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HSIN CHONG CONSTRUCTION GROUP LTD.

新昌營造集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00404)

ANNOUNCEMENT OF FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

The board of directors (the “Board”) of Hsin Chong Construction Group Ltd. (新昌營造集團有限公司*) (the “Company”) is pleased to announce the audited consolidated final results of the Company and its subsidiaries (collectively, the “Group”) for the financial year ended 31 December 2010.

A. CORE BUSINESS OF THE GROUP

Founded in 1939, the Group’s primary business is in construction and building related work mainly in Hong Kong, Macau and the Mainland of The People’s Republic of China (“Chinese Mainland”), in both the private and public sectors. As a full-service independent construction company headquartered in Hong Kong, the Group undertakes a wide range of business activities including building construction, provision of construction and project management consultancy services, civil engineering, electrical and mechanical installation, renovation and fitting-out, property development and investment, and provision of property and facility management services operated by a subsidiary Synergis Holdings Limited (新昌管理集團有限公司*) (“Synergis”), which is also listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (stock code: 02340).

B. CHAIRMAN’S STATEMENT

Introduction

I have taken over the Chairmanship of this Company from 17 February 2011. Our previous Chairman resigned to devote more time to his other business interests and family, and I am pleased to introduce the financial statements of the Group.

The Company had passed the 70th year milestone in 2009 and the economic doldrums in 2008, and is now firmly on the upward trend.

The expansion plan, based on a proven strategy of investing in high quality key staff and intensive training of existing staff, is now firmly in place and I am glad to see our management team working most effectively as an integrated team, resulting in growth in all divisions. Even more pleasing to note is that we have achieved this expansion with our high quality and timely delivery of projects.

In this financial year, we have seen a significant increase in our order book and in our revenue. The pleasing sight is that this fast growth has been matched by ever-improving quality, both in service and in the delivery of projects.

With the continued growth in the infrastructure market in Hong Kong, we expect to maintain this growth trend for the next few years. It goes without saying that our management team will continue to be vigilant in ensuring operational excellence consistent with the sustained growth.

Results

Profit attributable to equity holders of the Company for the year ended 31 December 2010 was HK\$136.3 million, and the basic earnings per share was HK cents 20.3, registering healthy growth from the results of 2009 which were HK\$109.1 million and HK cents 16.3 respectively.

Our strategy of investing in staff and training is beginning to show good results, and the new orders received for the year achieved HK\$8 billion in total, which continues to break new record, year on year. At the year end, the outstanding value of contracts on hand approximated HK\$10 billion.

Our core business continues to be our building division, and the total orders received exceeded HK\$4 billion. We benefited from the recent needs by universities expanding their campuses to cope with the 3-3-4 New Academic Structure, and other government and quasi-government projects, such as two Housing Authority projects in Shatin and the redevelopment of Hong Kong Sports Institute.

Our civil engineering business has shown significant growth, and it has already won three projects of the Express Rail Link, a culvert project of Drainage Services Department and a site formation project in Macau. Total new orders received exceeded HK\$2 billion.

Our electrical and mechanical installation subsidiary continues to win building services projects for commercial and residential buildings. We have also embarked on environmental projects and have won 4 projects for sewage/water treatment works in Sheung Shui, Tuen Mun, Shatin and Stonecutters Island.

Our interior and special projects division continues to win projects including the enhancement work of the Prince's Building Podium Arcade in Central, A&A works of a large and prestigious fashion store at Hysan Avenue in Causeway Bay and two revitalization projects in Central and Wanchai of the Urban Renewal Authority. We are also managing renovation work for two prestigious buildings in Beijing.

Our construction management services business has revived as the Venetian Parcel 5/6 project has restarted in April. Our project team in Macau has grown back to over 400 staff.

For overseas business, we provided assistance to our client to complete the first stage of the railway from Jeddah to Mecca, and we expect the whole project will be completed in 2011. Our new focus will be to develop the construction business in the Chinese Mainland.

We have also brought our expertise and experience of Synergis' property management services into the Chinese Mainland, focusing on value-added services to independent commercial property owners in major Chinese Mainland cities.

Note that, due to the phasing of the projects, most of our newly awarded projects were secured in the third quarter of 2010, therefore, the revenue and corresponding net results of these new orders have not been fully reflected in the 2010 financial results.

Outlook

With the many opportunities available through the continuous economic prosperity and development of infrastructure projects in Hong Kong, and our enhanced and enlarged team of professionals, we are confident that we will be able to continue on this growth trend. At the same time, we are mindful of the challenges ahead with the rising costs, and we aim to maintain a sustainable share of the construction market through quality delivery.

As our quality service and reliable delivery become recognised by our clients, we will be able to grow not only in our traditional building work and our expanding civil engineering work, but also in our renowned business lines such as electrical and mechanical installation, interiors and special projects and construction management services. Our competence in these fields will also enable us to expand in Hong Kong and export our businesses to other regions.

Appreciation

I know we would not have achieved these record growth trends without the total dedication and tireless efforts of our team. I must thank them for their extraordinary efforts over the last year.

My heartfelt thanks also go to our shareholders, our business partners, our clients and our suppliers for their total support and complete confidence in our team.

I look forward to the continuing sustainable growth of the Group.

C. REVIEW OF BUSINESS AND PROSPECTS

Operating Results

	Year ended 31 December	
	2010	2009
Revenue (<i>HK\$ million</i>)	4,258	3,482
Gross profit, including share of results in jointly controlled entities (<i>HK\$ million</i>)	445	368
Profit attributable to shareholders (<i>HK\$ million</i>)	136	109
Basic earnings per share (<i>HK cents</i>)	20.3	16.3
Diluted earnings per share (<i>HK cents</i>)	20.2	16.2
Interim dividend per share (<i>HK cents</i>)	3.0	2.5
Final dividend per share (<i>HK cents</i>)	3.0	5.5

During 2010, the Group achieved significant growth across its portfolio of businesses. The reported revenue of HK\$4,258 million (2009: HK\$3,482 million) and gross profit of HK\$445 million (2009: HK\$368 million), represented 22.3% and 20.9% increase respectively.

