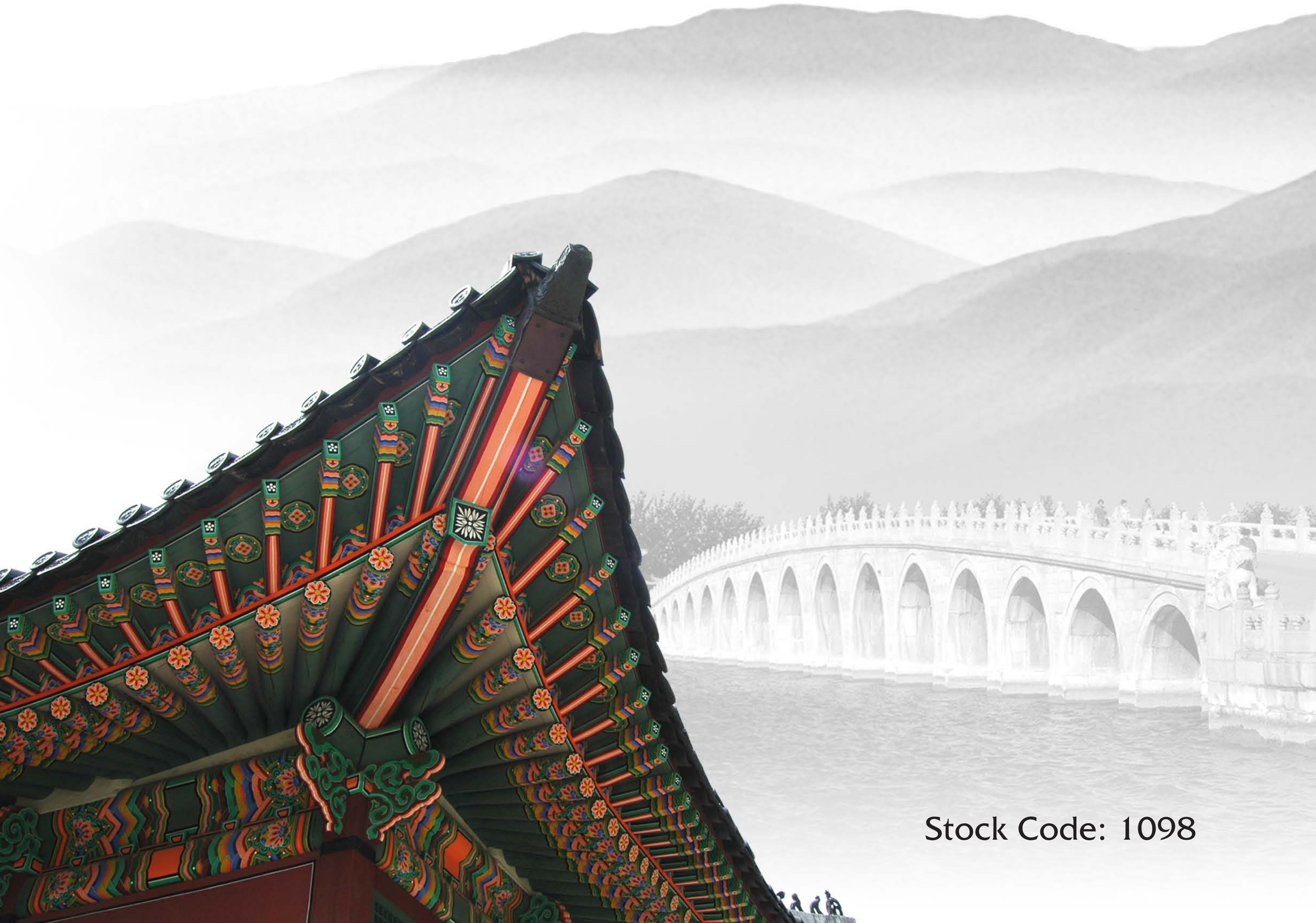
ANNUAL REPORT 2010

Road King



Stock Code: 1098

Corporate Profile

Road King Infrastructure Limited is a leading listed company in Hong Kong with its core business in the investment, development, operation and management of toll roads and property projects in the PRC. Road King has invested in a toll road portfolio of approximately HK$4 billion, comprising 15 toll road and bridge projects spanning approximately 760 kilometres in seven provinces of the PRC. Road King has also invested in a property development portfolio of more than HK$18 billion, comprising 26 major projects with a total GFA of approximately 5.2 million sqm spanning across nine provinces and municipalities in the PRC.

This annual report is printed on recycled paper.

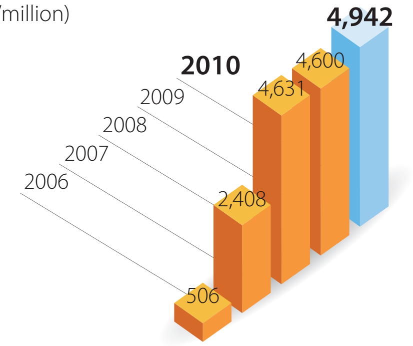
Contents

Financial Highlights

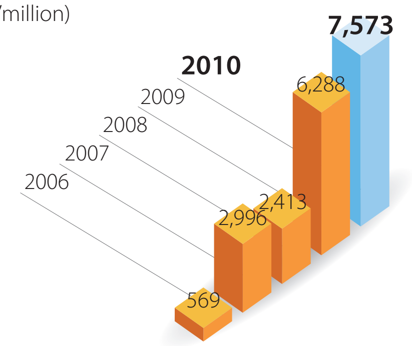
(HK$'million)	**2010**	For the year ended 31 December 2009	2008	2007	2006
Group's share of toll revenue	**803**	1,083	1,699	1,282	1,187
Revenue from property development	**4,942**	4,600	4,631	2,408	506
Contracted sales from property development	**7,573**	6,288	2,413	2,996	569
Cash received from toll road	**751**	539	1,083	767	885
Proceeds received from property development	**7,475**	5,600	2,568	2,598	555
Profit before tax	**1,605**	1,045	1,043	1,209	786
Profit attributable to owners of the Company	**625**	728	656	851	705
Basic earnings per Share (HK$)	**0.84**	0.99	0.87	1.16	1.16
Dividend per Share (HK$)	**0.43**	0.50	0.25	0.52	0.48*
Bank balances and cash	**5,230**	2,887	796	1,859	1,113
Total assets	**27,686**	22,223	20,909	21,428	10,962
Total liabilities	**17,283**	12,190	11,376	12,804	4,184
Equity attributable to owners of the Company	**10,288**	9,852	9,369	8,472	6,778
Net assets per Share attributable to owners of the Company (HK$)	**13.9**	13.3	12.7	11.3	9.8
Net gearing ratio (%)	**32**	34	66	55	30
Net debt to capitalisation ratio (%)	**24**	25	40	35	23

* Special interim dividend is excluded.

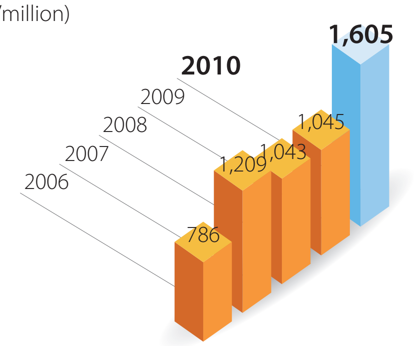
Revenue from property development
(HK$'million)



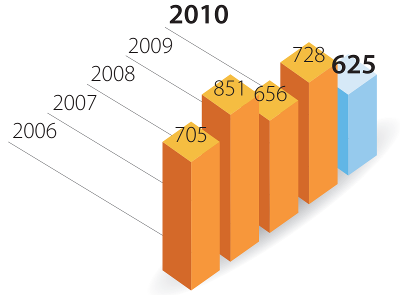
Contracted sales from property development
(HK$'million)



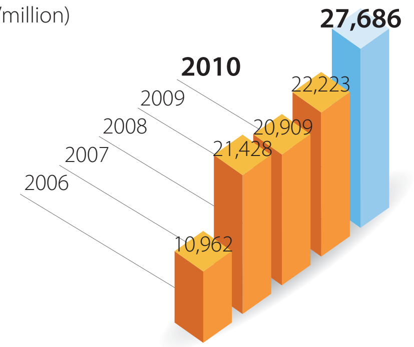
Profit before tax
(HK$'million)



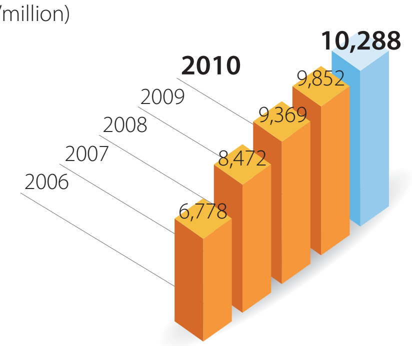
Profit attributable to owners of the Company
(HK$'million)



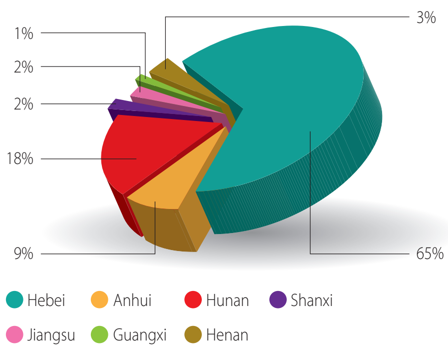
Total assets
(HK$'million)



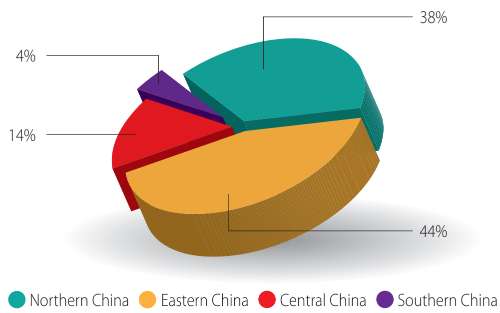
Equity attributable to owners of the Company
(HK$'million)



Revenue contribution of toll road projects in 2010 by location



Revenue contribution of property projects in 2010 by location



Corporate Structure

Road King Infrastructure Limited

TOLL ROAD BUSINESS

HEBEI

Road Rise Investments Limited
- National Expressway G18
  Baoding-Tianjin Expressway

Ontex Investments Limited
Road Base Investments Limited
Road Bond Investments Limited
- National Expressway G25
  Tangshan-Tianjin Expressway

Road Fly Investments Limited
Road Sincere Investments Limited
- National Highway 307
  Shijiazhuang-Jinzhou Highway

GUANGXI

Tonston Investments Limited
- National Highway 324
  Yulin Section

ANHUI

Kohyu Investments Limited
- Provincial Highway 307
  Bengbu Huaihe Bridge Highway

Kamshan Investments Limited
- Provincial Highway 307
  Bengbu Huaiyuan-Mengcheng Highway

Road Harvest Investments Limited
- National Highway 206
  Bengbu Chaoyanglu Huaihe Highway Bridge

Road Keen Investments Limited
Road Success Investments Limited
- National Highway 206
  Hefei-Huainan Highway

Road Giant Investments Limited
Road Mass Investments Limited
Road Team Investments Limited
Road Union Investments Limited
- National Highway 312
  Hefei-Yeji Highway

