATION						
At 1 April 2010	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
Exchange adjustment	—	(2)	52	143	—	193
Provided for the year	2,134	27,669	3,587	3,989	—	37,379
Eliminated on transfer to investment properties	(1,745)	—	—	—	—	(1,745)
Eliminated on disposals	—	(10,391)	(2,956)	(2,638)	—	(15,985)
At 31 March 2012	24,664	366,439	36,378	34,822	—	462,303
CARRYING VALUES						
At 31 March 2012	41,108	137,628	14,432	22,722	—	215,890
At 31 March 2011	71,877	149,186	11,284	23,870	—	256,217

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.

14. Property, Plant and Equipment (continued)

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:

	2012 HK$'000	2011 HK$'000
Properties in Hong Kong	**37,207**	67,816
Properties located elsewhere in the PRC	**3,901**	4,061
	41,108	71,877

The carrying value of the Group's property, plant and equipment includes an amount of HK$32,347,000 (2011: HK$23,430,000) and HK$6,736,000 (2011: HK$1,212,000) in respect of plant and machinery and motor vehicles held under finance leases respectively.

During the year ended 31 March 2012, the Group changed the usage of a building, which was transferred from leasehold land and buildings (classified as property, plant and equipment) to investment properties at the fair value of HK$38,400,000 on the date of transfer.

15. Investment Properties

	2012 HK$'000	2011 HK$'000
FAIR VALUE		
At beginning of the year	**370,193**	324,524
Transfer from property, plant and equipment	**38,400**	—
Transfer from properties held for sale	**12,728**	—
Disposals	**—**	(5,445)
Increase in fair value recognised in profit or loss	**1,301**	51,114
At end of the year	**422,622**	370,193

15. Investment Properties (continued)

The fair values of the Group's investment properties as at 31 March 2012 and 2011 have been arrived at on the basis of valuations carried out on that date by Centaline Surveyors Limited, Chesterton International LLC, Jones Lang LaSalle Sallmanns Limited and Vigers Appraisal and Consulting Limited, independent qualified professional valuers not connected with the Group. All of these valuers are members of the Hong Kong Institute of Surveyors or Royal Institution of Chartered Surveyors United Kingdom. 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 situated in the following locations:

	2012 **HK$'000**	2011 HK$'000
Under medium-term leases:		
Hong Kong	**409,200**	365,000
Other regions in the PRC	**5,582**	5,193
	414,782	370,193
Under long lease:		
Others	**7,840**	—
	422,622	370,193

Included in investment properties in Hong Kong with a total carrying value of HK$43,000,000 (2011: HK$42,000,000) 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 note17.

16. Interests in Associates

	2012 HK$'000	2011 HK$'000
Cost of unlisted investments in associates	42,783	42,783
Share of post-acquisition profits and other comprehensive income, net of dividend received	23,604	15,751
	66,387	58,534

Particulars of the Group's principal associates as at 31 March 2012 and 2011 are set out in note 43.

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

	2012 HK$'000	2011 HK$'000
Total assets	741,082	708,740
Total liabilities	(423,828)	(429,521)
Net assets	317,254	279,219
Group's share of net assets of associates	66,387	58,534

	2012 HK$'000	2011 HK$'000
Revenue	12,391	11,825
Profit for the year	85,825	19,958
Other comprehensive income (expense)	3,155	(19,544)
Group's share of profits and other comprehensive income of associates for the year	17,993	404

17. Interests in Jointly Controlled Entities

Jointly controlled entities

	2012 HK$'000	2011 HK$'000
Cost of unlisted investment in jointly controlled entities	**8,928**	8,928
Share of post-acquisition profits net of dividend received	**68,698**	33,906
	77,626	42,834

Particulars of the Group's principal jointly controlled entities as at 31 March 2012 and 2011 are set out in note 44.

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:

	2012 HK$'000	2011 HK$'000
Current assets	**684,802**	308,743
Non-current assets	**4,723**	4,459
Current liabilities	**(611,899)**	(270,363)
Non-current liabilities	**—**	(5)
	77,626	42,834
Income recognised in profit or loss	**1,644,680**	1,015,544
Expenses recognised in profit or loss	**1,583,655**	1,004,346

Jointly controlled assets

Investment properties include the Group's share of interest in jointly controlled assets with a carrying value of HK$43,000,000 (2011: HK$42,000,000). The Group's share of net income in relation to the jointly controlled assets amounted to HK$2,559,000 (2011: HK$1,628,000).

