CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 711)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

RESULTS

The Board of Directors (the "Board" or the "Directors") of Chun Wo Development Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 March 2010, together with the relevant comparative figures for the previous year:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2010

		2010	2009
	NOTES	***HK$'000***	*HK$'000*
Revenue	*2*	**2,606,241**	2,010,338
Cost of sales		**(2,418,975)**	(1,863,665)
Gross profit		**187,266**	146,673
Other income		**18,962**	20,497
Fair value changes on investment properties		**10,473**	(1,429)
Selling expenses		**(5,816)**	(11,866)
General and administrative expenses		**(218,039)**	(209,475)
Gain on disposals of subsidiaries	*11*	**16,898**	–
Fair value changes on embedded derivatives of convertible bonds		**1,158**	22,000
Share of results of associates		**34,517**	3,099
Share of results of jointly controlled entities		**2,857**	3,840
Finance costs	*3*	**(22,214)**	(73,614)
Profit (loss) before tax		**26,062**	(100,275)
Income tax credit (expense)	*4*	**5,028**	(19,602)
Profit (loss) for the year	*5*	**31,090**	(119,877)

	NOTES	2010 HK$'000	2009 HK$'000
Other comprehensive (expense) income			
Exchange differences arising on translation		**3,871**	8,725
Share of translation reserve of associates		**(4,384)**	–
Disposals of subsidiaries	*11*	**(16,898)**	–
Other comprehensive (expense) income for the year		**(17,411)**	8,725
Total comprehensive income (expense) for the year		**13,679**	(111,152)
Profit (loss) for the year attributable to:			
Owners of the Company		**31,090**	(119,877)
Non-controlling interests		**–**	–
		31,090	(119,877)
Total comprehensive income (expense) attributable to:			
Owners of the Company		**13,679**	(111,152)
Non-controlling interests		**–**	–
		13,679	(111,152)
Earnings (loss) per share	*7*		
– Basic		**3.62 cents**	(14.0) cents
– Diluted		**3.35 cents**	(14.0) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2010

	NOTES	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	8	**226,105**	159,423
Prepaid lease payments		**24,293**	24,936
Investment properties		**324,524**	617,051
Interests in associates		**70,130**	62,629
Interests in jointly controlled entities		**37,767**	39,884
Amounts due from associates		**103,414**	106,498
		786,233	1,010,421
Current assets			
Amounts due from customers for contract work		**621,375**	534,293
Debtors, deposits and prepayments	9	**567,723**	397,626
Prepaid lease payments		**644**	644
Properties under development		**696,302**	676,613
Deposits paid for properties under development		**336,460**	238,465
Properties held for sale		**101,536**	174,136
Deposits paid for properties held for sale		**54,762**	53,999
Investments held for trading		**967**	2,474
Amounts due from associates		**1,251**	1,233
Amounts due from jointly controlled entities		**32,154**	25,242
Tax recoverable		**23,552**	28,618
Pledged bank deposits		**67,566**	22,454
Bank balances and cash		**366,548**	435,882
		2,870,840	2,591,679
Current liabilities			
Amounts due to customers for contract work		**161,783**	53,830
Creditors, deposits and accrued charges	10	**621,000**	600,801
Deposits received from pre-sales of properties under development		**136,532**	72,323
Amounts due to associates		**15,625**	12,436
Amounts due to jointly controlled entities		**64,890**	36,886
Tax payable		**27,455**	14,712
Obligations under finance leases		**8,262**	546
Borrowings		**675,900**	1,010,835
Derivative financial instruments		**–**	88,000
		1,711,447	1,890,369
Net current assets		**1,159,393**	701,310
Total assets less current liabilities		**1,945,626**	1,711,731

	NOTES	**2010** **HK$'000**	2009 HK$'000
Non-current liabilities			
Obligations under finance leases		**12,172**	–
Borrowings		**549,975**	101,111
Convertible bonds		**–**	259,270
Deferred tax liabilities		**35,140**	64,445
		597,287	424,826
Net assets		**1,348,339**	1,286,905
Capital and reserves			
Share capital		**91,572**	85,884
Reserves		**1,256,417**	1,200,671
Equity attributable to owners of the Company		**1,347,989**	1,286,555
Non-controlling interests		**350**	350
Total equity		**1,348,339**	1,286,905

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised Standards, Amendments and Interpretations ("HK(IFRIC) – Int") ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the Group's financial year beginning 1 April 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

New and revised HKFRSs affecting presentation and disclosure only

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a re-designation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14, and has had no impact on the reported results or financial position of the Group.