HUNAN

Road Crown Investments Limited
Road Express Investments Limited
Road Famous Investments Limited
Road Glorious Investments Limited
Road Grand Investments Limited
Road Link Investments Limited
- National Expressway G5513
  Changsha-Yiyang Expressway

JIANGSU

Anwell Investment Limited
- Provincial Highway 343
  Suzhou-Shanghai Hongqiao Airport Highway (Suzhou Section)

SHANXI

Pondtai Investments Limited
- National Highway 108
  Yuci Dongchangshou-Qixian Dongguan Highway

Road Fortune Investments Limited
- Taiyuan-Yuci Highway

Road Gain Investments Limited
- National Highway 108
  Yuci City Bypass

HENAN

Lackson Investments Limited
Longdistance Investments Limited
- National Highway 311 and
  Provincial Highway 103
  Xuchang-Nanyang Highway

PROPERTY BUSINESS

BEIJING

Beijing RK Junyu Properties Developments Ltd.
• Changping Project

Beijing Sunco Land Daxing Real Estate Development Co., Ltd.
• Songs & Sea

Beijing Sunco Land Fengrun Real Estate Development Co., Ltd.
• Blues International Apartments

Beijing Wuyuetian Properties Development Co., Ltd.
• Jianguomen Project

Sunco Land (Beijing) Real Estate Development Co., Ltd.
• Forest Creek

TIANJIN

Tianjin Sunco Rongxin Co., Ltd.
• Leaders of Life

Tianjin Sunco Xindi Property Co., Ltd.
• The Aurora City of Charm

GUANGDONG

Guangzhou Junhua Real Estate Limited
•Liwan Project

Guangzhou Junde Real Estate Limited
Guangzhou Junya Real Estate Limited
• Parkvista

Guangzhou Junyue Real Estate Limited
• Parkrise
• Huadu Project

HEBEI

Hebei Sunco Property Development Co., Ltd.
• Blue County

Hebei RK Properties Developments Ltd.
• International City

SHANDONG

Jinan Shuncheng Real Estate Development Co., Ltd.
• Royal Panorama

Shandong Sunco Rongsheng Land Co., Ltd.
• Unusual Landscape

JIANGSU

Changzhou Great Gallop Properties Developments Ltd.
• Royal City

Changzhou Great Superior Properties Developments Ltd.
• Vista Panorama

Changzhou Greatmind Properties Developments Ltd.
• Grand Metropolis

Suzhou Industrial Park Sunco Land Co., Ltd.
• The Heaven by Lakeside

Suzhou Junyu Properties Ltd.
• Phoenix City

Wuxi RK Liyuan Properties Limited
• Lihu Project

SHANGHAI

Shanghai Juncheng Real Estate Ltd.
• Waigang Project

Shanghai Junxiang Properties Development Co., Ltd.
• Shine June Garden

Shanghai Sunco Fangcheng Property Co., Ltd. (Joint Venture)
• The Riverside

HENAN

Luoyang Sunco Real Estate Development Co., Ltd.
• Sunco Town
• Luoyang 1st Street
• World & City

Zhengzhou Keshu Real Estate Co., Ltd.
• Central Special Zone

HUBEI

Wuhan Nengda Enterprise Development Co., Ltd.
• Palen Villas

ZEN Wei Pao, William
Chairman

Dear Shareholders,

With the encouraging improvement of the property business, performance in 2010 was gratifying.

The profit attributable to the owners of the Company for 2010 was HK$625 million. The Board recommended a final dividend of HK$0.23 per Share. Together with the interim dividend of HK$0.20 per Share, the total dividend for 2010 will be HK$0.43 per Share (2009: HK$0.50 per Share).

The property business of the Group in 2010 was encouraging. Contracted sales in 2010 was HK$7,573 million, representing an increase of 20% over 2009 and gross margin increased significantly from 12% in 2009 to 31% in 2010. During 2010, the Group acquired five pieces of land in Beijing, Shanghai, Guangzhou, Wuxi and Shijiazhuang with a total GFA of 810,000 sqm to secure the long term development.

The toll road business remained stable in 2010. Due to the fact that two major highway projects in Hebei are at the stage where our joint venture partners are receiving a larger share of the returns to recover their investment costs, the performance of the Group's toll road business in 2010 was tarnished to a certain extent.

We believe that the economy of the PRC in 2011 will continue to grow rapidly, which will benefit both our toll road and property businesses. As the Group's property business has entered into the stage of virtuous cycle and can refuel itself, the Group can now allocate more resources in enhancing, investing and developing its toll road business, in particular the expressway projects, in order to maintain its leading position. We believe that the PRC property market is volatile, yet in the long run it will still be growing steadily. The Group will continue to seek for and acquire new land parcels at reasonable prices.

On behalf of the Board, I would like to express our gratitude to all customers, business partners and shareholders, and thank all employees for their dedication and contribution.

Zen Wei Pao, William
Chairman

Hong Kong, 17 March 2011

Chief Executive Officer's Report

KO Yuk Bing
Chief Executive Officer

Dear Shareholders,

Results for 2010

The Group's profit attributable to the owners of the Company for 2010 was HK$625 million (2009: HK$728 million). Earnings per Share for 2010 was HK$0.84 (2009: HK$0.99). The 2009 results had included a gain of HK$579 million from the disposal of two toll road projects (including Jihe Expressway (Eastern Section)). Deducting the aforesaid gain, the profit after tax increased by 319% in 2010, mainly due to the significant improvement of the property business.

Toll Road Business

In 2010, total traffic volume and toll revenue of the Group's existing toll road projects were 90 million vehicles and RMB1,959 million, representing an increase of 11% and 4% respectively over 2009.

Due to the fact that two major expressway projects in Hebei are at the stage where our joint venture partners are receiving a larger portion of the returns to recover their investment costs, the performance of the Group's toll road business in 2010 was tarnished to a certain extent. It is anticipated that starting from 2013 the partners would have recovered their investment costs, therefore the Group's entitlement in the return of the projects will gradually increase in accordance with the joint venture agreements.

In order to optimise the value of its toll road portfolio, in 2010, the Group, via the joint ventures, disposed of Hanguan Highway located in Hebei Province and a portion of Heye Highway located in Hefei, Anhui Province.

The Group has put in additional effort in securing new expressway projects in 2010. To this end, the Group has reached consensus with certain business partners to acquire the operating rights of two expressways in the Shanxi and Henan provinces, and is currently establishing a joint venture enterprise in preparation for completing the acquisition of the expressway project in the Shanxi Province.

Property Business

As discussed in last year's annual report, the Group's property business in 2010 improved significantly. Contracted sales in 2010 amounted to HK$7,573 million, representing an increase of 20% over 2009. Revenue generated from the delivery of properties was HK$4,942 million, representing an increase of 7% over 2009, and a net profit of HK$482 million was realised.

In 2010, the Group, through public tenders and auctions, successfully acquired four pieces of residential and commercial land with a total GFA of 610,000 sqm. These projects are located in Liwan District of Guangzhou, Changping District of Beijing, Jiading District of Shanghai and Binhu District of Wuxi, all of which satisfied the investment return and cash flow requirements as well as the development plans of the Group. Apart from these, the Group also completed the acquisition of the International City project located in Shijiazhuang, Hebei in June 2010, adding another 200,000 sqm to the Group's total GFA.

With the coordination of the Tianjin Municipal Government, in August 2010, the Group withdrew the lawsuit against the former major shareholders of Sunco Real Estate in Hong Kong. The relevant claims will be resolved through mediation by the Tianjin Municipal Government. The information of relevant claims is currently under review.

Prospects

The Group expects that the rapid economic growth and increase in personal disposable income in the PRC will continue to benefit the Group's business in 2011.

With respect to the toll road business, the Group will continue to identify and invest in appropriate expressway projects in the next few years, in order to optimise and improve the Group's portfolio and the return thereof.

For the property business, we believe that with the dedicated integration and enhancement arrangements undertaken in the past few years, the management team has been polished to become one of the leading teams in the industry, and the operations have entered into a virtuous cycle whereby the business will provide a gratifying return to the Group in the foreseeable future. Through further improvement in the quality of the products, the competence of the staff teams and the recognition of the brand, the Group is committed to realise the hidden value as well as the profitability of the existing projects. Meanwhile, the Group will continue to identify suitable land to make the property business much stronger.

Acknowledgement

I hereby express my sincere gratitude to all of our trustworthy, hardworking and creative staff, the Group's most valuable asset, for their effort and contribution in the past year, and thanks to our customers, business partners and shareholders for their enduring support.

Ko Yuk Bing
Chief Executive Officer

Hong Kong, 17 March 2011

Major Awards

The Group

- Operation Integrity Enterprise in China 2010
  <Chinese Academy of Management Science/Ministry of Commerce Credit Rating and Certification Centre>
- Top Ten Integrity Brand in China 2010
  <Chinese Academy of Management Science/Ministry of Commerce Credit Rating and Certification Centre>
- Responsible Brand Real Estate in 2010 – RK Properties
  <2010 Eleventh China Real Estate Development Annual Meeting/Soufun>
- Social Contribution Enterprise Award in 2010
  <21st Century Business Herald/ BOAO • 21st Century Real Estate Forum>
- BOAO • 21st Century Real Estate Forum – Person of the Decade Award (Zen Wei Pao, William)
  <21st Century Business Herald/ BOAO • 21st Century Real Estate Forum>
- 2010 Best Quality Real Estate
  <CRIC/Sina House>
- Top 50 Property Developers in China 2011 – RK Properties Holdings Limited
  <China Real Estate Research Association/China Real Estate Association/China Real Estate Appraisal>
- Top 10 Foreign Property Developers in China 2011 – RK Properties Holdings Limited
  <China Real Estate Research Association/China Real Estate Association/China Real Estate Appraisal>

Toll Road Business

- Advanced Group in 2010
  <Expressway Management Bureau, Hebei Province>
- Four-Star Toll Station
  <Expressway Management Bureau, Hebei Province>

Property Business

- China Green Healthy Residence – Blue County
  <China Real Estate Association>
- 2010 Shijiazhuang Liveable Communities – International City Phase 4
  <The International Awards for Liveable Communities (Hebei Section) Organising Committee>
- 2010 Best Living Environment Properties – Forest & Valley Villa
  <Soufun>

