WAI KEE 惠記 ZENS

Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNUAL REPORT 2009

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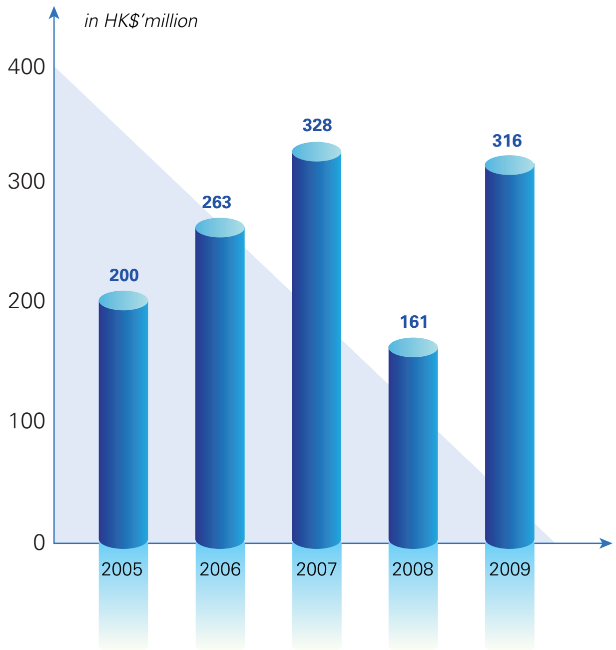
	Year ended 31st December,	
	2009	2008
		(Restated)
	HK$'million	*HK$'million*
Group revenue and share of revenue of jointly controlled entities	**1,057**	1,052
Profit for the year	**347**	118
Profit attributable to owners of the Company	**316**	161
	HK cents	*HK cents*
Basic earnings per share	**39.82**	20.35
Dividends per share	**8**	–
Return on equity attributable to owners of the Company	**4.9%**	4.5%

	As at 31st December,	
	2009	2008
	HK$'million	*HK$'million*
Total assets	**4,515**	4,445
Total liabilities	**(526)**	(822)
Minority interests	**(68)**	(37)
Equity attributable to owners of the Company	**3,921**	3,586
	HK$	*HK$*
Equity attributable to owners of the Company per share	**4.94**	4.52

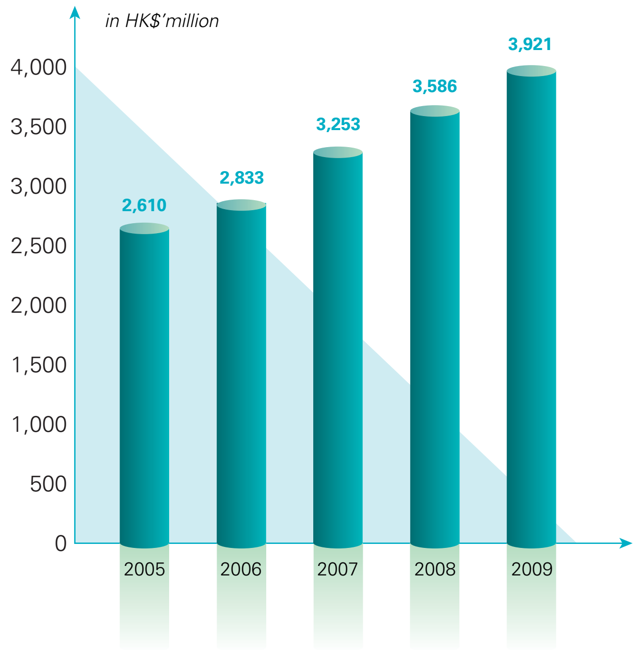
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Year ended 31st December,



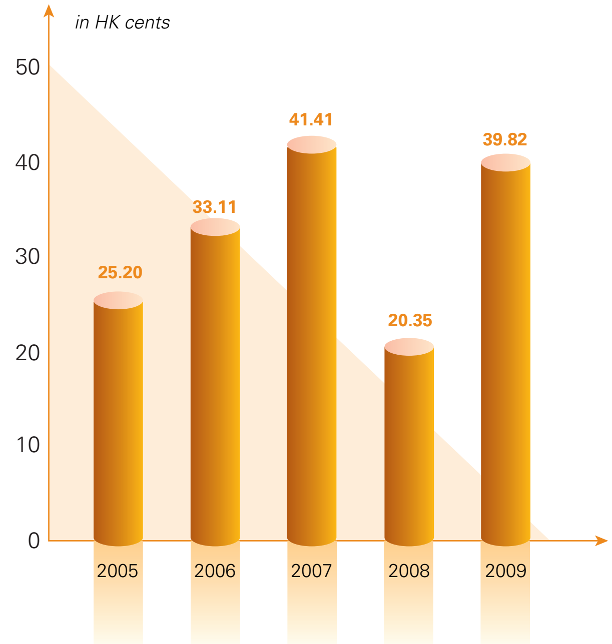
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

As at 31st December,



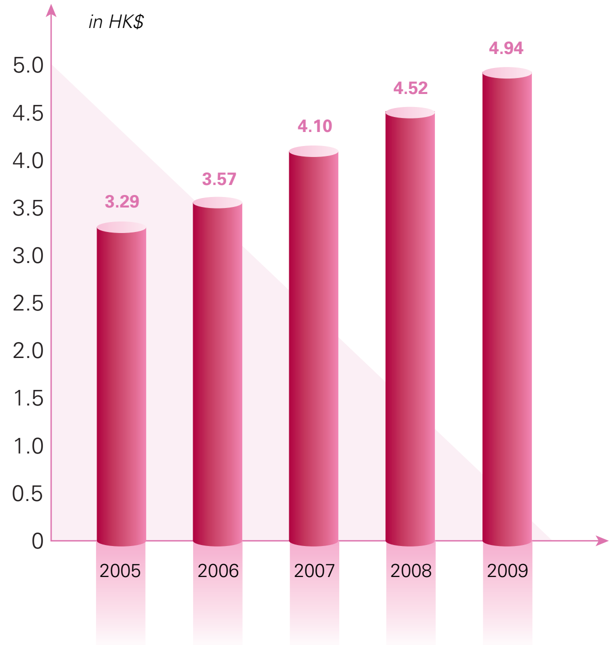
BASIC EARNINGS PER SHARE

Year ended 31st December,



EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE

As at 31st December,



Zen Wei Pao, William
Chairman

Dear shareholders,

The board of directors (the "Board") of the Company announces that the Group's audited revenue for the year ended 31st December, 2009 was HK$844 million (2008: HK$837 million) generating an audited consolidated profit attributable to owners of the Company of HK$316 million (2008: HK$161 million), an increase of 96% as compared with that of year 2008. If including revenue of jointly controlled entities shared by the Group, the Group's revenue for the year was HK$1,057 million (2008: HK$1,052 million).

At the forthcoming Annual General Meeting to be held on 20th May, 2010, the Board will recommend the payment of a final dividend of HK8 cents (2008: Nil) per share.

BUSINESS REVIEW

Highway and Expressway Operations and Property Development

For the year ended 31st December, 2009, the Group shared a total profit of HK$277 million (2008: HK$238 million) from Road King Infrastructure Limited ("Road King"), an associate of the Group, and Sunco Property Holdings Company Limited ("Sunco Property"), a 89.46% owned subsidiary of Road King. As of the date of this report, the Group holds 38.28% interest in Road King.

During 2009, Road King issued 190,000 new shares upon exercise of options granted to its directors and employees under the share option scheme of Road King. As the shares were issued at an exercise price lower than the net asset value per share of Road King, the Group recorded a total loss of HK$0.5 million on deemed disposals of partial interest in Road King (2008: HK$0.1 million). During 2008, Road King repurchased and cancelled 13,760,000 ordinary shares. As a result, the Group's interest in Road King was increased, generating a total gain of HK$49 million. There was no similar transaction occurred during 2009.

On 1st December, 2009, the Group entered into an agreement to dispose its entire direct interest of 5.28% in Sunco Property to Road King at a total consideration of HK$88 million. The transaction was completed on 27th January, 2010. After the disposal, the effective interest of Sunco Property indirectly held through Road King increased from 34.29% to 36.31%.

For the year ended 31st December, 2009, Road King recorded an audited profit attributable to owners of the company of HK$728 million (2008: HK$656 million), representing an increase by 10.9%.

In 2009, total traffic volume and toll revenue of Road King's toll road projects were 115 million vehicles and RMB2,222 million (approximately HK$2,511 million), as compared to 124 million vehicles and RMB2,545 million (approximately HK$2,812 million) in 2008. The decrease was due to the reduction of the portfolio, including the disposals of the interests in Jihe Expressway (Eastern Section), Yugong Highway in Guangxi and part of Yulin City Ring Road in 2009.

HIGHWAY

BUSINESS REVIEW (Cont'd)

Highway and Expressway Operations and Property Development (Cont'd)

The cash generated from the toll road business attributable to Road King was reduced to HK$539 million (2008: HK$1,083 million), which has resulted from the changes in cash distribution ratios of the two major expressway projects in Hebei in accordance with the joint venture agreements after Road King recouped its investments in 2009.

In 2009, the performance of Road King's property business was satisfactory. Contracted sales and pre-sale of properties (excluding the joint venture project in Shanghai) for the year amounted to HK$6,288 million which was 2.6 times of 2008. However, due to the time lag between pre-sale and actual delivery, the immediate positive impact brought by the recovery of property market was not fully reflected in its 2009's results, and only HK$4,600 million (2008: HK$4,631 million) was accounted for as revenue in Road King's consolidated financial statements for the year.

With the support of the Tianjin municipal government, Road King duly assumed its control over the two Tianjin Companies in September 2009 and removed the uncertainties of their control in the past two years and therefore the legal proceedings in the PRC regarding the control of the Tianjin Companies have been discontinued. Coordinated by the government, Road King has also reactivated the development of the projects in Tianjin.

With regard to the litigation proceedings against the former shareholders of Sunco Real Estate by Road King in October 2007, the processes for the discovery of evidence and preparation of witness statements have been completed and the trial will soon commence. Road King will continue to pursue its claims in a manner that is in the interests of Road King and its shareholders as a whole.

In 2010, Road King believes that the toll road business will continue to benefit from the economic development in the PRC, thus providing Road King with a reliable source of cash flow and profits. As to the property business, although the economic stimulus measures have been replaced by the new tightening control, Road King remains positive on the mainland property market in 2010.

Construction

For the year ended 31st December, 2009, the Group's construction arm, Build King Holdings Limited ("Build King") reported revenue and share of revenue of jointly controlled entities of HK$1,035 million (2008: HK$966 million), a 7% increase compared with that for 2008. The results of Build King for the year were also significantly improved from a loss of HK$97 million in 2008 to a net profit of HK$64 million, comprising HK$45 million (2008: loss of HK$50 million) from construction activity and HK$19 million (2008: loss of HK$47 million) from the investments in marketable securities. The Group's share of profit from Build King was HK$34 million (2008: share of loss of HK$53 million). As of the date of this report, the Group holds 51.17% interest in Build King.

PROPERTIES

BUSINESS REVIEW (Cont'd)

Construction (Cont'd)

Although Build King's turnover in Hong Kong in 2009 was nearly the same as that for 2008, the gross margin significantly improved from a near breakeven in last year to a profit of 9%. This was the result of the combined effect of selective tendering together with the successful finalisation of several final accounts for projects completed in prior years.

During the year, Kaden Construction Limited, a wholly owned subsidiary of Build King, successfully upgraded its listing in Group C – Building from probationary to confirmed status. Build King is now strengthening its management team in the building sector and will in future place more emphasis on the provision of client oriented services.

Hong Kong Government has forecast that its annual expenditure on public works will increase from HK$23 billion in 2009 to HK$45 billion in 2010 and continue spending at this level for several years. As a result, Build King will seek to benefit from this opportunity and expand the business to achieve HK$2 billion turnover from both civil and building in Hong Kong by 2011.

In United Arab Emirates, the operating joint venture with Arabian Construction Company performed very satisfactorily in line with expectations in 2009 generating significant cash flows for Build King. Current projects in Abu Dhabi are progressing satisfactorily and achieving budgets. The joint venture continues to concentrate on Abu Dhabi and Build King believes that with the track record established it is well placed to capitalise on the opportunities that exist in the current environment. Build King is targeting to maintain an annual turnover of HK$250 million in the marine civil engineering projects.

In China, Build King has entered into an agreement on 25th February, 2010 to dispose of its 49% equity interest in the joint venture with China Railway Tenth Group Co., Ltd. with the initial investment cost to be fully recovered. Build King's focus in China will now be the development of its current environmental sector by participation in new private investment projects. During the year, Build King's sewage plant has consistently treated volumes in excess of the design capacity and with further increased demand foreseen in the coming years, Build King decided to invest additional RMB38 million to extend the facilities from 20,000 tonnes to an ultimate daily capacity of 50,000 tonnes.

As of the date of this report, the aggregate outstanding value of contracts are approximately HK$2,423 million.

CONSTRUCTION

BUSINESS REVIEW (Cont'd)

Quarrying

For the year ended 31st December, 2009, the quarrying division recorded revenue of HK$22 million (2008: HK$36 million) and a net profit of HK$2 million (2008: HK$17 million). It is noted that included in the 2008 profit, there was a one-off compensation income of HK$11 million received from the local government for early termination of the Group's quarry rights of a quarry in Shanghai.

The revenue and profit of our quarrying division diminished significantly during the past few years. This is mainly due to the low level of activities in construction in Hong Kong which inevitably drags down the performance of our quarry operation. However, going forward, it is expected as discussed in the previous section of construction business that there will be a lot more activities in the next five to seven years, so the Board believes that this will also have a positive impact on the quarry operation.

The current licence of the Group's Niu Tou Quarry with the local authority will expire by mid-2011 and our management is in close discussion with the local authority to extend its operation. At present, the Group has reasons to believe this will likely take place but naturally it is only after final negotiation and formal contract been signed then the Group can be assured of its future.

Bio-technology

As mentioned in the 2009 Interim Report, the disposal of the Group's bio-technology operation to an independent third party at a total consideration of HK$19 million was completed in June 2009. Sales proceed of HK$16 million was received and the remaining HK$3 million is receivable in 2010 and 2011.

While the bio-technology operation incurred an operating loss of HK$8 million (2008: HK$24 million) in 2009 before completion of the disposal, the Group also recognised a gain from disposal of HK$13 million which included an exchange gain of HK$8 million reclassified from translation reserve to income upon disposal.

North American Ginseng

For the year ended 31st December, 2009, Chai-Na-Ta Corp. ("CNT"), an associate of the Group in Canada, reported revenue of C$6.9 million (2008: C$9.2 million) and a net profit of C$0.7 million (2008: loss of C$4.7 million). There was no further write-down for inventory and ginseng crops for the year (2008: write-downs of C$3.0 million). The main reason for CNT to register a gain for the year was not due to fundamental change in underlying economic, rather, it was a one-off gain of C$0.6 million in selling of the property and other assets in Cherry Creek as well as the government subsidy of C$1.0 million that save CNT from registering another year of loss. The Group shared CNT's profit of HK$2 million for the year (2008: loss of HK$9 million). As of the date of this report, the Group holds 38.1% interest in CNT.

QUARRY

BUSINESS REVIEW (Cont'd)

North American Ginseng (Cont'd)

In 2009, CNT harvested 127 acres of ginseng in Ontario for a total yield of about 446,000 pounds (2008: 988,000 pounds). CNT was no longer planting in British Columbia and this move cuts down its loss as historically, ginseng in British Columbia usually sells at lower price versus Ontario.

The Board of CNT does not feel optimistic to its future. CNT is competing with local farmers whose overhead is much lower than that of CNT, and some farmers in China also start to grow ginseng which put a lot more pressure on CNT's operation. Although in recent year, there has been significant improvement in the operation in Ontario in term of yield (pounds per acre) and control of rust level, farming operation to a great extent depends on mother nature as well as market conditions, both of which are outside the companies' control. CNT does not see any material change that will take place to change its view, so starting this year CNT has stopped planting to ensure that it will have sufficient working capital. The current view of its management is to orderly wind down the business and to exit entirely by 2012 (as ginseng once planted, will take four years to mature).

The Board of CNT does believe, in so doing, it is acting in the best interest of its shareholders as well as existing staff, as this will give them sufficient time to plan for the inevitable.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31st December, 2009, the Group had net current liabilities of HK$12 million. However, taking into account of the financial resources available to the Group, including the internally generated funds, the presently available banking facilities and the proceeds of HK$88 million arising from the disposal of 5.28% interest in Sunco Property in January 2010 and the availability of marketable securities that can be disposal of, if necessary, the Group has sufficient working capital for its present requirements.

FINANCIAL REVIEW (Cont'd)

Liquidity and Financial Resources (Cont'd)

During the year, total borrowings were significantly reduced from HK$356 million to HK$139 million with the maturity profile summarised as follows:

	As at 31st December	
	2009	2008
	HK$'million	*HK$'million*
Within one year	**73**	262
In the second year	**42**	48
In the third to fifth year inclusive	**24**	46
	139	356

(a) In respect of bank loans with carrying amounts of HK$17 million as at 31st December, 2009, Build King breached certain of the terms of the bank loans, which are primarily related to its debt-equity ratio. The non-current portion of the bank loans amounting to HK$8 million (2008: HK$17 million) has been classified as current liabilities since the banks have not agreed to waive their right to demand immediate payment as at 31st December, 2009. Build King has subsequently obtained written consent from the banks to waive their rights to demand immediate repayment.

(b) Included a contract of structured borrowing of HK$25 million (2008: HK$53 million) that was designated as derivative financial instruments at fair value through profit or loss upon initial recognition and was measured at fair value based on the valuation provided by the counterparty at 31st December, 2009. As at 31st December, 2009, the difference between the fair value of the structured borrowing and the net amount of the upfront payment received less the repayment made was HK$0.4 million (2008: HK$15 million). Decrease in fair value of HK$15 million during the year has been credited (2008: increase in fair value of HK$11 million had been charged) to the consolidated statement of comprehensive income. The structured borrowing is denominated in United States dollars.

(c) Total borrowings as at 31st December, 2008 included a margin loan of HK$9 million secured by certain shares of Road King. The margin loan was totally repaid during 2009.

FINANCIAL REVIEW (Cont'd)

Liquidity and Financial Resources (Cont'd)

Other than the fixed rate borrowings of HK$0.3 million carrying interest ranging from 5.70% to 9.39% per annum, the remaining borrowings are variable-rate borrowings carrying interest ranging from 1.87% to 7.10% per annum.

As at 31st December, 2009, the Group's cash and bank balances amounted to HK$35 million (2008: HK$63 million), of which bank deposits amounting to HK$2 million (2008: HK$1 million) were pledged to banks for securing the banking facilities granted to the Group.

For the year ended 31st December, 2009, the Group recorded finance expenses of HK$9 million (2008: HK$16 million).

