興勝創建控股有限公司
HANISON CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 896)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2011

SUMMARY OF RESULTS

For the year ended 31 March 2011, the turnover of Hanison Construction Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") was HK$723.2 million, being 18.23% lower than the turnover of HK$884.4 million for the year ended 31 March 2010.

Despite the decrease in turnover, the Group delivered a positive performance and recorded an increase in consolidated profit from HK$109.2 million for the last financial year to HK$156.0 million for this financial year. This favourable result was mainly attributable to the gain on change in fair value of investment properties and recognition of profit from sales of the remaining units of One LaSalle, a 50%-owned luxury low-rise residential development in Kowloon Tong.

The basic earnings per share for the year was HK32.0 cents, compared to HK22.4 cents last year.

As at 31 March 2011, the net asset value amounted to HK$889.7 million (2010: HK$750.2 million), representing an increase of 18.60% over last year. Net asset value per share at 31 March 2011 was HK$1.82 (2010: HK$1.54).

DIVIDEND

The Board has recommended a final dividend of HK2.7 cents per share for the year ended 31 March 2011 (2010: 2.5 cents per share) to shareholders whose names appear on the register of members of the Company on Monday, 19 September 2011. This together with the interim dividend of HK1.5 cents per share (2010: HK1.5 cents per share) gives a total of HK4.2 cents per share for the year (2010: HK4.0 cents per share). The proposed final dividend will be paid on Tuesday, 4 October 2011 following approval at the annual general meeting ("AGM").

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from Thursday 1 September 2011 to Monday 5 September 2011, both days inclusive for the purpose of determining the identity of members who are entitled to attend and vote at the annual general meeting. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712 — 16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later that 4:30 p.m. on Wednesday, 31 August 2011.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from Wednesday 14 September 2011 to Friday, 16 September 2011, both days inclusive for the purpose of determining the identity of members who are entitled to the final dividend for the year ended 31 March 2011. In order to qualify for the final dividend for the year ended 31 March 2011, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712 — 16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later that 4:30 p.m. on Monday, 12 September 2011.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2011

	NOTES	**2011** *HK$'000*	2010 *HK$'000*
Turnover	*3*	**723,242**	884,370
Cost of sales		**(643,899)**	(800,140)
Gross profit		**79,343**	84,230
Other income		**4,408**	4,957
Marketing and distribution costs		**(7,965)**	(8,420)
Administrative expenses		**(99,148)**	(88,558)
Gain on change in fair value of investment properties		**120,954**	73,629
(Loss) gain on change in fair value of investments held for trading		**(4)**	1,046
(Loss) gain on change in fair value of derivative financial instruments		**(662)**	3,154
Share of profit of an associate		**2,894**	921
Share of profit of jointly controlled entities		**85,467**	57,768
Finance costs		**(5,129)**	(5,313)
Profit before taxation	*5*	**180,158**	123,414
Taxation charge	*6*	**(24,116)**	(14,213)
Profit for the year		**156,042**	109,201
			(Restated)
Earnings per share-basic (HK cents)	*8*	**32.0**	22.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2011

	2011	2010
	HK$'000	*HK$'000*
Profit for the year	**156,042**	109,201
Other comprehensive income and expenses		
Exchange differences arising on translation of foreign operations	**1,868**	79
Total comprehensive income for the year	**157,910**	109,280

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2011

	NOTES	**2011** **HK$'000**	2010 HK$'000 (Restated)
Non-current assets			
Investment properties		**358,310**	577,080
Property, plant and equipment		**95,028**	98,264
Prepaid lease payments		**6,711**	6,620
Interest in an associate		**18,932**	16,038
Interests in jointly controlled entities		**65,132**	70,165
Goodwill		**—**	—
		544,113	768,167
Current assets			
Properties under development for sale		**775,503**	404,519
Inventories		**33,530**	38,293
Amounts receivable on contract work		**171,631**	157,353
Progress payments receivable	*9*	**17,692**	32,149
Retention money receivable		**105,174**	107,036
Debtors, deposits and prepayments	*10*	**57,248**	51,127
Prepaid lease payments		**205**	201
Amount due from a jointly controlled entity		**839**	58,415
Investments held for trading		**334**	338
Taxation recoverable		**307**	1,494
Derivative financial instruments		**—**	1,291
Bank balances and cash		**215,913**	186,944
		1,378,376	1,039,160
Current liabilities			
Amounts payable on contract work		**127,051**	129,400
Trade and other payables	*11*	**235,728**	257,434
Obligation under a finance lease due within one year		**—**	—
Taxation payable		**2,326**	2,323
Derivative financial instruments		**—**	—
Bank loans — amounts due within one year		**569,589**	585,300
		934,694	974,457
Net current assets		**443,682**	64,703
Total assets less current liabilities		**987,795**	832,870
Non-current liabilities			
Bank loans — amounts due after one year		**41,000**	45,000
Deferred taxation		**57,088**	37,678
		98,088	82,678
		889,707	750,192
Capital and reserves			
Share capital		**48,756**	44,324
Reserves		**840,951**	705,868
		889,707	750,192

NOTES:

1. BASIS OF PREPARATION AND CONSOLIDATION

The consolidated financial statements have been prepared on the historical cost basis except for the investment properties and certain financial instruments, which are measured at fair values.

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

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised standards and interpretations issued by the HKICPA.