Major Projects Information

At 31 December 2010

Toll Road Business

Project		Location	Route	Project description	Length kilometres	Equity interest %
T1	Baojin Expressway	Hebei Province	Baoding-Tianjin	– National Expressway G18 – 4-lane	105	40
T2	Tangjin Expressway	Hebei Province	Tangshan-Tianjin	– National Expressway G25 – 4/6-lane	58	45
T3	Shijin Highway	Hebei Province	Shijiazhuang-Jinzhou	– National Highway 307 – Class I/II Highway – 2/4-lane	40	60
T4	Bengbu Huaimeng Highway	Anhui Province	Bengbu Huaiyuan-Mengcheng	– Provincial Highway 307 – Super Class II Highway – 4-lane	59	35
T5	Hehuai Highway	Anhui Province	Hefei-Huainan	– National Highway 206 – Super Class II Highway – 4-lane	90	60
T6	Heye Highway	Anhui Province	Hefei-Yeji	– National Highway 312 – Class I Highway – 4/6-lane	99	50
T7	Bengbu Huaihe Bridge Highway	Anhui Province	Bengbu Huaihe Bridge	– Provincial Highway 307 – Super Class II Highway and Cable-stayed Bridge – 4-lane	21	35
T8	Chaoyanglu Huaihe Bridge	Anhui Province	Bengbu Chaoyanglu Huaihe Highway Bridge	– National Highway 206 – Continuous Rigid Frame Structure – 4-lane	2	35
T9	Changyi Expressway	Hunan Province	Changsha-Yiyang	– National Expressway G5513 – 4-lane	69	43
T10	Taiyu Highway	Shanxi Province	Taiyuan-Yuci	– Super Class I Highway – 4/6-lane	17	65
T11	Yuci City Bypass	Shanxi Province	Yuci City Bypass	– National Highway 108 – Class I Highway – 4-lane	17	65
T12	Dongguan Highway	Shanxi Province	Yuci Dongchangshou-Qixian Dongguan	– National Highway 108 – Class I Highway – 4-lane	38	65
T13	Suzhou Shanghai Airport Highway	Jiangsu Province	Suzhou-Shanghai Hongqiao Airport (Suzhou Section)	– Provincial Highway 343 – Super Class II Highway – 4-lane	53	50
T14	Yulin Highway	Guangxi Zhuang Autonomous Region	Yulin Section	– National Highway 324 – Class I Highway – 4/6-lane	11	70
T15	Xunan Highway	Henan Province	Xuchang-Nanyang	– National Highway 311 and Provincial Highway 103 – Class I Highway – 4-lane	80	50

Property Business

Project		Location	Target completion	Stage of completion	Nature	Land area	Attributable floor area	Approximate attributable interest
				(Note 1)		Thousands sqm	Thousands sqm	%
P1	Songs & Sea	Beijing	2012	F/S/C	Residential & Commercial	309	101	94.74
P2	Forest Creek	Beijing	2009	C	Residential	361	4	94.74
P3	Jianguomen Project	Beijing	2013	M	Commercial	11	31	100.00
P4	Changping Project	Beijing	2014	M	Residential & Commercial	108	237	100.00
P5	Shine June Garden	Shanghai	2013	F/S/C	Residential	133	168	100.00
P6	The Riverside	Shanghai	2013	P/F/S/C	Residential & Commercial	315	36	29.84
P7	Waigang Project	Shanghai	2014	M	Residential & Commercial	133	73	55.00
P8	Parkvista Phase II	Guangzhou	2009	C	Residential & Commercial	7	10	100.00
P9	Huadu Project	Guangzhou	2014	P	Residential & Commercial	134	268	100.00
P10	Liwan Project	Guangzhou	2013	M	Residential & Commercial	35	105	100.00
P11	The Aurora City of Charm (formerly known as Sun Town)	Tianjin	2015	R/P/F/S/C	Residential & Commercial	820	477	94.74
P12	Leaders by Life (formerly known as Mountain My Life)	Tianjin	2015	P/S/C	Residential & Commercial	327	184	94.74
P13	Phoenix City	Suzhou	2016	P/F/S/C	Residential & Commercial	860	1,162	100.00
P14	The Heaven by Lakeside	Suzhou	2009	C	Residential & Commercial	164	2	94.74
P15	Royal City	Changzhou	2015	P/F/S/C	Residential & Commercial	487	573	100.00
P16	Vista Panorama	Changzhou	2013	F/S/C	Residential & Commercial	127	288	100.00
P17	Grand Metropolis (Note 2)	Changzhou	2012	S/C	Commercial	67	121	100.00
P18	Blue County	Shijiazhuang	2011	S/C	Residential	91	57	94.74
P19	International City Phase 4	Shijiazhuang	2013	P/F/S	Residential	80	200	100.00
P20	Unusual Landscape	Qingdao	2015	P/F/S/C	Residential & Commercial	249	190	94.74
P21	Royal Panorama	Jinan	2014	P/F/S/C	Residential & Commercial	177	244	94.74
P22	Central Special Zone	Zhengzhou	2014	P/F/S/C	Residential & Commercial	219	222	94.74
P23	Sunco Town	Luoyang	2013	P/F/S/C	Residential & Commercial	111	183	94.74
P24	World & City	Luoyang	2012	P/F/S/C	Residential & Commercial	76	82	94.74
P25	Palen Villas	Wuhan	2011	S/C	Residential & Commercial	172	24	94.74
P26	Lihu Project	Wuxi	2015	M	Residential & Commercial	88	194	100.00

Notes:

1. "M" denotes "Master planning";
   "R" denotes "Relocation";
   "P" denotes "Planning and design";
   "F" denotes "Foundation";
   "S" denotes "Superstructure"; and
   "C" denotes "Completed".

2. This project is held as investment properties.

Paving a better journey with passion

TOLL ROAD PROJECTS

EXPRESSWAYS


Baojin Expressway


Changyi Expressway


Tangjin Expressway

HIGHWAYS


Chaoyanglu Huaihe Bridge


Dongguan Highway


Hehuai Highway


Heye Highway


Shijin Highway


Suzhou Shanghai Airport Highway


Xunan Highway


Yulin Highway

Paving a better journey with passion

TOLL ROAD BUSINESS

Economic and Operating Environment in 2010

Macro-economic and Transportation Environment

In 2010, driven by the stable economic growth in the PRC, the toll road business maintained a strong growth momentum. The PRC Government continued to encourage and promote domestic consumption. As a result, in addition to direct investment, domestic consumption started to become another important driving force of GDP growth. Increase in disposable income of urban and rural residents continued and is expected to accelerate in 2011.

Increased disposable income and rapid city development have increased the demand of domestic transportation. In addition, the government's stimulus policy to boost the auto industry and the recovery of economy have further contributed to the substantial increase in passenger transport volume in 2010.

Import and export started to recover in the second half of 2010. Rising domestic consumption and commodity prices are expected to cause freight transport to resume to its level before the global financial crisis in 2008.

Operating Environment in Toll Road Business

In 2010, the PRC Government extended its agricultural products green channel policy to cover a broader varieties of fresh agricultural products. Vehicle transportation which carries qualified fresh agricultural products were exempted from toll charges via using the "green channel" toll road network. The impact to our toll road business was limited as the number of qualified vehicles was minimal.

After the introduction of weight based tolling standard, the provincial government is reviewing its effect. The collapse of an expressway viaduct section in Tianjin City led to the launching of a series of "Anti-overloading campaign" and the acceleration of major repair and maintenance works. These measures will inevitably affect the performance of some of our toll roads temporarily. In long run, reduced number of overloading vehicles will not only minimise damage to the highways, but will also increase freight trucks traffic for goods transportation. Considering this mitigating factor, the above-mentioned policy will bring benefits to our toll road business.

In the last quarter of 2010, Anhui Province increased toll road tariff in expressways and highways. In light of this, adjustments on tariff in other provinces are also expected. The rise of interest rate to manage inflation and the increased operating and maintenance costs have given local government pressure to increase tariff in order to ease its financial burden on repayment of its infrastructure loans. This is a positive sign to the performance of our portfolio.

Traffic Volume and Toll Revenue

	Project	AADT 2010	Change	Annual toll revenue 2010	Change
			%	RMB'million	%
	Hebei Province				
T1	Baojin Expressway	39,859	40	704	15
T2	Tangjin Expressway	33,598	12	527	-10
T3	Shijin Highway	13,038	-1	27	-38
	Hanguan Highway*@	6,107	N/A	10	N/A
	Anhui Province				
T4	Bengbu Huaimeng Highway	4,130	-42	9	-42
T5	Hehuai Highway	5,786	-10	25	-3
T6	Heye Highway@	27,384	15	100	22
T7	Bengbu Huaihe Bridge Highway	22,192	31	40	-6
T8	Chaoyanglu Huaihe Bridge	16,263	54	12	-23
	Hunan Province				
T9	Changyi Expressway	30,425	12	346	18
	Shanxi Province				
T10	Taiyu Highway	5,629	-17	12	-4
T11	Yuci City Bypass	8,441	8	12	29
T12	Dongguan Highway	8,460	14	19	21
	Jiangsu Province				
T13	Suzhou Shanghai Airport Highway	5,838	11	30	0
	Guangxi Zhuang Autonomous Region				
T14	Yulin Highway	6,696	6	17	56
	Henan Province				
T15	Xunan Highway	12,621	3	69	1

* The operation right in Hanguan Highway was disposed in November 2010.

@ The total proceeds shared by the Group for the disposal of the operation right in Hanguan Highway and a portion of Heye Highway was RMB214 million.

Performance of Expressways

Baojin Expressway

Baojin Expressway is part of National Truck Highway System (NTHS, 7918 Network) G18 Yongcheng–Wuhai Expressway. It serves as the main corridor connecting Shijiazhuang, Hebei Province, Tianjin Port and the Bohai region.

In 2010, Baojin Expressway achieved a high record of total toll revenue of approximately RMB704 million, representing an increase of 15% from 2009. The Expressway benefited from the repair programme on the parallelled National 112 Highway and the improved road condition after its major repair completed in 2009. Diversion of local traffic, with mainly small passenger cars, from National 112 Highway contributed to the drastic increase of traffic in Baojin Expressway in 2010. After the completion of repair programme on National 112 Highway, the traffic volume of Baojin Expressway is expected to resume to its normal level.

In the long run, the project will further be benefited from the western extension of Baojin Expressway to Shanxi Province, together with the substantial potential of economic growth in Tianjin and Bohai region.

Tangjin Expressway

Tangjin Expressway is part of NTHS G25 Changchun–Shenzhen Expressway. It connects Tianjin, the northeast provinces, and southern China. It also serves as the eastern outer ring road of Tangshan City.

In 2010, the implementation of the anti-overloading campaign in Tianjin City further affected the transportation pattern. Although truck traffic increased, the weight per truck and the revenue per truck had reduced. Besides, during the major repair and maintenance on the Beijing-Shenyang Expressway and Jintang Expressway (Tianjin portion), heavy trucks were diverted to other Expressways and nearby roads in the region. Therefore, it reduced the distance of heavy trucks travelling on the Tangjin Expressway and thus its revenue. With the above effects, Tangjin Expressway achieved a total toll revenue of approximately RMB527 million in 2010, a decrease of 10% from 2009, while traffic increased by 12%.

The performance of the expressway recovered after the aforesaid diversion programme. In the fourth quarter of 2010, toll revenue reached RMB165 million, representing a growth of approximately 24% from the same period of 2009. The project has a bright prospect as it will be benefited from the economic development in the Tangshan Port region, particularly in Caofeidian Industrial Zone.