As at 31st December, 2009, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK$44 million (2008: HK$29 million), majority of which were equity securities listed in Hong Kong. Certain equity securities held by Build King with market value of HK$18 million (2008: HK$9 million) were pledged to a bank to secure general banking facilities granted to Build King. For the year ended 31st December, 2009, the Group recorded a net gain (change in fair value and dividend income) of HK$27 million (2008: a net loss of HK$56 million) from these investments, of which a net gain of HK$19 million (2008: a net loss of HK$47 million) was derived from the securities invested by Build King.

The Group's borrowings, investments and cash balances were principally denominated in Hong Kong dollars, Renminbi and United States dollars. Hence, there is no significant exposure to foreign exchange rate fluctuations.

Capital Structure and Gearing Ratio

As at 31st December, 2009, the equity attributable to owners of the Company amounted to HK$3,921 million, representing HK$4.94 per share (2008: HK$3,586 million, representing HK$4.52 per share). Increase in equity attributable to owners of the Company was mainly attributable to the profit generated in the year.

As at 31st December, 2009, the net gearing ratio, being the ratio of net borrowings (total borrowings less cash and bank balances) to equity attributable to owners of the Company, was 2.7% (2008: 8.2%).

Pledge of Assets

As at 31st December, 2009, apart from the bank deposits and certain listed equity securities pledged to a bank to secure general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK$0.2 million were pledged to secure certain bank loans granted to the Group.

FINANCIAL REVIEW (Cont'd)

Tender/Performance Bonds

As at 31st December, 2009, the Group had outstanding tender/performance bonds for construction contracts amounting to HK$155 million (2008: HK$128 million).

FUTURE OUTLOOK

The Board has been continuous paying attention to new investment opportunities to enhance the Company's shareholders value, and as mentioned two years' ago that when the right opportunity comes along, the Group will not hesitate to make meaningful investment, provided the Board is certain of the long term prospect of the business. In January 2010, a 75% subsidiary of the Group tendered and was awarded a site in Hong Kong for erection of concrete batching plant. The Group will make the entry to the concrete production business.

The Board believes this new business will integrate vertically in both directions with the Group's existing businesses. Firstly, concrete suppliers are the main customers of quarry, by having its own quarry and concrete business, the Group can be assured of the outlet for its quarry as well as ensuring supply for its concrete business. Secondly, concrete is essential for any construction activities, so by having its own concrete supply capability, the Group can assure the quality of its product as well as increase the competitiveness of its construction business, and at the same time securing customers for its concrete business.

A word of caution is called for, setting up of the concrete batching plant will take quite some time and the Group does not expect to see any contribution (pre-operating expenses are bound to happen) in 2010, the Board does hope with growing construction market in the five to seven years down the road, this new investment will contribute a meaningful return to the shareholders.

The Board, together with the effort of its dedicated staff, will continue to manage the existing businesses and any new investment of the Group prudently in order to maximise the value to the Group and to our shareholders.

APPRECIATION

The Board would like to take this opportunity to extend its heartiest thanks to the entire loyal and dedicated staff.

Zen Wei Pao, William
Chairman

26th March, 2010

EXECUTIVE DIRECTOR

ZEN Wei Pao, William, age 62, was appointed as an Executive Director in July 1992 and a member of the Remuneration Committee of the Company in April 2005. He is the Chairman of the Company. He has been with the Group since 1971. He is also the Chairman of Road King. He holds a Bachelor of Science Degree from The Chinese University of Hong Kong and a Master of Business Administration Degree from Asia International Open University (Macau). He also attended Executive Education Program at Harvard University. He is a member of both the Hong Kong Institution of Engineers and the Institute of Quarrying, the United Kingdom ("UK"). He has over 40 years of experience in civil engineering industry. Mr. Zen is responsible for the overall strategic planning and corporate marketing and development of the Group and oversees the operations of the Group's highway and expressway, and property development divisions. He is the brother of Mr. Zen Wei Peu, Derek.

ZEN Wei Peu, Derek, age 57, was appointed as an Executive Director in July 1992 and a member of the Remuneration Committee of the Company in April 2005. He is the Vice Chairman of the Company. He has been with the Group for over 30 years. He is also the Chairman of Build King and CNT, and an Executive Director of Road King. He holds a Bachelor of Science Degree in Engineering from The University of Hong Kong and a Master Degree of Business Administration from The Chinese University of Hong Kong and is a member of both the Institution of Civil Engineers and the Hong Kong Institution of Engineers and a fellow member of the Institute of Quarrying, UK. He is also the Honorary Treasurer of Hong Kong Construction Association from 2009 to 2011. He has over 30 years of experience in civil engineering. Mr. Zen is responsible for the overall management of the Group and oversees the operations of the Group's construction and quarrying divisions, as well as CNT. He is the brother of Mr. Zen Wei Pao, William.

CHIU Wai Yee, Anriena, age 46, was appointed as an Executive Director in June 2005. She joined the Group in April 1995. She is currently the Company Secretary of the Company. She holds a Bachelor of Administrative Studies Degree and a Master Degree of Professional Accounting. Miss Chiu is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She has extensive experience in company secretarial field. Miss Chiu is responsible for the personnel and administration department and secretarial department of the Company.

NON-EXECUTIVE DIRECTOR

LAM Wai Hon, Patrick, age 47, was appointed as a Non-executive Director in September 2000. Mr. Lam is a Chartered Accountant by training and holds a Master of Business Administration Degree from The University of Edinburgh and a Bachelor Degree from The University of Essex, UK. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Lam is presently Assistant General Manager of New World Development Company Limited and an Executive Director of NWS Holdings Limited, both of which are the substantial shareholders of the Company and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also a Director of Guangdong Baolihua New Energy Stock Co., Ltd., a listed company in the PRC, and an Executive Director of Hong Kong Convention and Exhibition Centre (Management) Limited. Mr. Lam was a Non-executive Director of Build King and Taifook Securities Group Limited, the shares of both companies are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Prior to joining the New World Group, Mr. Lam worked for an international accounting firm.

CHU Tat Chi, age 52, was appointed as a Non-executive Director in May 2006. He graduated from the Hong Kong Polytechnic in 1978 with a Diploma in Building Studies. He has over 30 years of experience in the civil engineering and construction industries. Mr. Chu joined Hip Hing Construction Company Limited ("Hip Hing") in 1979 and is presently the Managing Director of Hip Hing. He is also a Director of NWS Service Management Limited, a substantial shareholder of the Company, Quon Hing Concrete Company Limited and Ngo Kee (Macau) Limited. Prior to joining Hip Hing, he had worked in the Public Works Department of Hong Kong Government.

CHENG Chi Pang, Leslie, age 52, was appointed as a Non-executive Director in September 2000. He is also a Non-executive Director of Build King. Dr. Cheng holds a Bachelor Degree in Business, a Master Degree in Business Administration, a Master Degree of Laws (Chinese and Comparative Law) and a Doctorate Degree of Philosophy in Business Management. He is an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Australian Society of Certified Practicing Accountants and the Taxation Institute of Hong Kong, and a fellow member of Hong Kong Institute of Directors. He is a Certified Public Accountant practising in Hong Kong and has over 30 years of experience in auditing, business advisory and financial management. Dr. Cheng joined the New World Group in 1992 and was Group Financial Controller and Chief Executive of NWS Holdings Limited. He is now the Senior Partner of Leslie Cheng & Co. and Chief Executive Officer of L & E Consultants Limited. Dr. Cheng is currently an Independent Non-executive Director of China Ting Group Holdings Limited, Fortune Sun (China) Holdings Limited, Nine Dragons Paper (Holdings) Limited and Tianjin Port Development Holdings Limited, all of whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Prior to joining the New World Group, he was a senior manager of an international accounting firm.

INDEPENDENT NON-EXECUTIVE DIRECTOR

WONG Che Ming, Steve, age 59, was appointed as an Independent Non-executive Director in July 1992. He was appointed as a member of the Audit Committee of the Company in July 1998 and a member of the Remuneration Committee of the Company in April 2005. During the period from September 2001 to the first quarter of 2005, he served as the Chairman of the Audit Committee of the Company. He is a solicitor, notary public, China appointed attesting officer and a member of The Chartered Institute of Arbitrators. He holds a Bachelor of Social Science Degree in Economics from The Chinese University of Hong Kong and a Doctorate Degree in Civil Laws from The Renmin University of China.

WAN Siu Kau, Samuel, age 58, was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company in September 2001. He was appointed as the Chairman of the Remuneration Committee of the Company in April 2005. He holds a Master Degree of Business Administration from The Chinese University of Hong Kong and a Bachelor Degree in Business Administration and Accounting from The University of Hong Kong. He started his executive search career in 1988 and was previously Managing Partner of Amrop Hever, a global executive search firm. Prior to this, he was the Managing Director of Norman Broadbent's Hong Kong and China offices and was among the first generation of recruiters to establish a search practice in China. Earlier, he worked for Bank of America and Banque Nationale de Paris on both the human resources and business side. Mr. Wan is currently a Non-executive Director of Recruit Holdings Limited whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

WONG Man Chung, Francis, age 45, was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company in August 2004. He was appointed as the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company in April 2005. Mr. Wong holds a Master Degree in Management conferred by Guangzhou Jinan University of China. He is a Certified Public Accountant (Practising) and has over 20 years of experience in the profession of accounting. He is a fellow member of the Association of Chartered Certified Accountants, UK, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong, an associate member of the Institute of Chartered Accountants in England and Wales, and a member of the Society of Chinese Accountants and Auditors, Hong Kong. Mr. Wong is a Director of both Union Alpha CPA Limited and Union Alpha CAAP Certified Public Accountants Limited, which are professional accounting firms, and a Founding Director and member of Francis M. C. Wong Charitable Foundation Limited, a charitable institution. Prior to that, he worked for an international accounting firm for 6 years and The Hong Kong Securities Clearing Company Limited for 2 years. Mr. Wong is currently an Independent Non-executive Director and either the chairman or a member of the Audit Committee/Remuneration Committee of China Oriental Group Company Limited, Digital China Holdings Limited and Eforce Holdings Limited, all of whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Wong was once an Independent Non-executive Director, the chairman of the Audit Committee and a member of both the Remuneration Committee and Nomination Committee of Yardway Group Limited whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was also an Independent Non-executive Director of Lightscape Technologies Inc., a company with its shares traded on the OTC Bulletin Board in the United States of America.

SENIOR MANAGEMENT

CHANG Kam Chuen, Desmond, age 44, joined the Group in May 1997 and is now an Executive Director and the Company Secretary of Build King. Mr. Chang is a fellow member of The Hong Kong Institute of Certified Public Accountants and an associate member of Chartered Institute of Management Accountants, UK. He has over 20 years of experience in accounting profession and financial management. Mr. Chang is responsible for the financial, human resources, administration and secretarial departments of Build King.

CHEUNG Siu Lun, age 59, joined the Group in 2006. He is a Director of Kaden Construction Limited ("Kaden"). He holds a Bachelor of Science Degree in Civil Engineering from The University of Hong Kong. He is a member of the Institution of Civil Engineers and a fellow of The Hong Kong Institution of Engineers. He is also a Chartered Engineer of the UK. He has over 35 years of experience in both civil engineering and building construction. He is a member of Minor Works Contractors Registration Committee (MWCRC) under Buildings Ordinance. He is responsible for Build King's business development in Hong Kong and operation of China market.

CHOY Hon Ping, age 53, jointed the Group in 2010. He is a Director of Kaden. He has over 30 years of experience in building construction in Hong Kong. He is a member of The Hong Kong Institution of Engineers and The Chartered Institute of Building (UK). He has been appointed by The Hong Kong Council for Accreditation of Academic and Vocational Qualifications (HKCAAVQ) as the "Construction Specialist" since 2006. He was the Building Committee member (1998-2007) and Council member of The Hong Kong Construction Association, Limited (2005-2007). He is responsible for Build King's building operation in Hong Kong.

LIU Sing Pang, Simon, age 48, is a Director and the General Manager of Kaden, a Director of Leader Civil Engineering Corporation Limited and a Director of Wai Kee (Zens) Construction & Transportation Company Limited ("WKC&T"). He is a member of the Institution of Structural Engineers and a member of the Hong Kong Institution of Engineer. He is also a Chartered Engineer of the UK. He has over 20 years of experience in civil engineering and building construction. He is a council member of the Hong Kong Construction Association. He is responsible for Build King's civil engineering operation in Hong Kong.

LUI Yau Chun, Paul, age 49, has been working with the Group since 1998. He is a Director and the General Manager (Marine) of WKC&T, a Director of Leader Marine Contractors Limited, and the General Manager of Leader Marine L.L.C. and Leader Marine Cont. L.L.C., both companies were registered in Sharjah, United Arab Emirates. He is a member of the Institution of Structural Engineers. He has over 25 years of experience in civil and marine engineering. He is responsible for Build King's business development and operation in the Middle East.

SENIOR MANAGEMENT (Cont'd)

CHEUNG Kwan Man, Edmond, age 54, joined the Group in August 1994 and is now the Group Financial Controller responsible for the financial management and the accounting department of the Group. He is also a Director of Wai Kee Quarry Asia Limited and Wai Hing Quarries (China) Limited responsible for the quarrying division of the Group. Mr. Cheung holds a Master Degree of Business Administration from Heriot-Watt University, UK. He is a fellow member of the Association of Chartered Certified Accountants, UK, a member of the Certified General Accountants' Association of Canada, a full member of American Institute of Certified Public Accountants and also holds a CPA practising license in Colorado State of the United States of America. He has extensive experience in auditing, accounting and financial management.

YAM Tin Chun, Martin, age 49, joined the Group in July 2007 as Internal Audit Manager of the Company and Build King. Mr. Yam holds a Master Degree of Business Administration from Manchester Business School and a Bachelor Degree in Laws from Peking University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, a Certified Information System Auditor, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He has over 15 years of experience in internal audit. Consistent with ensuring the independence and integrity of the internal audit functions, Mr. Yam directly reports to Mr. Zen Wei Pao, William, the Chairman of the Company, and the audit committee chairman of the Company and Build King.

CHAN Mei Kum, Anna, age 46, joined the Group in May 1993 and is now the Group Personnel and Administration Manager.

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality board, better transparency, and effective accountability system in order to enhance shareholders' value.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as its own code and has complied with the Code throughout the year ended 31st December, 2009. Deviations from code provisions A.2.1 and A.4.1 of the Code in respect of the separate roles of chairman and chief executive officer, and service term of the directors are explained in subsequent sections.

DIRECTORS' SECURITIES TRANSACTIONS

The Company 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. Upon enquiry by the Company, all the Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31st December, 2009.

BOARD OF DIRECTORS

The Board formulates overall strategy of the Group, monitors its financial performance, and maintains effective oversight of the operation. The Board members are fully committed to their roles and have acted in good faith to maximise the shareholders' interest in the long run, and have aligned the Group's goals and directions with the prevailing economic and market conditions. Daily operations and administration are delegated to management.

The Board comprises nine Directors including three Executive Directors, three Non-executive Directors and three Independent Non-executive Directors. The three Independent Non-executive Directors are all professionals from the fields of law, personnel recruitment, and finance and accounting respectively. All the Board members have extensive experience and knowledge in corporate management making significant contributions to the Company's strategic decisions. The diverse background of the Board members ensures that they fully represent the interests of all the shareholders. The biographies of the Directors are presented under the heading "Directors and Senior Management" on pages 16 to 20 of this Annual Report. The Board has delegated certain authorities to the Audit Committee and Remuneration Committee.

To the best knowledge of the Company, there is no financial, business, and family relationship among members of the Board other than the Chairman and the Vice Chairman who are brothers.

BOARD OF DIRECTORS (Cont'd)

The Board holds four regular meetings per year and additional meetings are arranged if and when required. During the year, seven board meetings were held by the Company and the attendance record of the Board members is as follows:

	Number of Meetings Attended	Attendance
Executive Directors:		
Zen Wei Pao, William *(Chairman)*	7	100%
Zen Wei Peu, Derek *(Vice Chairman)*	7	100%
Chiu Wai Yee, Anriena	7	100%
Wong Wing Cheung, Dennis *(Finance Director)*	6	100% *(Note)*
Non-executive Directors:		
Lam Wai Hon, Patrick	7	100%
Chu Tat Chi	7	100%
Cheng Chi Pang, Leslie	7	100%
Independent Non-executive Directors:		
Wong Che Ming, Steve	7	100%
Wan Siu Kau, Samuel	7	100%
Wong Man Chung, Francis	7	100%

Note: One of the seven board meetings was held after the resignation of Mr. Wong Wing Cheung, Dennis as an Executive Director on 1st November, 2009.

The meeting agenda is set by the Chairman in consultation with the Vice Chairman and other Board members, and to ensure that all key and appropriate issues are discussed by the Board in a timely manner. At least 14 days' notice is given to all the Directors and the relevant information is despatched to them at least 3 days before the meeting. All Board members have unrestricted access to information and may seek independent professional advice where appropriate. Minutes of every board meeting are circulated to all the Directors for their perusal prior to confirmation of the minutes at the following board meeting.

The Company has arranged for appropriate liability insurance for the Directors for indemnifying their liabilities arising out of corporate activities.

Under the amended Company's Bye-laws which was approved by the shareholders at the annual general meeting held on 13th May, 2005, one-third of directors shall retire by rotation each year. If number of board members is not a multiple of three, then the number nearest to but not less than one-third shall retire by rotation. Retired directors are eligible for re-election at each annual general meeting. No director has a term of appointment longer than three years.

CHAIRMAN AND VICE CHAIRMAN

The Chairman of the Board is Mr. Zen Wei Pao, William and the Vice Chairman is Mr. Zen Wei Peu, Derek. Their duties are clearly set out in writing and are separate. Mr. Zen Wei Pao, William, in addition to his duties as the Chairman of the Company, is also responsible for overseeing the operations of the Group's highway and expressway, and property development divisions. This constitutes a deviation from the code provision A.2.1 of the Code as part of his duties overlap with those of the Vice Chairman. However, due to the Company's nature of operations, the Company considers that these duties are best served by the Chairman with his knowledge and experience in this area of the Group's operations.

The Company does not at present have any officer with the title "chief executive officer". However, the Vice Chairman carries out the duties of the chief executive officer of the Company and had done so since 1992. He was formally designated the "managing director" of the Company until 1998 when his title was changed to "Vice Chairman". Even though he is not formally designated as the chief executive officer of the Company, his duties and responsibilities are segregated from those of the Chairman's.

Since the roles of the Chairman and Vice Chairman are clearly segregated and the Vice Chairman is in practice, the chief executive officer, even though he does not carry that title, the Company does not currently intend to re-designate the Vice Chairman as the chief executive officer of the Company.