HKFRS 2 (Amendments)	Group cash-settled share-based payment transactions
HKFRS 3 (as revised in 2008)	Business combinations
HKAS 27 (as revised in 2008)	Consolidated and separate financial statements
HKAS 32 (Amendments)	Classification of rights issues
HKAS 39 (Amendments)	Eligible hedged items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) — INT 17	Distributions of non-cash assets to owners
HK — INT 5	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause

Except as described below, the adoption of the new and revised standards and interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements.

Hong Kong Interpretation 5 "Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause" ("HK-INT 5")

HK-INT 5 clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK-INT 5 for the first time in the current year. HK-INT 5 requires retrospective application.

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

As a result, a bank loan that contains a repayment on demand clause with carrying amount of HK$31,000,000 and HK$31,500,000 has been reclassified from non-current liabilities to current liabilities as at 31 March 2010 and 1 April 2009 respectively. As at 31 March 2011, bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with carrying amount of HK$204,800,000 have been classified as current liabilities. The application of HK-INT 5 has had no impact on the reported profit or loss or earnings per share for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities.

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 7 (Amendments)	Disclosures — Transfers of financial assets[3]
HKFRS 9	Financial instruments[4]
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets[5]
HKAS 24 (as revised in 2009)	Related party disclosures[6]
HK(IFRIC) — INT 14 (Amendments)	Prepayments of a minimum funding requirement[6]
HK(IFRIC) — INT 19	Extinguishing financial liabilities with equity instruments[2]

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

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

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

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

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

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

The amendments to HKAS 12 titled Deferred Tax: Recovery of Underlying Assets mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property. Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 may have a significant impact on the deferred tax liability of HK$50,473,000 at 31 March 2011, recognised for investment properties that are measured using the fair value model. The directors of the Company are of the opinion that the impact cannot be reasonably estimated yet.

Except as described above, the directors of the Company anticipate that the application of the other new and revised standards and interpretations will have no material impact on the consolidated financial statements.

3. TURNOVER

Turnover represents the aggregate of the revenue earned from construction contract works, interior and renovation contracts, supply and installation of building materials, sale of goods, provision of property agency and management services and gross rental income from property investments during the year.

4. SEGMENT INFORMATION

The Group is organised into seven operating divisions: construction, interior and renovation works, trading and installation of building materials, sales of health products, property investment, provision of property agency and management services and property development. These divisions are the basis on which the Group reports its financial information internally and are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance.

(a) 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 2011

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property agency and management	Property development	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER										
External sales	431,724	72,647	141,752	49,646	22,197	5,276	—	723,242	—	723,242
Inter-segment sales	10,962	41,693	27,466	12	1,548	3,848	—	85,529	(85,529)	—
Total	442,686	114,340	169,218	49,658	23,745	9,124	—	808,771	(85,529)	723,242

Inter-segment sales are charged by reference to market prices.

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property agency and management	Property development	Segment total	Eliminations	Consolidated
RESULTS										
Segment result	7,962	4,123	(11,775)	1,574	125,398	525	63,543	191,350	(3,725)	187,625
Unallocated expenses										(2,338)
Finance costs										(5,129)
Profit before taxation										180,158

For the year ended 31 March 2010

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property agency and management	Property development	Segment total	Eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
TURNOVER										
External sales	520,130	125,774	159,802	48,641	23,094	6,929	—	884,370	—	884,370
Inter-segment sales	21,363	59,052	33,304	23	1,844	—	—	115,586	(115,586)	—
Total	541,493	184,826	193,106	48,664	24,938	6,929	—	999,956	(115,586)	884,370

Inter-segment sales are charged by reference to market prices.

	Construction	Interior and renovation	Building materials	Health products	Property investment	Property agency and management	Property development	Segment total	Eliminations	Consolidated
RESULTS										
Segment result	8,818	3,443	(11,176)	269	82,730	1,215	47,847	133,146	(1,961)	131,185
Unallocated expenses										(2,458)
Finance costs										(5,313)
Profit before taxation										123,414

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results from each segment without allocation of administration costs incurred by head office and the inactive subsidiaries and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

(b) Other Information

For the year ended 31 March 2011

	Construction *HK$'000*	Interior and renovation *HK$'000*	Building materials *HK$'000*	Health products *HK$'000*	Property investment *HK$'000*	Property agency and management *HK$'000*	Property development *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment results or segment assets:								
Depreciation	887	—	546	1,031	1,026	810	—	4,300
Impairment loss recognised on trade debtors	—	—	649	—	—	—	—	649
Gain on change in fair value of investment properties	—	—	—	—	(120,954)	—	—	(120,954)
Loss on change in fair value of investments held for trading	4	—	—	—	—	—	—	4
Loss on change in fair value of derivative financial instruments	—	—	662	—	—	—	—	662
Release of prepaid lease payments	—	—	205	—	—	—	—	205
(Gain) loss on disposal of properties, plant and equipment	(419)	—	(28)	1	—	—	—	(446)
Interest income	—	—	(14)	(1)	—	(3)	—	(18)
Share of profit of an associate	—	—	—	—	(2,894)	—	—	(2,894)
Share of profit of jointly controlled entities	(13,257)	—	—	—	—	—	(72,210)	(85,467)
Additions to non-current assets *(note)*	1,140	—	3,225	1,288	587	6,266	—	12,506
Interest in an associate	—	—	—	—	18,932	—	—	18,932
Interest in jointly controlled entities	23,614	—	—	—	—	—	41,518	65,132

Note: Non-current assets excludes financial instruments, the interest in an associate and interests in jointly controlled entities.