In addition, the Group was awarded new orders totaling HK\$8.1 billion (2009: HK\$3.6 billion) and, as a result, the outstanding value of contracts on hand amounted to HK\$10.0 billion as at 31 December 2010 (2009: HK\$5.6 billion).

These new records are backed by our commitment to be a leader of the construction industry. The growth was mainly derived from the strengthening of our core building construction division and the transformation of our civil engineering division. In addition, there is the resumption of construction works in the Venetian Cotai project in Macau, the further penetration of our interiors and special projects division, as well as the expansion of both the construction management and property management businesses in the Chinese Mainland. The Group achieved steady growth for the year and has built a solid foundation to sustain further successes for the coming future.

With the property prices in the Chinese Mainland surpassing the previous peak, the Group sold the remaining units in its Guangzhou property development project during the year.

At the same time as growing its business volume, the Group has managed to improve its earnings during the year. The profit attributable to shareholders in 2010 was HK\$136 million (2009: HK\$109 million) and the basic earnings per share was HK cents 20.3 (2009: HK cents 16.3), representing increase of 24.8% and 24.5% respectively as compared with the last year.

Segment Analysis

(i) *Building construction*

Revenue and segment result of the division were HK\$2,588.3 million (2009: HK\$2,054.2 million) and HK\$128.4 million (2009: HK\$86.1 million) respectively.

- a) Building division in Hong Kong, being the Group's traditional core business, recorded growth in all three key performance indicators: new orders awarded, revenue and segment profit results. During 2010, the division strategically secured a wide spectrum of new contracts in both public and private sectors totaling HK\$4.1 billion (2009: HK\$2.3 billion). With the successful experience in the Choi Wan Road public housing development project, two public housing developments at Shatin Area 4C and at Ex-Shatin Married Quarters were awarded during the year. Under the 3-3-4 New Academic Structure, the division was awarded several university projects from the Chinese University of Hong Kong, the Baptist University and the City University of Hong Kong. From the private sector, a high end residential development at Tsing Lung Road and a Grade A office development at 28 Hennessy Road were awarded, following the successful completion of the Grade A office building at 863-865 King's Road.

The division continued to deliver quality projects based on our strength in services delivery capability, advanced engineering and project management skills. It will continue to pursue strategic opportunities, riding on our strength in design and build projects and based on our proven track records in high quality commercial buildings, mass scale government housing and buildings, hospitals, and data centres.

- b) Interiors and special projects division made good progress in delivering existing projects during the year, enabling the division to enhance skill-sets and to seek new project opportunities.

The renovation project of the North Kowloon Magistracy Building for the New SCAD Campus was successfully completed, with widespread appreciations from the Government, SCAD Foundation (Hong Kong) Ltd. and the public. Following this, two revitalization projects at Pak Tsz Lane in Central and Burrows Street in Wanchai were awarded during the year. Furthermore, the division won two substantial renovation contracts in Beijing, achieving a new milestone in the Group's business development. The first one was the refurbishment of two residential tower blocks of serviced apartments located at the old downtown area near the 2nd Ring Road at the eastern district of Beijing. Another one was the fitting out of a block of commercial development located at Xuanwu District, near the 3rd Ring Road at the western district of Beijing.

- c) Following Macau Venetian's resumption of construction works in the first half of 2010, our construction management services division officially exited the doldrums in that market caused by the 2008/09 financial crisis. The current phases of Venetian Cotai project are due to be completed within the next two years, and thereafter we wish to deploy our very experienced project management team to explore opportunities in Macau, Hong Kong, the Chinese Mainland and other strategic regions, for example, certain markets in the Middle

East.

- d) As reported last year, the Group provided construction management services to China Railway Corporation (HK) Limited for the metro-rail project in Saudi Arabia. This construction management support services contract was largely completed during the year, demonstrating our delivery capability in challenging projects and difficult operating environments.

The Group has resumed developing its construction business in the Chinese Mainland for international companies and Hong Kong property developers looking for quality contract management service and delivery execution. Subsequent to the year end, a building construction contract for Huawei Hang Zhou Production Plant (Phase II) has been awarded.

(ii) *Civil engineering*

The Group started to expand the civil engineering business since 2009. During 2010, the division achieved significant progress in entering this expanding market segment. The civil engineering division secured three mega-sized MTR Express Rail Link contracts, namely Nam Cheong property foundation removal/reprovisioning, construction of Huanggang to Mai Po Tunnels through a joint venture with China Railway Construction Corporation Limited and China Railway 15 Bureau Group Corporation, and Express Rail Link Contract 810B – West Kowloon Terminus Station South through a joint venture with Laing O'Rourke Construction Hong Kong Limited and Paul Y. Construction Company, Limited. In addition, the division also received a new contract for site formation and slope stabilisation works for a residential development at Cotai, Macau.

In 2010, the division invested in human resources and innovative construction methods to grasp the expanding business opportunities. During the year, it secured new contracts totaling HK\$2.1 billion (2009: HK\$0.4 billion). And it recorded HK\$645.2 million revenue (2009: HK\$246.7 million), representing an increase of 1.6 times. Despite the investment in additional resources to achieve growth, the division continued to make a positive operating result of HK\$7.4 million, but after net of overhead allocation, the segment's loss was HK\$1.2 million in 2010 (2009: gain of HK\$6.4 million).

The division will continue to build its capabilities to tap into the growing civil engineering works under the Ten Mega Infrastructure projects plan implemented by the Hong Kong SAR Government.

(iii) *Electrical and mechanical (E&M)*

The E&M division reported a segment profit of HK\$12.1 million (2009: HK\$37.3 million) from a revenue of HK\$344.4 million in 2010 (2009: HK\$606.3 million). The reduction was mainly caused by a series of delays in some of major projects. During the year, the division has successfully completed the Mechanical and Electrical Package (MEP) installations of the Prince of Wales Hospital, which were handed over for full operation in the 4th quarter of 2010. The project has received widespread appreciation. It signaled the division's goal to outperform our competitors and be a leader of the market at large.