NON-EXECUTIVE DIRECTORS

None of the existing Non-executive Directors (including Independent Non-executive Directors) of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all the Directors of the Company are subject to the retirement provisions under Bye-law 87 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

REMUNERATION OF DIRECTORS

The Remuneration Committee was established in 2005 with specific written terms of reference which delineates its authority and duties. The chairman of the Remuneration Committee is Mr. Wan Siu Kau, Samuel, an Independent Non-executive Director, and other members including Dr. Wong Che Ming, Steve, Messrs. Wong Man Chung, Francis, Zen Wei Pao, William and Zen Wei Peu, Derek, the majority being Independent Non-executive Directors.

The Remuneration Committee meets at least twice a year and additional meetings are held as the work of the Remuneration Committee demands.

REMUNERATION OF DIRECTORS (Cont'd)

The role and function of the Remuneration Committee include the determination of specific remuneration packages of all Executive Directors and senior management, including benefits-in-kind, pension rights, and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Remuneration Committee shall consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions, and prevailing market conditions.

During the year, the Remuneration Committee reviewed and approved the remuneration packages of the Executive Directors and senior management. No member can determinate his own remuneration.

The terms of reference of the Remuneration Committee is published on the Company's website.

During the year, the Remuneration Committee held two meetings and the attendance record of the Remuneration Committee members is as follows:

	Number of Meetings Attended	Attendance
Remuneration Committee members:		
Wan Siu Kau, Samuel *(Committee Chairman)*	2	100%
Wong Che Ming, Steve	2	100%
Wong Man Chung, Francis	2	100%
Zen Wei Pao, William	2	100%
Zen Wei Peu, Derek	1	50%

NOMINATION OF DIRECTORS

The appointment and removal of Directors are considered and determined by the Board of Directors. The Board must consider every nominated director's knowledge, experience and his/her possible contribution to the Company before his/her appointment as a Director of the Company.

AUDIT COMMITTEE

The Audit Committee was established in 1998. It currently comprises three Independent Non-executive Directors and its chairman has the appropriate professional qualifications and related financial management experience. The Audit Committee meets at least twice a year to review and discuss with management (including Group Financial Controller), internal auditor and the external auditor about the accounting principles and policies adopted by the Group, the interim and annual financial statements, the scope of audit, and the assessment of the Group's internal control system.

During the year, the Audit Committee considered the external auditor's projected audit fee, discussed with the external auditor about the accounting principles and policies adopted by the Group, reviewed the interim and annual financial statements, the scope of audit and assessed the Group's internal control system. The members of the Audit Committee had met with the external auditor directly with no Executive Director present.

The terms of reference of the Audit Committee is published on the Company's website.

During the year, the Audit Committee held four meetings and the attendance record of the Audit Committee members is as follows:

	Number of Meetings Attended	Attendance
Audit Committee members:		
Wong Man Chung, Francis *(Committee Chairman)*	4	100%
Wong Che Ming, Steve	4	100%
Wan Siu Kau, Samuel	4	100%

AUDITOR'S REMUNERATION

During the year, Messrs. Deloitte Touche Tohmatsu provided statutory audit services amounting to approximately HK$3,556,000 and tax and consulting services amounting to approximately HK$370,000.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

The statement of the external auditor of the Company, Messrs. Deloitte Touche Tohmatsu, about their reporting responsibilities on the financial statements of the Group, is set out on pages 43 to 44 in the Independent Auditor's Report forming part of this Annual Report.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Board recognises its responsibility for maintaining an adequate internal control system. To guarantee an ongoing assurance process, the Board established an internal audit team in January 2006. During the year, the Board has conducted a review of the effectiveness of the Group's internal control system. The internal audit team provides independent and objective assurance to the Chairman and Audit Committee on:

- Integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets;
- Quality of information flow; and
- Compliance with laws, regulations, and contracts.

INTERNAL CONTROL (Cont'd)

The internal audit team carried out its mission by:

- identifying and prioritizing potential business risks;
- performing risk-based audits;
- evaluating effectiveness and compliance with internal policies and procedures;
- analyzing causes for errors and irregularities found;
- recommending good internal controls to prevent unintentional mistakes, discourage fraudulent acts, and promote operational efficiency and ethical standards;
- performing follow up procedures on corrective actions;
- appraising the soundness and adequacy of various departments' ongoing maintenance of internal controls;
- providing consulting and advisory services on control and related matters;
- conducting independent investigation of situations raised by whistleblowers, if any; and
- maintaining open communication with the Chairman, Audit Committee and auditee management.

The internal control system is designed to provide reasonable, but not absolute, assurance against human errors, material misstatements, losses, damages, or frauds, and to manage rather than eliminate risks of failure in operational systems and achievement of the Group's objectives. During the year under review, no irregularity or material weakness was noted within any function or process. The Audit Committee and the external auditor were satisfied that the internal control system has functioned effectively as intended.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognised the importance of good communications with all shareholders. The Company communicates with its shareholders through the publication of interim report and annual report in accordance with the Listing Rules. The business status and progress of each line of business are presented under "Business Review" section of the interim report and annual report to expand the shareholders' understanding of the Group's activities.

The Company's financial statements and each of the required disclosure of information are despatched within the prescribed period imposed by laws and regulations and are all posted on the Company's website (www.waikee.com) for the public to download.

The Company welcomes shareholders to attend the general meetings and express their views. The Chairman of the Board as well as other Board members together with the external auditor are available to answer shareholders' questions.

COMPLIANCE

The Company realises the importance of corporate governance. The Board shall ensure from time to time to comply with the Code, to increase its accountability and transparency and to achieve a high standard of corporate governance.

The Directors present their annual report and the audited financial statements for the year ended 31st December, 2009.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 55, 24 and 25 to the financial statements respectively.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 6 to the financial statements.

CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2009, the five largest customers of the Group together accounted for approximately 83% of the Group's revenue, with the largest customer accounted for approximately 54%, and the five largest suppliers of the Group together represented less than 11% by value of the Group's total purchases.

None of the Directors, or any of their associates, or any shareholders which, to the knowledge of the Directors owned more than 5% of the Company's share capital, had any beneficial interests in the Group's five largest customers or five largest suppliers as mentioned in the preceding paragraph.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2009 are set out in the consolidated statement of comprehensive income on pages 45 to 46.

No interim dividend was paid to shareholders during the year. The Directors recommend the payment of a final dividend of HK8 cents per share for the year ended 31st December, 2009 to shareholders whose names appear in the Register of Members of the Company on 20th May, 2010. The amount of dividend paid for the year is set out in note 17 to the financial statements.

RESERVES

Details of movements in the reserves of the Group for the year are set out in the consolidated statement of changes in equity on page 49.

FINANCIAL SUMMARY

A summary of the results and of the financial position of the Group for the past five financial years is set out on page 139.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 19 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company are set out in notes 46 and 49 to the financial statements respectively.

During the year, there was no movement in the share capital of the Company.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Zen Wei Pao, William *(Chairman)*
Zen Wei Peu, Derek *(Vice Chairman)*
Chiu Wai Yee, Anriena
Wong Wing Cheung, Dennis *(Finance Director)* (resigned on 1st November, 2009)

Non-executive Directors:

Lam Wai Hon, Patrick
Chu Tat Chi
Cheng Chi Pang, Leslie

Independent Non-executive Directors:

Wong Che Ming, Steve
Wan Siu Kau, Samuel
Wong Man Chung, Francis

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS (Cont'd)

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Lam Wai Hon, Patrick, Dr. Cheng Chi Pang, Leslie and Mr. Wong Man Chung, Francis shall retire from office at the forthcoming annual general meeting, and being eligible, offer themselves for re-election. All other remaining Directors continue in office.

The Non-executive Directors have been appointed for a term subject to retirement by rotation as required by the Company's Bye-laws.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Company received confirmation of independence from Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel and Mr. Wong Man Chung, Francis, being the Independent Non-executive Directors in respect of the year ended 31st December, 2009, pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 31st December, 2009, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(I) The Company

Interests in shares

Name of Director	Capacity/ Nature of interest	Number of shares held: Long position		Number of shares held: Short position	Percentage of the issued ordinary share capital
					(%)
Zen Wei Pao, William	Personal	192,381,843	*(Note 1)*	–	24.26
	Personal	770,000	*(Note 2)*	–	0.10
Zen Wei Peu, Derek	Personal	185,057,078	*(Note 1)*	–	23.33
	Personal	770,000	*(Note 2)*	–	0.10
Chiu Wai Yee, Anriena	Personal	550,000	*(Note 2)*	–	0.07
Lam Wai Hon, Patrick	Personal	300,000	*(Note 1)*	–	0.03
	Personal	330,000	*(Note 2)*	–	0.04
Chu Tat Chi	Personal	330,000	*(Note 2)*	–	0.04
Cheng Chi Pang, Leslie	Personal	330,000	*(Note 2)*	–	0.04
Wong Che Ming, Steve	Personal	900,000	*(Note 1)*	–	0.11
	Personal	330,000	*(Note 2)*	–	0.04
Wan Siu Kau, Samuel	Personal	330,000	*(Note 2)*	–	0.04
Wong Man Chung, Francis	Personal	330,000	*(Note 2)*	–	0.04

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

2. Long position in the underlying shares of the Company pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to directors are included in this category, the particulars of which are set out in (I) under the heading "SHARE OPTIONS" below.

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations

Interests in shares

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held Long position		Short position	Percentage of the issued ordinary share capital
						(%)
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000	*(Note 1)*	–	0.15 *(Note 4)*
	Road King Infrastructure Limited	Personal	6,000,000	*(Note 2)*	–	0.81
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000	*(Note 1)*	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000	*(Note 1)*	–	37.50
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	244,597,161	*(Notes 1 and 3)*	–	26.26
	Chai-Na-Ta Corp.	Personal	253,728	*(Note 1)*	–	0.73
	Road King Infrastructure Limited	Personal Personal	6,273,000 2,300,000	*(Note 1)* *(Note 2)*	– –	0.85 0.31
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000	*(Note 1)*	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000	*(Note 1)*	–	37.50

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

***Interests in shares** (Cont'd)*

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held Long position		Short position	Percentage of the issued ordinary share capital
						(%)
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	837,000	*(Note 1)*	–	0.09 *(Note 4)*
	Chai-Na-Ta Corp.	Personal	1,920	*(Note 1)*	–	0.01
	Road King Infrastructure Limited	Personal Personal	105,000 300,000	*(Note 1)* *(Note 2)*	– –	0.01 0.04
Lam Wai Hon, Patrick	Build King Holdings Limited	Personal	140,000	*(Note 1)*	–	0.02
Chu Tat Chi	Road King Infrastructure Limited	Personal	515,000	*(Note 1)*	–	0.07
Cheng Chi Pang, Leslie	Build King Holdings Limited	Personal	1,170,000	*(Note 1)*	–	0.13 *(Note 4)*
Wong Che Ming, Steve	Build King Holdings Limited	Personal	311,225	*(Note 1)*	–	0.03 *(Note 4)*

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

2. Long position in the underlying shares of Road King pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to directors are included in this category, the particulars of which are set out in (II) under the heading "SHARE OPTIONS" below.

3. This includes 92,981,421 Build King Shares held by Mr. Zen Wei Peu, Derek ("Mr. Zen"), his assured allotment of 30,993,807 Build King Offer Shares under the Open Offer of Build King (the "Open Offer") as announced on 21st December, 2009 and 120,621,933 Build King Offer Shares underwritten by Mr. Zen under an underwriting agreement dated 21st December, 2009 (the "Underwriting Agreement"). Subsequently, as announced by Build King's announcement dated 8th February, 2010, since the Open Offer was over-subscribed, the obligations of Mr. Zen under the Underwriting Agreement had been fully discharged. Accordingly, as of the date of the publication of this report, Mr. Zen is interested in, for the purpose of the SFO, 123,975,228 Build King Shares.

4. As at 31st December, 2009, the issued share capital of Build King was 931,408,494 shares. Accordingly, the percentage has been adjusted.

Save as disclosed above, none of the Directors or their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS

(I) The Company

A share option scheme (the "Share Option Scheme") was adopted by the Company at the annual general meeting held on 18th September, 2002 to comply with Chapter 17 of the Listing Rules. During the year, 550,000 share options were lapsed.

Details of the Share Option Scheme are set out in note 49 to the financial statements.

Renewal of the 10% share option scheme mandate limit under the Share Option Scheme was approved by the shareholders on 12th May, 2004. Therefore, the Company can grant share options to subscribe for up to 79,282,403 shares of the Company under the Share Option Scheme. Since 12th May, 2004, as there have been 6,160,000 share options granted under the Share Option Scheme, the total number of shares available for issue under the Share Option Scheme is 73,122,403 representing approximately 9.22% of the Company's issued share capital as at the date of this report.

Details of the share options granted under the Share Option Scheme and a summary of the movements during the year are as follows:

				Number of share options				
Name	**Date of grant**	**Exercisable period**	**Exercise price**	**Balance at 1.1.2009**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Balance at 31.12.2009**
			HK$					
Directors								
Zen Wei Pao, William	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	770,000	–	–	–	770,000
Zen Wei Peu, Derek	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	770,000	–	–	–	770,000
Chiu Wai Yee, Anriena	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	550,000	–	–	–	550,000

SHARE OPTIONS (Cont'd)

(I) The Company (Cont'd)

Name	Date of grant	Exercisable period	Exercise price	Number of share options: Balance at 1.1.2009	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31.12.2009
			HK$					
Directors (Cont'd)								
Lam Wai Hon, Patrick	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	–	–	–	330,000
Chu Tat Chi	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	–	–	–	330,000
Cheng Chi Pang, Leslie	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	–	–	–	330,000
Wong Che Ming, Steve	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	–	–	–	330,000
Wan Siu Kau, Samuel	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	–	–	–	330,000
Wong Man Chung, Francis	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	–	–	–	330,000
Wong Wing Cheung, Dennis	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	550,000	–	–	(550,000)	–
Sub-total				4,620,000	–	–	(550,000)	4,070,000
Others								
Employees	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	1,210,000	–	–	–	1,210,000
Sub-total				1,210,000	–	–	–	1,210,000
Total				**5,830,000**	**–**	**–**	**(550,000)**	**5,280,000**

SHARE OPTIONS (Cont'd)

(II) Associated Corporation

The share option scheme was adopted by Road King at the annual general meeting held on 12th May, 2003 (the "Road King Share Option Scheme") to comply with Chapter 17 of the Listing Rules. As at 31st December, 2009, Road King has granted 19,950,000 share options under the Road King Share Option Scheme to three Directors of the Company, 11,045,000 share options have been exercised and 305,000 share options have lapsed.

Details of the share options granted under the Road King Share Option Scheme to the following Directors of the Company and a summary of the movements during the year are as follows:

				Number of share options				
Name of Director	Date of grant	Exercisable period	Exercise price	Balance at 1.1.2009	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31.12.2009
			HK$					
Zen Wei Pao, William	14th December, 2005	14th December, 2005 to 13th December, 2010	5.80	1,000,000	–	–	–	1,000,000
	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	2,500,000	–	–	–	2,500,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	2,500,000	–	–	–	2,500,000
Zen Wei Peu, Derek	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	800,000	–	–	–	800,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	1,500,000	–	–	–	1,500,000

SHARE OPTIONS (Cont'd)

(II) Associated Corporation (Cont'd)

				Number of share options				
Name of Director	Date of grant	Exercisable period	Exercise price	Balance at 1.1.2009	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31.12.2009
			HK$					
Chiu Wai Yee, Anriena	26th August, 2004	26th August, 2004 to 25th August, 2009	5.70	200,000	–	–	(200,000)	–
	14th December, 2005	14th December, 2005 to 13th December, 2010	5.80	100,000	–	–	–	100,000
	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	100,000	–	–	–	100,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	100,000	–	–	–	100,000
Total				**8,800,000**	**–**	**–**	**(200,000)**	**8,600,000**

Save as disclosed above, none of the Directors nor any of their associates had any interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed above, none of the Directors nor their spouse or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option schemes as mentioned earlier, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPETING INTERESTS

During the year, the following Directors had interest in the business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed under the Listing Rules:

Name of Director	Name of entity	Competing business	Nature of interest
Lam Wai Hon, Patrick	NWS Holdings Limited group of companies	Construction, toll road, infrastructure and sale of general merchandised goods	Director
Chu Tat Chi	NWS Service Management Limited group of companies	Building construction, civil engineering and sale of general merchandised goods	Director

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2009, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of shares held Long position	Number of shares held Short position	Percentage of the issued ordinary share capital
				(%)
Cheng Yu Tung Family (Holdings) Limited *(Note 2)*	Corporate	213,868,000 *(Note 1)*	–	26.97
Centennial Success Limited *(Note 3)*	Corporate	213,868,000 *(Note 1)*	–	26.97
Chow Tai Fook Enterprises Limited *(Note 4)*	Corporate	213,868,000 *(Note 1)*	–	26.97
New World Development Company Limited *(Note 5)*	Corporate	213,868,000 *(Note 1)*	–	26.97
NWS Holdings Limited *(Note 6)*	Corporate	213,868,000 *(Note 1)*	–	26.97
NWS Service Management Limited *(Note 7)*	Corporate	213,868,000 *(Note 1)*	–	26.97
NWS Service Management Limited *(Note 8)*	Corporate	213,868,000 *(Note 1)*	–	26.97
Vast Earn Group Limited *(Note 9)*	Personal/ Beneficiary	213,868,000 *(Note 1)*	–	26.97

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Centennial Success Limited.

3. Centennial Success Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.

4. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.

5. New World Development Company Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.

6. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands).

7. NWS Service Management Limited (incorporated in the Cayman Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the British Virgin Islands).

8. NWS Service Management Limited (incorporated in the British Virgin Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited.

9. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).

Save as disclosed above, no other person (other than Directors of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DISCLOSURES PURSUANT TO RULES 13.17 AND 13.21 OF THE LISTING RULES

Wai Kee (Zens) Construction & Transportation Company Limited, Kaden Construction Limited and Leader Civil Engineering Corporation Limited (collectively the "Borrowers", all of which are wholly owned subsidiaries of Build King) and Mr. Zen Wei Peu, Derek ("Mr. Zen") have signed a banking facility letter with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") on 29th December, 2009.

Mr. Zen agreed to charge his 11,000,000 shares of the Company (the "Share Charge", representing approximately 1.39% of the issued share capital of the Company) in favour of HSBC. The Share Charge is the security to secure the personal guarantee of HK$12.5 million provided by Mr. Zen in favour of HSBC in relation to the banking facilities in the amount of HK$62.3 million for a period up to 15th October, 2010 provided by HSBC to the Borrowers.

Save as disclosed above, as at 31st December, 2009, the Company did not have other disclosure obligations under Rules 13.17 and 13.21 of the Listing Rules.

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 ended 31st December, 2009.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$124,000.

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2009, the Group had 811 employees (2008: 1,128 employees), of which 541 (2008: 662) were located in Hong Kong, 122 (2008: 317) were located in Mainland China, 1 (2008: 8) were located in Taiwan and 147 (2008: 141) in Dubai. For the year ended 31st December, 2009, the Group's total staff costs were about HK$185 million (2008: HK$221 million).