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

	2012 HK$'000	2011 HK$'000
Contracts in progress at the end of the reporting period		
Costs incurred to date plus recognised profits less recognised losses	**12,741,942**	11,585,014
Less: Progress billings	**(12,297,604)**	(11,286,818)
	444,338	298,196
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**564,814**	401,101
Amounts due to customers for contract work	**(120,476)**	(102,905)
	444,338	298,196

20. Debtors, Deposits and Prepayments

	2012 HK$'000	2011 HK$'000
Debtors	**276,668**	255,818
Less: Allowance for doubtful debts	**(534)**	(534)
	276,134	255,284
Retention receivables	**229,498**	212,137
Prepayments, deposits and other receivables	**73,366**	88,138
	578,998	555,559

20. Debtors, Deposits and Prepayments (continued)

Retention receivable is analysed as follows:

	2012 HK$'000	2011 HK$'000
Due within one year	**4,497**	1,643
Due after one year	**225,001**	210,494
	229,498	212,137

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$276,134,000 (2011: HK$255,284,000), which are included in the Group's debtors, deposits and prepayments, is as follows:

	2012 HK$'000	2011 HK$'000
Not yet due	**262,739**	184,127
Amounts past due but not impaired:		
1–30 days	**11,596**	67,628
31–90 days	**888**	1,938
91–180 days	**538**	1,232
Over 180 days	**373**	359
	13,395	71,157
	276,134	255,284

Included in the Group's debtors balance are debtors with a carrying amount of HK$13,395,000 (2011: HK$71,157,000) 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 allowance for doubtful debts:

	2012 HK$'000	2011 HK$'000
Balance at beginning and end of the year	**534**	534

20. Debtors, Deposits and Prepayments (continued)

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history.

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 Directors believe that there is no further allowance required in excess of the allowance for doubtful debts.

21. Properties under Development

Included in the amount are properties under development of HK613,555,000 (2011: HK$623,237,000) expected to be completed after the next twelve months from the end of the reporting period.

Deposits paid for properties under development for sale of HK$179,783,000 at 31 March 2012 (2011: HK$180,263,000) represent the deposits paid for a piece of land and it is expected to be available after the next twelve months from the end of the reporting period.

22. Investments held for Trading

	2012 HK$'000	2011 HK$'000
Investment held for trading:		
Equity securities listed outside Hong Kong stated at fair values	**468**	651

23. Amounts Due From Associates/Jointly Controlled Entities

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

The amounts due from jointly controlled entities are unsecured, interest-free and repayable on demand. Included in the amounts due from jointly controlled entities, an amount of HK$4,795,000 (2011: HK$12,198,000) is trade-related.

23. Amounts Due From Associates/Jointly Controlled Entities (continued)

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

	2012 HK$'000	2011 HK$'000
Not yet due	**4,527**	11,528
Amounts past due but not impaired:		
1–30 days	**219**	95
31–90 days	**—**	548
91–180 days	**49**	27
	268	670
	4,795	12,198

24. Pledged Bank Deposits and Bank Balances

The pledged deposits have been placed in designated banks as part of the security to secure general banking facilities granted to the Group. The bank deposits carry interest at an average rate of 1.03% (2011: 0.24%) 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 0.47% (2011: 0.48%) per annum.

25. Creditors, Deposits and Accrued Charges

The ageing analysis of trade payables of HK$403,059,000 (2011: HK$246,771,000), which are included in the Group's creditors, deposits and accrued charges, is as follows:

	2012 HK$'000	2011 HK$'000
Not yet due	**257,700**	190,581
1–30 days	**92,968**	42,713
31–90 days	**43,174**	8,772
91–180 days	**6,758**	893
Over 180 days	**2,459**	3,812
	403,059	246,771

Included in the amount of creditors, deposits and accrued charges are retention payables to sub-contractors of HK$120,016,000 (2011: HK$86,468,000).

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 which carried interest at 2.15% per annum as at 31 March 2011, and was fully settled during the current year.

The amount due to a shareholder, Mr. Pang Yat Ting, Dominic who is also an executive director of the Company was fully repaid during the current year.