The division's new order flow remains healthy. During 2010, in association with the building division, it secured several institutional and university MEP contracts including campus development at Baptist University, Academic and Administration Building at City University of Hong Kong and the Redevelopment of Hong Kong Sports Institute.

For 2011 and the years ahead, the division will participate actively in various new MTR projects, including the Express Railway Link, South Island Line and all other new railways on the drawing board. It has also formed strategic partnerships with renowned overseas specialists to bid for environmental projects ranging from sewage plants projects of Drainage Services Department to other environmental projects opportunities in other government and private projects. With the expansion of the Hong Kong International Airport, the division will also seek opportunities in 2011 and 2012. The future development of the Kai Tak area which will house various HKSAR government office buildings, housing estates, commercial complexes, hospitals, etc, will also be our business development focus. The division has plan to continue to review and upgrade project execution, stress emphasis on sustainability and green issues as well as conserving energy within projects.

(iv) *Property and facility management services*

The property and facility management services provided by Synergis, a separately listed subsidiary, recorded a 5.7% increase in segment revenue to HK\$574.1 million (2009: HK\$543.1 million). However, due to the start up costs for expansion in Chinese Mainland, and the keen competition in the industry and labour cost pressure in Hong Kong, the segment profit declined to HK\$9.0 million (2009: HK\$15.6 million).

Revenue was improved with the awards of several new facility management contracts in Hong Kong, including MTR Corporation Limited, Hong Kong Police Headquarters and CLP Power Hong Kong Limited together with the new contracts awarded by Huawei Technologies Co., Ltd. for its R&D Centre and the Hong Kong Pavilion at the World Exposition 2010 in Shanghai. The increase in revenue from these new contracts was partly set off by the expiration of the shopping centres management contracts from The Link Management Limited. Synergis has expanded its assets management business in the Chinese Mainland including leasing, consulting services and mall operations in addition to property management and made significant progress in obtaining remarkable consulting and management service contracts from renowned developers in Shanghai, Hunan, Guangzhou and Qingdao during the year. Management is deploying the division's strong management team and proven expertise to capitalize upon the strong economic and property market growth in the Chinese Mainland.

(v) *Property development and investment*

Profits from the property division were HK\$45.0 million, registering a large increase from HK\$20.4 million realized in 2009. The major contributions were rental income derived from the office premise at No. 3 Lockhart Road, Wan Chai, with nearly 100% occupancy rate, and the profit realized from the sale of shop units of Wen Chang Pavilion in Guangzhou.

During the year, the Group invested HK\$100 million in a HK\$300 million joint-venture with Pacific Star Land Limited, which is a subsidiary of Pacific Star China Pte. Ltd. whose principal business is in real estate investments in Asia. The joint-venture company made its first investment to acquire a commercial tower property in Xuanwu District, Beijing for approximately HK\$100 million, of which the Group's interiors and special projects division is negotiating details of the final contract to provide construction services to the tower and the shopping mall.

Prospects

In 2010, the Group has demonstrated the stability and strong results by implementation of our strategies in repositioning our portfolio of construction businesses and property related services in Hong Kong, Macau, the Chinese Mainland and overseas.

The construction market is buoyant and we intend to continue to be a top tier player in our field. The Finance Committee of the Legislative Council has approved construction projects of over HK\$11 billion. With the launch of various infrastructure projects and new MTR projects including West Island Line, Express Rail Link, South Island Line, Kwun Tong Line Extension and Shatin to Central Link, there is a great number of potential business opportunities to the Group.

As we enter a new era of growth, the Group continues to recruit and retain top professionals to explore upcoming opportunities in both our traditional and new markets. Our mission remains with our tradition of execution and delivery of projects to meet the highest standards of quality and service.

However, with these booming prospects, the construction industry is facing the challenge arising from a shortage of competent professionals and skilled labour. In facing up to this challenge, the Group's remuneration policies have thus far been effective in retaining talented manpower. The Group's senior management will continue to review such policies regularly to maintain our competitiveness in the market. Although the operating environment remains strongly competitive, our past performance clearly demonstrated our success in planning our strategy to sustain our growth under these challenging conditions. We will continue our dedication towards quality delivery and vigilantly monitor and enhance our safety protocols. We believe that we are entering the year with a strong stance. With our strong orders book, we aim to maintain this momentum.

We have already embarked on this growth path and already seeing positive results. We will continue to be vigilant to ensure that our high level of performance will be maintained.

Financial Position

Management aims to optimise shareholders' value through proper deployment of its financial resources to support the Group's business strategies, while maintaining a healthy balance sheet to support the operation.

As at 31 December 2010, debt-to-equity ratio was 53% (2009: 31%). Total bank borrowings amounted to HK\$430 million (2009: HK\$190 million), of which 70% (2009: 47%) is due after one year. These borrowings are charged at a spread to HIBOR. The increase in bank borrowings was mainly attributable to the increase in working capital as a direct result of a much larger outstanding order book balance. But after netting the Group's year-end cash and bank balances of HK\$647 million (2009: HK\$711 million), there was no net borrowing.

The Group's relationship with its banks has grown substantially during 2010. Its credit facilities expanded to a total of HK\$2,009 million as of 31 December 2010 (2009: HK\$1,028 million) and were actively used to support its growing business, with details as follows (in HK\$ Million):

<u>Types of Credit Facilities</u>	<u>Available</u>	<u>Drawn</u>	<u>Undrawn</u>
Loan	\$792	\$430	\$362
Performance bonds	\$1,182	\$570	\$612
Import	\$35	\$25	\$10

The Group's net current assets as of 31 December 2010 was reported as HK\$130 million (2009: HK\$113 million), reflecting a current ratio of 1.1 (2009: 1.1). However, should the long-term portion of the bank loans be excluded from reclassification as current liabilities under a new accounting rule (note 11), the net current assets should be HK\$427 million, and the current ratio 1.3.