Competitive remuneration packages are structured to commensurate with individual responsibilities, qualification, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as that of the individual.

The emoluments of Executive Directors and senior management are to be determined by the Remuneration Committee with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions and prevailing market conditions.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events occurring after the reporting period are set out in note 54 to the financial statements.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as Auditor of the Company.

On behalf of the Board

Zen Wei Pao, William
Chairman

26th March, 2010

Deloitte.
德勤

TO THE SHAREHOLDERS OF WAI KEE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wai Kee Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 45 to 138, which comprise the consolidated statement of financial position as at 31st December, 2009, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of The Companies Act of Bermuda, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st December, 2009 and of the Group's profit and cash flows for the year then ended in accordance with HKFRS and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
26th March, 2010

	Notes	2009 HK$'000	2008 (Restated) HK$'000
Continuing operations			
Group revenue	5	**844,313**	786,928
Cost of sales		**(756,649)**	(807,103)
Gross profit (loss)		**87,664**	(20,175)
Other income	7	**15,753**	57,533
Investment income, gains and losses	8	**27,375**	(56,136)
Selling and distribution costs		**(654)**	(634)
Administrative expenses		**(109,484)**	(119,797)
Change in fair value of structured borrowing	41	**15,196**	(11,251)
Finance costs	9	**(7,976)**	(13,475)
Loss on deemed disposal of partial interest in an associate	10	**(520)**	(105)
Discount on deemed acquisition of additional interest in an associate	11	**–**	48,810
Share of results of associates	24	**280,586**	230,743
Share of results of jointly controlled entities	25	**37,869**	26,572
Profit before tax	12	**345,809**	142,085
Income tax (expense) credit	15	**(4,182)**	113
Profit for the year from continuing operations		**341,627**	142,198
Discontinued operation			
Profit (loss) for the period/year from discontinued operation	16	**5,293**	(24,065)
Profit for the year		**346,920**	118,133
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**(563)**	13,761
Reclassification adjustment for translation reserve upon disposal of interests in subsidiaries		**(7,380)**	–
Reclassification adjustment for translation reserve upon disposal of a jointly controlled entity		**–**	(1,254)
Share of other comprehensive income of associates		**24,131**	203,358
Other comprehensive income for the year		**16,188**	215,865
Total comprehensive income for the year		**363,108**	333,998

	Notes	2009 HK$'000	2008 (Restated) HK$'000
Profit for the year attributable to:			
Owners of the Company		**315,821**	161,392
Minority interests		**31,099**	(43,259)
		346,920	118,133
Total comprehensive income for the year attributable to:			
Owners of the Company		**332,267**	375,307
Minority interests		**30,841**	(41,309)
		363,108	333,998
		HK cents	*HK cents*
Earnings per share	18		
From continuing and discontinued operations			
– Basic		**39.82**	20.35
– Diluted		**N/A**	20.32
From continuing operations			
– Basic		**39.15**	23.38
– Diluted		**N/A**	23.35

	Notes	2009 HK$'000	2008 HK$'000
Non-current assets			
Property, plant and equipment	19	**27,074**	35,133
Prepaid lease payments on land use rights	20	**–**	5,761
Intangible assets	21	**32,858**	32,858
Goodwill	22	**29,838**	29,838
Interests in associates	24	**3,869,244**	3,677,758
Interests in jointly controlled entities	25	**87,479**	62,946
Available-for-sale investments	26	**–**	–
Prepaid royalties	27	**142**	979
Loan and other receivables	28	**1,017**	3,408
Other financial assets	29	**51,520**	47,505
		4,099,172	3,896,186
Current assets			
Prepaid lease payments on land use rights	20	**–**	134
Prepaid royalties	27	**1,567**	2,337
Inventories	30	**5,513**	18,563
Amounts due from customers for contract work	31	**99,057**	151,821
Debtors, deposits and prepayments	32	**218,823**	254,810
Amounts due from associates	33	**6,766**	7,182
Amounts due from jointly controlled entities	33	**5,211**	21,889
Tax recoverable		**–**	1,239
Held-for-trading investments	34	**43,975**	28,566
Pledged bank deposits	35	**1,815**	1,013
Bank balances and cash	35	**33,107**	61,707
		415,834	549,261
Current liabilities			
Amounts due to customers for contract work	31	**35,358**	75,867
Creditors and accrued charges	36	**280,136**	323,368
Amounts due to jointly controlled entities	37	**16,745**	14,270
Amounts due to associates	37	**7,738**	6,632
Amount due to a related company	37	**611**	546
Amounts due to minority shareholders	37	**3,359**	3,359
Tax liabilities		**2,304**	1,179
Loans from a director	38	**10,000**	10,000
Other borrowings – due within one year	39	**41**	11,005
Bank loans – due within one year	40	**58,798**	240,273
Structured borrowing – due within one year	41	**12,480**	12,480
Bank overdrafts, secured	35	**–**	4,749
		427,570	703,728
Net current liabilities		**(11,736)**	(154,467)
Total assets less current liabilities		**4,087,436**	3,741,719

	Notes	2009 HK$'000	2008 HK$'000
Non-current liabilities			
Deferred tax liabilities	42	**5,750**	5,750
Obligations in excess of interest in associates	24	**18,744**	20,453
Loans from minority shareholders	43	**3,185**	1,460
Amount due to an associate	44	**8,961**	9,800
Amount due to a jointly controlled entity	45	**4,067**	4,067
Other borrowings – due after one year	39	**74**	115
Bank loans – due after one year	40	**45,304**	36,480
Structured borrowing	41	**12,865**	40,541
		98,950	118,666
Total net assets		**3,988,486**	3,623,053
Capital and reserves			
Share capital	46	**79,312**	79,312
Share premium and reserves		**3,841,356**	3,506,764
Equity attributable to owners of the Company		**3,920,668**	3,586,076
Minority interests		**67,818**	36,977
Total equity		**3,988,486**	3,623,053

The consolidated financial statements on pages 45 to 138 were approved and authorised for issue by the Board of Directors on 26th March, 2010 and are signed on its behalf by:

Zen Wei Pao, William
Chairman

Zen Wei Peu, Derek
Vice Chairman

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Special reserve HK$'000 (Note)	Share options reserve HK$'000	Assets revaluation reserve HK$'000	Retained profits HK$'000	Total equity attributable to owners of the Company HK$'000	Minority interests HK$'000	Total equity HK$'000
At 1st January, 2008	79,312	731,906	288,346	(29,530)	1,793	2,319	2,178,904	3,253,050	74,739	3,327,789
Profit for the year	–	–	–	–	–	–	161,392	161,392	(43,259)	118,133
Other comprehensive income for the year	–	–	213,915	–	–	–	–	213,915	1,950	215,865
Total comprehensive income for the year	–	–	213,915	–	–	–	161,392	375,307	(41,309)	333,998
Sub-total	79,312	731,906	502,261	(29,530)	1,793	2,319	2,340,296	3,628,357	33,430	3,661,787
Recognition of equity-settled share-based payments	–	–	–	–	1,600	–	–	1,600	–	1,600
Capital contribution from a minority shareholder	–	–	–	–	–	–	–	–	1,250	1,250
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	–	–	(3,984)	(3,984)
Forfeiture of share options issued by an associate	–	–	–	–	–	–	3,706	3,706	–	3,706
Disposal of partial interest in a subsidiary	–	–	–	–	–	–	–	–	6,281	6,281
Dividends paid	–	–	–	–	–	–	(47,587)	(47,587)	–	(47,587)
At 31st December, 2008	79,312	731,906	502,261	(29,530)	3,393	2,319	2,296,415	3,586,076	36,977	3,623,053
Profit for the year	–	–	–	–	–	–	315,821	315,821	31,099	346,920
Other comprehensive income for the year	–	–	16,446	–	–	–	–	16,446	(258)	16,188
Total comprehensive income for the year	–	–	16,446	–	–	–	315,821	332,267	30,841	363,108
Sub-total	79,312	731,906	518,707	(29,530)	3,393	2,319	2,612,236	3,918,343	67,818	3,986,161
Forfeiture of share options issued by an associate	–	–	–	–	–	–	2,325	2,325	–	2,325
Lapse of share options	–	–	–	–	(320)	–	320	–	–	–
At 31st December, 2009	**79,312**	**731,906**	**518,707**	**(29,530)**	**3,073**	**2,319**	**2,614,881**	**3,920,668**	**67,818**	**3,988,486**

Note: The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation in 1992.

	2009 HK$'000	2008 HK$'000
Operating activities		
Profit for the year	**346,920**	118,133
Adjustments for:		
Income tax expense (credit) recognised in profit or loss	**4,182**	(113)
Finance costs	**8,647**	15,537
Share of results of associates	**(280,586)**	(230,743)
Share of results of jointly controlled entities	**(37,869)**	(26,572)
Depreciation of property, plant and equipment	**16,559**	13,239
Amortisation of prepaid lease payments on land use rights	**67**	122
Loss on deemed disposal of partial interest in an associate	**520**	105
Gain on disposal of bio-technology operation	**(13,388)**	–
Loss on disposal of partial interest in a subsidiary	**–**	5,481
Loss on disposal of interest in a jointly controlled entity	**–**	1,972
Discount on acquisition of additional interest in a subsidiary	**–**	(3,984)
Discount on deemed acquisition of additional interest in an associate	**–**	(48,810)
Interest on bank deposits	**(25)**	(350)
Interest on finance lease receivables	**–**	(7)
Interest on loans and other receivables	**(36)**	(411)
Interest on other financial assets	**(1,436)**	(1,853)
Gain on disposal of property, plant and equipment, net	**(2,555)**	(14,776)
Change in fair value of held-for-trading investments	**(25,742)**	59,741
Change in fair value of structured borrowing	**(15,196)**	11,251
Impairment loss recognised in respect of property, plant and equipment	**–**	12,000
Write-down of inventories	**–**	3,723
Allowance for amounts due from jointly controlled entities	**2,000**	–
Reversal of allowance for doubtful debts, net	**(1,553)**	(2,758)
Bad debts written off	**147**	104
Share-based payments	**–**	1,600
Operating cash flows before movements in working capital	**656**	(87,369)
(Increase) decrease in other financial assets	**(4,015)**	1,577
Increase in inventories	**(17,245)**	(1,092)
Decrease (increase) in amounts due from customers for contract work	**52,784**	(71,414)
Decrease in debtors, deposits and prepayments and prepaid royalties	**31,485**	41,392
Decrease in held-for-trading investments	**10,333**	34,422
(Decrease) increase in amounts due to customers for contract work	**(40,509)**	55,978
(Decrease) increase in creditors and accrued charges	**(6,099)**	43,552
Cash generated from operations	**27,390**	17,046
Income taxes paid	**(1,818)**	(9,941)
Net cash from operating activities	**25,572**	7,105

	Note	**2009** **HK$'000**	2008 HK$'000
Investing activities			
Interest on bank deposits received		**25**	350
Interest on loans and other receivables received		**36**	411
Interest on finance lease receivables received		**–**	7
Interest on other financial assets		**1,436**	1,853
Distribution of profits from jointly controlled entities		**13,560**	35,267
Dividends received from associates		**113,327**	93,695
Repayment from (advances to) associates		**416**	(6,607)
Repayment from jointly controlled entities		**17,153**	3,350
Proceeds from disposal of interests in subsidiaries	16	**13,801**	–
Proceeds from disposal of partial interest in a subsidiary		**–**	6,435
Proceeds from disposal of interest in a jointly controlled entity		**–**	9,422
Proceeds from disposal of property, plant and equipment		**2,673**	15,345
(Increase) decrease in pledged bank deposits		**(802)**	1,045
Purchase of property, plant and equipment		**(10,252)**	(28,595)
Repayment of finance lease receivables		**–**	271
Decrease (increase) in loans receivable		**2,726**	(3,314)
Net cash from investing activities		**154,099**	128,935
Financing activities			
Interest paid on bank and other borrowings		**(8,315)**	(15,443)
Capital contribution from a minority shareholder of a subsidiary		**–**	1,250
New bank loans raised		**47,000**	88,790
Loans from a director		**–**	10,000
Other borrowings raised		**15,251**	12,922
Repayment of bank loans		**(219,651)**	(146,620)
Repayment of loan from a shareholder		**–**	(30,000)
Repayment of other borrowings		**(26,256)**	(23,581)
Repayment of structured borrowing		**(12,480)**	(12,480)
Dividends paid		**–**	(47,587)
Repayment to associates		**–**	(1,936)
Advances from minority shareholders		**1,725**	500
Net cash used in financing activities		**(202,726)**	(164,185)
Net decrease in cash and cash equivalents		**(23,055)**	(28,145)
Cash and cash equivalents at the beginning of the year		**56,958**	84,267
Effect of foreign exchange rate changes, net		**(796)**	836
Cash and cash equivalents at the end of the year		**33,107**	56,958
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		**33,107**	61,707
Bank overdrafts		**–**	(4,749)
		33,107	56,958

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" to the annual report.

The consolidated financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 55, 24 and 25 respectively.

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, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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

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

The adoption of these new and revised HKFRSs had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods except for the impact as described below.

HKAS 1 (Revised 2007) "Presentation of Financial Statements"

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

HKFRS 8 "Operating Segments"

HKFRS 8 is a disclosure standard that has resulted in a redesignation of the Group's reportable segments (see note 6).

The Group has early adopted amendment to HKFRS 8 as part of the improvements to HKFRSs issued 2009. The amendment clarifies that an entity shall report a measure of total assets for each reportable segment if such amounts are regularly provided to the chief operating decision maker.

Improving Disclosures about Financial Instruments
(Amendments to HKFRS 7 "Financial Instruments: Disclosures")

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

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

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

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

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

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

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

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

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

The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will not have material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income 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.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of businesses is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost less any accumulated impairment losses and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

Excess of an acquirer's interest in the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over cost ("discount on acquisition")

A discount on acquisition arising on an acquisition of a subsidiary or an associate represents the excess of the net fair value of an acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination. Discount on acquisition of a subsidiary/associate is recognised immediately in profit or loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Deposits and instalments received from purchasers prior to meeting the above criteria on revenue recognition are included in the consolidated statement of financial position under current liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition (Cont'd)

Construction contract

When the outcome of a construction contract can be estimated reliably, revenue from fixed price construction contracts is recognised using the percentage of completion method, measured by reference to the value of work performed during the year. Variations in contract work, claims, and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

Others

Revenue from sale of goods is recognised when goods are delivered and title has been passed.

Service income, including that from operating services provided under service concession arrangements, is recognised when services are provided.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established.

Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment (Cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see accounting policy in respect of impairment losses on tangible and intangible assets below).

Investments in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, interests in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the associate. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments in associates (Cont'd)

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment as a single asset. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment in the jointly controlled entity. Any reversal of impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Construction contracts

Where the outcome of a construction contract including construction services of the infrastructure under a service concession arrangement can be estimated reliably, contract costs are recognised in the consolidated statement of comprehensive income by reference to the stage of completion of the contract activity at the end of the reporting period on the same basis as the contract revenue recognised.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction contracts in progress at the end of the reporting period are recorded in the consolidated statement of financial position at the net amount of costs incurred to date plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as "Amounts due from customers for contract work" or "Amounts due to customers for contract work", as appropriate. Amounts received before the related work is performed are included in the consolidated statement of financial position under "Creditors and accrued charges". Amounts billed, but not yet paid by the customers, for work performed on contracts are included in the consolidated statement of financial position under "Debtors, deposits and prepayments".

Service concession arrangements

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain infrastructure assets. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls significant residual interest in the assets at the end of the term of the arrangement.

The Group, as an operator, recognises a financial asset as it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction services. The Group measures the financial asset at fair value on its initial recognition. At the end of the reporting period subsequent to initial recognition, the financial asset is carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Service concession arrangements (Cont'd)

The Group recognises and measures revenue for the services in relation to the operation of the plant under a service concession arrangement in accordance with HKAS 11 "Construction Contracts" and HKAS 18 "Revenue".

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into financial assets at FVTPL, loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

– *Financial assets at fair value through profit or loss*

The Group's financial assets at FVTPL are the financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

– *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including loan and other receivables, other financial assets, debtors, amounts due from associates and jointly controlled entities, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

– *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale equity investments do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy on impairment loss on financial assets below).

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Impairment loss on financial assets (Cont'd)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade debtors, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade debt is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Impairment loss on financial assets (Cont'd)

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in reserve.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual agreements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

– *Financial liabilities at fair value through profit or loss*

  The Group's financial liabilities at FVTPL are the financial liabilities designated at FVTPL on initial recognition.

  A financial liability may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

  The Group's structured borrowing is designated as financial liability at FVTPL. Subsequent to initial recognition, financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

— *Other financial liabilities*

Other financial liabilities (including creditors, amounts due to jointly controlled entities, associates, a related company and minority shareholders, bank and other borrowings, bank overdrafts, and loans from a director and minority shareholders) are subsequently measured at amortised cost using the effective interest method.

— *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue cost.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which interest expense is included in net gains or losses.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing (Cont'd)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the leases or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold land and buildings

The land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally accounted for as property, plant and equipment. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are classified as prepaid lease payments on land use rights under operating leases and amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies (Cont'd)

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income in the consolidated financial statements and will be reclassified from equity to profit or loss on disposal of foreign operation.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profit against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in to profit or loss, except when it relates to items are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

Payments to the Group's defined contribution retirement benefit plans, including state-managed retirement schemes and mandatory provident fund scheme ("MPF Scheme"), are charged as expenses when employees have rendered service entitling them to the contributions.

Share-based payment transactions

For the share options granted to directors and employees of the Company, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Share-based payment transactions (Cont'd)

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

Impairment losses on tangible and intangible assets other than goodwill (see accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. In addition, intangible assets with indefinite useful lives are tested for impairment annually, and whenever there is an indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the entity's accounting policies

Going concern basis

Although the Group had net current liabilities at the end of the reporting period, the Group manages its liquidity risk by monitoring its current and expected liquidity requirements regularly and ensuring sufficient liquid cash and adequate committed lines of funding from reputable financial institutions to meet the Group's liquidity requirements in the short and long term. Taking into account of the internally generated funds of the Group, the presently available banking facilities and the availability of marketable securities that can be disposed of, if necessary, the directors of the Company are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future and be able to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Estimated impairment of intangible assets with indefinite useful lives arising from the acquisition of a subsidiary

Determining the recoverable amounts of the intangible assets (i.e. construction licences with indefinite useful lives) arising from the acquisition of a subsidiary, which is included in the consolidated statement of financial position at 31st December, 2009 at HK$32,858,000 (2008: HK$32,858,000) requires an estimation of the revenue to be generated in the future periods from the acquired construction licenses. The construction projects successfully secured by the Group have reconfirmed management's previous estimates of anticipated revenues generated from the acquired construction licenses. However, increased market competition has caused management to reconsider its assumptions regarding future market shares and anticipated margins on these construction projects. Detailed sensitivity analysis has been carried out and management is confident that the carrying amount of the intangible assets will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments will be made in future periods if future market activity indicates such adjustments are appropriate.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. As at 31st December, 2009, the carrying amount of goodwill is HK$29,838,000 (2008: HK$29,838,000). Details of the recoverable amount calculation are disclosed in note 23.

