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CHUN WO DEVELOPMENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 711)
(Warrant Code: 1032)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

FINANCIAL HIGHLIGHTS

	HK$'000
Total Revenue (including share of jointly controlled entities)	4,837,469
Profit attributable to owners of the Company	53,042
Earnings per share	HK5.76 cents
Dividend per share	HK0.8 cent
Equity per share **	HK$1.48

** *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.*

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 2012, together with the relevant comparative figures for the previous year:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
Revenue	*2*	**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		**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	*3*	**(29,586)**	(22,148)
Profit (loss) before tax		**109,079**	(16,918)
Income tax expense	*4*	**(56,037)**	(38,045)
Profit (loss) for the year	*5*	**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)

	Notes	**2012**	2011
		HK$'000	*HK$'000*
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	*7*		
— 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	8	**215,890**	256,217
Investment properties		**422,622**	370,193
Interests in associates		**66,387**	58,534
Interests in jointly controlled entities		**77,626**	42,834
Deferred tax assets		**10,015**	—
Amounts due from associates		**103,420**	103,417
		895,960	831,195
Current assets			
Amounts due from customers for contract work		**564,814**	401,101
Debtors, deposits and prepayments	9	**578,998**	555,559
Properties under development		**642,587**	995,924
Deposits paid for properties under development		**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		**468**	651
Amounts due from associates		**705**	1,253
Amounts due from jointly controlled entities		**54,581**	34,204
Tax recoverable		**17,010**	16,010
Pledged bank deposits		**242,082**	183,228
Bank balances and cash		**414,944**	605,295
		3,189,064	3,070,811
Current liabilities			
Amounts due to customers for contract work		**120,476**	102,905
Creditors, deposits and accrued charges	10	**765,213**	631,791
Deposits received from pre-sales of properties under development		**63,646**	153,576
Amount due to a shareholder		**—**	202,384
Amounts due to associates		**15,893**	15,770
Amounts due to jointly controlled entities		**69,905**	47,928
Tax payable		**82,796**	26,961
Obligations under finance leases		**15,864**	14,494
Borrowings		**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

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Non-current liabilities			
Unsecured bonds		**150,000**	—
Obligations under finance leases		**15,250**	15,039
Borrowings		**48,189**	29,762
Deferred tax liabilities		**47,770**	46,375
		261,209	91,176
Net assets		**1,447,837**	1,324,912
Capital and reserves			
Share capital		**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

1. 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.

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.

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.

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.

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.

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 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

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**

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 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.

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 People's Republic of China (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.

3. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'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

4. INCOME TAX EXPENSE

	2012	2011
	HK$'000	*HK$'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 Land Appreciation Tax ("LAT")	**38,221**	8,923
— Other jurisdictions		
— current year	**—**	34
— overprovision in prior year	**(17)**	—
	(17)	34
Deferred taxation	**(10,231)**	11,235
	56,037	38,045

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.

5. PROFIT (LOSS) FOR THE YEAR

	2012	2011
	HK$'000	*HK$'000*
Profit (loss) for the year has been arrived at after charging (crediting):		
Depreciation and amortisation	**37,379**	32,185
Less: Amount attributable to contract work	**(29,488)**	(25,750)
	7,891	6,435
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
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)

6. DIVIDENDS

	2012	2011
	HK$'000	*HK$'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.

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:

	2012	2011
	HK$'000	*HK$'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.

8. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$30,128,000 (2011: HK$65,855,000) on property, plant and equipment. In addition, the Group has disposed of property, plant and equipment with carrying amount of approximately HK4,864,000 (2011: HK$30,237,000).

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

	2012	2011
	HK$'000	*HK$'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

10. 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	2011
	HK$'000	*HK$'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

11. CONTINGENT LIABILITIES AND PERFORMANCE GUARANTEE

	2012	2011
	HK$'000	*HK$'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.

12. 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	2011
	HK$'000	*HK$'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.

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:

	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.

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.

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 Tuesday, 11 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 documents 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 Wednesday, 5 September 2012 to Tuesday, 11 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 documents 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 Tuesday, 4 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 certificates and the appropriate subscription money with Tricor Secretaries Limited at the above address no later than 4:00 p.m. on Tuesday, 4 September 2012.

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; for constructing the new Whampoa Station 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 an extensive project 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.

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.

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, 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, 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.

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.

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.

As for the property development in Shanwei, 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, are all commercial in nature, which are not the target of central government austerity 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.

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 of Hong Kong Limited (the "Listing Rules") throughout the year under review except for the deviations from the provision A.4.2 of the Code. Pursuant to provision A.4.2 of the Code, every Director should be subject to retirement by rotation at least once every 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 2011/2012 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 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 2012.

By Order of the Board
Pang Yat Ting, Dominic
Chairman

Hong Kong, 27 June 2012

As at the date of this announcement, the executive directors of the Company are Mr. Pang Yat Ting, Dominic, Mr. Pang Yat Bond, Derrick, Mr. Kwok Yuk Chiu, Clement and Madam Li Wai Hang, Christina 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.