With the current portfolio of businesses, management expects that the Group's financing requirements for the remainder of the current financial year will be met by available cash, cash generated from operations, as well as banking facilities.

D. FINAL DIVIDEND

After giving due consideration to the results reported, the reserves of the Company and the working capital requirement of the Group, the Board recommended the payment of a final dividend of HK3.0 cents per share (2009: HK5.5 cents per share) for the year ended 31 December 2010. Conditional upon approval by the shareholders at the forthcoming 2011 annual general meeting of the Company, the proposed final dividend will be paid on Wednesday, 15 June 2011 to shareholders of the Company whose names appear on the registers of members of the Company on Tuesday, 7 June 2011 (Hong Kong time).

Together with the interim cash dividend of HK3.0 cents per share (2009: HK2.5 cents per share) already paid, total dividends for the year will amount to HK6.0 cents per share (2009: HK8.0 cents per share), representing a payout ratio of 30% (2009: 49%) on the earnings for the financial year.

E. CLOSURE OF REGISTERS OF MEMBERS

For the purpose of ascertaining shareholders' entitlement to the attendance of the forthcoming 2011 annual general meeting of the Company and the proposed final dividend, the registers of members of the Company will be closed from Tuesday, 31 May 2011 to Tuesday, 7 June 2011 (both days inclusive) (Hong Kong time) during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Monday, 30 May 2011 (Hong Kong time). The principal share registrars of the Company is Butterfield Fulcrum Group (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda.

F. CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2010

	Note	2010 HK\$'000	2009 HK\$'000
Group revenue and share of revenue of jointly controlled entities	2	<u>4,257,613</u>	<u>3,482,464</u>
Group revenue	2	3,847,823	2,900,304
Cost of sales	4	<u>(3,423,420)</u>	<u>(2,538,170)</u>
Gross profit		424,403	362,134
Share of net profits/(losses) of			
- jointly controlled entities		20,197	6,369
- associated companies		(51)	(404)
Other income and gains	3	18,100	7,841
General and administrative expenses	4	(254,403)	(205,300)
Other operating expenses	4	(22,693)	(32,787)
Impairment loss reversal		-	1,928
Net finance costs	5		
Finance income - interest income		1,266	2,048
Finance cost - bank interest expenses		<u>(6,271)</u>	<u>(6,273)</u>
Profit before taxation		180,548	135,556
Taxation	6	<u>(23,145)</u>	<u>(16,502)</u>
Profit for the year		<u>157,403</u>	<u>119,054</u>
Profit attributable to:			
Equity holders of the Company		136,346	109,107
Non-controlling interests		<u>21,057</u>	<u>9,947</u>
		<u>157,403</u>	<u>119,054</u>
Basic earnings per share	7	<u>HK20.3 cents</u>	<u>HK16.3 cents</u>
Diluted earnings per share	7	<u>HK20.2 cents</u>	<u>HK16.2 cents</u>
Dividends	8	<u>40,427</u>	<u>53,694</u>

G. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2010

	2010 HK\$'000	2009 HK\$'000
Profit for the year	157,403	119,054
Other comprehensive income/(loss)		
Fair value gain on leasehold land and building	141,277	-
Deferred tax on fair value gain of leasehold land and building	(23,310)	-
Exchange differences arising on translation of foreign operations	4,140	291
Exchange differences upon liquidation of an associated company	-	(164)
Interest rate swap	708	(1,664)
Other comprehensive income/(loss) for the year, net of tax	122,815	(1,537)
Total comprehensive income for the year	280,218	117,517
Total comprehensive income attributable to :		
Equity holders of the Company	257,904	107,593
Non-controlling interests	22,314	9,924
	280,218	117,517

H. CONSOLIDATED BALANCE SHEET

As at 31 December 2010

	Note	2010 HK\$'000	2009 (As restated) HK\$'000	2008 (As restated) HK\$'000
Non-current assets				
Property, plant and equipment		305,513	172,689	177,806
Investment properties		58,500	65,600	69,000
Intangible assets		127,391	141,683	156,275
Goodwill		18,753	18,753	18,753
Associated companies		21	954	3,003
Jointly controlled entities		221,552	128,240	89,606
Held-to-maturity financial assets		-	-	5,871
Available-for-sale financial asset		2,991	2,991	3,265
Deferred tax assets		389	338	340
		<u>735,110</u>	<u>531,248</u>	<u>523,919</u>
Current assets				
Stocks and contracting work-in-progress		527,363	190,046	176,569
Receivables and prepayments	9	612,554	474,449	379,978
Amount due from a non-controlling interest		259	-	-
Held-to-maturity financial assets		-	5,888	8,039
Cash and bank balances				
- restricted		291	2,147	3,889
- unrestricted		647,018	708,766	673,832
		<u>1,787,485</u>	<u>1,381,296</u>	<u>1,242,307</u>
Current liabilities				
Short term bank loans		(40,000)	(40,000)	(70,000)
Portion of bank loans due for repayment within one year		(92,353)	(60,000)	-
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	11	(297,647)	(90,000)	(150,000)
Payables and accruals	10	(1,173,776)	(1,037,705)	(944,093)
Amounts due to non-controlling interests		(42,523)	(23,714)	(22,496)
Current tax liabilities		(11,479)	(17,262)	(16,939)
		<u>(1,657,778)</u>	<u>(1,268,681)</u>	<u>(1,203,528)</u>
Net current assets		<u>129,707</u>	<u>112,615</u>	<u>38,779</u>
Total assets less current liabilities		<u>864,817</u>	<u>643,863</u>	<u>562,698</u>
Non-current liabilities				
Long service payment liabilities		(4,472)	(3,781)	(3,246)
Deferred tax liabilities		(45,929)	(25,656)	(27,311)
Total non-current liabilities		<u>(50,401)</u>	<u>(29,437)</u>	<u>(30,557)</u>
Net assets		<u>814,416</u>	<u>614,426</u>	<u>532,141</u>
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital		67,317	67,117	67,117
Other reserves		353,923	229,969	225,645
Retained profits		255,697	156,614	99,773
Proposed dividend		20,292	36,915	13,423
		<u>697,229</u>	<u>490,615</u>	<u>405,958</u>
Non-controlling interests		<u>117,187</u>	<u>123,811</u>	<u>126,183</u>
Total equity		<u>814,416</u>	<u>614,426</u>	<u>532,141</u>

I. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation and accounting policies

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, leasehold land and building, available-for-sale financial assets and financial assets and liabilities at fair value through profit or loss, which are carried at fair value.

a) New and amended standards adopted by the Group

The following new/revised HKFRSs, amendments and interpretations are mandatory for the first time for the financial year beginning 1 January 2010 and are relevant to the Group’s operations.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Annual Improvement Project	Improvements to HKFRSs 2009

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretations and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the accounts except as disclosed below:

- HKAS 17 (Amendment), ‘Leases’ is included in Improvements to HKFRSs 2009. It deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest for which title is not expected to pass to the Group by the end of the lease term was classified as an operating lease under “Prepaid premium for land lease”, and amortised over the lease term.

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land as at 1 January 2010 on the basis of information, which is existing at the inception of those leases, and recognised the leasehold land in Hong Kong as a finance lease retrospectively. As a result of the reassessment, the Group has reclassified the leasehold land from operating lease to finance lease.

The land interest of the Group that is held for own use is classified as finance lease and is accounted for as property, plant and equipment (see note 1c), and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

The effect of the adoption of this amendment is as below:

	2010	2009	2008
	HK\$'000	HK\$'000	HK\$'000
Decrease in prepaid premium for land lease	(77,205)	(79,320)	(81,435)
Increase in property, plant and equipment	77,205	79,320	81,435
		2010	2009
		HK\$'000	HK\$'000
Increase in depreciation		2,115	2,115
Decrease in amortisation		(2,115)	(2,115)

The adoption of this amendment has no financial impact on the Group's earnings per share.

- HK Interpretation 5 (“HKI 5”), ‘Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause’, is a clarification of an existing standard, HKAS 1 ‘Presentation of Financial Statements’ and is effective immediately upon the issuance in November 2010. The interpretation requires that the amounts repayable under a loan agreement which includes a clause that gives the lender the unconditional right to call the loan at any time shall be classified by the borrower as a current liability in its balance sheet, as the borrower under such an agreement does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Effect of adoption of HKI 5 on the consolidated balance sheet is as follow:

	2010	2009	2008
	HK\$'000	HK\$'000	HK\$'000
Increase/(decrease) in			
Current liabilities			
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	297,647	90,000	150,000
Non-current liabilities			
Long term bank loans	(297,647)	(90,000)	(150,000)

The adoption of the Interpretation and the consequential reclassification has no effect on reported profit and loss, total comprehensive income or equity for any period presented.

- b) The HKICPA has issued the following new or revised HKFRSs, amendments or improvements to existing standards that are mandatory for the accounting periods of the Group beginning on or after 1 January 2011 or later periods and are relevant to the Group's operation but which the Group has not early adopted:

	Effective for accounting periods beginning on or after
HKAS 12 (Amendment) Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKAS 24 (Revised) Related Party Disclosures	1 January 2011
HKFRS 9 Financial Instruments	1 January 2013
HK(IFRIC)-Int 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
Annual Improvement Project Improvements to HKFRSs 2010	1 January 2011 (unless otherwise stated)

The Group has commenced an assessment of the impact to the Group but is not yet in a position to state whether any significant changes to the Group's accounting policies and presentation of the financial statement will result.

- c) Change of accounting policy

As at 31 December 2010, the Group changed its accounting policy for leasehold land and building that are held for own use and the accounting policy has been applied prospectively.

In previous years, the owned-occupied building of the Group under “Property, plant and equipment” was carried in the consolidated balance sheet at historical cost less accumulated depreciation and accumulated impairment losses using the cost model under HKAS 16 ‘Property, Plant and Equipment’. Leasehold land of the Group was classified as operating lease under “Prepaid premium for land lease” in previous years prior to the adoption of HKAS 17 (Amendment). The Directors reassessed the appropriateness of this accounting policy during the year and concluded that adoption of revaluation model under HKAS 16 would result in providing reliable and more relevant information about the Group’s financial position.

Subsequent to the change in the accounting policy, leasehold land and building is accounted for using the revaluation model under HKAS 16. Effect of the adoption of the revaluation model on leasehold land and building that is held for own use is summarized as follows:

	2010
	HK\$’000
Non-current assets	
Increase in property, plant and equipment	141,277
Non-current liabilities	
Increase in deferred tax liabilities	23,310
Equity	
Increase in other reserves	117,967

2. Segment information

(a) Operating segments

In accordance with the Group’s internal financial reporting provided to the chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are (1) building construction; (2) civil engineering; (3) electrical and mechanical installation; (4) property and facility management services; and (5) property development and investment.

During the year, the Group has changed the structure of its internal organisation in a manner that causes the composition of its reportable segments to change. The chief operating decision-maker reviews the Group’s internal reporting based on five operating segments (2009: four) presented during the year in order to assess performance and allocate resources. The corresponding items of segment information for the year ended 31 December 2009 have been restated.