Income tax

As at 31st December, 2009, no deferred tax asset has been recognised in the Group's consolidated statement of financial position in relation to unused tax losses of HK$482,560,000 (2008: HK$498,850,000) due to unpredictability of future profit streams (see note 42). The realisability of the unrecognised deferred tax asset mainly depends on whether sufficient future profit or taxable temporary differences will be available in the future.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Construction contracts

The Group recognised profits and losses from construction contracts, which were derived from the latest available budgets of those construction contracts based on the overall performance of each construction contract and management's best estimates and judgments. Estimated construction income is determined in accordance with the terms set out in the relevant contracts. Estimated construction costs which mainly comprise sub-contracting charges and costs of materials are proposed by the management on the basis of quotations from time to time provided by the major contractors/suppliers/vendors involved and the experience of the management. Because of the nature of the construction industry, management regularly reviews the progress of the contracts and the estimated construction income and costs.

The Group's estimated profits from construction contracts of its jointly controlled entities were principally derived from the construction contracts being carried out by the jointly controlled entities. These figures were derived from the latest available budgets of the construction contracts which were prepared by the management of the respective jointly controlled entity and the Group and were based on the overall performance of each construction contract.

5. GROUP REVENUE

	2009 ***HK$'000***	2008 *HK$'000*
Continuing operations		
Group revenue	**844,313**	786,928
Share of revenue of jointly controlled entities from construction	**213,071**	214,412
Group revenue and share of revenue of jointly controlled entities	**1,057,384**	1,001,340
Group revenue analysed by revenue from:		
Construction	**822,072**	751,130
Quarrying	**22,241**	35,798
	844,313	786,928

6. SEGMENT INFORMATION

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical), using a risks and returns approach.

Information reported to the Group's chief operating decision maker (i.e. the board of directors) for the purposes of resource allocation and assessment of performance is focused on five main segments including construction, quarrying, highway and expressway operations and property development, North American ginseng and bio-technology. The identification of the Group's reportable segments under HKFRS 8 is consistent with the prior year's presentation of business segments under HKAS 14 except that the highway and expressway operations and property development are considered as a single operating segment and North American ginseng business is being identified as an operating segment in the current year. North American ginseng business, operated by an associate of the Group, was not considered as a reportable business segment of the Group in the prior year's presentation of business segments under HKAS 14. The segment financial information for the year ended 31st December, 2008 has been restated to conform to the requirements of HKFRS 8. The Group's operating segments under HKFRS 8 are as follows:

Construction
— construction of civil engineering and building projects

Quarrying
— production and sale of quarry products

Highway and expressway operations and property development
— strategic investment in Road King Infrastructure Limited ("Road King"), an associate of the Group
— strategic investment in Sunco Property Holdings Limited ("Sunco Property"), an associate of the Group

North American ginseng
— strategic investment in Chai-Na-Ta Corp. ("CNT"), an associate of the Group

Bio-technology *(Note)*
— research, development, production and sale of bio-technology products

Note: The bio-technology operation was disposed of and discontinued during the year as set out in note 16.

6. SEGMENT INFORMATION (Cont'd)

Segment revenue and results

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

	Segment revenue		Segment profit (loss)	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
Construction	**1,035,143**	965,542	**34,403**	(53,276)
Quarrying	**22,241**	35,798	**1,939**	16,716
Highways and expressway operations and property development				
Share of results of Road King and Sunco Property	**–**	–	**277,149**	238,454
North American ginseng				
Share of results of CNT	**–**	–	**1,756**	(9,084)
Total for continuing operations	**1,057,384**	1,001,340	**315,247**	192,810
Discontinued operation				
Bio-technology	**–**	50,506	**5,293**	(24,065)
Total	**1,057,384**	1,051,846	**320,540**	168,745

All of the segment revenue reported above is from external customers.

Segment revenue includes share of revenue of jointly controlled entities. Reconciliation between the total of such revenue from continuing operations and Group's revenue is disclosed in note 5.

Segment profit (loss) represents profit (loss) after tax and minority interests for each reportable segment and includes the operating profit (loss) earned (incurred) by each reportable segment (including investment income, gains and losses, finance costs, share of results of associates and jointly controlled entities), income tax expenses and minority interest attributable to the relevant segment, but without allocation of other corporate income and expenses (mainly including staff costs and other general administrative expenses) and finance costs of the head office, change in fair value of structured borrowing, loss on deemed disposal of partial interest in an associate and discount on deemed acquisition of additional interest in an associate. This is the measure reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION (Cont'd)

Segment revenue and results (Cont'd)

The basis of measurement of segment profit (loss) in the current year's presentation under HKFRS 8 is the same as that of segment results in the prior year's presentation of business segments under HKAS 14 except that the segment results in prior year's presentation did not include the allocation of investment income, gains and losses, finance costs, share of results of associates and jointly controlled entities, income tax (expense) credit and minority interest to the reportable segments.

Reconciliation of reportable segment profit to profit attributable to owners of the Company

	2009	2008
	HK$'000	*HK$'000*
Reportable segment profit from continuing and discontinued operations	**320,540**	168,745
Unallocated items		
Investment income, gains and losses	**8,712**	(9,318)
Other income	**3,932**	5,086
Administrative expenses	**(29,540)**	(36,048)
Finance costs	**(4,202)**	(6,152)
Change in fair value of structured borrowing	**15,196**	(11,251)
Loss on deemed disposal of partial interest in an associate	**(520)**	(105)
Discount on deemed acquisition of additional interest in an associate	**–**	48,810
Share of loss of an associate	**(28)**	(84)
Minority interest	**1,731**	1,538
Income tax credit	**–**	171
Profit attributable to owners of the Company	**315,821**	161,392

Segment assets and liabilities

As the Group's chief operating decision maker reviews the Group's assets and liabilities on a consolidation basis, no assets or liabilities are allocated to the reportable segments. Therefore, no analysis of segment assets and liabilities is presented.

6. SEGMENT INFORMATION (Cont'd)

Other segment information

The following other segment information is included in the measure of segment profit or loss:

For the year ended 31st December, 2009

	Continuing Operations							Discontinued Operation
	Construction	Quarrying	Highway and expressway operations and property development	North American ginseng	Sub-total	Adjustments (Note)	Total	Bio-technology
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Depreciation of property, plant and equipment	14,233	441	–	–	14,674	1,600	16,274	285
Gain on disposal of property, plant and equipment, net	–	345	–	–	345	2,210	2,555	–
Interest income	1,483	13	–	–	1,496	1	1,497	–
Finance costs	3,774	–	–	–	3,774	4,202	7,976	671
Share of results of associates	1,709	–	277,149	1,756	280,614	(28)	280,586	–
Share of results of jointly controlled entities	37,869	–	–	–	37,869	–	37,869	–
Income tax expense	4,053	129	–	–	4,182	–	4,182	–
Minority interest	29,857	2,973	–	–	32,830	(1,731)	31,099	–

For the year ended 31st December, 2008

	Continuing Operations							Discontinued Operation
	Construction	Quarrying	Highway and expressway operations and property development	North American ginseng	Sub-total	Adjustments (Note)	Total	Bio-technology
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Depreciation of property, plant and equipment	6,899	389	–	–	7,288	1,399	8,687	4,552
Gain on disposal of property, plant and equipment, net	11,676	2,835	–	–	14,511	–	14,511	265
Interest income	2,340	70	–	–	2,410	180	2,590	31
Finance costs	7,323	–	–	–	7,323	6,152	13,475	2,062
Share of results of associates	1,457	–	238,454	(9,084)	230,827	(84)	230,743	–
Share of results of jointly controlled entities	26,572	–	–	–	26,572	–	26,572	–
Income tax (credit) expense	(142)	200	–	–	58	(171)	(113)	–
Minority interest	(43,960)	2,239	–	–	(41,721)	(1,538)	(43,259)	–

Note: Adjustments represent unallocated amounts incurred by head office and other minor operations.

6. SEGMENT INFORMATION (Cont'd)

Geographical information

The Group's operations are located in the Hong Kong Special Administrative Region ("HKSAR") (country of domicile), other regions in the People's Republic of China ("PRC"), Middle East and Taiwan.

The Group's revenue from external customers by geographical markets and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets (Note)	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Continuing operations				
HKSAR	**803,441**	745,107	**3,845,224**	3,658,020
Other regions in the PRC	**10,656**	6,538	**126,225**	131,065
Middle East	**30,216**	22,276	**69,965**	48,837
Taiwan	**–**	13,007	**–**	–
Others	**–**	–	**5,221**	–
	844,313	786,928	**4,046,635**	3,837,922
Discontinued operation				
Other regions in the PRC	**–**	50,506	**–**	7,351
	844,313	837,434	**4,046,635**	3,845,273

Note: Non-current assets include all non-current assets except available-for-sale investments, loan and other receivables and other financial assets.

6. SEGMENT INFORMATION (Cont'd)

Information about customers

Revenues from two customers of the corresponding years individually contributing over 10% of total revenue of the Group are included in the construction segment and these customers are located in the HKSAR.

	2009 HK$'000	2008 HK$'000
Customer A	**457,632**	357,251
Customer B	**–** [1]	130,571
Customer C	**86,479**	– [1]
	544,111	487,822

[1] The corresponding revenue did not contribute over 10% of total revenue of the Group.

7. OTHER INCOME

	2009 HK$'000	2008 HK$'000
Other income includes:		
Continuing operations		
Discount on acquisition of additional interest in a subsidiary	**–**	3,984
Gain on disposal of property, plant and equipment, net	**2,555**	14,511
Interest on bank deposits	**25**	319
Interest on finance lease receivables	**–**	7
Interest on loans and other receivables	**36**	411
Interest on other financial assets	**1,436**	1,853
Reversal of allowance of doubtful debts	**3,659**	3,617
Compensation income in respect of early termination of quarry rights	**–**	11,364
Service income from associates for secretarial and management services rendered	**771**	19,756

8. INVESTMENT INCOME, GAINS AND LOSSES

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Net gain (loss) on change in fair value and disposal of held-for-trading investments	**25,742**	(59,741)
Dividend income from held-for-trading investments	**1,633**	3,605
	27,375	(56,136)

9. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Interest on bank and other borrowings wholly repayable within five years	**7,142**	12,373
Interest on amount due to an associate	**141**	141
Interest on amount due to a related company	**65**	94
Interest on loan from a shareholder	**–**	404
Interest on loans from a director	**361**	243
Imputed interest expense on non-current interest-free amount due to an associate	**267**	220
	7,976	13,475

10. LOSS ON DEEMED DISPOSAL OF PARTIAL INTEREST IN AN ASSOCIATE

During the year, Road King, issued 190,000 (2008: 40,000) ordinary shares at the weighted average exercise price of HK$5.70 (2008: HK$5.31) per share upon exercise of options granted to the directors and employees of Road King under the share option scheme of Road King. As a result, the Group's interest in Road King was reduced in aggregate by 0.01% (2008: 0.002%) resulting in a total loss of HK$520,000 (2008: HK$105,000).

11. DISCOUNT ON DEEMED ACQUISITION OF ADDITIONAL INTEREST IN AN ASSOCIATE

During the year ended 31st December, 2008, Road King repurchased and cancelled 13,760,000 ordinary shares. As a result, the interest of the Group in Road King was increased in aggregate by 0.701% resulting in a total gain of HK$48,810,000.

12. PROFIT BEFORE TAX

	2009	2008
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Continuing operations		
Auditor's remuneration:		
Provision for the current year	**3,527**	3,126
(Over)underprovision in prior years	**(18)**	348
	3,509	3,474
Allowance for amounts due from jointly controlled entities	**2,000**	–
Bad debts written off	**147**	104
Depreciation of property, plant and equipment:		
Owned assets	**16,249**	8,734
Assets held under finance lease arrangement	**45**	38
	16,294	8,772
Less: Amount attributable to construction contracts	**(20)**	(85)
	16,274	8,687
Exchange losses, net	**1,147**	1,841
Hire charges for plant and machinery	**13,611**	28,216
Less: Amount attributable to construction contracts	**(13,611)**	(28,216)
	–	–

12. PROFIT BEFORE TAX (Cont'd)

	2009	2008
	HK$'000	*HK$'000*
Operating lease rentals in respect of land and buildings	**9,607**	8,275
Less: Amount attributable to construction contracts	**(1,160)**	(1,014)
	8,447	7,261
Loss on disposal of a jointly controlled entity	**–**	1,972
Loss on disposal of partial interest in a subsidiary	**–**	5,481
Share of tax charge of associates (included in share of results of associates)	**122,231**	142,384
Share of tax charge (credit) of jointly controlled entities (included in share of results of jointly controlled entities)	**499**	(20)
Staff costs:		
Directors' remuneration *(note 13)*	**10,788**	10,091
Other staff costs	**164,258**	195,053
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK$302,000 (2008: HK$581,000)	**7,542**	8,516
Share-based payments (exclude directors)	**–**	256
	182,588	213,916
Less: Amount attributable to construction contracts	**(104,136)**	(146,415)
	78,452	67,501
Write-down of inventories	**–**	1,567

13. DIRECTORS' REMUNERATION

The remuneration paid or payable to each of the ten (2008: ten) directors was as follows:

	Fee	Salary and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31st December, 2009					
Executive directors:					
Zen Wei Pao, William	–	219	261	22	502
Zen Wei Peu, Derek	–	261	5,213	364	5,838
Wong Wing Cheung, Dennis	–	1,419	64	61	1,544
Chiu Wai Yee, Anriena	–	1,200	86	120	1,406
	–	3,099	5,624	567	9,290
Non-executive directors:					
Lam Wai Hon, Patrick	173	–	–	–	173
Cheng Chi Pang, Leslie *(note)*	318	–	–	–	318
Chu Tat Chi	173	–	–	–	173
	664	–	–	–	664
Independent non-executive directors:					
Wong Che Ming, Steve	278	–	–	–	278
Wan Siu Kau, Samuel	278	–	–	–	278
Wong Man Chung, Francis	278	–	–	–	278
	834	–	–	–	834
	1,498	3,099	5,624	567	10,788

Note: Include HK$145,000 fee as a director of Build King Holdings Limited ("Build King").

13. DIRECTORS' REMUNERATION (Cont'd)

	Fee	Salary and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31st December, 2008						
Executive directors:						
Zen Wei Pao, William	–	211	165	21	224	621
Zen Wei Peu, Derek	–	122	3,297	350	224	3,993
Wong Wing Cheung, Dennis	–	1,545	155	77	160	1,937
Chiu Wai Yee, Anriena	–	1,038	91	104	160	1,393
	–	2,916	3,708	552	768	7,944
Non-executive directors:						
Lam Wai Hon, Patrick *(note a)*	246	–	–	–	96	342
Cheng Chi Pang, Leslie *(note b)*	318	–	–	–	96	414
Chu Tat Chi	173	–	–	–	96	269
	737	–	–	–	288	1,025
Independent non-executive directors:						
Wong Che Ming, Steve	278	–	–	–	96	374
Wan Siu Kau, Samuel	278	–	–	–	96	374
Wong Man Chung, Francis	278	–	–	–	96	374
	834	–	–	–	288	1,122
	1,571	2,916	3,708	552	1,344	10,091

Notes:

(a) Include HK$73,000 fee as a director of Build King.

(b) Include HK$145,000 fee as a director of Build King.

13. DIRECTORS' REMUNERATION (Cont'd)

The performance related incentive payment is determined by reference to the profit of the Group or individual performance of the directors for the year.

There was no arrangement under which a director waived or agreed to waive any remuneration and no payment of inducement fees and compensation for loss of office as director during the current year and previous year.

14. EMPLOYEES' EMOLUMENTS

Details of the emoluments of the five highest paid individuals included two directors (2008: two directors) set out in note 13 above. The emoluments of the remaining three (2008: three) highest paid individuals are as follows:

	2009	2008
	HK$'000	*HK$'000*
Salary and other benefits	**5,007**	6,073
Retirement benefits scheme contributions	**272**	421
	5,279	6,494

The emoluments were within the following bands:

	Number of employees	
	2009	2008
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**–**	1

15. INCOME TAX EXPENSE (CREDIT)

	2009	2008
	HK$'000	HK$'000
Continuing operations		
Income tax for the year		
Hong Kong	**1,921**	22
Other jurisdictions	**129**	200
	2,050	222
Under(over)provision in prior years		
Hong Kong	**2,132**	(167)
Other jurisdictions	**–**	3
	2,132	(164)
Deferred tax *(note 42)*		
Current year	**–**	(161)
Effect of change in tax rate	**–**	(10)
	–	(171)
	4,182	(113)

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1st January, 2008 onwards.

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

15. INCOME TAX EXPENSE (CREDIT) (Cont'd)

Income tax expense (credit) for the year can be reconciled to the profit before tax as follows:

	2009	2008
	HK$'000	*HK$'000*
Continuing Operations		
Profit before tax	**345,809**	142,085
Income tax expense at the applicable rate of 16.5% (2008: 16.5%)	**57,058**	23,444
Tax effect of expenses not deductible for tax purpose	**36,355**	23,633
Tax effect of income not taxable for tax purpose	**(37,675)**	(16,065)
Under(over)provision in prior years	**2,132**	(164)
Tax effect of tax losses not recognised	**5,915**	17,555
Tax effect of utilisation of tax losses not previous recognised	**(7,612)**	(5,776)
Effect of different tax rates for the operations in other jurisdictions	**–**	2
Tax effect of share of results of associates	**(46,297)**	(38,072)
Tax effect of share of results of jointly controlled entities	**(6,248)**	(4,384)
Others	**554**	(286)
Income tax expense (credit) for the year	**4,182**	(113)

16. DISCONTINUED OPERATION

On 21st March, 2009, Wai Kee (Zens) Holding Limited ("WKZ"), a wholly owned subsidiary of the Company, agreed to dispose of the entire issued capital of Wai Kee Biotechnical Company Limited ("Wai Kee Biotech"), a wholly owned subsidiary of WKZ, which held a 91% interest in Wuhan Nature's Favour Bioengineering Company Limited and Hubei Nature's Favour Biotechnology Company Limited to the acquirer for an aggregate consideration of HK$19 million. The disposal was completed on 19th June, 2009 upon the passing of control of Wai Kee Biotech to the acquirer.