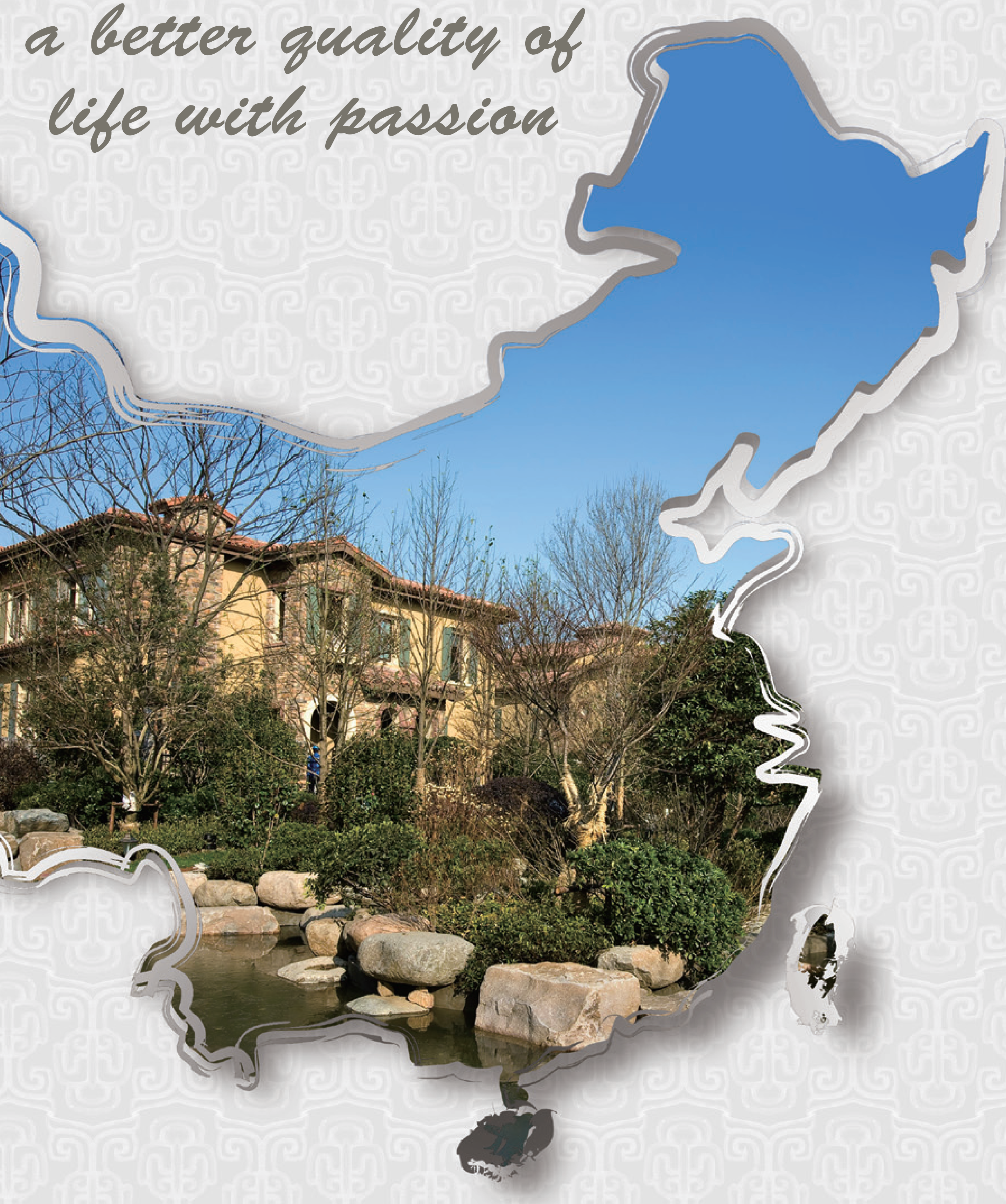
Changyi Expressway

Changyi Expressway is part of NTHS G5513 Changsha–Changde Expressway. It serves as the western entrance to Changsha, the capital city of Hunan Province, and connects with Zhangjiajie, one of the most popular scenery spots in the PRC.

In 2009, to align with the development of Changsha City, the joint venture company signed an agreement with the state-owned Changsha Pilot Investment Holdings Co., Ltd for the relocation of Changsha West toll station (formerly known as Yuelu toll station). Toll revenue increased by 18% in 2010, thanks to the completion of widening and improvement works in the 14 kilometres connecting portion to Changsha West toll station.

The toll revenue is expected to increase further after the implementation of weight-based tolling in the first half of 2011.

Constructing a better quality of life with passion



PROPERTY PROJECTS

RESIDENTIAL


Songs & Sea, Beijing


Shine June Garden, Shanghai


Forest & Valley Villa, Suzhou


Royal City, Changzhou

路勁地產
RK Properties
Constructing a better quality of life with passion


Huadu, Guangzhou


Royal Panorama, Jinan


The Aurora City of Charm, Tianjin

COMMERCIAL


Grand Metropolis, Changzhou

NEW PROJECTS


International City, Shijiazhuang


Liwan, Guangzhou


Changping, Beijing


Waigang, Shanghai


Lihu, Wuxi

Be a credible property developer

PROPERTY BUSINESS

Overview

According to National Bureau of Statistics of China, the national sales value and area of properties for 2010 were RMB5,250 billion and 1,043 million sqm respectively, representing an increase of 18% and 10% over 2009. In order to control excessive growth of property prices, the Chinese government introduced additional austerity measures against the property market since 2010. Even if these measures had certain impacts on some of our property projects, the 2010 results of our property business was encouraging.

Set out below is an analysis of the Group's contracted sales and delivered properties (excluding car parking spaces) by region in 2010:

Contracted Sales:

Region	**Amount**	**GFA**
	RMB'million	sqm
Northern China	2,390	249,000
Eastern China	2,794	308,000
Central China	868	154,000
Southern China	283	16,000
Total	6,335	727,000

Properties Delivered:

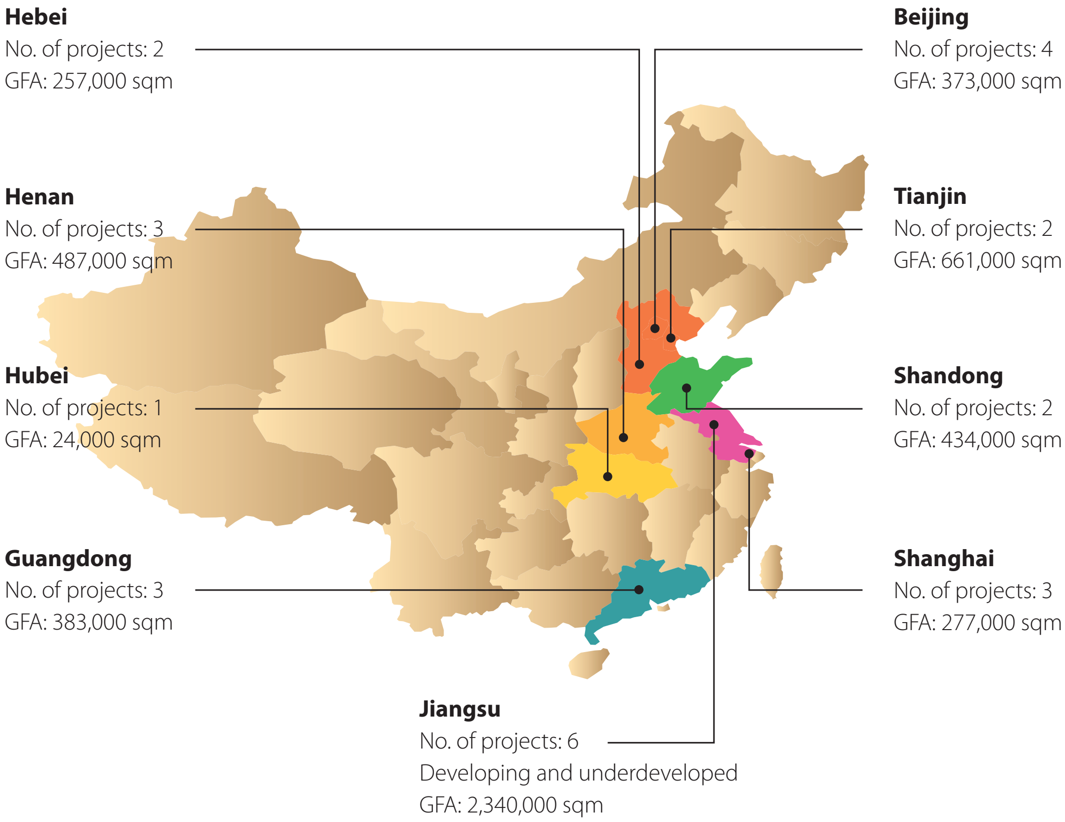
Region	**Amount**	**GFA**
	RMB'million	sqm
Northern China	1,697	198,000
Eastern China	1,547	162,000
Central China	502	98,000
Southern China	628	36,000
Total	4,374	494,000

For the year ended 31 December 2010, construction of a GFA of 950,000 sqm had been commenced whereas completed properties in the year 2010 was 390,000 sqm. It is expected that the GFA for new construction and completion in the year 2011 are 1,797,000 sqm and 945,000 sqm respectively.

Landbank

The Group's landbank includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2010, the Group's landbank approximately amounted to 5.2 million sqm of GFA located in nine provinces and municipalities, namely Beijing, Shanghai, Tianjin, Hebei, Henan, Shandong, Hubei, Jiangsu and Guangdong.

The diagram below sets out the locations and attributable area of the major projects of the Group as at 31 December 2010:



Overview of Major Projects

Beijing – Songs & Sea

The Project is located in Daxing District, Beijing with a site area and GFA of 309,000 sqm and 482,000 sqm respectively. As at 31 December 2010, out of nine phases, the Group has delivered six phases with a total GFA of 313,000 sqm. The Project comprises high-rise residential buildings, a 38,000 sqm artificial lake, a 17,000 sqm commercial complex and a 2,000 sqm clubhouse. In addition, 北京十一建華實驗幼稚園 (Beijing National Jianhua Experimental Kindergarten) has been established in the Project.

In 2010, Songs & Sea's contracted sales was RMB543 million, achieving an average selling price of over RMB17,200 per sqm, representing an increment of 76% over that of 2009. In 2010, the Group delivered properties of RMB516 million with an area of 38,000 sqm and prepares to deliver 37,000 sqm in 2011, of which a half has already been pre-sold in 2010. Phase 8 of Songs & Sea will be available for sale and the total saleable GFA for the Project is 36,000 sqm in 2011.

Tianjin – The Aurora City of Charm

Located in Tianjin Hedong District, The Aurora City of Charm is a part of Tianjin Sun Town Project. According to the municipal plan, Tianjin Metro's Shaliu Road Station of Line 2 and Line 7 will be situated next to this Project, while one of the stations will be an interchange of Line 2 and Line 7. The Project's site area is 820,000 sqm with a GFA of 1,153,000 sqm and comprises eight phases of low-rise and high-rise residential buildings, coupled with a 30,000 sqm commercial complex, a 8,000 sqm clubhouse as well as one primary school and one kindergarten.

In 2010, The Aurora City of Charm's contracted sales was RMB262 million, with an average selling price of more than RMB11,800 per sqm. The sale of a new phase of residential property of The Aurora City of Charm is to be launched and the total saleable GFA for the Project is 82,000 sqm in 2011.

Jinan – Royal Panorama

The Project, which comprises five development phases, is located in Huaiyin District, Jinan with a site area and GFA of 177,000 sqm and 325,000 sqm respectively. As at 31 December 2010, Phase 1 has been completed and delivered with a total GFA of 58,000 sqm. The Project comprises high-rise residential buildings and service apartments, coupled with 16,000 sqm retail shops, a 20,000 sqm scenic forest garden and one kindergarten.

In 2010, Royal Panorama's contracted sales was RMB435 million, achieving an average selling price of more than RMB7,900 per sqm, representing an increment of 35% over that of 2009. In 2010, the Group delivered properties of RMB347 million with an area of 58,000 sqm and prepares to deliver 55,000 sqm in 2011, 94% of which was already pre-sold as of 31 December 2010. Phases 3 of the Project will be available for sale and the total saleable GFA for the Project is 78,000 sqm in 2011.