27. Unsecured Bonds

On 23 November 2011, the Company entered into a subscription agreement with Talent Effort Limited ("Talent Effort"), a company indirectly beneficially owned by Madam Li Wai Hang, Christina and Mr. Pang Yat Ting, Dominic, both being executive directors of the Company and the substantial shareholders of the ultimate holding company, in relation to the issue of unsecured bonds in the principal amount of HK$150 million by the Company to Talent Effort. The bonds were issued to Talent Effort on 23 November 2011, which will be matured on 22 November 2014 at par with interest of 7.25% per annum payable semi-annually in arrear.

28. Obligations under Finance Leases

	Minimum lease payments		**Present value of minimum lease payments**	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts payable under finance leases				
Within one year	**16,602**	15,212	**15,864**	14,494
In more than one year but not more than two years	**11,989**	10,148	**11,667**	9,857
In more than two years but not more than five years	**3,630**	5,248	**3,583**	5,182
	32,221	30,608	**31,114**	29,533
Less: Future finance charges	**(1,107)**	(1,075)	**—**	—
Present value of lease obligations	**31,114**	29,533	**31,114**	29,533
Less: Amount due for settlement within 12 months (shown under current liabilities)			**(15,864)**	(14,494)
Amount due for settlement after 12 months			**15,250**	15,039

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

28. Obligations under Finance Leases (continued)

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 (2011: range from two to three years). The effective borrowing rates underlying all obligations under finance leases are fixed at respective contract rates range from 2.5% to 3.6% (2011: 2.6% to 3.6%) per annum. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

29. Borrowings

	2012 HK$'000	2011 HK$'000
Borrowings comprise:		
Trust receipt loans (note a)	**244,140**	235,198
Bank loans (note b)	**1,028,990**	1,065,660
Mortgage loans (note c)	**17,244**	19,013
	1,290,374	1,319,871
Analysed as:		
Secured	**664,782**	634,465
Unsecured	**625,592**	685,406
	1,290,374	1,319,871
Carrying amount repayable (note d)		
Within one year	**30,864**	267,524
More than one year, but not exceeding two years	**24,378**	29,762
More than two years, but not more than five years	**23,811**	—
	79,053	297,286
Carrying amount of bank loans that contain a repayment on demand clause		
— repayable within one year	**1,095,139**	881,643
— repayable after one year (shown under current liabilities)	**116,182**	140,942
	1,290,374	1,319,871
Amounts repayable within one year shown under current liabilities	**(1,242,185)**	(1,290,109)
Amounts due after one year	**48,189**	29,762

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

29. Borrowings (continued)

Notes:

(a) The trust receipt loans are unsecured and carry interest at floating rates ranging from Hong Kong Interbank Offered Rates ("HIBOR") plus 2.0% to HIBOR plus 3.25% (2011: HIBOR plus 1.5% to HIBOR plus 2.6%).

(b) Bank loans of HK$882,036,000 (2011: HK$924,588,000) are denominated in Hong Kong dollars carrying interest at floating rates with average interest rates ranging from HIBOR plus 1.7% to HIBOR plus 4% (2011: HIBOR plus 1% 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 (2011: 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$647,538,000 (2011: HK$615,452,000) and HK$381,452,000 (2011: HK$450,208,000), 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% (2011: Prime minus 2.25% or HIBOR plus 0.925%).

(d) The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

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	Tax losses	Other temporary differences	Fair value gain of investment properties	Undistributed earnings of subsidiaries	Total
	HK$'000	HK$'000	HK$'000 (note)	HK$'000	HK$'000	HK$'000
At 1 April 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)
Credit (charge) to profit or loss	(3,424)	14,018	691	(1,054)	—	10,231
Charge to revaluation reserve	—	—	—	(1,611)	—	(1,611)
At 31 March 2012	(31,745)	26,402	5,422	(33,132)	(4,702)	(37,755)

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

30. Deferred Tax Liabilities (continued)

At the end of the reporting period, the Group has unused tax losses of HK$502,942,000 (2011: HK$473,116,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK$160,011,000 (2011: HK$75,055,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK$342,931,000 (2011: HK$398,061,000) losses due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balance for financial reporting purposes:

	2012 **HK$'000**	2011 HK$'000
Deferred tax assets	**10,015**	—
Deferred tax liabilities	**(47,770)**	(46,375)
	(37,755)	(46,375)

31. Share Capital of the Company

	Number of shares		**Amount**	
	2012	2011	**2012** **HK$'000**	2011 HK$'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	**916,132,531**	915,718,274	**91,613**	91,572
Exercise of warrants	**6,000**	141,533	**1**	14
Exercise of share options	**—**	272,724	**—**	27
Issue of subscription shares	**62,500,000**	—	**6,250**	—
At end of the year	**978,638,531**	916,132,531	**97,864**	91,613

Details of the exercise of warrants and share options during the years ended 31 March 2011 and 2012 are set out in notes 32 and 33, respectively.

On 12 January 2012, GT Winners Limited, a company incorporated in the British Virgin Islands with limited liability and the Company entered into a subscription agreement pursuant to which GT Winners Limited has agreed to subscribe for and the Company has agreed to allot and issue 62,500,000 ordinary shares of HK$0.1 each at a consideration of HK$25,000,000.

All the shares issued during the year rank pari passu with the then 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 adjustments, at any time from the date of issue up to and including 12 September 2013.

During the year ended 31 March 2012, 6,000 new shares (2011: 141,533) of the Company of HK$0.1 each were issued upon the exercise of the Warrants. At 31 March 2012, the Company had 171,600,779 outstanding Warrants (2011: 171,606,779). Exercise in full of such outstanding Warrants would result in the issue of 171,600,779 additional shares (2011: 171,606,779).

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 the opportunity to acquire proprietary interests in the Company, which will encourage the grantees of such options to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole. The Board will set out in the offer the terms on which the option is to be granted. Such terms may include (i) minimum performance targets that must be reached before the option can be exercised in whole or in part; and/or (ii) such other terms (including the vesting period) as may be imposed at the discretion of the Board either on a case-by-case basis or generally.

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

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.

33. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

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.

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.

33. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

Details of the movements in share options are as follows:

For the year ended 31 March 2012

Eligible participants	Date of grant/ replacement	Exercise price per option HK$	Exercisable period	Number of share options Outstanding at 1/4/2011	Replacement during the year (Note 4)	Lapsed during the year	Outstanding at 31/3/2012
Directors	13/8/2004	0.904	21/8/2004 to 12/8/2014	9,652,000	–	–	9,652,000
	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	2,445,000	–	–	2,445,000
	15/1/2010	0.650	15/1/2012 to 14/1/2014	2,445,000	–	–	2,445,000
	15/1/2010	0.650	15/1/2013 to 14/1/2014	3,260,000	–	–	3,260,000
Employees	15/1/2010	0.650	15/1/2011 to 14/1/2014	6,720,600	(6,247,200)	(473,400)	–
	15/1/2010	0.650	15/1/2012 to 14/1/2014	6,720,600	(6,247,200)	(473,400)	–
	15/1/2010	0.650	15/1/2013 to 14/1/2014	8,960,800	(8,329,600)	(631,200)	–
	17/1/2012	0.410	17/1/2012 to 16/1/2014	–	12,494,400	–	12,494,400
	17/1/2012	0.410	17/1/2013 to 16/1/2014	–	8,329,600	–	8,329,600
Consultants	31/7/2008	0.684	31/1/2009 to 30/7/2011	219,294	–	(219,294)	–
	15/1/2010	0.650	15/1/2011 to 14/1/2014	771,600	(375,000)	(283,200)	113,400
	15/1/2010	0.650	15/1/2012 to 14/1/2014	771,600	(375,000)	(283,200)	113,400
	15/1/2010	0.650	15/1/2013 to 14/1/2014	1,028,800	(500,000)	(377,600)	151,200
	22/3/2010	0.660	22/3/2010 to 21/3/2013	75,757	–	–	75,757
	17/1/2012	0.410	17/1/2012 to 16/1/2014	–	750,000	–	750,000
	17/1/2012	0.410	17/1/2013 to 16/1/2014	–	500,000	–	500,000
Other (Note 1)	13/8/2004	0.904	21/8/2004 to 12/8/2014	1,464,000	–	–	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
				48,811,051	–	(2,741,294)	46,069,757
Number of option exercisable at the end of the reporting period							32,716,157
Weighted average exercise price				0.719	0.410	0.653	0.608

33. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

For the year ended 31 March 2011

Eligible participants	Date of grant	Exercise price per option HK$	Exercisable period	Number of share options 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 option 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)

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, 31 July 2009, 15 January 2010 and 17 January 2012, the vesting dates are 31 January 2008, 25 September 2007, 31 July 2008, 31 January 2009, 31 January 2010, 15 January 2011, 15 January 2012, 15 January 2013 and 17 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.