16. DISCONTINUED OPERATION (Cont'd)

The profit (loss) for the period/year from the discontinued operation for the relevant period/year is analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Loss of bio-technology operation for the period/year	**(8,095)**	(24,065)
Gain on disposal of bio-technology operation	**13,388**	–
	5,293	(24,065)

The results of the bio-technology operation for the relevant period/year were as follows:

	2009	2008
	HK$'000	*HK$'000*
Revenue	**–**	50,506
Cost of sales	**(24)**	(41,514)
Gross (loss) profit	**(24)**	8,992
Other income	**498**	988
Selling and distribution costs	**(4,431)**	(8,212)
Administrative expenses	**(3,467)**	(11,771)
Impairment loss on property, plant and equipment	**–**	(12,000)
Finance costs	**(671)**	(2,062)
Loss before tax	**(8,095)**	(24,065)
Income tax expense	**–**	–
Loss for the period/year	**(8,095)**	(24,065)

16. DISCONTINUED OPERATION (Cont'd)

Loss for the period/year from discontinued operation includes the following:

	2009 HK$'000	2008 HK$'000
Depreciation of property, plant and equipment	**285**	4,552
Amortisation of prepaid lease payments on land use rights	**67**	122
Allowance on doubtful debts	**2,106**	859
Interest income on bank deposits	**–**	31
Interest expense on bank and other borrowings wholly repayable within five years	**671**	2,062
Gain on disposal of property, plant and equipment	**–**	265
Impairment loss on property, plant and equipment	**–**	12,000
Rental income from property, plant and equipment	**180**	–
Staff costs	**2,488**	7,408
Write-down of inventories	**–**	2,156

No tax charge or credit arose on the gain on disposal of Wai Kee Biotech.

16. DISCONTINUED OPERATION (Cont'd)

	HK$'000
Net assets disposed of:	
Property, plant and equipment	32
Prepaid lease payments on land use rights	5,831
Inventories	31,883
Debtors, deposits and prepayments	10,197
Bank balances and cash	2,182
Creditors and accrued charges	(37,133)
	12,992
Reclassification adjustment for translation reserve upon disposal of Wai Kee Biotech	(7,380)
	5,612
Gain on disposal	13,388
Total consideration	19,000
Satisfied by:	
Cash	15,983
Deferred consideration	3,017
	19,000
Net cash inflow arising on disposal:	
Total cash consideration received	15,983
Bank balance and cash disposed of	(2,182)
	13,801

16. DISCONTINUED OPERATION (Cont'd)

The deferred consideration of approximately HK$2 million and HK$1 million is interest-free, secured by mortgage over a property in the PRC and are payable in cash by the acquirer in the year of 2010 and 2011 respectively.

	2009	2008
	HK$'000	*HK$'000*
Net cash flows from discontinued operation:		
Net cash used in operating activities	**(3,032)**	(278)
Net cash from (used in) investing activities	**13,484**	(1,040)
Net cash (used in) from financing activities	**(1,674)**	3,460
Effect of foreign exchange rate changes, net	**(28)**	451
Net cash inflow	**8,750**	2,593

17. DIVIDENDS

	2009	2008
	HK$'000	*HK$'000*
Dividends paid and recognised as distributions during the year:		
2008 final dividend – Nil		
(2008: 2007 final dividend – HK6 cents per share)	**–**	47,587

A final dividend for the year ended 31st December, 2009 of HK8 cents (2008: nil) per ordinary share has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting. This final dividend has not been included as a liability in the consolidated financial statements.

18. EARNINGS PER SHARE

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

From continuing operations and discontinued operation

	2009	2008
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**315,821**	161,392
Effect of dilutive potential ordinary shares: Decrease in share of profit of an associate arising from exercise of share options issued by that associate *(note)*	**–**	(222)
Earnings for the purpose of diluted earnings per share	**315,821**	161,170

	Number of shares	
	2009	2008
Number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	**793,124,034**	793,124,034

The exercise prices of the Company's outstanding share options are higher than the average fair value per share, no dilutive effect thereof has been accounted for.

18. EARNINGS PER SHARE (Cont'd)

From continuing operations

Earnings figures are calculated as follows:

	2009	2008
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**315,821**	161,392
Less: (Profit) loss for the period/year from discontinued operation	**(5,293)**	24,065
Earnings for the purpose of basic earnings per share from continuing operations	**310,528**	185,457
Effect of dilutive potential ordinary shares:		
Adjustment to share of profit of an associate arising from exercise of share options issued by that associate *(note)*	**–**	(222)
Earnings for the purpose of diluted earnings per share from continuing operations	**310,528**	185,235

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

From discontinued operation

Basic and diluted earnings per share for the discontinued operation are HK0.67 cents (2008: basic and diluted losses per share for the discontinued operation are HK3.03 cents), based on the profit for the period from the discontinued operation of HK$5,293,000 (2008: loss from the discontinued operation of HK$24,065,000) and the denominators detailed above for both basic and diluted earnings (losses) per share.

Note: The outstanding share options of Road King, an associate of the Group, have an anti-dilutive effect on the basic earnings per share because the exercise prices of the share options are higher than the average market prices of the shares of Road King during the year. Accordingly, no dilutive effect has been accounted for during the year.

19. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Vessels	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST							
At 1st January, 2008	72,539	12,437	209,025	28,229	10,119	88,893	421,242
Exchange realignment	1,818	–	1,202	125	54	–	3,199
Transfer	–	–	16	(16)	–	–	–
Additions	455	1,644	2,468	699	34	23,295	28,595
Disposals	(88)	(1,456)	(58,981)	(960)	(1,442)	(17,601)	(80,528)
At 31st December, 2008	74,724	12,625	153,730	28,077	8,765	94,587	372,508
Exchange realignment	–	–	14	20	6	–	40
Additions	–	–	282	94	760	9,116	10,252
Eliminated on disposal of subsidiaries	(34,177)	–	(22,666)	(2,237)	(715)	–	(59,795)
Disposals	(889)	–	(966)	(39)	(350)	(17,065)	(19,309)
At 31st December, 2009	39,658	12,625	130,394	25,915	8,466	86,638	303,696
DEPRECIATION AND IMPAIRMENT							
At 1st January, 2008	62,007	12,333	200,013	25,946	8,313	81,581	390,193
Exchange realignment	921	–	790	79	27	–	1,817
Provided for the year	1,844	489	3,542	804	574	6,071	13,324
Impairment loss recognised	8,700	–	3,300	–	–	–	12,000
Eliminated on disposals	(39)	(1,456)	(58,592)	(960)	(1,311)	(17,601)	(79,959)
At 31st December, 2008	73,433	11,366	149,053	25,869	7,603	70,051	337,375
Exchange realignment	–	–	13	17	4	–	34
Provided for the year	930	581	2,002	638	533	13,483	18,167
Eliminated on disposal of subsidiaries	(34,557)	–	(22,802)	(1,894)	(510)	–	(59,763)
Eliminated on disposals	(889)	–	(965)	(39)	(233)	(17,065)	(19,191)
At 31st December, 2009	38,917	11,947	127,301	24,591	7,397	66,469	276,622
CARRYING VALUES							
At 31st December, 2009	**741**	**678**	**3,093**	**1,324**	**1,069**	**20,169**	**27,074**
At 31st December, 2008	1,291	1,259	4,677	2,208	1,162	24,536	35,133

19. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The above items of property, plant and equipment are depreciated on a straight-line basis and after taking into account of their estimated residual value at the following rates per annum:

Buildings	Over the shorter of the term of leases or 20-30 years
Leasehold improvements	$33^1/_3$% or over the terms of the relevant leases, whichever is shorter
Plant and machinery	10% – 25%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Vessels	10% – 15%

The buildings are located in the PRC and held under medium term leases.

The carrying value of property, plant and equipment in respect of assets held under finance lease arrangement is HK$80,000 (2008: HK$125,000).

The Group has pledged certain motor vehicles with an aggregate carrying value of HK$201,000 (2008: HK$347,000) to secure bank loans.

As disclosed in note 16, the Group's bio-technology segment has been disposed of in 2009 at the sale price agreed after arm's length negotiations with the purchaser. As at 31st December, 2008, the Group carried out a review of the recoverable amount of its property, plant and equipment used in the Group's bio-technology segment with reference to the sale price of the subsequent disposal of the Group's bio-technology segment in 2009. The review led to the recognition of an additional impairment loss of HK$12,000,000 that has been recognised in profit or loss for the year ended 31st December, 2008.

20. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

	2009 ***HK$'000***	2008 *HK$'000*
Medium term leasehold land in the PRC	–	5,895
Analysed for reporting purposes as:		
Non-current asset	–	5,761
Current asset	–	134
	–	5,895

21. INTANGIBLE ASSETS

The amount represents the initial fair value of the construction licences (with indefinite useful lives) held by Kaden Construction Limited acquired by the Group in 2005 (the "acquired subsidiary").

The construction licences are granted by the Works Branch, Development Bureau of the HKSAR to the acquired subsidiary through which the acquired subsidiary is eligible to undertake government construction contracts of all five categories of public works, namely port works, site formation, road and drainage, water works and buildings with no limitation in contract sum. The construction licences basically have no legal life but are renewable every year as long as the acquired subsidiary is able to comply with certain provisions and requirements set out by the Works Branch, Development Bureau of the HKSAR throughout the relevant period.

Various studies including sensitivity analysis and market trends have been carried out by management of the Group, which supports that the construction licences have no foreseeable limit to the period over which the construction licences are expected to generate net cash inflow for the Group. As a result, the construction licences are considered by management of the Group as having indefinite useful lives because they are expected to contribute net cash flows indefinitely. The construction licences will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired. Particulars regarding the impairment testing on intangible assets are disclosed in note 23.

22. GOODWILL

The amount represents goodwill arising on the reverse acquisition of a subsidiary in 2004.

During the year ended 31st December, 2008, HK$5,635,000 was released upon the disposal of partial interest in a subsidiary by the Group. Particulars regarding impairment testing on goodwill are disclosed in note 23.

23. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purposes of impairment testing, goodwill has been allocated to the underlying cash generating unit ("CGU") which represents the subsidiary, Build King and its subsidiaries in existence at the time of reverse acquisition of Build King and its subsidiaries in 2004 and is included in construction segment.

For the purpose of impairment testing, intangible assets with indefinite useful lives set out in note 21 have been allocated to a CGU, a subsidiary acquired in 2005, which is included in construction segment and holds the construction licences granted by the Works Branch, Development Bureau of the HKSAR and through which it is eligible to undertake government construction contracts for all five categories of public works with no limitation in contract sum.

During the year ended 31st December, 2009, management of the Group determined that there are no impairments of any of its CGUs containing goodwill and intangible assets.

The recoverable amounts of the above CGUs have been determined on the basis of value in use calculations. Their recoverable amounts are based on certain key assumptions. For impairment purpose, all value in use calculations use cash flow projections based on latest financial budgets approved by the Group's management covering a period of 5 years, and a discount rate of 15% (2008: 15%). Cash flow projections during the budget period for the CGUs are based on the expected gross margins during the budget period. Budgeted gross margins have been determined based on past performance and management's expectations for the market development.

24. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	2009	2008
	HK$'000	*HK$'000*
Cost of investment in associates		
Listed in the HKSAR *(note i)*	**1,543,877**	1,543,877
Quoted on National Association of Securities Dealers Automated Quotation's Over the Counter Bulletin Board in the United States of America ("OTCBB")	**36,878**	36,878
Unlisted	**81,420**	81,420
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	**2,188,325**	1,995,130
	3,850,500	3,657,305
Fair value of listed investments	**1,708,404**	818,787
Quoted value of investments on OTCBB	**2,062**	1,031
Represented by:		
Interests in associates	**3,869,244**	3,677,758
Obligations in excess of interests in associates *(note ii)*	**(18,744)**	(20,453)
	3,850,500	3,657,305

Notes:

(i) Included in the cost of investment in these associates is goodwill of HK$30,964,000 (2008: HK$30,964,000) arising on acquisition of additional interests in an associate during the year ended 31st December, 2007.

(ii) The Group has contractual obligations to share the net liabilities of certain associates.

24. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES (Cont'd)

Details of the principal associates of the Group at 31st December, 2009 and 2008 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Effective interest held by the Group 2009 %	2008 %	Principal activities
Chai-Na-Ta Corp. *(note a)*	Incorporated	Canada	**38.086**	38.086	Production and sales of North American ginseng
Hong Kong Landfill Restoration Group Limited	Incorporated	HKSAR	**17.654** *(note b)*	17.654 *(note b)*	Civil engineering
Road King Infrastructure Limited *(note c)*	Incorporated	Bermuda	**38.332**	38.342	Investment in and development, operation and management of highways and expressways, and property development
Sunco Property Holdings Company Limited *(note d)*	Incorporated	British Virgin Islands	**5.276**	5.276	Property development

Notes:

(a) The shares of CNT are quoted on OTCBB.

(b) The Group holds the effective interest in the associate through Build King, the Company's 51.17% (2008: 51.17%) subsidiary whose shares are listed on the Main Board of the Stock Exchange.

(c) The shares of Road King are listed on the Main Board of the Stock Exchange. As described in the consolidated financial statements of the Group for the year ended 31st December, 2008, Road King had not yet obtained effective control or exercise significant influence over the operating and financing policies of 天津順馳新地置業有限公司 and 天津順馳融信置地有限公司 (collectively referred to as the "Tianjin Companies") as at 31st December, 2008. Hence, the Tianjin Companies were not considered to be subsidiaries or associates of Road King and the investments in the Tianjin Companies were accounted for as available-for-sale investments.

With the assistance provided by the Tianjin municipal government, Road King received the official seals of the Tianjin Companies on 24th August, 2009 and was able to carry out the due diligence works on the books and records as well as other relevant documents of the Tianjin Companies in September 2009. In the opinion of the directors of Road King, Road King obtained effective control to govern the financial and operating policies of the Tianjin Companies so as to obtain benefits from their activities in September 2009. Accordingly, the assets and liabilities of the Tianjin Companies and their results since the date Road King obtained effective control have been consolidated in Road King's consolidated financial statements in respect of the financial year ended 31st December, 2009.

(d) The Group holds additional effective interests of 34.29% (2008: 34.30%) in Sunco Property through Road King.

24. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES (Cont'd)

The above table lists the associates of the Group which, in the opinion of the directors, principally affect the results for the year or constitute a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

The summarised financial information in respect of the Group's associates which are accounted for using the equity method is set out below:

Operating results:

	2009	2008
	HK$'000	*HK$'000*
Revenue	**4,711,784**	4,758,151
Profit for the year	**749,429**	645,801
Profit for the year attributable to the Group	**280,586**	230,743

Financial position:

	2009	2008
	HK$'000	*HK$'000*
Non-current assets	**5,417,050**	6,926,834
Current assets	**17,004,221**	14,181,926
Current liabilities	**(6,957,616)**	(5,621,133)
Non-current liabilities	**(5,401,829)**	(5,940,785)
Net assets	**10,061,826**	9,546,842
Net assets attributable to the Group	**3,819,536**	3,626,341

25. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2009 HK$'000	2008 HK$'000
Cost of investment in unlisted jointly controlled entities	**44,090**	44,090
Share of post-acquisition profits and other comprehensive income, net of dividends received	**43,389**	18,856
	87,479	62,946

At 31st December, 2009 and 2008, the Group had interests in the following principal jointly controlled entities:

Name of jointly controlled entity	Form of business structure	Place of incorporation or registration/ operation	Effective interest held by the Group 2009 and 2008 %	Principal activities
ACC-Leader Joint Venture	Unincorporated	Middle East	**25.59** *(note a)*	Civil engineering
China Railway Tenth Group Third Engineering Co., Ltd. *(note c)*	Incorporated	PRC	**25.07** *(note a)*	Civil engineering
Hip Hing-Leader JV Limited	Incorporated	HKSAR	**17.06** *(notes a and b)*	Civil engineering
Kaden-ATAL Joint Venture	Unincorporated	HKSAR	**25.59** *(note a)*	Civil engineering
Shanxi Jin Ya Road and Bridge Construction Co., Ltd. *(note c)*	Incorporated	PRC	**26.10** *(note a)*	Road construction

Notes:

a. The Group holds the effective interests in the jointly controlled entity through Build King.

b. The Group holds less than 20% interests in this entity through Build King. However, under the joint venture agreement, the entity is jointly controlled by the Group and the other significant joint venture partner. Therefore, the entity is classified as a jointly controlled entity.

c. The company is an equity joint venture registered in the PRC.

25. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Cont'd)

The above table lists the jointly controlled entities of the Group which, in the opinion of the directors, principally affect the results for the year or constitute a substantial portion of the net assets of the Group. To give details of other jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using the equity method is set out below:

Share of results attributable to the Group:

	2009	2008
	HK$'000	*HK$'000*
Revenue	**213,071**	214,412
Other income	**117**	886
Total revenue	**213,188**	215,298
Total expenses	**(174,820)**	(188,746)
Profit before tax	**38,368**	26,552
Income tax (expense) credit	**(499)**	20
Profit for the year	**37,869**	26,572

Share of assets and liabilities attributable to the Group:

	2009	2008
	HK$'000	*HK$'000*
Non-current assets	**16,579**	15,465
Current assets	**160,863**	182,576
Current liabilities	**(89,963)**	(135,095)
Net assets	**87,479**	62,946

26. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	**3,368**	3,368
Less: Impairment loss recognised	**(3,368)**	(3,368)
	–	–

The unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

27. PREPAID ROYALTIES

Prepaid royalties are analysed as follows:

	2009	2008
	HK$'000	*HK$'000*
Within one year	**1,567**	2,337
In the second to fifth year inclusive	**34,142**	34,979
	35,709	37,316
Less: Allowance	**(34,000)**	(34,000)
	1,709	3,316
Less: Amount recoverable within one year shown under current assets	**(1,567)**	(2,337)
Amount recoverable after one year	**142**	979

27. PREPAID ROYALTIES (Cont'd)

This amount represents the cost of construction work to be recoverable from the local government of Wanshan in the PRC, which would be settled by a waiver of royalty fees arising from the sale of quarry products from a quarry of the Group in the PRC. Hence, in substance, it is royalty prepayment. In 2004, the directors of the Company considered the prospects of the quarry industry and reassessed the likelihood of the settlement of these prepaid royalties in full through the waiver of royalty fees arising from the sale of quarry products. Based on the anticipated sales of quarry products, the directors of the Company were of the opinion that the prepaid royalties would not be recoverable in full, and accordingly an allowance of HK$34,000,000 was recognised in profit or loss for the year ended 31st December, 2004.

For reporting purposes based on directors' best estimation, prepaid royalties expected to be utilised within next twelve months are classified under current assets, whereas the remaining amount is classified under non-current assets.

28. LOAN AND OTHER RECEIVABLES

The amounts are unsecured, interest-free (2008: carried interest at 8% per annum) and are receivable after one year.

29. OTHER FINANCIAL ASSETS

The subsidiary of the Company, Wuxi Qianhui Sewage Treatment Co., Ltd. ("Wuxi Qianhui"), entered into a service concession arrangement with the local government whereby Wuxi Qianhui is required to build the infrastructure of a sewage treatment plant and is granted an exclusive operating rights for provision of sewage treatment services to the industrial and domestic users in Qian Qiao Zhen, Hui Shan District, Wu Xi City, Jiang Su Province for a term of 30 years.