For the year ended 31 March 2010

	Construction *HK$'000*	Interior and renovation *HK$'000*	Building materials *HK$'000*	Health products *HK$'000*	Property investment *HK$'000*	Property agency and management *HK$'000*	Property development *HK$'000*	Consolidated *HK$'000*
Amounts included in the measure of segment results or segment assets:								
Depreciation	762	—	718	1,159	795	49	—	3,483
Impairment loss recognised on trade debtors	—	—	2,000	—	—	—	—	2,000
Written off of retention receivable	134	—	—	—	—	—	—	134
Gain on change in fair value of investment properties	—	—	—	—	(73,629)	—	—	(73,629)
Gain on change in fair value of investments held for trading	(189)	—	(857)	—	—	—	—	(1,046)
Gain on change in fair value of derivative financial instruments	—	—	(3,154)	—	—	—	—	(3,154)
Release of prepaid lease payments	—	—	201	—	—	—	—	201
(Gain) loss on disposal of properties, plant and equipment	(1,445)	—	—	5	41	—	—	(1,399)
Interest income	—	—	(9)	(11)	—	—	—	(20)
Share of profit of an associate	—	—	—	—	(921)	—	—	(921)
Share of profit of jointly controlled entities	(3,381)	—	—	—	—	—	(54,387)	(57,768)
Additions to non-current assets *(note)*	1,748	—	3,190	62	10,614	3,372	—	18,986
Interest in an associate	—	—	—	—	16,038	—	—	16,038
Interest in jointly controlled entities	15,858	—	—	—	—	—	54,307	70,165

Note: Non-current assets exclude financial instruments, the interest in an associate and interests in jointly controlled entities.

Geographical information

The Group's turnover amounting to HK$705,266,000 (2010: HK$850,488,000) is generated from customers located in Hong Kong, the Company's place of domicile. Accordingly, no further analysis of the Group's turnover by geographical market based on geographical location of customers has been prepared.

The analysis of the Group's non-current assets by location of assets is presented as follows:

	2011	2010
	HK$'000	*HK$'000*
Hong Kong (place of domicile)	**502,809**	729,341
The PRC	**41,304**	38,826
	544,113	768,167

Information about major customers

Revenues from customers of the corresponding years individually contributing over 10% of the total turnover of the Group as follows:

	2011	2010
	HK$'000	*HK$'000*
Customer A *(note)*	**192,312**	147,248
Customer B *(note)*	**123,025**	158,824
	315,337	306,072

Note: Revenue from construction contracts income within the construction segment.

5. PROFIT BEFORE TAXATION

	2011	2010
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging and (crediting):		
Depreciation on property, plant and equipment	**4,300**	3,483
Release of prepaid lease payments	**205**	201
Impairment loss recognized on trade debtors	**649**	2,000
Gain on disposal of property, plant and equipment	**(446)**	(1,399)
Dividend income	**(3)**	(64)
Sub-leasing income	**(859)**	(722)
Less: Direct operating expenses that generated sub-leasing income during the year	**37**	35
	(822)	(687)
Expenses capitalised in cost of contract work:		
Depreciation	**13,073**	13,028
Rentals under operating leases in respect of:		
— plant and machinery	**1,806**	4,984
— others	**204**	232

6. TAXATION CHARGE

	2011	2010
	HK$'000	*HK$'000*
Hong Kong Profits Tax		
Current year	**3,752**	3,161
Under(over)provision in prior years	**450**	(70)
PRC Enterprise Income Tax		
Underprovision in prior years	**504**	—
	4,706	3,091
Deferred taxation	**19,410**	11,122
	24,116	14,213

Hong Kong Profits Tax is provided at 16.5% on the estimated assessable profits for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. Profits tax arising in the PRC is calculated at 25% on the assessable profits for both years.

7. DIVIDENDS

Dividends recognised as distribution during the year:

	2011	2010
	HK$'000	*HK$'000*
Ordinary shares:		
Interim dividend for 2011 -HK1.5 cents per share (2010: HK1.5 cents per share for 2010)	**7,314**	6,649
Final dividend for 2010 -HK2.5 cents per share (2010: HK1.0 cents per share for 2009)	**11,081**	4,432
	18,395	11,081

A final dividend of HK2.7 cents per share totalling HK$13,164,000 in respect of the year ended 31 March 2011 (2010: final dividend of HK2.5 cents per share totalling HK$11,081,000 in respect of the year ended 31 March 2010) has been proposed by the directors and is subject to approval by the shareholders in general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the profit for the year of HK$156,042,000 (profit for the year of 2010: HK$109,201,000) and on the 487,559,674 shares in issue for the two years ended 31 March 2011 after adjusting for the effect of bonus issue of shares during the year.

There were no potential ordinary shares in existence for the two years ended 31 March 2011. Accordingly, no diluted earning per share has been presented.

9. PROGRESS PAYMENTS RECEIVABLE

Progress payments receivable represent the amounts receivable, after deduction of retention money, for construction services which usually fall due within 30 days after the work is certified. Retention money is usually withheld from the amounts receivable for work certified. 50% of the retention money is normally due upon completion of construction services and the remaining 50% portion is due upon finalisation of construction accounts. Retention money receivable is expected to be settled within twelve-month after the finalisation of construction accounts.