Improvement Disclosures about Financial Instruments
Amendments to HKFRS 7 Financial Instruments: Disclosures

The amendments to HKFRS 7 expand the disclosures required in relation to fair value measurements in respect of financial instruments which are measured at fair value. The Group has not provided comparative information for the expanded disclosures in accordance with the transitional provision set out in the amendments.

The amendments also expand and amend the disclosures required in relation to liquidity risk.

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[3]
HKAS 24 (Revised)	Related Party Disclosures[7]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 3 (Revised)	Business Combinations[1]
HKFRS 9	Financial Instruments[8]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2009
2 Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
4 Effective for annual periods beginning on or after 1 January 2010
5 Effective for annual periods beginning on or after 1 February 2010
6 Effective for annual periods beginning on or after 1 July 2010
7 Effective for annual periods beginning on or after 1 January 2011
8 Effective for annual periods beginning on or after 1 January 2013

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

HKFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's financial assets.

In addition, as part of *Improvements to HKFRSs* issued in 2009, HKAS 17 *Leases* has been amended in relation to the classification of leasehold land. The amendments will be effective from 1 January 2010, with earlier application permitted. Before the amendments to HKAS 17, lessees were required to classify leasehold land as operating leases and presented as prepaid lease payments in the consolidated statement of financial position. The amendments have removed such a requirement. Instead, the amendments require the classification of leasehold land to be based on the general principles set out in HKAS 17, that are based on the extent to which risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The application of the amendments to HKAS 17 might affect the classification and measurement of the Group's leasehold land.

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

2. 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 Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the executive directors of the Company) for the purpose of allocating resources to segments and assessing their performance. The application of HKFRS 8 has not resulted in a re-designation of the Group's operating segments as compared with the primary segments determined in accordance with HKAS 14, and has had no impact on the reported results or financial positions of the Group.

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

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

Segment revenues and results

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

For the year ended 31 March 2010

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

For the year ended 31 March 2009

	Construction work HK$'000	Property development HK$'000	Property investment HK$'000	Professional services HK$'000	Other activities HK$'000	Consolidated HK$'000
REVENUE						
External sales	1,275,382	594,364	27,752	112,840	–	2,010,338
RESULT						
Operating results	(64,137)	2,498	19,893	6,812	(6,123)	(41,057)
Share of results of associates	–	3,099	–	–	–	3,099
Share of results of jointly controlled entities	3,840	–	–	–	–	3,840
Segment profit (loss)	(60,297)	5,597	19,893	6,812	(6,123)	(34,118)
Unallocated corporate expenses						(19,150)
Interest income						4,607
Fair value changes on embedded derivatives of convertible bonds						22,000
Finance costs						(73,614)
Loss before tax						(100,275)
Income tax expense						(19,602)
Loss for the year						(119,877)

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

Segment assets and liabilities

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

Other segment information

2010

Amounts included in the measure to segment profit:

	Construction work *HK$'000*	**Property development** *HK$'000*	**Property investment** *HK$'000*	**Professional services** *HK$'000*	**Other activities** *HK$'000*	**Consolidated total** *HK$'000*
Depreciation and amortisation	**2,880**	**1,380**	**–**	**427**	**–**	**4,687**
Gain on disposal of property, plant and equipment	**1,775**	**–**	**–**	**–**	**–**	**1,775**

2009

Amounts included in the measure to segment profit:

	Construction work *HK$'000*	Property development *HK$'000*	Property investment *HK$'000*	Professional services *HK$'000*	Other activities *HK$'000*	Consolidated total *HK$'000*
Depreciation and amortisation	2,183	1,842	–	423	–	4,448
Gain on disposal of property, plant and equipment	189	–	–	–	–	189

Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2010 ***HK$'000***	2009 *HK$'000*	**2010** ***HK$'000***	2009 *HK$'000*
Hong Kong (country of domicile)	**2,237,318**	1,209,695	**552,461**	785,670
Other regions in the PRC	**350,057**	730,609	**16,107**	36,295
Others	**18,866**	70,034	**114,251**	81,958
	2,606,241	2,010,338	**682,819**	903,923

Information about major customers

For the year ended 31 March 2010, there was one customer (2009: one) who accounted for over 10% of total revenue with revenue of HK$654,406,000 (2009: HK$399,259,000) and it was located in Hong Kong.

3. FINANCE COSTS

	2010 ***HK$'000***	2009 *HK$'000*
Interest on:		
Bank loans wholly repayable within five years	**31,169**	35,772
Bank loans not wholly repayable within five years	**65**	2,825
Effective interest expense on convertible bonds	**–**	46,450
Finance leases	**198**	39
Amount due to a jointly controlled entity	**135**	–
Total borrowing costs	**31,567**	85,086
Less: Amount attributable to contract work	**(3,993)**	(1,906)
Amount attributable to properties under development	**(5,360)**	(9,566)
	22,214	73,614

4. INCOME TAX (CREDIT) EXPENSE

	2010	2009
	HK$'000	*HK$'000*
Current tax		
– Hong Kong Profits Tax		
– current year	**18,337**	2,835
– overprovision in prior years	**(1,858)**	(670)
	16,479	2,165
– Other jurisdictions		
– current year	**556**	1,297
– underprovision in prior year	**1,072**	–
	1,628	1,297
– PRC Enterprise Income Tax ("EIT")		
– current year	**1,671**	12,501
– underprovision in prior year	**798**	–
	2,469	12,501
– PRC Land Appreciation Tax ("LAT")	**3,701**	5,607
Deferred tax liabilities		
– current year	**(29,305)**	1,436
– attributable to a change in tax rate	**–**	(3,404)
	(29,305)	(1,968)
	(5,028)	19,602

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

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

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

Under the EIT Law of PRC, withholding income tax at 10% is imposed on dividends declared in respect profits earned in the calendar year 2008 or onwards and being distributed by enterprises established in the PRC to their foreign shareholders, if there is no applicable tax treaty. Deferred tax liability of HK$2,902,000 (2009: HK$1,434,000) on the undistributed earnings of subsidiaries has been charged to the profit or loss for the year.

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

5. PROFIT (LOSS) FOR THE YEAR

	2010	2009
	HK$'000	*HK$'000*
Depreciation and amortisation	**25,332**	21,667
Less: Amount attributable to contract work	**(20,645)**	(17,219)
	4,687	4,448
Release of prepaid lease payments	**643**	683
Gain on disposal of prepaid lease payments	**–**	2,090
Gain on disposal of property, plant and equipment	**1,775**	189

6. DIVIDENDS

	2010	2009
	HK$'000	*HK$'000*
Final dividend recognised as distribution during the year in respect of 2008 of HK1.75 cents per share	**–**	15,030

The final dividend of HK0.5 cent per share in respect of the year ended 31 March 2010 (2009: nil) has been proposed by the Directors and is subject to approval from the shareholders at the forthcoming annual general meeting.

7. 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:

	2010	2009
	HK$'000	*HK$'000*
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share	**31,090**	(119,877)
Effect of dilutive potential ordinary shares: – Fair value changes on embedded derivatives of convertible bonds	**(1,158)**	N/A
Earnings for the purpose of diluted earnings per share	**29,932**	N/A

	2010	2009
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**859,074,989**	858,835,111
Effect of dilutive potential ordinary shares: – convertible bonds	**34,454,683**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**893,529,672**	N/A

The computation of diluted earnings (loss) per share does not assume the exercise of the Company's share options because the exercise price of the share options was higher than the average market price for shares for both years.

No diluted loss per share for the year ended 31 March 2009 was presented as the conversion of convertible bonds would result in a reduction in loss per share.

8. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$94,742,000 (2009: HK$51,905,000) on property, plant and equipment. In addition, the Group has disposed of property, plant and equipment with carrying amount of approximately HK$4,257,000 (2009: HK$3,760,000).

9. DEBTORS, DEPOSITS AND PREPAYMENTS

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$271,167,000 (2009: HK$189,221,000), which are included in the Group's debtors, deposits and prepayments, are as follows:

	2010	2009
	HK$'000	*HK$'000*
Not yet due	**205,919**	168,969
Amounts past due but not impaired:		
1 – 30 days	**61,537**	10,496
31 – 90 days	**2,960**	2,115
91 – 180 days	**166**	2,707
Over 180 days	**585**	4,934
	271,167	189,221

10. CREDITORS, DEPOSITS AND ACCRUED CHARGES

The ageing analysis of trade payables of HK$269,556,000 (2009: HK$176,866,000), which are included in the Group's creditors, deposits and accrued charges, are as follows:

	2010	2009
	HK$'000	*HK$'000*
Not yet due	**183,389**	118,160
1 – 30 days	**71,284**	35,242
31 – 90 days	**7,217**	11,799
91 – 180 days	**2,525**	1,689
Over 180 days	**5,141**	9,976
	269,556	176,866

11. DISPOSALS OF SUBSIDIARIES

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

12. CONTINGENT LIABILITIES AND PERFORMANCE GUARANTEE

	2010 HK$'000	2009 HK$'000
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by:		
– subsidiaries	**352,909**	224,248
– an associate	**–**	4,400
– jointly controlled entities	**5,850**	5,850
	358,759	234,498
Extent of guarantee issued to a financial institution to secure a credit facility granted to an associate	**40,000**	48,000
Extent of a guarantee issued to a customer to indemnify contract work of a subsidiary	**–**	115,900
Extent of guarantee provided for a property development project to banks which granted facilities to purchasers of the Group's properties held for sale and pre-sale properties	**197,144**	221,530

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.

13. PLEDGE OF ASSETS

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

	2010 HK$'000	2009 HK$'000
Investment properties	**315,000**	608,000
Leasehold buildings and related prepaid lease payments	**38,717**	–
Properties under development	**152,603**	416,420
Properties held for sale	**–**	172,888
Bank deposits	**67,566**	22,454
	573,886	1,219,762

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.

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 2010, the total net debts of the Group amounted to approximately HK$812.2 million, representing total debts of approximately HK$1,246.3 million less bank balances and cash of approximately HK$434.1 million. The debt maturity profile of the Group at 31 March 2010 is analysed as follows:

	As at 31 March 2010 *HK$ million*	As at 31 March 2009 *HK$ million*
Borrowings repayable:		
Within 1 year or on demand	**684.2**	1,011.4
After 1 year, but within 2 years	**451.8**	8.7
After 2 years, but within 5 years	**98.4**	26.0
Over 5 years	**11.9**	66.4
	1,246.3	1,112.5
Convertible bonds due 2012	**–**	259.3
Total borrowings	**1,246.3**	1,371.8

At 31 March 2010, the gearing ratio of the Group, being the proportion of net interest bearing debts to shareholders' equity was 0.60 (2009: 0.71).

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

During the year under review, the Company had repurchased all convertible bonds due 2012.

The Group's financial position is sound and strong. With available bank balances and cash at 31 March 2010 and available bank credit facilities, the Group has sufficient liquidity to satisfy its funding requirements.

EMPLOYEE AND REMUNERATION POLICIES

The Group has approximately 2,830 employees at 31 March 2010. Total remuneration of employees for the year ended 31 March 2010 amounted to approximately HK$582.6 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.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK0.5 cent per share for the year ended 31 March 2010 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 18 August 2010. The total dividend for the year amounted to HK0.5 cent per share (2009: nil). The proposed final dividend will be paid on or about 8 October 2010 subject to approval from the Shareholders at the forthcoming annual general meeting.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 11 August 2010 to 17 August 2010, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificate(s) must be lodged with the Hong Kong Branch Registrar of the Company, Tricor Secretaries Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on 10 August 2010.