4. On 17 January 2012, the share options previously granted to employees and consultants of the Group on 15 January 2010 to subscribe for a total of 22,074,000 ordinary shares in the share capital of the Company had been cancelled (the "Cancelled Share Options"). These share options had not been exercised since they were granted.

   The Company had granted 22,074,000 new share options under the Chun Wo Scheme to holders of the Cancelled Share Options to subscribe for a total of 22,074,000 shares in the replacement of the Cancelled Share Options held by them.

   The Directors considered that the exercise price for the Cancelled Share Options (being HK$0.65 per share) was higher than the recent market prices of the shares, the Cancelled Share Options could no longer serve the purpose of providing incentives or rewards to the holders thereof. The replacement by the new share options, by bringing the exercise price (being HK$0.41 per share) to the current trading price level of the shares, would better serve the purpose of the Chun Wo Scheme in providing incentives or rewards to eligible participants thereunder for their contributions to the Group. The fair value of the new options determined at the date of replacement using the Black-Scholes option pricing model ranged from HK$0.073 to HK$0.085. The fair value of the Cancelled Share Options determined at the date of replacement using the Black-Scholes option pricing model is HK$0.044. As the replacement of a portion of the share options occurred after their vesting period, the incremental fair value of the options determined on the date of replacement using the Black-Scholes option pricing model of HK$389,000 was recognised immediately in profit or loss. In addition, the incremental fair value recognised in current year relating to the replaced share options not yet vested at the date of replacement amounting to HK$76,000 has been recognised in profit or loss. The remaining incremental fair value of HK$280,000 in respect of those replaced share options not yet vested will be expensed over the remaining vesting period of one year.

5. No share options were exercised during the year ended 31 March 2012.

The Group recognised the total expense of HK$2,943,000 for the year ended 31 March 2012 (2011: HK$5,238,000) in relation to share options granted/replaced by the Company.

33. Share Option Schemes (continued)

(a) Chun Wo Scheme (continued)

The following assumptions were used to calculate the fair values of share options replaced/cancelled in current year:

Date of replacement/ cancellation of the share option	Exercise price per option	Share price at replacement/ cancellation	Expected life of share option	Expected volatility of share prices	Expected dividend yield
17 January 2012	0.410	0.410	1.00 year	44.97%	0.00%
17 January 2012	0.410	0.410	1.50 years	42.30%	0.00%
17 January 2012	0.650	0.410	2.00 years	44.96%	0.00%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 1–2 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 2012, the total number of shares in respect of which share options had been granted/replaced and remained outstanding under the Chun Wo Scheme was 46,069,757 shares (2011: 48,811,051) representing 4.71% (2011: 5.33%) of the shares of the Company in issue as at 31 March 2012.

(b) Foundations Scheme

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

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

33. Share Option Schemes (continued)

(b) Foundations Scheme (continued)

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.

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$24,752,000 (2011: HK$21,094,000) after forfeited contributions utilised of HK$3,984,000 (2011: HK$3,174,000).

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$2,141,000 (2011: HK$1,754,000).

35. Major Non-Cash Transactions

During the year, the Group entered into finance lease arrangements in respect of plant and machinery and motor vehicles with a total capital value at the inception of the leases of HK$20,031,000 (2011: HK$18,189,000).

36. Capital Commitments

	2012 **HK$'000**	2011 HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**11,515**	98

37. 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:

	2012 HK$'000	2011 HK$'000
Within one year	**10,002**	4,667
In the second to fifth year inclusive	**6,620**	3,232
	16,622	7,899

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

The Group as lessor:

Property rental income earned during the year was HK$10,494,000 (2011: HK$8,129,000). The properties held have committed tenants for an average term of two years.