The aged analysis of progress payments receivable is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**17,692**	30,230
31-60 days	**—**	94
61-90 days	**—**	1,806
Over 90 days	**—**	19
	17,692	32,149

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period of not more than 90 days (2010: not more than 90 days) to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and are repayable on demand.

The aged analysis of trade debtors presented based on the invoice date at the end of the reporting period is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**15,222**	24,216
31-60 days	**13,249**	3,344
61-90 days	**1,858**	5,395
Over 90 days	**7,924**	6,904
	38,253	39,859

11. TRADE AND OTHER PAYABLES

The aged analysis of trade payables based on invoice date is as follows:

	2011	2010
	HK$'000	*HK$'000*
Within 30 days	**38,581**	37,785
31-60 days	**2,334**	3,849
61-90 days	**432**	681
Over 90 days	**5,009**	4,249
	46,356	46,564

OPERATIONS REVIEW

CONSTRUCTION DIVISION

The turnover for our Construction Division decreased to HK$442.7 million for the year ended 31 March 2011 (2010: HK$541.5 million), representing a drop of approximately 18.2%. The decrease in turnover of the Construction Division was due to the reason that some major contracts have come to completion stage during the year under review while new contracts received have just started or not even commenced.

The total amount of contracts on hand as at 31 March 2011 was HK$1,329.5 million, of which HK$345.1 million was derived from projects under joint venture arrangements with joint venture partners.

Major Project Completed

Project

(1) Construction of footbridge, landing block and landscaping works on Monmouth Path, 1 Queen's Road East

(2) Construction of the primary school at the junction of Texaco Road and Castle Peak Road

The inclusion in the List of Approved Contracts for Public Works in Group C (Confirmed) under "Buildings" Category ("Approved Contract in Group C (Confirmed) for Building Works") has allowed the Construction Division to tender for more government projects. The Construction Division has secured 5 government contracts since then and was awarded 1 government contract for the year ended 31 March 2011.

Major Projects in Progress

Project

(1) Construction of primary school at development near Choi Wan Road and Jordan Valley, Kwun Tong

(2) Construction of a second secondary school at development near Choi Wan Road and Jordan Valley, Kwun Tong

(3) Construction of Sports Centre and Community Hall in Area 101 at Tin Shui Wan

(4) Construction of Lam Tin North Municipal Services Building

(5) Construction of Student Hostel Phase 3 for The Hong Kong Polytechnic University

(6) Construction of shopping centre (Block 1 & 4) at Discovery Bay North Development, Lantau Island

(7) Construction of conference and resort hotel at North Area N3, Discovery Bay, Lantau Island

(8) Construction of industrial building on Bedford Road, Tai Kok Tsui

(9) Construction of residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island

INTERIOR AND RENOVATION DIVISION

For the year ended 31 March 2011, the business of the Interior and Renovation Division recorded a turnover of HK$114.3 million, as compared with HK$184.8 million last year. The reason attributable to the decrease was that the works of some major contracts have been deferred and thus affected the expected income.

Major Projects Undertaken

<u>Project</u>

(1) Renovation and refurbishment works for Scenic Garden on 9 Kotewall Road, Mid-levels

(2) Interior fitting-out works for the residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island

(3) Builder's works and fitting-out works for the conference and resort hotel at North Area N3, Discovery Bay, Lantau Island

During the year, the Interior and Renovation Division has completed the remaining refurbishment and renovation works for the podium of Grenville House on 1-3 Magazine Gap Road, Mid-levels and the renovation works for the external wall of Scenic Garden on 9 Kotewall Road, Mid-levels. The interior fitting-out works for the residential development at Area N1d, Phase 14, Discovery Bay, Lantau Island are progressing at full speed whereas the contract for the conference and resort hotel at North Area N3, Discovery Bay, Lantau Island have commenced and are expected to finish by end of 2011 or early 2012.

Apart from undertaking renovation works in Hong Kong, we also performed project management work in Mainland China. We are the project manager of the refurbishment and renovation works for Chelsea Residence at Chang Ning District, Shanghai and the project has completed as scheduled.

The contracts on hand as at 31 March 2011 amounted to HK$252.2 million.

BUILDING MATERIALS DIVISION

During the year, the operating environment for building materials remained difficult. For the year ended 31 March 2011, the turnover for the Building Materials Division was HK$169.2 million, compared with HK$193.1 million last year.

Trigon Building Materials Limited ("Trigon HK") and Trigon Interior Fitting-Out Works (Macau) Limited ("Trigon Macau") (collectively, Trigon")

Trigon HK and Trigon Macau are two of the subsidiaries of the Group under the Building Materials Division, specializing in the supply and installation of interior products such as different types of suspended ceiling system, metal cladding system, demountable partition system, fire rated protection system, decorative moulding, raised flooring and wood flooring.

While the building material market remains competitive, the implementation of railway network such as the Ma On Shan Line and West Island Line has shed some light on the industry. The Building Materials Division has seized the opportunities to place more emphasis to tender for the supply and installation of false ceiling for different railway stations.