PROPOSED BONUS ISSUE OF WARRANTS

The Directors also proposed a bonus issue of warrants ("Bonus Warrant Issue") on the basis of 3 warrants for every 16 shares held by the Shareholders. The final terms of the Bonus Warrant Issue, which shall be issued subject to the compliance of the relevant rules and regulations of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), have not yet been finalized. A further announcement will be made once such terms are finalized. A circular will also be sent to the Shareholders as soon as practicable.

BUSINESS REVIEW

The increase in revenue was mainly attributed to significant upturn in contract work of construction segment notwithstanding a reduction in revenue recognized in property development. The financial results improved significantly due to the reduction in the general and administrative expenses relative to revenue. Nevertheless, the financial results were mainly contributed by previously awarded construction contracts which were won in a highly competitive market, and deliveries of some pre-sold units of the development projects. Compared with the previous year, the significantly improved results were also mainly attributable to the fair value changes on an investment property at "Infinity 8" at Choi Hung; share of results of an associate, which holds a large-scale luxurious residential-commercial joint venture development in Ho Chi Minh City, Vietnam; a reduction of the finance cost arising from the repurchase of all convertible bonds in the first quarter of the financial year and an income tax credit recognised upon the disposal of an investment property "Grandeur Terrace" at Tin Shui Wai during the year.

Construction

As at 31 March 2010, the Group's estimated value of contracts on hand increased to approximately HK$13.3 billion, with about HK$9.2 billion outstanding. These represent 60% and 67% increases in contracts on hand and outstanding amount respectively as compared with the figures as at 31 March 2009.

Projects

The maintenance and minor works division completed the term contract for the Water Supplies Department ("WSD") in Hong Kong Island and Ap Lai Chau in August 2009 and secured a new term contract for the continuity of the above works which had commenced in September 2009. The division has also continued work on 5 others WSD projects for which one is the maintenance term contract in Lantau and Outlying Islands and others involve the replacement and rehabilitation of water mains in Hong Kong Island and New Territories. The replacement and rehabilitation of aged water mains is the WSD's ongoing major program to supply top quality water to Hong Kong residents. These projects have been all progressing on schedule. The division is also performing a minor works contract for the Architectural Services Department ("ASD") and a building maintenance contract for a private developer which are both scheduled to be completed by end 2010.

The building division's design and build project at Tseung Kwan O Hospital Expansion, construction of the 1,800 units of student residences for The University of Hong Kong ("HKU project") and the podium structure of a private development in Tseung Kwan O have all been progressing well. The works at Upper Wong Tai Sin Phase 3 for the Hong Kong Housing Authority and the redevelopment of the Hong Kong Sports Institute ("HKSI") were successfully completed and the temporary velodrome in Whitehead would be completed and transferred to the clients in late April 2010. The Group was awarded 2 new contracts worth approximately HK$700 million in total; a private residential development at Hung Shui Kiu and the university library extension at the central campus of The Chinese University of Hong Kong.

The civil division started 5 new projects since August 2009, including 2 sizeable joint venture contracts for the Central – Wan Chai Bypass project, a 6.5 km long micro tunneling contract in Tuen Mun District, infrastructure works in Tiu Keng Leng, and box culvert construction at Fuk Man Road, Sai Kung, using the New Engineering Contract (NEC) piloted by the Drainage Services Department. Construction for current road and master utility works at Tseung Kwan O was on schedule.

The foundation subsidiary continued its works on the HKU project and Warren Street project. The foundation and pile cap works for the proposed residential development (Package Three) at TKOTL70, Area 86 Site E, Tseung Kwan O and the foundation works at No. 3 Connaught Road Central were completed in August 2009 and April 2010 respectively. The subsidiary started a new joint venture foundation project for the Express Rail Link of MTR Corporation Limited ("MTRC") in February 2010, and also secured 2 new diaphragm wall and piling works for the Central – Wan Chai Bypass projects due to start in the fourth quarter of 2010.