	Building construction HK\$'000	Civil engineering HK\$'000	Electrical & mechanical HK\$'000	Property & facility management HK\$'000	Property investment HK\$'000	Corporate (note 1) HK\$'000	Total HK\$'000
Year ended							
<u>31 December 2010</u>							
Revenue							
- Group	2,273,288	550,388	344,404	574,086	105,657	-	3,847,823
- Share of jointly controlled entities	315,004	94,786	-	-	-	-	409,790
Segment revenue	<u>2,588,292</u>	<u>645,174</u>	<u>344,404</u>	<u>574,086</u>	<u>105,657</u>	<u>-</u>	<u>4,257,613</u>
Gross profit	207,288	34,182	34,226	93,212	55,495	-	424,403
Share of results of							
- Jointly controlled entities	12,753	7,508	-	-	(64)	-	20,197
- Associated companies	-	-	-	-	(51)	-	(51)
	<u>220,041</u>	<u>41,690</u>	<u>34,226</u>	<u>93,212</u>	<u>55,380</u>	<u>-</u>	<u>444,549</u>
General and administrative expenses	(62,272)	(35,117)	(20,538)	(72,047)	(10,579)	(53,850)	(254,403)
Others (note 2)	4,291	866	977	1,805	1,051	709	9,699
Interest income	-	-	-	43	-	1,223	1,266
Bank interest expenses	-	-	-	-	-	(6,271)	(6,271)
Operating result	<u>162,060</u>	<u>7,439</u>	<u>14,665</u>	<u>23,013</u>	<u>45,852</u>	<u>(58,189)</u>	<u>194,840</u>
Amortisation of intangible assets	-	-	(300)	(13,992)	-	-	(14,292)
Overhead allocation	<u>(33,696)</u>	<u>(8,651)</u>	<u>(2,300)</u>	<u>-</u>	<u>(883)</u>	<u>45,530</u>	<u>-</u>
Profit before taxation	<u>128,364</u>	<u>(1,212)</u>	<u>12,065</u>	<u>9,021</u>	<u>44,969</u>	<u>(12,659)</u>	<u>180,548</u>
Taxation							(23,145)
Profit for the year							<u>157,403</u>
Capital expenditure	(5,818)	(1,242)	(1,763)	(4,344)	(157)	(4,093)	(17,417)
Depreciation	(4,722)	(1,059)	(785)	(6,249)	(8,613)	(4,330)	(25,758)
Amortisation of intangible assets	-	-	(300)	(13,992)	-	-	(14,292)
Fair value loss on an investment property in Hong Kong	-	-	-	-	(7,227)	-	(7,227)
Write back of impairment on unsold stocks of properties in Hong Kong	-	-	-	-	711	-	711
Gain on disposal of investment properties in Guangzhou, PRC	-	-	-	-	7,215	-	7,215
<u>At 31 December 2010</u>							
Segment assets	995,746	229,707	273,005	339,554	448,944	10,686	2,297,642
Associated companies	-	-	-	-	21	-	21
Jointly controlled entities	6,656	114,960	-	-	99,936	-	221,552
Available-for-sale financial asset	-	-	2,991	-	-	-	2,991
Deferred tax assets	195	-	-	194	-	-	389
Total assets	<u>1,002,597</u>	<u>344,667</u>	<u>275,996</u>	<u>339,748</u>	<u>548,901</u>	<u>10,686</u>	<u>2,522,595</u>

	Building construction HK\$'000	Civil engineering HK\$'000	Electrical & mechanical HK\$'000	Property & facility management HK\$'000	Property investment HK\$'000	Corporate (note 1) HK\$'000	Total HK\$'000
Year ended							
<u>31 December 2009</u>							
Revenue							
- Group	1,567,807	150,913	606,343	543,140	32,101	-	2,900,304
- Share of jointly controlled entities	486,348	95,812	-	-	-	-	582,160
Segment revenue	<u>2,054,155</u>	<u>246,725</u>	<u>606,343</u>	<u>543,140</u>	<u>32,101</u>	<u>-</u>	<u>3,482,464</u>
Gross profit							
Share of results of	161,632	14,846	60,626	95,032	29,998	-	362,134
- Jointly controlled entities	(531)	6,900	-	-	-	-	6,369
- Associated companies	-	-	-	(410)	6	-	(404)
	<u>161,101</u>	<u>21,746</u>	<u>60,626</u>	<u>94,622</u>	<u>30,004</u>	<u>-</u>	<u>368,099</u>
General and administrative expenses							
	(39,228)	(12,598)	(19,759)	(67,034)	(9,021)	(57,660)	(205,300)
Others (note 2)	(10,677)	-	(716)	1,927	(279)	1,319	(8,426)
Interest income	-	-	-	49	-	1,999	2,048
Bank interest expenses	-	-	-	-	-	(6,273)	(6,273)
Operating result	<u>111,196</u>	<u>9,148</u>	<u>40,151</u>	<u>29,564</u>	<u>20,704</u>	<u>(60,615)</u>	<u>150,148</u>
Amortisation of intangible assets							
	-	-	(600)	(13,992)	-	-	(14,592)
Overhead allocation	(25,101)	(2,722)	(2,288)	-	(319)	30,430	-
Profit before taxation	<u>86,095</u>	<u>6,426</u>	<u>37,263</u>	<u>15,572</u>	<u>20,385</u>	<u>(30,185)</u>	<u>135,556</u>
Taxation							
							(16,502)
Profit for the year							<u>119,054</u>
Capital expenditure							
	(4,416)	(562)	(73)	(11,779)	(17)	(3,004)	(19,851)
Depreciation							
	(4,441)	(272)	(242)	(4,786)	(9,049)	(5,840)	(24,630)
Amortisation of intangible assets							
	-	-	(600)	(13,992)	-	-	(14,592)
Fair value loss on an investment property in Hong Kong							
	-	-	-	-	(3,400)	-	(3,400)
Write back of impairment on unsold stocks of properties in Guangzhou, PRC							
	-	-	-	-	1,928	-	1,928
Write back of impairment on unsold stocks of properties in Hong Kong							
	-	-	-	-	577	-	577
<u>At 31 December 2009</u>							
Segment assets	779,145	72,562	254,861	359,817	295,879	11,869	1,774,133
Associated companies	-	-	-	-	954	-	954
Jointly controlled entities	38,485	89,755	-	-	-	-	128,240
Held-to-maturity financial assets							
	-	-	-	-	-	5,888	5,888
Available-for-sale financial asset							
	-	-	2,991	-	-	-	2,991
Deferred tax assets	194	-	-	144	-	-	338
Total assets	<u>817,824</u>	<u>162,317</u>	<u>257,852</u>	<u>359,961</u>	<u>296,833</u>	<u>17,757</u>	<u>1,912,544</u>

Notes:

1. Corporate mainly represents corporate level administrative activities. The corporate expenses are allocated to segment operations according to their level of activities.
2. Others represents other income and gains, other operating expenses and impairment loss reversal but excludes amortisation of intangible assets.