Major Projects Undertaken

Project

(1) Community College of the City University of Hong Kong — Supply and installation of false ceiling

(2) Podium floor of the commercial development on 18 Wang Chiu Road, B, NKIL N. 5856 — Supply and installation of false ceiling

(3) Residential development on No. 42-44 Belcher's Street, Kennedy Town — Supply and installation of false ceiling

(4) Office/commercial development on No.863-865 King's Road, Quarry Bay — Supply and installation of false ceiling

(5) Hong Kong Science Park Building 20, Pak Shek Kok, Tai Po — Supply and installation of false ceiling

(6) Sun Yat Sen Memorial Park & swimming pool complex — Supply and installation of suspended ceiling system

Major Projects Awarded

Project

(1) Redevelopment of Victoria Park swimming pool complex — Supply and installation of false ceiling

(2) Ma On Shan Line — Che Kung Temple Station — Supply and installation of false ceiling

(3) Centralized general research laboratory complex of Chinese University of Hong Kong — Supply and installation of false ceiling

(4) Office floor of the commercial development on 18 Wang Chiu Road, B, NKIL N.5856 — Supply and installation of false ceiling

(5) Lam Tin North Municipal Services Building — Supply and installation of false ceiling

The contracts on hand as at 31 March 2011 amounted to HK$49.8 million.

Subsequent to the financial year ended 31 March 2011, the following projects were awarded:

Project

(1) West Island Line — Sai Ying Pun Station and tunnels — Supply and installation of false ceiling

(2) Development at Tseung Kwan O Lot No.70, area 86, site AB, package 2, phase 3 — Supply and installation of external aluminum false ceiling

Tai Kee Pipes Limited ("Tai Kee")

Another subsidiary under the Building Materials Division, Tai Kee, focuses on the supply of pipes, fittings and other related accessories through both retail and project sales.

Major Projects Undertaken

Project

(1) Helping Hand Cheung Muk Tau Holiday Centre for the Elderly at Sai Kung — Supply of pipes for fire services

(2) Stanley Prison — Supply of pipes for fire services

(3) Water Supply Department — Supply of manhole covers

(4) EcoPark at Tuen Mun — Supply of pipes for fire services

(5) New headquarters of the Government of the Hong Kong Special Administrative Region at Tamar — Supply of air-conditioning copper pipes

(6) Pui Ching Primary School — Supply of air-conditioning pipes

(7) Tin Shui Wai Sports Ground — Supply of pipes for fire services

(8) Project on Lomond Road — Supply of air-conditioning pipes

(9) Headquarters of Aviation Department at the Hong Kong International Airport — Supply of air-conditioning pipes

(10) Celestial Heights — Supply of air-conditioning pipes

(11) St. Stephen's College — Supply of pipes for fire services

(12) Luk Kwok Centre — Supply of pipes for fire services

(13) Sun Yat Sen Memorial Park — Supply of air-conditioning pipes

The total amount of contracts on hand of Tai Kee as at 31 March 2011 amounted to HK$11.9 million.

Million Hope Industries Limited ("Million Hope HK") and 美興新型建築材料(惠州)有限公司(「美興」)(collectively "Million Hope")

Million Hope HK and 美興 specialize in the design, supply and installation of aluminium windows and curtain walls in Hong Kong and Mainland China. Million Hope is one of the authorized manufacturers of the renowned German brand product "Schüco". We have assigned our sales team to actively promote the unitized façade system and energy-efficient façade system of "Schüco".

During the year, Million Hope completed a number of projects and was awarded several new contracts. Adhered to the principles of team management and quality control, Million Hope HK and 美興 strived to enhance its product quality and achieve production efficiency.

Major Projects Completed

Project

In Hong Kong

(1) Ma Wo, Tai Po — Design, supply and installation of aluminium window, sliding door and glazed works

(2) Choi Wan Road Development Site 2 Phase 1 — Design, supply and installation of natural anodized aluminium window, aluminium door and louvre

In Mainland China

(3) 華凱帝庭園 (Translation: Hua Kai Di Ting Yuan) in Dongguan — Design, supply and installation of aluminium window, aluminium door, "Schüco" folding door and louvre

Major Projects Undertaken

Project

(1) Proposed residential development on 9A — 9H Seymour Road — Design, supply and installation of aluminium window, sliding door, glass balustrade, aluminium cladding and feature

(2) Proposed residential development for Winfield Building on Nos. 1, 3 and 5 Ventris Road, Happy Valley — Design, supply and installation of aluminium window, sliding door and glass balustrade

(3) Phase 14, Discovery Bay — Design, supply and installation of curtain walls, aluminum window, aluminum sliding door, glass balustrades and glass walls

(4) Proposed residential development at Phase 15, Area N1e, Discovery Bay — Design, supply and installation of aluminium window, sliding door, glass balustrade and glass wall

(5) Proposed residential redevelopment of Yucca de Lac, Shatin — Design, supply and installation of aluminium window and "Schüco" folding door

(6) Proposed residential development on 16 — 34 Wood Road, Wanchai — Design, supply and installation of curtain wall, aluminium window, sliding door, balustrade and glass wall

(7) Proposed residential redevelopment on no. 9 Mount Kellett Road, The Peak — Design, supply and installation of "Schuco" window and sliding door

(8) Proposed residential development on 13-27 Warren Street — Design, supply and installation of aluminium window, curtain wall, aluminium cladding, louvre, skylight, canopy, balustrade and metal suspended ceiling

Major Projects Awarded

<u>Project</u>

(1) Proposed residential development on 2A Seymour Road — Design, supply and installation of "Schüco" sliding door

(2) Proposed residential development on no. 1 Broadcast Drive, Kowloon — Design, supply and installation of aluminium window and aluminium folding door

(3) Proposed industrial development on TWIL No.36, Hoi Sing Road, Tsuen Wan — Design, supply and installation of aluminium window, glass wall, skylight and aluminium cladding

(4) Student Hostel Phase 3, The Hong Kong Polytechnic University — Design, supply and installation of aluminium window, curtain wall, aluminium cladding and louvre

(5) Proposed residential development on TMTL 422, Tsing Lung Road, Area 58, Siu Lam, Tuen Mun — Design, supply and installation of "Schüco" Windows

(6) Proposed residential development on 13-27 Warren Street — Design, supply and installation of aluminium window, curtain wall, aluminium cladding, louvre, skylight, canopy, balustrade and metal suspended ceiling

The total amount of contracts on hand of Million Hope as at 31 March 2011 amounted to HK$251.8 million.