Shanghai – Shine June Garden

The Project, which comprises four development phases, is located in Jiading District, Shanghai near to Metro's Nanxiang Station of Line 11 with a site area and GFA of 133,000 sqm and 217,000 sqm respectively. As at 31 December 2010, the Group has delivered two phases with a total GFA of 45,000 sqm. The Project comprises semi-detached villas and high-rise residential buildings, coupled with 2,000 sqm of clubhouse.

In 2010, Shine June Garden's contracted sales amounted to RMB733 million, achieving an average selling price of more than RMB12,800 per sqm for high rise residential buildings and RMB20,400 per sqm for semi-detached villas, representing an increment of 10% and 50% respectively over that of 2009. The Group delivered properties of RMB613 million with an area of 45,000 sqm in 2010 and prepares to deliver 69,000 sqm in 2011, 65% of which has already been pre-sold as of 31 December 2010. Phase 3 and 4 of the Project will be available for sale and the total saleable GFA for the Project is 48,000 sqm in 2011.

Suzhou – Phoenix City

The Project is located in Suzhou Industrial Park with a site area and GFA of 860,000 sqm and 1,560,000 sqm respectively. The Project comprises three major developments, namely Phoenix City Garden, i-Zone and Forest & Valley Villa. The development of Phoenix City Garden with a GFA of 325,000 sqm has already been completed and delivered. i-Zone focuses on high-rise residential buildings, targeting the middle-class customers within the district. Forest & Valley Villa comprises semi-detached villas and high-rise residential buildings. The Group plans to develop it as a high-end residential area. With Shetong River on its south, Forest & Valley Villa enjoys a 788-metre riverside. Phoenix City is designed to develop 100,000 sqm commercial street, a 10,000 sqm clubhouse, one primary school and three kindergartens, out of which 北大附中為明實驗幼稚園蘇州園 (Weiming Kindergarten of the Affiliated High School of Peking University) has commenced operation.

In 2010, i-Zone's contracted sales was RMB555 million, achieving an average selling price of around RMB8,500 per sqm, representing an increment of 30% over that of 2009. The Group plans to deliver 99,000 sqm in 2011, all of which have already been pre-sold as of 31 December 2010. Phase 3 of i-Zone will be available for sale and the total saleable GFA is 85,000 sqm in 2011.

The sales of Forest & Valley Villa has also been commenced in 2010, with contracted sales of RMB218 million, achieving an average selling price of RMB16,400 per sqm. The Group delivered properties of RMB119 million with an area of 7,200 sqm in 2010. For 2011, the Group prepares to delivery 21,000 sqm and is going to launch the sales of Phase 2. The total saleable GFA is 29,000 sqm in 2011.

Changzhou – Royal City

Located in Wujin District, Changzhou, Royal City is an eight-phase project with a site area and GFA of 487,000 sqm, and 872,000 sqm respectively. As at 31 December 2010, the development of the first two phases with a total GFA of 264,000 sqm has been completed and delivered. The Project comprises villas, low-rise and high-rise residential buildings. The Group has positioned the Project as a "sports neighbourhood" with a 16,000 sqm artificial lake and a 15,000 sqm golf driving range. The Project also includes a 5,000 sqm clubhouse consisting of an indoor swimming pool, tennis courts, 16,000 sqm shops and one kindergarten.

Royal City's contracted sales in 2010 amounted to RMB649 million, achieving an average selling price of more than RMB6,800 per sqm, representing an increase of 30% over that of 2009. In 2010, the Group delivered properties of RMB417 million with an area of 70,000 sqm and prepares to deliver 55,000 sqm in 2011, 64% of which has already been pre-sold as of 31 December 2010. Phases 4 and 5 of the Project will be available for sale and the total saleable GFA for the Project is 109,000 sqm in 2011.

Changzhou – Vista Panorama

The Project is located in Wujin District, Changzhou, next to the Group's investment property, Grand Metropolis, with a site area and GFA of 127,000 sqm and 395,000 sqm respectively. With a total of three phases, the Group has completed the development of Phase 1 and delivered a total GFA of 101,000 sqm as at 31 December 2010. The Project focuses on high-rise residential buildings, coupled with a 4,000 sqm clubhouse.

In 2010, Vista Panorama's contracted sales amounted to RMB383 million, achieving an average selling price of more than RMB6,500 per sqm, up by 30% over 2009. The Group plans to deliver 151,000 sqm in 2011, all of which have already been pre-sold as of 31 December 2010. Phase 3 of the Project will be available for sale and the total saleable GFA for the Project is 57,000 sqm in 2011.

Zhengzhou – Central Special Zone

The Project is a four-phase development located in Zhengzhou New District with a site area and GFA of 219,000 sqm and 551,000 sqm respectively. At as 31 December 2010, a GFA of 311,000 sqm has been completed and delivered. Phases 1 to 3 of the Project focus on high-rise residential buildings, coupled with 37,000 sqm retail shops whereas Phase 4 consists of commercial street and office buildings.

In 2010, Central Special Zone's contracted sales was RMB488 million, achieving an average selling price of over RMB7,000 per sqm, representing an increment of 37% over that of 2009. In 2010, the Group delivered properties of RMB357 million with an area of 56,000 sqm and plans to deliver 32,000 sqm in 2011, all of which have already been pre-sold as of 31 December 2010. Phases 3 and 4 will be available for sale and the total saleable GFA for the Project is 70,000 sqm in 2011.

New Projects

Shijiazhuang – International City

The Group acquired International City in June 2010. The Project is located in Yuhua District, Shijiazhuang with a site area and GFA of 297,000 sqm and 614,000 sqm respectively. As of the date of completion of the acquisition, the GFA available for future development was 200,000 sqm. The Project comprises low rise and high rise residential buildings, coupled with 31,000 sqm retail shops and a 8,000 sqm clubhouse.

As International City is a project under development, the Group achieved contracted sales amounted to RMB288 million, with an average selling price of over RMB8,900 per sqm in 2010. The Group prepares to deliver 45,000 sqm in 2011, of which 70% has already been pre-sold as of 31 December 2010. The Group continues to launch the sales of Phase 4 and the total saleable GFA for the Project is 40,000 sqm in 2011.

Guangzhou – Liwan Project

The Group acquired a piece of land in Liwan District, Guangzhou through public auction in September 2010. This is a two-phase project with a site area and GFA of 35,000 sqm and 105,000 sqm respectively. The eastern and northern sides of the land are facing the Gehua River while the Kuilian Ecological Zone is just across the River. The Project focuses on high-rise residential buildings.

The construction is scheduled to commence in the second quarter of 2011.

Beijing – Changping Project

The Group acquired a piece of land in Changping District, Beijing through public auction in December 2010. The Project has a site area of 108,000 sqm, with a GFA of 237,000 sqm, and is expected to be developed in three phases. The Project comprises boutique apartments, SOHO (i.e. Small Office Home Office) and service apartments to be developed above the metro station.

The construction will commence in the second quarter of 2011 and the sales of Phase 1 will be launched in the third quarter of 2011.

Wuxi – Lihu Project

The Group acquired a piece of land in Binhu District, Wuxi through public auction in December 2010. This is a three-phase project with a site area and GFA of 88,000 sqm and 194,000 sqm respectively. The Project is located in Taihu Lake Tourist Resort Area, adjacent to the planned Metro's Yinxiu Road Station of Line 4. Attributed to its beautiful environment and convenient transportation, the district is a burgeoning upscale residential area of Wuxi. Therefore, the Project is positioned as high-end residential with distinctive semi-detached villas and high-rise residential buildings as its main products.

It is expected that the construction will commence in the third quarter of 2011.

Shanghai – Waigang Project

The Group acquired a piece of land in Jiading District, Shanghai through public auction in December 2010, together with 上海國際汽車城新安亭聯合發展有限公司 and 上海外岡房地產經營有限公司, where the Group owns 55% of the Project. The Project is a three-phase semi-detached villas development with a site area of 133,000 sqm and GFA of 133,000 sqm respectively. The Project is adjacent to The Riverside, one of our low density villa property projects.

It is expected that the construction will commence in the third quarter of 2011.

Investment Property

Changzhou – Grand Metropolis

The Project is located in Wujin District, Changzhou next to the Vista Panorama Project with a site area and GFA of 67,000 sqm and 121,000 sqm respectively. With a total of two phases, the Group has completed the Phase 1 of the development with a total GFA of 26,000 sqm and leased to the well-known supermarket chain, RT-Mart. The GFA of Phase 2 is 95,000 sqm, comprising a commercial complex, commercial street and an office building and is expected to be delivered at the end of 2011. The Group has entered into a tenancy agreement with 廣州金逸影視集團有限公司 (Guangzhou Jinyi Film Group Ltd.), of which 8,000 sqm will be occupied as a cinema.

Disputes in connection with Sunco Property

With the coordination of the Tianjin Municipal Government, in August 2010, the Group withdrew the lawsuit against the former major shareholders of Sunco Real Estate in Hong Kong. The relevant claim will be resolved through mediation by the Tianjin Municipal Government. The information of relevant claims is currently under review.

Outlook

In 2011, the Group anticipates the PRC government will continue to implement austerity measures against the property industry. Since we implement prudent investment strategy and adopt cautious management model, the measures are not expected to have a significant impact on the Group's operations. In 2011, the Group will continue to acquire new pieces of land, should there be appropriate opportunities which are in line with the target return and our development strategies, in order to ensure the Group's long-term development in the property development business.

FINANCIAL REVIEW

Consolidated Income Statement

The table below extracts major items from consolidated income statement of the Group for each of the two years ended 31 December 2010 and 31 December 2009.

	For the year ended 31 December	
	2010	2009
	HK$'million	HK$'million
Revenue	**4,942**	4,600
Gross profit	**1,544**	539
Gross profit ratio	***31%***	*12%*
Interest and other income/expenses, net	**360**	583
Selling and operating expenses	**(575)**	(487)
Share of results of joint ventures	**391**	514
Finance costs	**(115)**	(104)
Profit before taxation	**1,605**	1,045
Income tax expenses	**(972)**	(302)
Profit after taxation	**633**	743
Non-controlling interests	**(8)**	(15)
Profit attributable to owners of the Company	**625**	728

Revenue

Despite the PRC government imposed several austerity measures in April and September 2010 in order to regulate property speculation activities in the mainland market, the Group still managed to achieve a higher average selling price and deliver contracted sales as scheduled. As a result, the Group's revenue for 2010 increased by 7% as compared with that of 2009.

Gross Profit ratio

The average selling prices and gross profit ratio of the properties delivered during the year improved significantly as a result of the satisfactory contracted sales performance in the second half of 2009 and 2010. The low gross profit margin in the first half of 2009 was mainly due to the disappointing market sentiment in 2008 and the adoption of the price cutting measures to accelerate the sale of slow moving stock developed prior to the acquisition of Sunco Property.

Interest and other income/expenses, net

The drop, as compared with that of 2009, was mainly attributable to the gain of HK$579 million on the disposals of two toll road projects, including Jihe Expressway (Eastern Section) recognised in 2009. Excluding the effect of the gain on disposal, the increase of the 2010 balance included mainly the increase in fair value of investment properties and exchange gain but offset by the provision of impairment losses for several Class I/II highway projects.