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:

	2012 HK$'000	2011 HK$'000
Within one year	**9,154**	6,385
In the second to fifth year inclusive	**12,721**	2,668
	21,875	9,053

38. Contingent Liabilities and Performance Guarantee

	2012 HK$'000	2011 HK$'000
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by:		
— subsidiaries	**255,797**	276,588
— jointly controlled entities	**33,491**	—
	289,288	276,588
Extent of guarantee issued to financial institutions to secure credit facilities granted to:		
— an associate	**32,000**	40,000
— jointly controlled entities	**344,500**	164,500
	376,500	204,500
Guarantee provided for property development projects to banks which granted facilities to purchasers of the Group's properties held for sale and pre-sale properties	**269,042**	275,885

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.

39. 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:

	2012 HK$'000	2011 HK$'000
Investment properties	**409,200**	365,000
Property, plant and equipment	**31,497**	68,147
Properties under development	**8,679**	39,792
Properties held for sale	**132,272**	3,559
Bank deposits	**242,082**	183,228
	823,730	659,726

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.

40. Related Party Transactions

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

	Associates		Jointly controlled entities	
	2012 HK$'000	2011 HK$'000	2012 HK$'000	2011 HK$'000
Transactions during the year:				
Contract revenue recognised	**–**	–	**502,278**	152,753
Construction project management fee income received (Note)	**–**	–	**72,561**	17,652
Security guard services income received	**–**	–	**2,880**	621
Interest expense	**–**	–	**477**	645
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by jointly controlled entities	**–**	–	**33,491**	–
Extent of guarantee issued to financial institutions to secure credit facilities granted	**32,000**	40,000	**344,500**	164,500

40. Related Party Transactions(continued)

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

Note: Construction project management fee income relates to the provision of supervising services in managing the construction project such as leading and coordinating negotiations with the employer; organising and coordinating dealings with financial institutions and provide company secretarial and other corporate functional support services.

(ii) On 12 January 2012, GT Winners Limited, a company incorporated in the British Virgin Islands with limited liability and the Company entered into a subscription agreement pursuant to which GT Winners Limited has agreed to subscribe for and the Company has agreed to allot and issue 62,500,000 ordinary shares at a consideration of HK$25,000,000. Details of the transaction are set out in the Company's announcement dated 12 January 2012 and disclosed in note 31.

(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 notes 18, 23, 26 and 27.

41. Company's Condensed Statement of Financial Position

	2012 **HK$'000**	2011 HK$'000
ASSETS AND LIABILITIES		
Total assets	**1,429,558**	1,270,980
Total liabilities	**(635,029)**	(614,057)
	794,529	656,923
CAPITAL RESERVES		
Share capital	**97,864**	91,613
Reserves	**696,665**	565,310
	794,529	656,923

42. Particulars of Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 March 2012 and 2011 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 2012 %	2011 %	attributable to the Group 2012 %	2011 %	Principal activities
Bloom Team Building Construction Company Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Construction
Caine Developments Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Investment holding
Chun Wo Building Construction Limited	Hong Kong	HK$200,000 ordinary shares	**100**	100	**100**	100	Construction
Chun Wo (China) Limited	Hong Kong	HK$2 ordinary shares	**100**	100	**100**	100	Investment holding and construction
Chun Wo Construction and Engineering Company Limited ("CWCE")	Hong Kong	HK$191,000,000 ordinary shares	**100**	100	**100**	100	Construction
		HK$9,000,000 non-voting deferred shares	**(note a)**				
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$3,400,000 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
Green Solution Interior Design and Decoration Company Limited	Hong Kong	HK$1 ordinary share	**100**	100	**100**	100	Interior design and decoration
Mandarin Group Limited	British Virgin Islands	HK$26,000,000 ordinary shares	**100**	100	**100**	100	Investment holding

42. Particulars of Principal Subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration and operations	Nominal value of issued share capital/ registered capital	Percentage of issued share capital /registered capital held by the Company/subsidiaries		Percentage of issued share capital /registered capital attributable to the Group		Principal activities
			2012 %	2011 %	**2012 %**	2011 %	
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
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
Vasteam Construction Limited	Hong Kong	HK$18,000,000 ordinary shares	**100**	100	**100**	100	Construction
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.

42. Particulars of Principal Subsidiaries (continued)

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 2012 or at any time during the year.