PROPERTY DEVELOPMENT DIVISION

The sale of the One LaSalle, a 50/50 jointly developed property with NWS Holdings Limited, commenced in the financial year ended 31 March 2010 and continued in this financial year. All remaining units were sold during the year, realizing a total gross income of HK$491.0 million for the sale of 8 units.

The sale results of One LaSalle were encouraging. We expect that Eight College, another luxury residence of the Group in Kowloon Tong, will also bring promising returns to the Group.

During the year, the demolition work of Bedford Road has been completed and foundation work on the site has commenced. A boutique industrial building will be erected thereon, offering quality industrial spaces to users in the market.

The demolition of The Austine in Jordan, Kowloon is expected to commence in the third quarter of 2011. Situated at the prime location of Kowloon Island at a nexus of transportation, the site will be redeveloped into luxury residences.

The residential development at DD129, Lau Fau Shan in Yuen Long is undergoing gazettal stage.

Subsequent to the financial year end, the Group has acquired 49% interests of the parcel of land situate at 中國浙江省海寧市區文苑路西側、後富亭港南側 (West of Wenyuan Road and South of Houfutinggang, Haining, Zhejiang Province, the PRC) (the "Land") for the development and construction of office, retail, carparking spaces and other development pertaining to the Land, and the sale of office premises erected thereon. This office development project will enable the division to utilize its expertise and experience for the master planning of the large-scale development in the PRC.

PROPERTY INVESTMENT DIVISION

The turnover of the Property Investment Division was HK$23.7 million, as compared to the turnover of HK$24.9 million last year.

The drop was partly attributable to the reduction of rental income of The Austine, a serviced-apartment building in Jordan. The tenants of The Austine were vacated in November 2010 and the Group has planned to redevelop the site into luxury residences.

During the year, the Group's investment properties recorded stable leasing performance. Our investment property, Shatin Industrial Centre in Shatin attained an occupancy rate of around 96% as at 31 March 2011.

Other investment properties of the Group include 31 Wing Wo Street in Sheung Wan, some units at Kin Wing Industrial Building in Tuen Mun, various land lots in D.D. 76 Ping Che in Fanling, various land lots in D.D. 128 Deep Bay Road in Yuen Long and Hoi Bun Godown in Tuen Mun in which the Group has 50% interest, all contributed to satisfactory income to the Group during the year whereas the investment property on 23-25 Mei Wan Street in Tsuen Wan was vacant for the moment.

Based on the Hong Kong Accounting Standard 40 "Investment Property" ("HKAS40"), the revaluation surplus, after accruing for the relevant expenses and deferred tax, was credited to the income statement. From an independent valuer's report, the Group recorded a revaluation surplus of HK$121.0 million for its investment properties for the year ended 31 March 2011.

PROPERTY AGENCY AND MANAGEMENT DIVISION

The turnover of the Property Agency and Management Division was HK$9.1 million, compared to the turnover of HK$6.9 million last year.

Currently, the Property Agency and Management Division is providing property management services to Golf Parkview in Sheung Shui and One LaSalle in Kowloon Tong.

Further, the division is also providing rental collection and leasing agency services to 8 Hart Avenue and The Cameron in Tsim Sha Tsui.

During the year, the division continued the provision of project management service to the large-scale integrated development project in Haining City, Zhejiang Province, the PRC; details of the service were made in the Company's announcement published on 1 April 2009. In Hong Kong, the division secured new engagement to act as the project manager for the redevelopment on Bedford Road and The Austine of the Group. The division has also been engaged for the provision of project management services for the redevelopment on 11-13 Grampian Road.

HEALTH PRODUCTS DIVISION

Care & Health Limited ("Care & Health"), Healthcorp Trading Limited ("Healthcorp") and Retailcorp Limited ("Retailcorp") are subsidiaries of the Group under the Health Products Division, engaging in the wholesale of Chinese and Western supplements and operation of retail chain store businesses.

This year, Health Products Division recorded a turnover of HK$49.7 million as compared to HK$48.7 million last year. Although there was only a slight increase in turnover, the division achieved a significant increase in net profit as compared with this year. The increase was attributable to successful cost control, efficiency of shops performance and the expansion of own branded products into key chains.

Retailcorp operates the chain store retail business under the trade name of HealthPlus. Currently, there are 11 retail outlets (including a HealthPlus shop at St. Teresa's Hospital in Kowloon) and 1 service centre in operation.

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group's liquidity and financing requirements are regularly reviewed.

For day-to-day liquidity management and to maintain flexibility in funding, the Group has access to banking facilities with an aggregate amount of HK$1,150.4 million (HK$619.8 million was secured by first charges over certain leasehold land and buildings, investment properties and properties under development for sale of the Group), of which HK$610.6 million loans have been drawn down and approximately HK$100.6 million has been utilized mainly for the issuance of letters of credit and performance bonds as at 31 March 2011. The bank loans under these banking facilities bear interests at prevailing market interest rates.