At the end of the operating period, Wuxi Qianhui is required to transfer the sewage treatment plant to the local government. Wuxi Qianhui commenced the construction in 2005 and finished in 2006. The sewage treatment plant has been put into operation commencing from 2007.

Under the service concession arrangement, the local government of Qian Qiao Zhen guarantees a minimum volume of sewage to be treated by the plant with a fixed predetermined rate per tons of sewage. The agreed price will be reviewed annually. Therefore, the service concession arrangement is classified as financial assets. The fair value of the consideration receivable for the construction services rendered under the service concession arrangement is recognised as other financial assets using the percentage of completion method carrying effective interest rate of 2.61% (2008: 3.69%) per annum and repayable over the service concession period of 30 years.

30. INVENTORIES

	2009	2008
	HK$'000	*HK$'000*
Raw materials	**–**	6,233
Work-in-progress	**1,080**	1,721
Consumables	**3,644**	5,342
Finished goods	**789**	5,267
	5,513	18,563

The cost of inventories recognised as an expense during the year is HK$13,846,000 (2008: HK$65,026,000).

31. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2009	2008
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**2,775,389**	3,760,089
Less: Progress billings	**(2,711,690)**	(3,684,135)
	63,699	75,954
Represented by:		
Due from customers included in current assets	**99,057**	151,821
Due to customers included in current liabilities	**(35,358)**	(75,867)
	63,699	75,954

32. DEBTORS, DEPOSITS AND PREPAYMENTS

	2009 *HK$'000*	2008 *HK$'000*
Trade debtors	**135,788**	160,906
Less: Allowance for doubtful debts	**(2,353)**	(11,040)
	133,435	149,866
Retention receivables	**41,091**	43,388
Other debtors, deposits and prepayments	**44,297**	61,556
	218,823	254,810

Included in Group's other debtors are other debtor with a carrying amount of HK$11,000 (2008: HK$10,000) which are denominated in Renminbi that is the currency other than the functional currencies of the respective group entities.

The Group allows an average credit period of 60 days to its trade customers. For retention receivable in respect of construction contracts, the due dates are usually one year after the completion of the construction work. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period.

	2009 *HK$'000*	2008 *HK$'000*
0 to 60 days	**128,811**	121,263
61 to 90 days	**–**	1,216
Over 90 days	**4,624**	27,387
	133,435	149,866
Retention receivables		
Due within one year	**21,194**	13,041
Due more than one year	**19,897**	30,347
	41,091	43,388

32. DEBTORS, DEPOSITS AND PREPAYMENTS (Cont'd)

Retention receivables are interest-free and recoverable at the end of the retention period of individual construction contracts.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. 95% (2008: 79%) of the trade receivables that are neither past due nor impaired have good settlement repayment history. The Group has assessed the creditworthiness and historical default rates of these customers. Trade receivables that are past due but not impaired have very low historical default rates and have high credit rating within the industry.

In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to major customer of the Group is the Government of the HKSAR. Accordingly, the directors of the Company believe that there is no further provision required.

Included in the Group's trade debtors are debtors with a carrying amount of HK$4,624,000 at 31st December, 2009 (2008: HK$22,634,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing of debtors past due but not impaired

	2009	2008
	HK$'000	*HK$'000*
61 – 90 days	**–**	465
Over 90 days	**4,624**	22,169
	4,624	22,634

32. DEBTORS, DEPOSITS AND PREPAYMENTS (Cont'd)

Included in the allowance for doubtful debts are individually impaired receivables due from certain trade debtors with an aggregate amount of HK$2,353,000 (2008: HK$11,040,000) which have either been placed under liquidation or are in financial difficulties. During the year, the Group has written off bad debts of HK$147,000 (2008: HK$104,000) which the Group considers the debtors are in severe financial difficulties. The Group does not hold any collateral over these receivables.

Movement in the allowance for doubtful debts

	2009	2008
	HK$'000	*HK$'000*
Balance at the beginning of the year	**11,040**	12,594
Exchange loss recognised during the year	**–**	1,204
Released upon disposal of subsidiaries	**(7,134)**	–
Allowance recognised in profit or loss	**2,106**	859
Allowance reversed in profit or loss	**(3,659)**	(3,617)
Balance at the end of the year	**2,353**	11,040

33. AMOUNTS DUE FROM ASSOCIATES/JOINTLY CONTROLLED ENTITIES

The amounts due from associates and jointly controlled entities are unsecured, interest-free and repayable on demand.

During the year, the Group considers the amounts due from jointly controlled entities may not be recoverable in full, and accordingly an allowance of HK$2,000,000 (2008: nil) has been recognised.

Included in Group's amounts due from jointly controlled entities, a carrying amount of HK$2,440,000 (2008: HK$2,440,000) is denominated in Renminbi that is the currency other than the functional currencies of the respective group entities.

34. HELD-FOR-TRADING INVESTMENTS

	2009	2008
	HK$'000	*HK$'000*
Held-for-trading investments at fair value		
Equity securities listed in the HKSAR	**43,948**	28,554
Equity securities quoted on OTCBB	**27**	12
	43,975	28,566

At 31st December, 2009, certain equity securities with market value of HK$18,090,000 (2008: HK$8,670,000) were pledged to a bank to secure general banking facilities granted to the Group.

In relation to the pledge of equity securities, the bank requires certain subsidiaries of the Company that are entitled to the banking facilities, to provide cross guarantees to the bank. Therefore, although certain equity securities were pledged to the bank, the Group is allowed to trade the pledged securities upon the repayment of respective bank borrowing. Accordingly, the investments in these equity securities are classified as held-for-trading investments in the consolidated statement of financial position.

35. PLEDGED BANK DEPOSITS, BANK BALANCES AND BANK OVERDRAFTS

A bank deposit of the Group amounting to HK$1,815,000 (2008: bank deposits of HK$1,013,000) was pledged to a bank for securing the banking facilities granted to the Group. The pledged bank deposit carries fixed interest rate at 0.01% (2008: 0.01% to 1.07%) per annum.

Bank balances carry average market interest rate ranging from 0.01% to 0.36% (2008: 0.01% to 1.07%) per annum.

Bank overdrafts carry interest at market rate of 6.5% (2008: 6.5% to 8.1%) per annum.

Included in the Group's bank balances are bank balances with a carrying amount of HK$2,825,000 (2008: HK$5,380,000) which are denominated in Renminbi, the currency other than the functional currencies of the respective group entities.

36. CREDITORS AND ACCRUED CHARGES

	2009	2008
	HK$'000	*HK$'000*
Trade creditors (aged analysis):		
0 to 60 days	**37,948**	67,989
61 to 90 days	**2,092**	6,410
Over 90 days	**14,964**	24,505
	55,004	98,904
Retention payables	**41,947**	39,122
Accrued project costs	**129,538**	112,189
Other creditors and accrued charges	**53,647**	73,153
	280,136	323,368
Retention payables		
Due within one year	**26,440**	19,584
Due more than one year	**15,507**	19,538
	41,947	39,122

The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe. For retention payables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

Included in the Group's creditors and accrued charges are creditors and accrued charges with a carrying amount of HK$4,113,000 (2008: HK$7,960,000) which are denominated in Renminbi, the currency other than the functional currencies of the respective group entities.

37. AMOUNTS DUE TO JOINTLY CONTROLLED ENTITIES/ASSOCIATES/A RELATED COMPANY/MINORITY SHAREHOLDERS

The amounts due to jointly controlled entities, associates and minority shareholders are unsecured, interest-free and repayable on demand except for an advance from an associate of HK$3,500,000 (2008: HK$3,500,000) which carries interest at one month Hong Kong Interbank Offered Rate ("HIBOR").

The related company is a subsidiary of one of the Company's substantial shareholders. The amount is unsecured, interest-free and is repayable on demand.

38. LOANS FROM A DIRECTOR

The loans are unsecured, carry interest at HIBOR plus 1.75% per annum and are repayable within one year.

39. OTHER BORROWINGS

Other borrowings comprise:

	2009	2008
	HK$'000	*HK$'000*
Margin loan *(note a)*	**–**	8,959
Obligations under finance lease arrangement *(note b)*	**115**	154
Loans payable *(note c)*	**–**	2,007
	115	11,120
Less: Amount due within one year shown under current liabilities	**(41)**	(11,005)
Amount due after one year	**74**	115

39. OTHER BORROWINGS (Cont'd)

Notes:

(a) The margin loan was secured by certain shares of Road King, carried interest at prevailing market rates and was repaid during the year.

(b) The maturity of obligations under finance lease arrangement is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**47**	47	**41**	39
In the second to fifth year inclusive	**78**	124	**74**	115
	125	171	**115**	154
Less: Future finance charges	**(10)**	(17)	**N/A**	N/A
Present value of lease obligations	**115**	154	**115**	154
Less: Amount due within one year shown under current liabilities			**(41)**	(39)
Amount due after one year			**74**	115

The lease terms range from 4.5 years to 5 years. Interest rates underlying all obligations under finance lease arrangement are fixed at respective contract dates at 5.7% (2008: 5.7%) per annum.

(c) The loans were for the operation of the biotechnology business in the PRC, unsecured, with 3 months to 6 months maturity and carried fixed annual interest ranging from 15.1% to 25.5%.

40. BANK LOANS

	2009	2008
	HK$'000	*HK$'000*
The maturity of the bank loans is as follows:		
Within one year	**51,050**	223,539
In the second year	**29,178**	35,748
In the third to fifth year inclusive	**23,874**	17,466
	104,102	276,753
Less: Amount due within one year shown under current liabilities	**(58,798)**	(240,273)
Amount due after one year	**45,304**	36,480
Secured	**9,230**	55,384
Unsecured	**94,872**	221,369
	104,102	276,753

At the end of the reporting period, bank loans include HK$230,000 (2008: HK$385,000) fixed rate borrowings which carry interest ranging from 8.52% to 9.39% (2008: 8.52% to 9.39%) per annum. The remaining bank loans are variable-rate borrowings which carry interest ranging from 1.87% to 7.10% (2008: 1.80% to 7.90%) per annum. Interest is repriced every one, two, three or six months.

Included in Group's bank loans are bank loans with a carrying amount of HK$11,622,000 (2008: HK$15,647,000) which are denominated in United States dollars that is the currency other than the functional currencies of the respective group entities.

40. BANK LOANS (Cont'd)

During the year, in respect of bank loans with carrying amounts of HK$16,622,000 as at 31st December, 2009 (2008: HK$32,446,000), Build King breached certain terms of the bank loans, which are primarily related to its debt-equity ratio. According to HKAS 1 "Presentation of financial statements", since the banks have not agreed to waive their rights to demand immediate payment as at the end of the reporting period, the non-current portion of the bank loans amounting to HK$7,748,000 (2008: HK$16,734,000) has been classified as a current liability in the consolidated statement of financial position as at 31st December, 2009. Build King has subsequently obtained written consent from the banks to waive their rights to demand immediate repayment.

Certain bank loans are secured by the personal guarantees given by a director of the Company.

41. STRUCTURED BORROWING

	2009	2008
	HK$'000	*HK$'000*
Structured borrowing, classified as:		
Current	**12,480**	12,480
Non-current	**12,865**	40,541
At fair value	**25,345**	53,021

The structured borrowing contains embedded derivatives which are not closely related to the host contract, hence the entire combined contract was designated as derivative financial instruments at FVTPL upon initial recognition. The minimum amount repayable to the bank within one year is classified as a current liability.

41. STRUCTURED BORROWING (Cont'd)

Major terms of the structured borrowing at 31st December, 2009 and 2008 are set out below:

Notional amount	Upfront payment	Maturity date	Terms
US$80,000,000	US$8,000,000 received on 4th October, 2006	4th October, 2011	Repay upfront payment by 10 half-yearly instalments: First half year: 2% per annum on notional amount Remaining 4 and half years: 8% minus (6% x N/M) per annum on notional amount

Where:

N = number of business days in the period for which Spread Rate > -0.05%
M = actual number of business days in the period

"Spread Rate" means 10 years US$-ISDA-Swap Rate minus 2 years US$-ISDA-Swap Rate.

"10 years US$-ISDA-Swap Rate" means the rate for a reset date will be the rate for United States dollar swaps with a maturity of the designated maturity of 10 years, expressed as a percentage which appears on the Reuters Screen ISDAFIX1 Page as of 11:00 a.m. New York time on each business day.

"2 years US$-ISDA-Swap Rate" means the rate for a reset date will be the rate for United States dollar swaps with a maturity of the designated maturity of 2 years, expressed as a percentage which appears on the Reuters Screen ISDAFIX1 Page as of 11:00 a.m. New York time on each business day.

The entire combined contract is measured at fair value based on the valuation provided by the counterparty at 31st December, 2009. As at 31st December, 2009, the difference between the fair value of the structured borrowing and the net amount of the upfront payment received less the repayment made was HK$385,000 (2008: HK$15,581,000). Decrease in fair value of HK$15,196,000 during the year has been credited (2008: Increase in fair value of HK$11,251,000 had been charged) to profit or loss.

The structured borrowing is denominated in United States dollars that is the currency other than the functional currencies of the respective group entities.

42. DEFERRED TAX LIABILITIES

The following are the deferred tax liabilities recognised by the Group and movements thereon during the current and prior years:

	Fair value of intangible assets	Accelerated tax depreciation	Total
	HK$'000	***HK$'000***	***HK$'000***
At 1st January, 2008	5,750	171	5,921
Effect of change in tax rate	–	(10)	(10)
Credit for the year	–	(161)	(161)
At 31st December, 2008 and 31st December, 2009	**5,750**	**–**	**5,750**

At the end of the reporting period, the Group has unutilised tax losses carried forward to offset future profits, the utilisation of which will expire in the following years:

	2009	2008
	HK$'000	*HK$'000*
Tax losses to expire in:		
2009	**–**	15,311
2010	**1,499**	10,973
2011	**–**	16,204
2012	**2,927**	13,112
2013	**4,298**	11,478
2014	**1,584**	–
Carried forward indefinitely	**472,252**	431,772
	482,560	498,850

No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profit streams.

43. LOANS FROM MINORITY SHAREHOLDERS

The amounts are unsecured, interest-free and have no fixed repayment terms. The amounts will not be repayable within twelve months from the end of the reporting period and the balances are therefore shown as non-current liabilities.

44. AMOUNT DUE TO AN ASSOCIATE

The amount is unsecured, interest-free and has no fixed repayment terms. The associate has agreed not to demand repayment within twelve months from the end of the reporting period and the balance is therefore shown under non-current liabilities. The amount is carried at amortised cost using effective interest of 5.4% (2008: 5.4%) per annum.

45. AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

The amounts are unsecured, interest-free and have no fixed repayment terms. The amounts will not be repayable within twelve months from the end of the reporting period and the balances are therefore shown as non-current liabilities.

46. SHARE CAPITAL

	Number of shares		**Share capital**	
	2009	2008	**2009**	2008
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000**	1,000,000	**100,000**	100,000
Issued and fully paid:				
At the beginning and the end of the year	**793,124**	793,124	**79,312**	79,312

47. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which include loans from a director, other borrowings, bank loans and structured borrowing disclosed in notes 38 to 41 and equity attributable to owners of the Company, comprising issued capital and reserves.

The directors of the Company review the capital structure periodically. As a part of this review, the management of the Group assesses the annual budget prepared by the treasury department which reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the management of the Group considers the cost of capital and the risks associate with each class of capital. The directors of the Company also balance its overall capital structure through payment of dividends, issue of new shares as well as raise of new debts or the redemption of existing debts.

The Group's overall strategy remains unchanged from prior year.

48. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Held-for-trading investments	**43,975**	28,566
Loans and receivables (including cash and cash equivalents)	**301,054**	373,731
	345,029	402,297
Financial liabilities		
Amortised cost	**438,404**	656,570
Structured borrowing (see below)	**25,345**	53,021
	463,749	709,591

Structured borrowing (note)

	2009 HK$'000	2008 HK$'000
Difference between carrying amount and outstanding principal amount		
At fair value	**25,345**	53,021
Outstanding principal at the end of the reporting period	**(24,960)**	(37,440)
	385	15,581

Note: The change in fair value was mainly due to change in market risk factors. The fair value was provided by the counterparty holding credit risk margin constant. The fair value attributable to change in its credit risk is considered minimal.

48. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies

The Group's major financial instruments include loan and other receivables, other financial assets, debtors, equity investments, pledged bank deposits and bank balances, creditors, bank and other borrowings, structured borrowing and amounts due from/to associates, jointly controlled entities, related company and minority shareholders, and loans from a director and minority shareholders. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

Certain other debtors, bank balances, creditors, bank loans and structured borrowing are denominated in foreign currencies which are different from the functional currency of the group entities and therefore the Group is exposed to currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2009	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
United States dollars	**–**	–	**36,967**	68,668
Renminbi	**5,276**	7,831	**3,452**	7,950

48. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(i) Currency risk (Cont'd)

Sensitivity analysis

The Group is mainly exposed to the currencies of United States dollars and Renminbi.

As United States dollars are pegged with Hong Kong dollars, the currency risk exposure to United States dollars is considered minimal. Hence, no foreign currency sensitivity analysis is disclosed in respect of United States dollars.

As monetary assets and liabilities involved in Renminbi are insignificant, no foreign currency sensitivity analysis in relation to Renminbi is disclosed.

(ii) Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed-rate bank borrowings and fixed rate other borrowings which exposed the Group to fair value interest rate risk. However, management considers that the fair value interest rate risk is minimal as the amount of fixed-rate bank borrowings and fixed rate other borrowings are immaterial.

In respect of the structured borrowing, the repayment amounts are based on the spread rates between 10 years US$-ISDA-Swap Rate and 2 years US$-ISDA-Swap Rate, the entire borrowing is designated as FVTPL as disclosed in note 41. Other than the structured borrowing, loans from a director, amount due to an associate, bank overdrafts, variable-rate bank and other borrowings also expose the Group to cash flow interest rate risk (see notes 35, 37, 38, 39 and 40). Majority of the bank borrowings are at variable-rate and determined by reference to the prevailing market rate.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

48. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

The Group's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period.

For non-derivative financial liabilities including loans from a director, amount due to an associate, bank overdrafts, variable-rate bank and other borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points (2008: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2008: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31st December, 2009 would decrease/increase by HK$1,009,000 (2008: decrease/increase by HK$2,709,000). This is mainly attributable to the Group's exposure to interest rates on its loans from a director, amount due to an associate, bank overdrafts, variable-rate bank and other borrowings.

For structured borrowing, the number of business days in the period for which Spread Rate > -0.05% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

48. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Sensitivity analysis (Cont'd)

If 15 (2008: 15) of business days less in the period for which Spread Rate > -0.05% and all other variables were held constant, the Group's post-tax profit for the year ended 31st December, 2009 would decrease by HK$7,726,000 (2008: decrease by HK$9,210,000). This is mainly attributable to the Group's exposure to interest rates on its structured borrowing.