Selling and operating expenses

The increase in selling and operating expenses in 2010 was mainly due to the increase in promotion and advertising activities relating to the increase in contracted sales of property development projects and the increase in legal and professional fees incurred for financing activities.

Share of results of joint ventures

The drop in the share of results of joint ventures in 2010 was mainly due to the loss of contribution from Jihe Expressway (Eastern Section) since its disposal in the second half of 2009 as well as, in accordance with the agreements, a larger sharing ratio enjoyed by our business partners for two expressways in Hebei.

Finance costs

The slight increase in finance costs was mainly attributable to the additional interests as incurred by the new senior notes issued in the second half of 2010.

Income tax expenses

The income tax expenses mainly comprised profit tax as well as land appreciation tax. The increase in income tax expenses for 2010 was mainly attributable to the increase in the delivery of higher margin properties and the improvement in the overall profit margin.

Consolidated Statement of Financial Position

The table below summarises the major items of the consolidated statement of financial position of the Group as at 31 December 2010 and 31 December 2009.

	At 31 December	
	2010	2009
	HK$'million	HK$'million
Non-current assets		
– Interests in joint ventures	**3,855**	4,358
– Other non-current assets	**892**	985
	4,747	5,343
Current assets		
– Inventory of properties (including prepayment for land leases)	**16,280**	13,175
– Bank balances and cash	**5,230**	2,887
– Other current assets	**1,429**	818
	22,939	16,880
Current liabilities		
– Deposits from pre-sale of properties	**(5,214)**	(2,904)
– Bank and other borrowings – due within one year	**(3,003)**	(1,201)
– Other current liabilities	**(3,095)**	(2,732)
	(11,312)	(6,837)
Non-current liabilities	**(5,970)**	(5,354)
Total equity	**10,404**	10,032

Interests in joint ventures

Interests in joint ventures mainly represent our interests in the joint ventures relating to our toll road business. The drop in balance was mainly attributable by the receipt of dividends from the joint ventures and the provision of impairment losses on the investment in several Class I/II highway projects.

Other non-current assets

The other non-current assets mainly comprised the investment properties and the long term receivables. Details of which are set out in notes 18 and 22 to the consolidated financial statements respectively.

Inventory of properties (including prepayment for land leases)

The increase of the balances was mainly due to the payments of land premium of several pieces of newly acquired land as well as the acquisition of International City project in Shijiazhuang.

Bank balances and cash

The increase in balance was mainly due to the issue of the US$350 million guaranteed senior notes as well as the increase in the deposits received for pre-sale of properties in 2010.

Other current assets

The increase in other current assets was mainly attributable by the tender deposits for several pieces of land and a toll road project. This was accelerated by the increase in prepaid business tax for the pre-sold properties.

Deposits from pre-sale of properties

The surge of deposits from pre-sale of properties was caused by the increase in pre-sale of properties in 2010. The total area pre-sold yet to be delivered increased to 712,000 sqm at 31 December 2010 from 460,000 sqm at the end of 2009.

Bank and other borrowings

The total bank and other borrowings increased from HK$6,401 million as at 31 December 2009 to HK$8,690 million as at 31 December 2010, which was mainly due to the issue of the US$350 million guaranteed senior notes in September 2010.

Liquidity and Financial Resources

As at 31 December 2010, the equity attributable to the owners of the Company increased to HK$10,288 million (2009: HK$9,852 million). The increase was mainly attributable to the profit generated during the year but offset by the dividends payment. Net assets per Share attributable to the owners of the Company increased to HK$13.9 (2009: HK$13.3).

As at 31 December 2010, the Group's total assets were HK$27,686 million (2009: HK$22,223 million) and bank balances and cash were HK$5,230 million (2009: HK$2,887 million), of which 65% was denominated in Renminbi and the remaining 35% was mainly denominated in US dollars or HK dollars.

Financing Activities

In order to refinance the existing borrowings and indebtedness and make new investments, the Group had issued US$350 million and RMB1,300 million fixed rate guaranteed senior notes in September 2010 and February 2011 respectively.

Debt and Gearing

The gross gearing ratio, representing the interest bearing borrowings to the equity attributable to the owners of the Company, increased from 65% at the end of 2009 to 84% at 31 December 2010, which was caused by the issue of the US$350 million 9.5% fixed rate guaranteed senior notes in September 2010. As soon as the repayment obligations are met in 2011 as scheduled, the gross gearing ratio should be gradually reduced. In fact, the net gearing ratio, representing the difference of Group's total interest bearing borrowings and the bank balances and cash (including pledged bank deposits) to the owners' equity of the Company, reduced slightly from 34% at the end of 2009 to 32% as at 31 December 2010. Interest coverage was 17.6 times (2009: 13.9 times).

As at 31 December 2010, the Group's total borrowings were HK$8,690 million (2009: HK$6,401 million). The maturity profile of the Group's total borrowings is set out as follows:

	At 31 December	
	2010	2009
	HK$'million	HK$'million
Repayable:		
Within one year	**3,003**	1,201
After one year but within two years	**1,510**	2,081
After two years but within five years	**4,177**	3,119
Total borrowings	**8,690**	6,401

The Group's borrowings were largely denominated in US dollars. Other than the US$200 million 6.25% fixed rate guaranteed notes due 2011, the US$200 million 7.625% fixed rate senior notes due 2014 and the US$350 million 9.5% fixed rate guaranteed senior notes due 2015, the Group's borrowings were mainly on a floating rate basis.

Financing and Treasury Policies

The Group continues to adopt prudent financing and treasury policies. The entire Group's financing and treasury activities are centrally managed and controlled. Implementation of the Group's policies is made under collective but extensive considerations on liquidity risk, interest rate risk and exchange rate risk.

Charges on Assets

As at 31 December 2010, bank balances of HK$190 million (2009: HK$207 million) were pledged as security in favour of banks for mortgage facilities granted to customers of the Group's property projects and short-term credit facilities granted to the Group. In addition to these charged bank deposits, properties valued at HK$1,322 million (2009: HK$3,745 million) and the shares of certain subsidiaries were pledged as securities for certain loan facilities.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in US dollars but its cash flow is generated from projects whose earnings were denominated principally in Renminbi. As a result, the Group is exposed to foreign currency risk on the fluctuation of US dollars.

The Group's exposure to interest rate risk results from fluctuation in interest rates for its borrowings denominated in Renminbi and US dollars. The one-year interest rate for Renminbi borrowings increased slightly from 531 basis points at the end of 2009 to 581 basis points at the end of 2010, while the London Interbank Offered Rate for US dollars dropped from 98 basis points at the end of 2009 to 78 basis points at the end of 2010. The Directors consider that the monetary policies implemented by the PRC and the US governments will continue to have a major impact on the Group's results and operations.

Save for the aforesaid, the Group has no significant exposure to foreign exchange risk and interest rate risk. The Group continues to monitor its exposure to these risks closely and may arrange hedging against the risks exposed when necessary and appropriate.

Contingent Liabilities

As at 31 December 2010, the Group provided guarantees of HK$4,490 million in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. The guarantees would be released when the customers pledge their building ownership certificates as securities to the banks for the mortgage loans granted.

Employees

Excluding the staff of joint ventures, the Group had 1,540 employees as at 31 December 2010. Expenditure on staff (excluding Directors' emoluments and share based payments) amounted to HK$258 million. Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover, training programs and a share option scheme. During the year, 15,110,000 share options were granted to the Directors and employees under the Company's share option scheme adopted in May 2003.

PROSPECTS

The Group expects that the rapid economic growth and increase in personal disposable income in the PRC will continue to benefit the Group's business in 2011.

With respect to the toll road business, the Group will continue to identify and invest in appropriate expressway projects in the next few years, in order to optimise and improve the Group's portfolio and the return thereof.

For the property business, we believe that with the dedicated integration and enhancement arrangements undertaken in the past few years, the management team has been polished to become one of the leading teams in the industry, and the operations have entered into a virtuous cycle whereby the business will provide a gratifying return to the Group in the foreseeable future. Through further improvement in the quality of the products, the competence of the staff teams and the recognition of the brand, the Group is committed to realise the hidden value as well as the profitability of the existing projects. Meanwhile, the Group will continue to identify suitable land to make the property business much stronger.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zen Wei Pao, William

(aged 63, Chairman)

Mr. Zen has been the Chairman of the Company since its establishment. He is also the Chairman of Wai Kee *(HK stock code: 610)*, the controlling shareholder of the Company. Mr. Zen holds a Bachelor of Science degree and a Master of Business Administration degree. He is a member of both The Hong Kong Institution of Engineers and The Institute of Quarrying, the United Kingdom. He has extensive experience in civil engineering, construction material, and infrastructure and property development in Hong Kong, Taiwan and the PRC. He is the brother of Mr. Zen Wei Peu, Derek and the father of Mr. Zen Chung Hei, Hayley.

Mr. Ko Yuk Bing

(aged 55, Deputy Chairman, Managing Director and Chief Executive Officer)

Mr. Ko joined the Company in early 1995. He holds a Master of Science degree in Engineering. He is a Chartered Engineer and a fellow of the Institution of Civil Engineers, the United Kingdom, The Institution of Structural Engineers, the United Kingdom and The Hong Kong Institution of Engineers. Mr. Ko has extensive experience in infrastructure development in Hong Kong and the PRC, and has over 21 years of experience in business development and operation in the PRC.

Mr. Chan Kam Hung

(aged 52, Chief Operating Officer)

Mr. Chan has been appointed as an Executive Director of the Company since July 2002. He is also an Independent Non-executive Director of China Metal Recycling (Holdings) Limited *(HK stock code: 773)*. He holds a Bachelor of Economics degree from the University of Sydney. He is a Chartered Accountant of Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 30 years of auditing, accounting and corporate management experience. Prior to joining the Company, he held senior corporate management positions in several multi-national companies and listed companies in Hong Kong.

Mr. Fong Shiu Leung, Keter

(aged 48, Finance Director)

Mr. Fong has been appointed as an Executive Director of the Company since July 2000. He holds a Bachelor of Arts degree in Accountancy. He is a Certified Practising Accountant in Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. He has over 25 years of experience in auditing, accounting and business advisory profession. Prior to joining the Company, he was an audit principal of an international accounting firm.

Mr. Zen Wei Peu, Derek

(aged 58)

Mr. Zen has been a Director of the Company since its establishment. He is also the Vice Chairman of Wai Kee *(HK stock code: 610)* and the Chairman of Build King Holdings Limited ("Build King") *(HK stock code: 240)*. He holds a Bachelor of Science degree in Engineering and a Master of Business Administration degree. He is a Chartered Engineer, a member of the Institution of Civil Engineers, the United Kingdom and a fellow of The Institute of Quarrying, the United Kingdom. Mr. Zen has over 35 years of experience in civil engineering industry. He is the brother of Mr. Zen Wei Pao, William and the uncle of Mr. Zen Chung Hei, Hayley.

NON-EXECUTIVE DIRECTORS

Mr. Guo Limin

(aged 48)

Mr. Guo has been appointed as a Non-executive Director of the Company since October 2009. He is the Chairman of Shum Yip Holdings Company Limited ("Shum Yip") and Shenzhen Investment Limited ("Shenzhen Investment") *(HK stock code: 604)* and a Non-executive Director of Ping An Insurance (Group) Company of China, Ltd. *(HK stock code: 2318)* and Coastal Greenland Limited ("Coastal") *(HK stock code: 1124)*. Mr. Guo holds a Bachelor degree in Chemical Engineering of Beijing Institute of Chemical Industry and a Master degree in International Business of Hunan University. He has over 20 years of experience in administrative management.