(b) Geographical analysis

	2010 HK\$'000	2009 HK\$'000
Revenue		
Hong Kong	3,251,301	2,317,566
Macau	416,358	420,554
PRC	101,793	84,529
Others	78,371	77,655
	<u>3,847,823</u>	<u>2,900,304</u>
	2010 HK\$'000	2009 HK\$'000
Non-current assets		
Hong Kong	628,871	525,100
Macau	201	52
PRC	102,583	2,767
Other	75	-
	<u>731,730</u>	<u>527,919</u>
Available-for-sale financial asset	2,991	2,991
Deferred tax assets	389	338
	<u>735,110</u>	<u>531,248</u>

(c) Customer base analysis

The Group's customer base is diversified and includes two (2009: three) customers with each of whom transactions have exceeded 10% of the Group's total revenue. Aggregate revenue from these customers amounted to HK\$1,057.5 million and was derived from building construction and property and facility management services (2009: HK\$1,325.6 million aggregate revenue was derived from building construction, civil engineering, electrical and mechanical installation and property and facility management services).

(d) Reconciliation of reportable segment revenue

	2010 HK\$'000	2009 HK\$'000
Reportable segment revenue	4,257,613	3,482,464
Less: share of revenue of jointly controlled entities	<u>(409,790)</u>	<u>(582,160)</u>
Group revenue	<u>3,847,823</u>	<u>2,900,304</u>

3. Other income and gains

	2010 HK\$'000	2009 HK\$'000
Write back of impairment on unsold stocks of properties in Hong Kong	711	577
Net exchange gain/(loss)	4,258	(163)
Gain on disposal of:		
- available-for-sale financial assets	-	340
- financial assets at fair value through profit or loss	-	457
- investment properties in Guangzhou, PRC	7,215	-
Net gain on disposal of property, plant and equipment	114	-
Gain on liquidation of an associated company	-	84
Plant and plant staff hire income	349	2,345
Secondment fees and service centre charges received from jointly controlled entities	3,412	1,442
Building management fee income from a property in Guangzhou, PRC	-	372
Copying service income	477	471
Miscellaneous	1,564	1,916
	18,100	7,841

4. Expenses by nature

	2010 HK\$'000	2009 HK\$'000
Cost of construction (Note)	2,889,575	2,087,655
Cost of property and facility management services (Note)	479,331	446,835
Cost of stock of properties sold		
- land cost	2,131	-
- bank interest	3,669	-
- other construction cost	43,453	1,275
Depreciation of property, plant and equipment	25,758	24,630
Amortisation of intangible assets	14,292	14,592
Fair value loss on an investment property in Hong Kong	7,227	3,400
Auditor's remuneration	3,779	3,644
Legal and professional fees	7,906	6,274
Operating lease rentals for land and buildings	3,475	3,141
Outgoings in respect of		
- investment properties in Hong Kong	3,922	4,195
- owned property in Hong Kong	4,005	3,762
Staff costs	178,942	143,896
Net loss on disposal of property, plant and equipment	-	256
Impairment loss on available-for-sale financial asset	-	274
Net fair value loss on foreign currency forward contracts	-	253
Others	33,051	32,175
	<u>3,700,516</u>	<u>2,776,257</u>
Total cost of sales, general and administrative, and other operating expenses		

Note: Included in cost of construction and cost of property and facility management services are staff costs of HK\$407,258,000 and HK\$383,165,000 respectively (2009: HK\$338,899,000 and HK\$353,355,000 respectively).

5. Net finance costs

	2010 HK\$'000	2009 HK\$'000
Interest income	(1,266)	(2,048)
Bank interest expenses		
Interest on bank loans wholly repayable within five years and overdraft	4,340	4,504
Interest paid on interest rate swap arrangement	1,931	1,769
	<u>6,271</u>	<u>6,273</u>
	<u>5,005</u>	<u>4,225</u>

6. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits for the year after application of available tax losses brought forward. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of tax charged/(credited) to the consolidated income statement represents:

	2010 HK\$'000	2009 HK\$'000
Hong Kong profits tax		
- provision for the year	13,551	16,910
Overseas tax		
- provision for the year	10,484	6,213
Under/(over) provision in prior years	2,198	(4,968)
Deferred tax	(3,088)	(1,653)
	<u>23,145</u>	<u>16,502</u>

7. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK\$136,346,000 (2009: HK\$109,107,000) and the weighted average of 671,661,000 shares (2009: weighted average of 671,174,000 shares) in issue during the year.

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company of HK\$136,346,000 (2009: HK\$109,107,000) and the weighted average of 674,410,000 shares (2009: weighted average of 671,963,000 shares) in issue after adjusting for the potential dilutive effect in respect of outstanding share options during the year.

8. Dividends

The dividends paid during the year ended 31 December 2010 were HK\$57,050,000 (2009: HK\$43,625,000).

	2010 HK\$'000	2009 HK\$'000
Interim dividend paid of HK3.0 cents (2009: HK2.5 cents) per ordinary share	20,135	16,779
Proposed final dividend of HK3.0 cents (2009: HK5.5 cents) per ordinary share	20,292	36,915
	<u>40,427</u>	<u>53,694</u>

At the board meeting held on 28 March 2011, the Board resolved to recommend the payment of a final dividend of HK3.0 cents per ordinary share for the year ended 31 December 2010. The proposed final dividend is not reflected as a dividend payable in the financial statements until it has been approved by the shareholders at the forthcoming annual general meeting of the Company.