The railway subsidiary provided consultancy service in Thailand involving track doubling, signaling installation and a telecommunication system for the line from Chachoengsao to Laem Chabang (Bangkok) and the service contract would be completed in April 2010. The railway construction for the Commuter Train Project (The Red Line) Bang Sue – Taling Chan Section for the State Railway of Thailand and the installation of noise barriers for MTRC at Olympic Station have been progressing well.

The electrical and mechanical ("E&M") subsidiary successfully completed works on Phase 1 Renovation in Choi Yuen Shopping Centre for The Link Management Limited, a photovoltaic solar panel and wind turbine system at the Sunny Bay pumping station for WSD, building services for the redevelopment of a Sports Complex for HKSI and the temporary velodrome in Whitehead, a primary school at Choi Wan Road Jordan Valley, Section 1 District Open Space in Po Kong Village Road and the District Open Space in Tung Chung for ASD. The E&M subsidiary continued to perform a portion of E&M works on a minor work contract with ASD for the maintenance division. In addition, it continued to work on 4 contracts for ASD, specifically, Tuen Mun Fish Market, a Secondary-cum-Primary School in Yuen Long, Tseung Kwan O Hospital Expansion and Tseung Kwan O indoor Velodrome cum Sport Hall. Other projects for this subsidiary include MVAC works for shopping and car park complexes in Yau Tong for the Hong Kong Housing Authority, electrical works for the HKU project and E&M works at the Nursing Centre in Lomond Road for St. Teresa Hospital.

The fitting out subsidiary completed renovation works and fitting out of Lok Fu Shopping Centre Phase 2 for The Link Management Limited and an interior decoration contract for Harbour Plaza 8 Degrees at To Kwa Wan. Ongoing projects include renovation works on Windsor House at Causeway Bay, fitting out works for residential towers Block 6 to 8 at TKOTL 70, Area 86, Site AB, Tseung Kwan O and deluxe house construction at Deep Water Bay. A new contract for fitting out works for residential towers and houses at Hung Shui Kiu, was also awarded to the subsidiary. All projects have been progressing satisfactorily.

Reliance-Tech, the "trenchless, no-dig" subsidiary, provides services for the inspection, repair, rehabilitation and replacement of underground pipes. Its first trunk sewer inspection project, the Singapore Public Utilities Board as the client, has been progressing well. Recently, Reliance-Tech has acquired a new contract to undertake condition survey work of the deep sewer tunnel. In Hong Kong, the subsidiary has also started its horizontal directional drilling operation and pipeline condition survey by working as a specialist subcontractor in WSD contracts.

Property Development

The Mainland Property Sector

The property market in the PRC has enjoyed a remarkable recovery since the slump which was partially caused by the financial tsunami. As a result, the Group achieved some optimisitic early sales figures during the last quarter of the financial year.

"Arc de Royal" in Shijiazhuang, Hebei Province is a residential/commercial office mixed development project with a total gross floor area ("GFA") of approximately 400,000 square meters being developed in 3 phases. During this financial year, the Group started the construction of Phase 2 for which 20% of the GFA was pre-sold. Phase 3 is planned to be a commercial complex comprising offices, serviced apartments and a shopping mall.

In December 2009, the Group acquired a plot of land located at the central business district of Shenyang, Liaoning Province. Demolition of the existing old buildings at the site commenced in April 2010. This is a commercial project with expected GFA of about 64,000 square meters and is scheduled to be completed by 2013.

In March 2010, the Group acquired the remaining 62% stake in the residential and commercial project in Shanwei, Guangdong Province, further to the Group's acquisition of 38% interests in the said project in 2008. The planned GFA for this project is about 70,000 square meters and the Group plans to begin pre-sales in the upcoming financial year.

Overseas Property Sector

The Group holds 2 residential projects with a total GFA of approximately 28,000 square meters in Abu Dhabi, United Arab Emirates. Due to the downturn in Dubai and the general slowdown of the UAE property market, the Group has taken a cautious approach toward developments in the UAE. The Group intends to continue to closely monitor the situation and will take prudent measures to limit exposure and to explore new business models and options.

Property Investment

The Group completed the disposition of its investment property "Grandeur Terrace" at Tin Shui Wai in August 2009, for the consideration of HK$303 million. The Group's investment property at "Infinity 8" at Choi Hung has brought in stable income for the Group during the financial year.