Mr. Xu Ruxin

(aged 57)

Mr. Xu has been appointed as a Non-executive Director of the Company since December 2009. He is the President of Shum Yip, an Executive Director and the President of Shenzhen Investment *(HK stock code: 604)* and a Non-executive Director of Coastal *(HK stock code: 1124)*. Mr. Xu holds a Master degree in Economics from Guangdong Academy of Social Sciences and is a Senior Engineer. He has over 20 years of experience in architectural technology, property development as well as corporate management.

Mr. Lam Wai Hon, Patrick

(aged 48)

Mr. Lam has been appointed as a Non-executive Director of the Company since May 2010. He is the Assistant General Manager of New World Development Company Limited *(HK stock code: 17)* and an Executive Director of NWS Holdings Limited *(HK stock code: 659)* and a Non-executive Director of Wai Kee *(HK stock code: 610)*. Mr. Lam is also a Director of Guangdong Baolihua New Energy Stock Co., Ltd. *(Shenzhen stock code: 000690)*, a listed company in the PRC and an Executive Director of Hong Kong Convention and Exhibition Centre (Management) Limited. Moreover, he was a Non-executive Director of Build King *(HK stock code: 240)* and Haitong International Securities Group Limited (formerly known as Taifook Securities Group Limited) *(HK stock code: 665)* up to his resignation on 24 October 2008 and 13 January 2010 respectively. 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, the United Kingdom. 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. Prior to joining the New World Group, Mr. Lam worked for an international accounting firm.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Shiu Kee, Stephen

(aged 62)

Mr. Chow has been appointed as an Independent Non-executive Director of the Company since April 1996. He is a partner of the solicitors firm of Messrs. Wong Poon Chan Law & Co. Mr. Chow holds a Bachelor of Arts degree and a Master of Law degree from The University of Hong Kong. He is a solicitor admitted to practise in Hong Kong and also a Notary Public and a China Appointed Attesting Officer by Ministry of Justice of the PRC. Mr. Chow is the Chairman of Appeal Tribunal (Buildings) and a member of Appeal Panel (Housing).

Mr. Lau Sai Yung

(aged 63)

Mr. Lau has been appointed as an Independent Non-executive Director of the Company since August 2004. He is the sole-proprietor of Lau SY & Co., Certified Public Accountants, the Executive Chairman of Union Alpha CPA Limited, the Director of Union Alpha CAAP Certified Public Accountants Limited, a council member and an Honorary Fellow of The Chinese University of Hong Kong and also holds honorary positions in various schools, charitable and non-profit-making organisations. He holds a Bachelor degree in Business Administration from The Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a fellow of the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Accountants in England and Wales, The Taxation Institute of Hong Kong, The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom, and a member of The Society of Chinese Accountants and Auditors, Hong Kong. Mr. Lau has over 35 years of experience in the profession of accounting.

Dr. Chow Ming Kuen, Joseph

(aged 69)

Dr. Chow, *OBE, JP*, has been appointed as an Independent Non-executive Director since April 2008. He is the Chairman of Joseph Chow and Partners Limited, a firm of independent civil and structural consulting engineers. He is also the Chairman and Independent Non-executive Director of PYI Corporation Limited *(HK stock code: 498)*, an Independent Non-executive Director of Chevalier International Holdings Limited *(HK stock code: 25)*, Harbour Centre Development Limited *(HK stock code: 51)* and Build King *(HK stock code: 240)*. Dr. Chow is a civil and structural engineer by profession. He is a fellow of The Hong Kong Institution of Engineers, the Institution of Civil Engineers and The Institution of Structural Engineers. Dr. Chow is the Chairman of the Hong Kong Construction Workers Registration Authority and a Hon. Senior Superintendent of the Hong Kong Auxiliary Police Force. Dr. Chow previously served as President of the Hong Kong Institution of Engineers, Chairman of Hong Kong Engineers' Registration Board, Hong Kong Examinations and Assessment Authority, Pamela Youde Nethersole Eastern Hospital and the Hong Kong Country Club.

SENIOR MANAGEMENT

Ms. Chuk Wing Suet, Josephine

(aged 39)

Ms. Chuk, joined the Group in 1994, is a Deputy Chief Operating Officer of the Group and a Director of RK Properties Holdings Limited. She is responsible for the property development projects in Eastern China including Changzhou, Suzhou and Shanghai. She holds a Bachelor of Social Science degree and a Master of Business Administration degree. Ms. Chuk has over 17 years of experience in business investment, operation, development and promotion in Hong Kong and the PRC.

Mr. Yu Kam Fat, James

(aged 55)

Mr. Yu, joined the Group in 1998, is a Deputy Chief Operating Officer of the Group responsible for Toll Road Division. He holds a Bachelor and a Master of Science degree in Civil Engineering. He is a Chartered Engineer, the United Kingdom, a member of The Association of Professional Engineers of Ontario, Canada, The Institution of Civil Engineers, the United Kingdom, The Institution of Structural Engineers, the United Kingdom, The Chartered Institution of Highways and Transportation, the United Kingdom and a fellow of The Hong Kong Institution of Engineers. Mr. Yu is also a Registered Structural Engineer, Hong Kong and a Registered Professional Engineer, Hong Kong. He has over 31 years of experience in civil engineering and project management.

Mr. Wang Hao

(aged 40)

Mr. Wang, joined the Group in 2007, is the Deputy Chief Executive Officer of the Property Division responsible for property development projects in Northern China - Beijing and Tianjin. Mr. Wang is also a Director of RK Properties Holdings Limited. He holds a Bachelor and a Master of Structural Engineering degree. Mr. Wang has over 15 years of experience in engineering, corporate management and credit control. He was the Chief Financial Officer and the Chief Executive Officer of the Sunco Property group.

Mr. Zen Chung Hei, Hayley

(aged 36)

Mr. Zen, joined the Group in 2006, is a Director of RK Properties Holdings Limited. Mr. Zen is newly appointed as a Deputy Chief Operating Officer of the Group and responsible for the property development projects in Wuxi and Central China, including Zhengzhou, Luoyang and Wuhan. Prior to that, Mr. Zen was the Chief Financial Officer of the Property Division. He holds a Bachelor of Commerce degree in Accounting, a Bachelor of Science degree in Computer Science and a Master of Business Administration degree. He is a member of both the Hong Kong Institute of Certified Public Accountants and the New Zealand Institute of Chartered Accountants. Mr. Zen has 15 years experience in finance, accounting, business investment and development in the United States, Hong Kong and the PRC. He is the son of Mr. Zen Wei Pao, William and the nephew of Mr. Zen Wei Peu, Derek.

SENIOR MANAGEMENT (continued)

Mr. Anthony Chu

(aged 47)

Mr. Chu, joined the Group in 2010, is an Associate Director of the Group and manages the design process of the Property Division. He holds a Bachelor of Architecture degree and a Bachelor of Arts in Architecture degree. He is a member of Architects Registration Board, Hong Kong, Hong Kong Institute of Architects and Royal Institute of British Architects. He has over 22 years of experience in design in real estate industry. Prior to joining the Group, Mr. Chu worked in architectural firms for 14 years and in well-known developers for eight years.

Mr. Leung Chin Wan

(aged 56)

Mr. Leung, joined the Group in 1997, is the Engineering Director of the Property Division. He holds a Master of Science degree in Engineering. He is a member of The Hong Kong Institution of Engineers. Mr. Leung has over 32 years of experience in civil engineering with more than 22 years of experience in the PRC project management.

Ms. Diao Lu, Amy

(aged 36)

Ms. Diao, joined the Group in 2007, is the Human Resources Director of the Group. She holds a Bachelor of International Finance degree and is a tutor of a finance course of National School of Development at Peking University. Ms. Diao has over 13 years of experience in human resources management, corporate communication and public affairs, including experience in managerial positions for Fortune 500 multinational companies. She was the General Manager of Human Resources and External Affairs of the Sunco Property group.

Mr. Liu Han

(aged 39)

Mr. Liu, joined the Group in 2007, is the General Manager of the property development projects in Changzhou. He holds a Bachelor of Economics degree, is a Registered Senior Structural Engineer and has over 13 years of experience in property development and management in the PRC. He was the Deputy Chief Executive Officer of the Sunco Property group.

Mr. Zhang Nan

(aged 38)

Mr. Zhang, joined the Group in 2007, is the General Manager of the property development projects in Suzhou. He holds a Bachelor of Engineering Management degree and an Executive Master of Business Administration degree, and is a Registered Costing Engineer in the PRC. Mr. Zhang has over 15 years of experience in property development and management in the PRC involving more than 20 property projects in the PRC including residential and commercial office buildings. He was the General Manager of the property projects in Zhengzhou and Luoyang of the Sunco Property group.

SENIOR MANAGEMENT (continued)

Mr. Lee Tak Fai, Kennedy

(aged 45)

Mr. Lee, joined the Group in 2007, is the Financial Controller of the Group. He holds a Bachelor of Social Science degree from the University of Hong Kong. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He has 20 years of experience in accounting, assurance and business advisory services. Prior to joining the Group, Mr. Lee worked for a number of international accounting firms during the period from 1990 to 2003 and was previously the financial controller and the assistant general manager of the corporate finance department of several companies listed on the main board of the Stock Exchange.

Mr. Li Jian Jun

(aged 43)

Mr. Li, joined the Group in 1999, is the General Manager of the Toll Road Division. He holds a Bachelor of Financial Accountancy degree and a Master of Business Administration degree. Mr. Li is a Registered Accountant in the PRC and has over 11 years of experience in toll road operation in the PRC. Prior to joining the Group, he had over seven years of experience in financial and accounting management both in the PRC and overseas.

Directors' Report

The Directors present herewith the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2010.

Principal Activities

The Company acts as an investment holding company. The principal activities of the Group, including the infrastructure joint ventures, are the investment in, development, operation and management of toll roads and property projects in the PRC. Details of the Group's principal subsidiaries and joint ventures are set out in notes 41 and 19 to the consolidated financial statements respectively.

Major Suppliers and Customers

The aggregate amount of purchases and turnover attributable to the Group's five largest suppliers and customers were less than 30% of the total value of the Group's purchases and turnover respectively.

Results and Appropriations

The results of the Group for the year ended 31 December 2010 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages A-3 and A-4 respectively.

An interim dividend of HK$0.20 per Share amounting to HK$148 million was paid to the shareholders of the Company in September 2010.

The Directors recommend the payment of a final dividend of HK$0.23 per Share to the shareholders of the Company on the register of members on 25 May 2011 amounting to approximately HK$171 million subject to the approval by the shareholders of the Company at the forthcoming annual general meeting ("AGM"). It is expected that final dividend will be paid on or before 15 June 2011.

Closure of Register of Members

The register of members of the Company will be closed from Thursday, 19 May 2011 to Wednesday, 25 May 2011, both days inclusive, during which period no transfer of Shares will be registered for the purpose of determining entitlement to the proposed final dividend.

In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 18 May 2011.