The Group's sensitivity to interest rates has decreased during the current year mainly due to the decrease in variable rate borrowings.

(iii) Other price risk

The Group is exposed to equity security price risk through its investments in listed held-for-trading investments. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Other price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2008: 10%) higher/lower while all other variables were held constant, the Group's post-tax profit for the year ended 31st December, 2009 would increase/decrease by HK$3,672,000 (2008: increase/decrease by HK$2,385,000) as a result of the changes in fair value of held-for-trading investments.

The other price sensitivity analysis above represents the exposure of the held-for-trading investments at the end of the reporting period only. It may not be representative of the exposure for the year.

48. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk

As at 31st December, 2009, the Group's maximum exposure to credit risk will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade debtors. The Group is exposed to concentration of credit risk as the major customer of the Group is the Government of the HKSAR.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk for bank deposits is limited because the counterparties are banks or financial institutions with high credit ratings.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As at 31st December, 2009, the Group had net current liabilities of HK$11,736,000. Taking into account of the internally generated funds, the presently available banking facilities and the proceeds arising from the disposal of interest in an associate after the end of the reporting period and the availability of marketable securities that can be disposed of, if necessary, the Group will be able to meet its financial obligations when they fall due. As at 31st December, 2009, the Group has available unutilised bank and other borrowings of approximately HK$102,110,000 (2008: HK$14,725,000) and HK$22,284,000 (2008: HK$1,721,000) respectively.

48. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its financial liabilities and obligation under finance lease based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or 3 months or less HK$'000	4-6 months HK$'000	7-12 months HK$'000	2-3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2009 HK$'000
2009								
Non-interest bearing		280,413	4,395	6,500	22,171	17,155	330,634	320,802
Fixed interest rate instruments	8.96	44	44	87	71	–	246	230
Variable interest rate instruments	2.35	38,361	11,288	23,984	46,786	–	120,419	117,372
Obligation under finance lease arrangement	5.70	12	12	23	73	5	125	115
Structured borrowing		–	6,240	6,240	12,480	–	24,960	25,345
		318,830	21,979	36,834	81,581	17,160	476,384	463,864

	Weighted average effective interest rate %	Repayable on demand or 3 months or less HK$'000	4-6 months HK$'000	7-12 months HK$'000	2-3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 31.12.2008 HK$'000
2008								
Non-interest bearing		316,117	932	2,188	25,369	19,593	364,199	354,101
Fixed interest rate instruments	16.40	2,196	44	88	241	–	2,569	2,392
Variable interest rate instruments	2.96	129,751	33,512	104,848	38,027	–	306,138	300,077
Obligation under finance lease arrangement	5.70	11	12	23	94	31	171	154
Structured borrowing		–	6,240	6,240	24,960	–	37,440	53,021
		448,075	40,740	113,387	88,691	19,624	710,517	709,745

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

48. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair value of financial liabilities at FVTPL is estimated with reference to the valuation provided by the counterparty bank.

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

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

48. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value (Cont'd)

	2009			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at FVTPL				
Listed equity securities	**43,975**	–	–	**43,975**
Financial liability at FVTPL				
Structured borrowing	–	–	**25,345**	**25,345**

There were no transfers between Level 1 and 2 nor transfers into or out of Level 3 in current year.

Reconciliation of Level 3 fair value measurements of financial liability

	2009
	HK$'000
Structured borrowing	
At 1st January	**53,021**
Settlements	**(12,480)**
Change in fair value recognised in profit or loss	**(15,196)**
At 31st December	**25,345**

49. SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") was adopted by the Company at the annual general meeting held on 18th September, 2002 to comply with Chapter 17 of the Listing Rules.

The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to the Company and/or its subsidiaries. The participants include any full-time employees, executives or officers and directors (executive and non-executive directors) of the Company and/or any of its subsidiaries.

49. SHARE OPTION SCHEME (Cont'd)

Under the Share Option Scheme and any other schemes of the Company, the total number of shares which may be issued must not in aggregate exceed 10% (the "10% Limit") of the shares in issue as at the date of adoption of the Share Option Scheme less the aggregate of exercised, cancelled and outstanding options. The 10% Limit may be refreshed with the approval of shareholders of the Company. The maximum number of shares may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by shareholders of the Company.

The option period commences on the first anniversary of the commencement date (the date upon which the options are deemed to be granted and accepted) of such options and ends on the fourth anniversary of the commencement date. The option must be held by the participant for a year before it can be exercised. Each participant must pay HK$1 as consideration for the grant of option within 30 days from the date of offer.

The exercise price shall be determined by the directors of the Company, being not less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer; (b) the average of the official closing prices of the shares stated in the Stock Exchange's daily quotation sheets for the 5 business days immediately preceding the date of offer; and (c) the nominal value of the shares.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 18th September, 2002.

During the year ended 31st December, 2007, 6,160,000 share options were granted under the Share Option Scheme to directors and employees for an aggregate consideration of HK$34. At the date of grant, the estimated fair value of the options granted was HK$3,585,000.

The expected volatility was determined by using the historical volatility of the Company's share price over the previous year. The expected life used in the model has been adjusted based on management's best estimate, for the effects of non transferability, exercise restrictive and behavioral considerations.

The Group recognised this fair value over the vesting period (from 9th July, 2007 to 8th July, 2008) as expense for the years ended 31st December, 2008 and 2007.

49. SHARE OPTION SCHEME (Cont'd)

The following table discloses details of the Company's shares options held by the employees (including directors) under the Share Option Scheme and movements in such holdings.

Year ended 31st December, 2009:

			Number of options			
Date of grant	**Exercisable period**	**Exercise price per share** *HK$*	**Outstanding at 1st January, 2009**	**Granted during the year**	**Lapsed during the year**	**Outstanding at 31st December, 2009**
Directors:						
9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	4,620,000	–	(550,000)	**4,070,000**
Employees:						
9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	1,210,000	–	–	**1,210,000**
			5,830,000	–	(550,000)	**5,280,000**
Number of options exercisable at the end of the year						**5,280,000**

Year ended 31st December, 2008:

			Number of options			
Date of grant	Exercisable period	Exercise price per share *HK$*	Outstanding at 1st January, 2008	Granted during the year	Lapsed during the year	Outstanding at 31st December, 2008
Directors:						
9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	4,620,000	–	–	4,620,000
Employees:						
9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	1,390,000	–	(180,000)	1,210,000
			6,010,000	–	(180,000)	5,830,000
Number of options exercisable at the end of the year						5,830,000

50. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receipts:

	2009	2008
	HK$'000	HK$'000
Within one year	100	255
In the second to fifth year inclusive	138	237
	238	492

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	2009	2008
	HK$'000	HK$'000
Within one year	10,236	9,305
In the second to fifth year inclusive	3,607	11,250
	13,843	20,555

Operating lease payments represent rentals receivable/payable by the Group for certain of its office premises. Leases are negotiated for terms ranging from one to three years and rentals are fixed at the time of entering the respective leases.

51. TENDER/PERFORMANCE/RETENTION BONDS

	2009	2008
	HK$'000	*HK$'000*
Outstanding amount for construction contracts	**154,763**	128,230

52. RETIREMENT BENEFITS SCHEMES

The Group operates two MPF Schemes for all eligible employees in the HKSAR. These MPF Schemes are registered with the Mandatory Fund Schemes Authority ("MPFA") in accordance with the Mandatory Provident Fund Schemes Ordinance ("MPF Schemes Ordinance").

The assets of the MPF Schemes are held separately from those of the Group under the control of independent trustees approved by the MPFA.

In addition to the mandatory contributions specified under the MPF Schemes Ordinance, the Group provides additional contributions for certain qualifying employees as specified in the rules of the Group's MPF Schemes. Employees leaving the MPF Schemes prior to stipulated service periods may forfeit part of their benefits relating to the Group's voluntary contributions and these amounts may be applied to reduce future voluntary contributions payable by the Group.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement scheme is to make the specified contributions.

The amount charged to profit or loss of HK$8,109,000 (2008: HK$9,068,000) represents the aggregate retirement benefit scheme contributions for the Group's employees, net of forfeited contributions.

53. RELATED PARTY TRANSACTIONS

Other than set out in note 54(a), the Group entered into the following transactions with related parties during the year:

	Secretarial and management service income		Interest income		Interest expense	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Associates	**771**	19,756	**–**	–	**141**	141
Jointly controlled entities	**–**	–	**–**	66	**–**	–
A shareholder	**–**	–	**–**	–	**–**	404
Related company	**–**	–	**–**	–	**65**	94
A director	**–**	–	**–**	–	**361**	243

During the year ended 31st December, 2008, the Group disposed of its entire interest in a jointly controlled entity to the joint venture partner of the jointly controlled entity at a consideration of HK$9,422,000.

At 31st December, 2009, a director provided personal guarantees amounting to HK$12,500,000 (2008: HK$12,500,000) to several banks to secure the general banking facilities granted to the Group.

The amounts due from/to related parties are set out in the consolidated statement of financial position and notes 33, 37, 38, 43, 44 and 45.

Compensation of key management personnel

	2009	2008
	HK$'000	*HK$'000*
Short-term employee benefits	**17,237**	22,786
Post-employment benefits	**1,158**	1,574
Share-based payments	**–**	844
	18,395	25,204

53. RELATED PARTY TRANSACTIONS (Cont'd)

The emoluments of directors and senior management are determined by the Remuneration Committee with reference to salaries paid by comparable companies, time commitment, and responsibilities of the directors and senior management, employment conditions, and prevailing market conditions.

54. EVENTS AFTER THE REPORTING PERIOD

(a) On 1st December, 2009, the Group entered into a sale and purchase agreement with Road King, pursuant to which the Group will dispose of its entire equity interest of 5.276% in Sunco Property to Road King at a cash consideration of HK$88,310,000. The transaction was completed on 27th January, 2010 and the Group has reported a gain on disposal of approximately HK$8 million. After the disposal, the Group does not hold any direct interests in Sunco Property.

(b) On 10th February, 2010, Build King raised approximately HK$46.6 million before expenses for general working capital of Build King, by way of issuing 310,469,498 offer shares at the subscription price of HK$0.150 per share on the basis of one offer share for every three shares held on 15th January, 2010, the record date of the open offer.

Details of the open offer are set out in the circular of Build King dated 18th January, 2010.

(c) On 25th February, 2010, a wholly owned subsidiary of Build King entered into a sale and purchase agreement ("S&P Agreement") to dispose of its entire interest in China Railway Tenth Group Third Engineering Co., Ltd., an equity joint venture established in the PRC to third parties for a consideration of RMB19,080,000 (equivalent to approximately HK$21,681,000). The completion of the disposal is conditional upon certain conditions as stated in the S&P Agreement. Details of the disposal are set out in Build King's Announcement – Discloseable Transactions dated 25th February, 2010.

(d) Commencing on 16th March, 2010, Excel Concrete Limited, a 75% subsidiary of the Company, leased a land situated at Aberdeen of the HKSAR from the Government of the HKSAR for the purpose of concrete production at a rental of HK$31,800,000 per annum for a term of five years and thereafter quarterly at a rental to be fixed until such time as the tenancy agreement is determined by either party giving at least three calendar months' notice in writing. The Group deposited a sum of HK$23,850,000 with the Government of the HKSAR as a security for the due performance throughout the lease period.

55. PRINCIPAL SUBSIDIARIES

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital*	Effective interest held by the Group 2009 and 2008 %	Principal activities
Build King Holdings Limited *(note a)*	Bermuda/HKSAR	HK$93,140,849	**51.17**	Investment holding, engaged in civil engineering works
Excel Concrete Limited	HKSAR	HK$10,000,000	**75** *(note b)*	Manufacturing and trading of concrete
Kaden Construction Limited	United Kingdom/ HKSAR	GBP16,072,500	**51.17** *(note c)*	Construction and civil engineering
Leader Civil Engineering Corporation Limited	HKSAR	HK$25,200,000 Ordinary shares HK$24,000,000 Non-voting deferred shares	**51.17** *(note c)* **51.17** *(note c)*	Civil engineering
Leader Marine Contractors Limited	HKSAR	HK$200,000	**51.17** *(note c)*	Marine engineering and provision of transportation services
Leader Marine L.L.C.	Sharjah, United Arab Emirates ("U.A.E.")	Dh300,000	**51.17** *(note c)*	Ships and boats rental and shipping services
Leader Marine Cont. L.L.C.	Sharjah, U.A.E.	Dh300,000	**51.17** *(note c)*	First class cont. relating buildings, harbour contracts

55. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital*	Effective interest held by the Group 2009 and 2008 %	Principal activities
Mega Yield International Holdings Limited ("Mega Yield")	HKSAR	HK$25,000,000	**75**	General trading
Shengsi Dayangshan Quarry Co., Ltd. *(note e)*	PRC	US$5,100,000 *	**100**	Production of construction materials
Wai Hing Quarries (China) Limited	HKSAR	HK$2 Ordinary shares	**100**	Production of construction materials
		HK$1,200,000 Non-voting deferred shares	**100**	
Wai Kee China Construction Company Limited	HKSAR	HK$10,000,000	**51.17** *(note c)*	Civil engineering
Wai Kee Quarry Asia Limited	HKSAR	HK$2	**100**	Investment holding
Wai Kee (Zens) Construction & Transportation Company Limited	HKSAR	HK$2 Ordinary shares	**51.17** *(note c)*	Civil engineering
		HK$14,800,000 Non-voting deferred shares	**51.17** *(note c)*	
		HK$5,200,000 Non-voting deferred shares *(note d)*	–	

55. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital*	Effective interest held by the Group 2009 and 2008 %	Principal activities
Wai Kee (Zens) Holding Limited	British Virgin Islands	US$50,000	**100**	Investment holding
Wuxi Qianhui Sewage Treatment Co., Ltd. *(note f)*	PRC	US$5,400,000 *	**48.92** *(note c)*	Sewage treatment
Zhuhai Guishan Seawall Construction Company *(note f)*	PRC	HK$21,000,000 *	**80**	Seawall construction and production of construction materials
惠記環保工程（上海）有限公司 *(note e)*	PRC	US$800,000 *	**51.17** *(note c)*	Environmental engineering

Notes:

(a) The company's shares are listed on the Main Board of the Stock Exchange.

(b) The Group holds the effective interests in the subsidiary through Mega Yield.

(c) The Group holds the effective interests in the subsidiary through Build King.

(d) These deferred shares, which are not held by the Group, practically carry minimal rights to dividends and no rights to receive notice of or to attend or vote at any general meeting of such company. On a winding up, the holders of the deferred shares are entitled to a distribution out of the remaining assets of such company only after the distribution of substantial amounts as specified in the Articles of Associations to holders of ordinary shares of such company.

(e) The companies are foreign owned enterprises registered in the PRC.

(f) The companies are co-operative joint ventures registered in the PRC.

55. PRINCIPAL SUBSIDIARIES (Cont'd)

Except for Wai Kee (Zens) Holding Limited, all subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results of the year or constituted a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

56. SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2009	2008
	HK$'000	*HK$'000*
Investment in subsidiaries	**123,915**	123,915
Amounts due from subsidiaries	**1,609,321**	1,614,963
Other current assets	**655**	1,540
Amounts due to subsidiaries	**(499,113)**	(397,724)
Other current liabilities	**(926)**	(1,012)
Bank loans	**(78,250)**	(167,919)
Structured borrowing	**(25,345)**	(53,021)
	1,130,257	1,120,742
Share capital	**79,312**	79,312
Reserves	**1,050,945**	1,041,430
	1,130,257	1,120,742

RESULTS

	Year ended 31st December,				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Group revenue	595,306	678,236	871,679	837,434	**844,313**
Share of revenue of jointly controlled entities	151,407	383,525	486,452	214,412	**213,071**
Group revenue and share of revenue of jointly controlled entities	746,713	1,061,761	1,358,131	1,051,846	**1,057,384**
Operating profit (loss)	(66,901)	(47,020)	(9,543)	(172,463)	**41,814**
Finance costs	(5,136)	(10,811)	(21,657)	(15,537)	**(8,647)**
Share of results of associates	202,916	285,050	319,874	230,743	**280,586**
Share of results of jointly controlled entities	63,451	26,860	29,045	26,572	**37,869**
Discount on acquisition of additional interest in an associate	24,113	1,323	–	–	**–**
Net (loss) gain on deemed disposal of partial interest in an associate	(7,516)	36,085	23,159	(105)	**(520)**
Discount on deemed acquisition of additional interest in an associate	–	–	–	48,810	**–**
Profit before tax	210,927	291,487	340,878	118,020	**351,102**
Income tax credit (expense)	35	(25,948)	(6,834)	113	**(4,182)**
Profit for the year	210,962	265,539	334,044	118,133	**346,920**
Profit attributable to:					
Owners of the Company	199,891	262,615	328,431	161,392	**315,821**
Minority interests	11,071	2,924	5,613	(43,259)	**31,099**
Profit for the year	210,962	265,539	334,044	118,133	**346,920**

FINANCIAL POSITION

	At 31st December,				
	2005	2006	2007	2008	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	3,122,869	3,602,188	4,145,671	4,445,447	**4,515,006**
Total liabilities	(450,668)	(701,143)	(817,882)	(822,394)	**(526,520)**
	2,672,201	2,901,045	3,327,789	3,623,053	**3,988,486**
Equity attributable to owners of the Company	2,609,812	2,833,449	3,253,050	3,586,076	**3,920,668**
Minority interests	62,389	67,596	74,739	36,977	**67,818**
	2,672,201	2,901,045	3,327,789	3,623,053	**3,988,486**

EXECUTIVE DIRECTORS

ZEN Wei Pao, William *(Chairman)*
ZEN Wei Peu, Derek *(Vice Chairman)*
CHIU Wai Yee, Anriena

NON-EXECUTIVE DIRECTORS

LAM Wai Hon, Patrick
CHU Tat Chi
CHENG Chi Pang, Leslie

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Che Ming, Steve
WAN Siu Kau, Samuel
WONG Man Chung, Francis

AUDIT COMMITTEE

WONG Man Chung, Francis *(Chairman)*
WONG Che Ming, Steve
WAN Siu Kau, Samuel

REMUNERATION COMMITTEE

WAN Siu Kau, Samuel *(Chairman)*
WONG Che Ming, Steve
WONG Man Chung, Francis
ZEN Wei Pao, William
ZEN Wei Peu, Derek

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Richards Butler in association with Reed Smith LLP
Sidley Austin Brown & Wood
Conyers, Dill & Pearman

PRINCIPAL BANKERS

Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited
CITIC Ka Wah Bank Limited
The Bank of East Asia, Limited

COMPANY SECRETARY

CHIU Wai Yee, Anriena

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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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26th Floor, Tesbury Centre
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STOCK CODE

The Stock Exchange of Hong Kong Limited – 610

Wai Kee Holdings Limited