Security and Property Management Services

The Group's property services subsidiary has extended its business scope to provide maintenance services to properties which are managed by MTRC. The subsidiary was awarded a contract from Modern Terminals Limited as the exclusive contractor to provide security services for all of its ports in Hong Kong. By adopting cost management measures and reinforcing efforts on market penetration during the financial year, the subsidiary was able to achieve growth in turnover and profit.

OUTLOOK AND PROSPECTS

Looking forward, the Group will continue with its dual-focus strategy of ramping up both its construction and property development businesses. The current macroeconomic situation, matched with the Group's strong sector experience in construction, is extremely favorable for the Group's construction business in coming years. We believe that the Hong Kong SAR government's plan to speed up infrastructural investments is going to provide vast opportunities to the Group. The property development sector is subject to uncertainties, including continued intervention by the PRC government, RMB currency fluctuations, new regulations on pre-sales and design practices in Hong Kong, and possible new housing policies in both the Hong Kong and the PRC sectors. The Group will thus continue to identify property development opportunities cautiously in the Southern China and Hong Kong regions.

Construction

In view of the major increase in infrastructural projects in Hong Kong that started a year ago and will likely continue for the coming 5 to 10 years, the management has been diligently and methodically preparing the Group to capitalize on this period. Riding on our abundant experience in the construction sector, we fully understand the importance of having the right people, and more importantly, sufficient quality management and technical talents to handle the various projects taking place at the same time so as to make sure quality works are being delivered. Construction is an industry that requires high technical skills, and the Group's focus moving forward is to prioritize projects that require high technical and management expertise. We are confident that more contracts relating to infrastructural developments will be won, likely contributing to record-high performances for the construction business in coming years.

Property Development

For the PRC property business, the coming year is likely to be full of challenges, spanning from more restrictive requirements for homebuyers and tighter mortgage and financing policies to potential interest rate escalation in China. The Group believes that these macro-controls are only intended to curb excessive market speculation and nurture sustainable market growth in the long run. The Group adheres to its strategy of focusing on the second and third tier cities that are, in large part, more isolated and less affected by speculative bubbles, foreign "hot money" causing unpredictable price fluctuations, and strong government regulations.

In light of the above, the Group adheres its cautious approach. The Group intends to further leverage on its solid track record and brand advantage in Hebei and Guangdong Provinces, to tap more development opportunities, duly assessing each situation in a prudent manner.

In addition to maintaining a PRC property strategy that focuses on the second and third tier cities, the Group has also decided to devote more resources to studying of the property markets and new opportunities in Southern China and Hong Kong, with an aim of ultimately increasing its property business in these regions. We believe that the Group's technical expertise, brand awareness and past experience will provide an edge in these markets. On top of our execution capabilities in these markets, we believe that a stable regulatory environment, transparent banking practices, and a lack of unforeseen macroeconomic controls make Hong Kong a very viable market that the Group should cultivate. However, we are aware of a potential bubble in the Hong Kong property sector and the Group shall proceed cautiously in seeking Hong Kong property development opportunities, mindful of potential and sudden price fluctuations.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

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.

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.

Further information on the Company's corporate governance practices is set out in the Corporate Governance Report contained in the Company's 2009/2010 Annual Report.

AUDIT COMMITTEE REVIEW

The Audit Committee of the Company (the "Audit Committee") comprises 3 members, namely Mr. Au Son Yiu, Mr. Chan Chiu Ying, Alec and Mr. Hui Chiu Chung, Stephen, all are Independent Non-executive Directors of the Company. The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the final results of the Group for the year ended 31 March 2010.

By Order of the Board
Pang Yat Ting, Dominic
Chairman

Hong Kong, 16 July 2010

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Pang Yat Bond, Derrick, Madam Li Wai Hang, Christina and Mr. Kwok Yuk Chiu, Clement and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Chan Chiu Ying, Alec, Mr. Hui Chiu Chung, Stephen JP and Mr. Lee Shing See GBS, OBE, JP.