The Group follows a prudent policy in managing its cash balance, and endeavours to maintain its sound cash-flow generating capability, its ability to take on investments and acquisition projects, in order to enhance shareholder wealth. The total cash and bank balances of the Group amounted to HK$215.9 million as at 31 March 2011 (2010: HK$186.9 million), and accounted for 15.7% of the current assets (2010: 18.0%).

During the year, the Group has a net cash outflow of HK$68.6 million in its operating activities (mainly due to the increase in properties under development for sale and trade and other receivables and decrease in trade and other payables), a net cash inflow of HK$136.1 million in its investing activities (mainly due to dividend received from jointly controlled entities), and a net cash outflow of HK$38.1 million in its financing activities (mainly for paying dividends to shareholders and repayment of bank loans). As a result, the cash and bank balances increased, while the bank borrowings decreased. Net bank borrowings (total bank borrowings less total cash and bank balances) amounted to HK$394.7 million at 31 March 2011 (2010: net bank borrowings of HK$443.4 million). Accordingly, the gearing ratio of the Group, calculated on the basis of the Group's net borrowings to shareholders' funds, was 44.4% (2010: 59.1%). The net current assets have increased by HK$379.0 million to HK$443.7 million as at the year-end date and the current ratio (current assets divided by current liabilities) was 1.47 times (2010: 1.07 times).

With its cash holdings, steady cash inflow from its operations, together with available banking facilities, the Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

Treasury Policy

The aim of the Group's treasury policy is to minimize its exposure to fluctuations in the exchange rate and not to engage in any highly leveraged or speculative derivative products. Treasury transactions unrelated to underlying financial exposure are not undertaken. Foreign currency exposures of the Group arise mainly from the purchase of goods. The Group will determine if any hedging is required, on an individual basis, depending upon the size and nature of the exposure, and the prevailing market circumstances.

In order to enhance the deployment of internal funds with maximum benefit, to achieve better risk control, and to minimize cost of funds, the Group's treasury activities are centralized and scrutinized by the top management.

The surplus cash is generally placed in short-term bank deposits with reputable financial institutions. Most of these deposits are denominated in Hong Kong dollars. Most of the income, expenses, assets and liabilities of the Group are denominated in Hong Kong dollars. The Group therefore will not have any significant exposure to gains or losses arising from the movement of foreign currency exchange rate against the Hong Kong dollar.

Shareholders' Funds

At the year-end date, shareholders' funds of the Group were HK$889.7 million including reserves of HK$841.0 million, an increase of HK$135.1 million from HK$705.9 million at 31 March 2010. On that basis, the consolidated net asset value of the Group as at 31 March 2011 was HK$1.82 per share, compared to the consolidated net asset value of HK$1.54 per share at 31 March 2010. Increase in shareholders' funds was mainly attributable to profits retained after the payments of dividends during the year.

Capital Structure

The Group intends to keep an appropriate mix of equity and debt to ensure an efficient capital structure over time. During the year under review, the Group has borrowed Hong Kong dollar loans amounting to HK$610.6 million from the banks (at 31 March 2010: HK$630.3 million). The borrowings have been used as general working capital and for financing the properties for investment purposes over the years. The maturity profile of the loans spread over a period of eight years with HK$364.8 million repayable within the first year, HK$42.0 million repayable within the second year, HK$177.8 million repayable within the third to fifth years and HK$26.0 million repayable more than five years. Bank loans (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) with carrying amount of HK$204.8 million have been classified as current liabilities. Interest is based on HIBOR plus a competitive margin.

Collateral

As at 31 March 2011, certain leasehold land and buildings, investment properties and properties under development for sale of the Group, at the carrying value of approximately HK$816.5 million (at 31 March 2010: HK$698.2 million), were pledged to the banks to secure the Hong Kong dollar loans of HK$365.3 million (at 31 March 2010: HK$370.3 million).

Contingent Liabilities

At 31 March 2010, the Group had given guarantees to banks in respect of performance bonds entered into by the jointly controlled entities amounting to HK$650,000 (2011: nil).

During the year ended 31 March 2004, legal actions in respect of allegations of copyright infringement and defamation have been taken against certain subsidiaries of the Company carrying on health products business. No further steps have been taken against the Group in respect of such actions after the court hearing for directions to appoint experts and exchange witness statements since 2004. At 31 March 2011, the directors are of the opinion that in view of the uncertainty, it is not practicable to assess the financial effect.

Commitments

At the balance sheet date, the Group had the following commitments:

	2011	2010
	HK$'000	*HK$'000*
Contracted for but not provided in consolidated financial statements		
Commitments for the acquisition of investment properties	—	—
Commitments for the acquisition of property, plant and equipment	—	—

At the balance sheet date, the Group had an obligation to fund HK$231,500,000 (2010: HK$231,500,000), representing 23.63% (2010: 23.63%) of the anticipated project costs for the joint development of a site in So Kwun Wat, Hong Kong.

Event after the Reporting Period

Subsequent to the reporting period, the Group entered into a conditional sales and purchase agreement to acquire 49% interest of an entity in the PRC for a basic consideration of RMB80,000,000 (equivalent to approximately HK$93,720,000) (which may be subject to further adjustment) and contingent consideration of RMB22,785,000 (equivalent to approximately HK$26,693,000) less any pertaining deferred tax liabilities in respect of PRC land appreciation tax and enterprise income tax. The entity owns the land and has the right to develop and construct office premises on the land located in Haining, the PRC. The vendor, Clear Shine International Limited ("Clear Shine") is an indirect 65% owned subsidiary of Mingly Corporation ("Mingly"), an indirect subsidiary of a substantial shareholder of the Company. The acquisition is still conditional and has not been complete up to the date of approval of the consolidated financial statements.