43. Particulars of Principal Associates

Particulars of the Group's principal associates as at 31 March 2012 and 2011 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
				2012	2011	
				%	%	
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.

44. Particulars of Principal Jointly Controlled Entities

Particulars of the Group's principal jointly controlled entities as at 31 March 2012 and 2011 are as follows:

Name of jointly controlled entity	Form of business structure	Place of registration/ operation	Attributable interest to the Group		Principal activities
			2012 **%**	2011 %	
Chun Wo-CRGL Joint Venture	Unincorporated	Hong Kong	**70 (Note)**	70 (Note)	Construction
Chun Wo-CRGL-MBEC Joint Venture	Unincorporated	Hong Kong	**60 (Note)**	60	Construction
Chun Wo-CRGL-QR Joint Venture	Unincorporated	Hong Kong	**45 (Note)**	—	Construction
Chun Wo-CEC Joint Venture	Unincorporated	Hong Kong	**51 (Note)**	—	Construction
Chun Wo — Hip Hing Joint Venture	Unincorporated	Hong Kong	**50**	—	Construction
Chun Wo-Leader Joint Venture	Unincorporated	Hong Kong	**49 (Note)**	49 (Note)	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 or less 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.

Financial Summary

	Year ended 31 March				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012 HK$'000**
RESULTS					
Revenue	2,952,736	2,010,338	2,606,241	3,002,446	**3,193,402**
Profit (loss) before tax	123,097	(100,275)	26,062	(16,918)	**109,079**
Income tax (expense) credit	(42,542)	(19,602)	5,028	(38,045)	**(56,037)**
Profit (loss) for the year	80,555	(119,877)	31,090	(54,963)	**53,042**
Attributable to:					
Owners to the Company	80,548	(119,877)	31,090	(54,963)	**53,042**
Non-controlling interests	7	—	—	—	**—**
	80,555	(119,877)	31,090	(54,963)	**53,042**

	At 31 March				
	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012 HK$'000**
ASSETS AND LIABILITIES					
Total assets	3,577,750	3,602,100	3,657,073	3,902,006	**4,085,024**
Total liabilities	(2,164,789)	(2,315,195)	(2,308,734)	(2,577,094)	**(2,637,187)**
	1,412,961	1,286,905	1,348,339	1,324,912	**1,447,837**
Equity attributable to:					
Owners to the Company	1,412,611	1,286,555	1,347,989	1,324,562	**1,447,487**
Non-controlling interests	350	350	350	350	**350**
	1,412,961	1,286,905	1,348,339	1,324,912	**1,447,837**

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: Completed Phase 3: Planning	– – –	Residential, commercial and carpark	111,554	253,757 (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	Completed	–	Residential, commercial and carpark	8,576	47,032 (Unsold units)	100%
A parcel of land located at Huigong Street, Huigong East 1st Street and Shandongbao Road, Shenhe District, Shenyang City, The People's Republic of China	Planning	December 2014	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	Construction in progress	June 2013	Residential	1,646	5,644	100%
Plot No. 2APT002A, Al Marjan Island, Ras Al Khaimah, United Arab Emirates	Planning	–	Residential	9,099	27,286	100%

Particulars of Properties

Properties held for Investment

Location	Usage	Lease term
Commercial Shops and Carparks, No. 8 Inland Lot No. 6179, Clear Water Bay Road, Kowloon, Hong Kong	Commercial and carpark	Medium
Workshop C on 5th Floor and Cooling Tower Space No. 6 on 4th Floor, Hong Kong Spinners Industrial Building Phase 5, Nos. 760–762 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong	Commercial	Medium
Level 23, Wing Kin Square, No. 31 Jiansheliu Road, Dongshan District, Guangzhou City, The People's Republic of China	Commercial	Medium
Apartment#1103, 11th Floor, Sun Tower, Shams Gate District, Al Reem Island, Abu Dhabi, United Arab Emirates	Residential apartment	Long
Apartment#2405, 24th Floor, Sun Tower, Shams Gate District, Al Reem Island, Abu Dhabi, United Arab Emirates	Residential apartment	Long
Apartment#2505, 25th Floor, Sun Tower, Shams Gate District, Al Reem Island, Abu Dhabi, United Arab Emirates	Residential apartment	Long