9. Receivables and prepayments

	2010 HK\$'000	2009 HK\$'000
Trade receivables		
- third parties	320,839	257,027
- jointly controlled entity	848	34,839
- provision for impairment	(1,375)	(423)
Retention receivables		
- third parties	211,471	134,392
- jointly controlled entity	5,684	4,299
- provision for impairment	(125)	(125)
	<u>537,342</u>	<u>430,009</u>
Other receivables		
- third parties	44,516	19,189
- associated companies	859	12
- jointly controlled entities	11,141	11,515
- provision for impairment	(2,990)	(2,904)
Deposits and prepayments		
- third parties	21,686	16,628
	<u>612,554</u>	<u>474,449</u>

The aging analysis of trade and retention receivables by due days is as follows:

	2010 HK\$'000	2009 HK\$'000
Not yet due	409,878	319,596
1 to 30 days	60,640	47,308
31 to 90 days	7,174	5,079
91 to 180 days	20,121	9,211
Over 180 days	39,529	48,815
	<u>537,342</u>	<u>430,009</u>

The Group's credit terms are negotiated with and entered into under normal commercial terms with its customers. Retention money receivables in respect of contracting business are settled in accordance with the terms of respective contracts. Rental income is billed in advance of the rental period.

10. Payables and accruals

	2010 HK\$'000	2009 HK\$'000
Trade payables		
- third parties	750,674	641,220
Retention payables		
- third parties	<u>134,626</u>	<u>119,432</u>
	885,300	760,652
Other payables, deposits and accruals		
- third parties	287,518	274,966
- jointly controlled entity	-	418
Interest rate swap contract	956	1,664
Foreign currency forward contracts	<u>2</u>	<u>5</u>
	<u>1,173,776</u>	<u>1,037,705</u>

The aging analysis of trade and retention payables by due days is as follows:

	2010 HK\$'000	2009 HK\$'000
Not yet due	823,023	710,468
1 to 30 days	30,640	24,882
31 to 90 days	8,060	5,401
91 to 180 days	3,917	9,688
Over 180 days	<u>19,660</u>	<u>10,213</u>
	<u>885,300</u>	<u>760,652</u>

11. Portion of bank loans due for repayment after one year which contain a repayment on demand clause

In accordance with HKICPA's HKI 5 (see note 1), long term loan shall be classified as current liability if the loan agreement includes a clause that gives the lender unconditional right to call the loan at any time. Accordingly, the Group has classified its bank loans due after 1 year, of which having a repayment on demand clause, from the balance sheet date amounted to HK\$297.6 million (2009: HK\$90.0 million) from non-current liabilities to current liabilities.

J. HUMAN RESOURCES

At 31 December 2010, the Group employed a total of 7,485 (2009: 6,393) full time staff.

The Group adopts sound policies of management incentives and competitive remuneration, which aligns the interests of management, employees and shareholders. The chief asset of the Group remains the skills and expertise of our loyal staff and we have rightly invested much time and effort in the selection, training and personal improvement of our staff.

The Group sets its remuneration policy by reference to the prevailing market conditions and a performance-based reward system so as to ensure that the Group is able to attract, retain and motivate people of the highest caliber, essential to the successful leadership and effective management of the Group. The performance measures are balanced between financial and industry comparatives. The components of the remuneration package consist of base salary, allowances, benefits-in-kind, fringe benefits including medical insurance and contributions to pension funds, as well as incentives like discretionary bonus, participation in share options and share subscription schemes and long-term rewards.

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

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

L. REVIEW BY AUDIT COMMITTEE

The audit committee of the Company comprises three members, namely, Hon. Jeffrey LAM Kin-fung (chairman of the audit committee), Mr. Alexander MAK Kwai-wing and Dr. Kenneth CHU Ting-kin. The audit committee, together with the management and the Company's external auditor, PricewaterhouseCoopers, has reviewed the audited consolidated financial statements for the financial year ended 31 December 2010 of the Group.

M. REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT

The figures in this final results announcement have been agreed by the Company's external auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2010. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this final results announcement.

N. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules (as amended from time to time by the Stock Exchange) as its own code of conduct for regulating securities transactions by directors of the Company. Having made specific enquiry of all the directors of the Company, all the directors confirmed that they have complied with the required standard set out in the Model Code throughout the financial year ended 31 December 2010.

O. CORPORATE GOVERNANCE

The Company has applied the principles in and complied with the code provisions and certain recommended best practices set out in the Code on Corporate Governance Practices (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2010 save for the deviation described below.

The first part of code provision E.1.2 of the CG Code provides that the chairman of the Board should attend the annual general meeting and arrange for the chairmen of the audit and remuneration and nomination committees or in the absence of any chairman of such committees, another committee member or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting. The non-executive chairman of the Board was not able to attend the annual general meeting of the Company held on 28 June 2010 (the “AGM”) due to other business engagement. However, in his absence, the executive deputy chairman of the Board took the chair at the said AGM where the chairman of the audit committee was also present at the meeting. The Board considers that the presence of the executive deputy chairman, the chairman of the audit committee together with other Board members at the AGM was of sufficient caliber and number to address shareholders’ questions at the meeting.

By order of the Board of
Hsin Chong Construction Group Ltd.
Wilfred WONG Ying-wai
Executive Deputy Chairman

Hong Kong, 28 March 2011

Website: <http://www.hsinchong.com>

As at the date of this announcement, the Board comprises Dr. Kenneth CHU Ting-kin as non-executive chairman; Mr. Wilfred WONG Ying-wai (executive deputy chairman), Mr. Edmund LEUNG Kwong-ho (managing director) and Dr. Catherine CHU as executive directors; Mr. Barry John BUTTIFANT as non-executive director; and Hon. Jeffrey LAM Kin-fung, Hon. Abraham SHEK Lai-him and Mr. Alexander MAK Kwai-wing as independent non-executive directors.

** For identification purpose only*