Employees and Remuneration Policy

The number of full time monthly employees of the Group, excluding its jointly controlled entities, was around 704 (of which 187 employees were in Mainland China) as at 31 March 2011. The Group recruits and promotes individuals based on their development potential, merits and competencies, and ensures that their remuneration packages are at a reasonable market level.

FUTURE DIRECTIONS AND PROSPECTS

Looking ahead, we expect that economic growth in Hong Kong will continue under the support of the vibrant growth of Mainland's economy. Hong Kong enjoys the advantage of being closely linked to Mainland China,

While the global economy has continued to expand under the use of quantitative easing policies rather than through natural growth, we should be aware of the adverse impacts that may arise from these policies.

The domestic sector is expected to continue to stay rather robust. However, upward pressures on local costs have increased after five quarters of rapid economic growth. Although the Group has not been directly affected by the implementation of Statutory Minimum Wage, upward pressures on general local wages are likely to rise further.

With the domestic problems in the increase in material and labour costs and the uncertainties in the external environment, operating environment for the Group's core businesses will still not be easy despite the overall business confidence of various sectors in Hong Kong has improved.

During the year, the sale of One LaSalle of our Property Development Division was encouraging. The sale of the Group's other luxurious residential development, Eight College, at Kowloon Tong is expected to launch in the next financial year. In the near future, the Group will focus on the redevelopment of Bedford Road and The Austine. We will ride on our previous experience in property development and continue to strive for improvement of our operating performance. The Group's recent investment in the Haining Development will also enable the Group to expand its property development and investment horizon in Mainland China.

We will continue to adopt a proactive yet prudent management strategy to drive quality growth in our core businesses while identify different business opportunities to diversify our businesses. This will help build resilience into our overall business platform against unexpected economic changes.

During the year, the sale of One LaSalle of our Property Development Division was encouraging. For the years ahead, the Group will focus on the redevelopment of Bedford Road and The Austine. We will ride on our previous experience in property development and continue to strive for improvement of our operating performance, and the Group's recent investment in the Haining Development will enable the Group to expand its property development and investment horizon in Mainland China.

We will continue to adopt a proactive yet prudent management strategy to drive quality growth in our other core businesses while identify different business opportunities to diversify our businesses. This will help build resilience into our overall business platform against unexpected economic changes.

CORPORATE GOVERNANCE

The corporate governance principles of the Company emphasize a quality Board and transparency and accountability to all shareholders.

The Company has applied the principles of, and complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 March 2011, except for certain deviations which are summarized below:—

(a) The positions of the Chairman and Managing Director are held by Mr. Cha Mou Sing, Payson and Mr. Wong Sue Toa, Stewart respectively. Code Provision A.2.1 of the CG Code stipulates that the division of responsibilities between the Chairman and Managing Director should be set out in writing. Although the respective responsibilities of the Chairman and Managing Director are not set out in writing, power and authority are not concentrated in one individual and all major decisions are made in consultation with members of the Board and appropriate Board committees, as well as senior management. The Board may consider setting out in writing the roles and duties of the Chairman and the Managing Director if there is a need.

(b) Code Provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The non-executive directors and the independent non-executive directors of the Company are not appointed for a specific term. Pursuant to the Articles of Association of the Company amended on 2 August 2005, at each annual general meeting of the Company, one-third of the directors, including executive, non-executive and independent non-executive directors shall retire from office by rotation, and every director shall be subject to retirement at least once every three years. As such, the Company considers that sufficient measures have been taken to ensure that the corporate governance practices of the Company are no less exacting than those in the CG Code.

(c) Code Provision E.1.2 provides that the Chairman of the Board should attend the annual general meeting. The Chairman of the Board, Mr. Cha Mou Sing, Payson, was unable to attend the annual general meeting of the Company held on 10 August 2010 as he had other important business engagement. However, the Managing Director, present at the annual general meeting, took the chair of that meeting in accordance with Article 78 of the Articles of Association of the Company.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry of all directors of the Company, all directors confirmed they have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee of the Company has been established since December 2001 and has written terms of reference. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee has three members, being the independent non-executive directors, namely, Dr. Sun Tai Lun, Mr. Chan Pak Joe and Dr. Lau Tze Yiu, Peter. Dr. Sun Tai Lun has been appointed the chairman of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The financial statements for the year ended 31 March 2011 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 March 2011 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

BOARD OF DIRECTORS

As at the date of this announcement, the board of directors of the Company comprises:

Non-executive chairman
Mr. Cha Mou Sing, Payson

Executive directors
Mr. Wong Sue Toa, Stewart *(Managing Director)*
Mr. Tai Sai Ho *(General Manager)*
Dr. Lam Chat Yu
Mr. Shen Tai Hing

Non-executive directors
Mr. Cha Mou Daid, Johnson
Mr. Cha Yiu Chung, Benjamin

Independent non-executive directors
Mr. Chan Pak Joe
Dr. Lau Tze Yiu, Peter
Dr. Sun Tai Lun

By order of the board
Cha Mou Sing, Payson
Chairman

Hong Kong, 21 June 2011