Share Capital and Share Options

Details of the movements during the year in the share capital and share options of the Company are set out in notes 27 and 28 to the consolidated financial statements respectively.

Reserves

Movements during the year in the reserves of the Group are set out in the consolidated statement of changes in equity on page A-7 of this annual report.

Distributable Reserves of the Company

The Company's reserves available for distribution to the shareholders of the Company as at 31 December 2010 were as follows:

	2010	2009
	HK$'000	HK$'000
Contributed surplus	**1,348,042**	1,348,042
Retained profits	**1,976,979**	1,099,299
	3,325,021	2,447,341

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution to the shareholders of the Company. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

(i) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

Property, Plant and Equipment

Details of movements during the year in the property, plant and equipment of the Group are set out in note 17 to the consolidated financial statements.

Investment Properties

Details of movements during the year in the investment properties of the Group are set out in note 18 to the consolidated financial statements and the particulars of the properties are shown under the section of Major Projects Information.

Properties under Development for Sale

Particulars of these properties of the Group are shown under the section of Major Projects Information.

Bank and Other Borrowings

Particulars of bank and other borrowings of the Group are set out in note 29 to the consolidated financial statements.

Retirement Benefit Plans

Particulars of the retirement benefit plans of the Group are set out in note 34 to the consolidated financial statements.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page A-86 of this annual report.

Directors and Directors' Service Contracts

The Directors during the year and up to the date of this annual report are:

Executive Directors:
Zen Wei Pao, William *(Chairman)*
Ko Yuk Bing *(Deputy Chairman, Managing Director and Chief Executive Officer)*
Chan Kam Hung *(Chief Operating Officer)*
Fong Shiu Leung, Keter *(Finance Director)*
Zen Wei Peu, Derek

Non-executive Directors:
Guo Limin
Xu Ruxin
Lam Wai Hon, Patrick (appointed on 24 May 2010)

Independent Non-executive Directors:
Chow Shiu Kee, Stephen
Lau Sai Yung
Chow Ming Kuen, Joseph

Pursuant to Bye-law 86(2) of the Company's Bye-laws, Mr. Lam Wai Hon, Patrick, who was appointed as a Non-executive Director by the Board on 24 May 2010, will retire from office at the forthcoming AGM. He, being eligible, will offer himself for re-election at the forthcoming AGM.

In accordance with Bye-law 87 of the Company's Bye-laws, Messrs. Zen Wei Pao, William, Ko Yuk Bing, Zen Wei Peu, Derek and Chow Shiu Kee, Stephen will retire by rotation at the forthcoming AGM. All the retiring Directors, being eligible, will offer themselves for re-election at the forthcoming AGM.

A service contract dated 17 March 2011 was entered into between Mr. Ko Yuk Bing and the Company for a term of three years commencing from 1 April 2011, which is terminable by either party with six months' written notice or by Mr. Ko Yuk Bing with three months' payment in lieu of notice. In the case of termination (other than summary dismissal) or non-renewal of the service contract by the Company, Mr. Ko Yuk Bing will be entitled to an amount equal to twelve months' salary.

Directors and Directors' Service Contracts (continued)

Save as disclosed above, none of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Contracts of Significance

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

Competing Interests

Interests of the Directors in competing businesses as at 31 December 2010 required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Name of Director	Name of entity	Description of principal activities	Nature of interest of the Director in the entity
Guo Limin	Shenzhen Investment and its subsidiaries	Property development, investment and management	Director
Xu Ruxin	Shenzhen Investment and its subsidiaries	Property development, investment and management	Director
Lam Wai Hon, Patrick	NWS Holdings Limited and its subsidiaries	Toll road and infrastructure	Director

As the above-mentioned entities do not have significant influence on the Board, the Group is therefore capable of carrying on its business independently of, and at arm's length from, the business of these entities.

Disclosure of Interests

Directors' Interests and Short Positions

As at 31 December 2010, the interests and short positions of the Directors 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")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(I) Shares

Name of Director	Capacity/ nature of interest	Number of Shares held		Percentage of holding
		Long position	Short position	% (Note 3)
Zen Wei Pao, William	Personal	4,324,000 (Note 1)	–	0.58
		6,400,000 (Note 2)	–	0.86
Ko Yuk Bing	Personal	910,000 (Note 1)	–	0.12
		5,900,000 (Note 2)	–	0.80
Chan Kam Hung	Personal	1,000,000 (Note 1)	–	0.13
		4,300,000 (Note 2)	–	0.58
Fong Shiu Leung, Keter	Personal	790,000 (Note 1)	–	0.11
		3,900,000 (Note 2)	–	0.53
Zen Wei Peu, Derek	Personal	6,053,000 (Note 1)	–	0.82
		3,150,000 (Note 2)	–	0.42
Guo Limin	Personal	150,000 (Note 2)	–	0.02
Xu Ruxin	Personal	150,000 (Note 2)	–	0.02
Chow Shiu Kee, Stephen	Personal	461,000 (Note 1)	–	0.06
		500,000 (Note 2)	–	0.07
Lau Sai Yung	Personal	305,000 (Note 1)	–	0.04
		500,000 (Note 2)	–	0.07
Chow Ming Kuen, Joseph	Personal	150,000 (Note 2)	–	0.02

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 pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to the Directors are included in this category, the particulars of which are set out in (II) below.

3. The percentage was calculated based on 741,934,566 Shares in issue as at 31 December 2010.

(II) Underlying Shares — Share Options

The share option scheme was adopted by the Company on 12 May 2003. Particulars of the share option scheme are set out in note 28 to the consolidated financial statements.

A summary of movements during the year under the share option scheme was as follows:

		Number of share options					
Name	Issue	Balance at 01.01.2010	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31.12.2010	Weighted average closing price HK$ (Note 5)
Directors							
Zen Wei Pao, William	Note 1	1,000,000	–	(1,000,000)	–	–	6.27
	Note 2	2,500,000	–	–	–	2,500,000	–
	Note 3	2,500,000	–	–	–	2,500,000	–
	Note 4	–	1,400,000	–	–	1,400,000	–
Ko Yuk Bing	Note 1	500,000	–	(500,000)	–	–	6.77
	Note 2	2,300,000	–	–	–	2,300,000	–
	Note 3	2,300,000	–	–	–	2,300,000	–
	Note 4	–	1,300,000	–	–	1,300,000	–
Chan Kam Hung	Note 2	1,800,000	–	–	–	1,800,000	–
	Note 3	1,600,000	–	–	–	1,600,000	–
	Note 4	–	900,000	–	–	900,000	–
Fong Shiu Leung, Keter	Note 1	700,000	–	(700,000)	–	–	6.88
	Note 2	1,400,000	–	–	–	1,400,000	–
	Note 3	1,600,000	–	–	–	1,600,000	–
	Note 4	–	900,000	–	–	900,000	–
Zen Wei Peu, Derek	Note 2	800,000	–	–	–	800,000	–
	Note 3	1,500,000	–	–	–	1,500,000	–
	Note 4	–	850,000	–	–	850,000	–
Guo Limin	Note 4	–	150,000	–	–	150,000	–
Xu Ruxin	Note 4	–	150,000	–	–	150,000	–
Hu Aimin*	Note 2	250,000	–	–	(250,000)	–	–
	Note 3	250,000	–	–	(250,000)	–	–
Zhang Yijun*	Note 2	250,000	–	–	(250,000)	–	–
	Note 3	250,000	–	–	(250,000)	–	–
Chow Shiu Kee, Stephen	Note 1	250,000	–	(250,000)	–	–	7.06
	Note 2	250,000	–	–	–	250,000	–
	Note 3	100,000	–	–	–	100,000	–
	Note 4	–	150,000	–	–	150,000	–
Lau Sai Yung	Note 1	250,000	–	(250,000)	–	–	7.18
	Note 2	250,000	–	–	–	250,000	–
	Note 3	100,000	–	–	–	100,000	–
	Note 4	–	150,000	–	–	150,000	–
Chow Ming Kuen, Joseph	Note 4	–	150,000	–	–	150,000	–
		22,700,000	6,100,000	(2,700,000)	(1,000,000)	25,100,000	

(II) Underlying Shares — Share Options (continued)

Name	Issue	Number of share options: Balance at 01.01.2010	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31.12.2010	Weighted average closing price HK$ (Note 5)
Others							
Employees	Note 1	100,000	–	(100,000)	–	–	6.53
	Note 2	3,675,000	–	–	(85,000)	3,590,000	–
	Note 3	6,710,000	–	–	(330,000)	6,380,000	–
	Note 4	–	9,010,000	(18,000)	(459,000)	8,533,000	7.15
		10,485,000	9,010,000	(118,000)	(874,000)	18,503,000	
Grand Total		33,185,000	15,110,000	(2,818,000)	(1,874,000)	43,603,000	

Notes:

1. The share options under this issue were granted on 14 December 2005 with an exercisable period from 14 December 2005 to 13 December 2010 and an exercise price of HK$5.80.

2. The share options under this issue were granted on 20 December 2006 with an exercisable period from 20 December 2006 to 19 December 2011 and an exercise price of HK$11.66.

3. The share options under this issue were granted on 6 November 2007 with an exercisable period from 6 November 2007 to 5 November 2012 and an exercise price of HK$14.85.

4. The share options under this issue were granted on 9 April 2010 with an exercisable period from 9 April 2010 to 8 April 2015 and an exercise price of HK$6.79.

   The equity-settled share based payments are the deemed share option benefits, which are calculated in accordance with the requirement as stipulated in HKFRS 2 "Share-based payment". The fair value equity-settled share based payments of individual Directors regarding the share options granted in 2010 are set out below:

	HK$'000
Zen Wei Pao, William	1,853
Ko Yuk Bing	1,721
Chan Kam Hung	1,190
Fong Shiu Leung, Keter	1,190
Zen Wei Peu, Derek	1,125
Guo Limin	199
Xu Ruxin	199
Chow Shiu Kee, Stephen	199
Lau Sai Yung	199
Chow Ming Kuen, Joseph	199
	8,074

5. This represents the weighted average closing price of the Shares immediately before the date on which the share options were exercised.

(II) Underlying Shares — Share Options (continued)

* Messrs. Hu Aimin and Zhang Yijun resigned as Non-executive Directors on 13 October 2009 and 11 December 2009 respectively. The Board approved to extend the exercisable period of their share options for six months from the date of their resignation. The extension of the exercisable periods for the share options held by Messrs. Hu Aimin and Zhang Yijun expired on 12 April 2010 and 10 June 2010 respectively.

Save as disclosed above, none of the Directors or their associates had 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 required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Saved as disclosed herein, none of the Directors or their spouses or children under 18 years of age was 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 scheme 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 to acquire benefits by means of the acquisition of the Shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests

As at 31 December 2010, the interests or short positions of every person, other than a Director, in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholder	Capacity/ nature of interest	Number of Shares held		Percentage of holding
		Long position	Short position	%
		(Note 1)		(Note 11)
Wai Kee (Note 2)	Corporate	286,317,428	–	38.59
Wai Kee (Zens) Holding Limited (Note 3)	Corporate	286,317,428	–	38.59
Groove Trading Limited (Note 4)	Personal/Beneficiary	65,918,000	–	8.88
Wai Kee China Investments (BVI) Company Limited (Note 4)	Corporate	217,399,428	–	29.30
Wai Kee China Investments Company Limited (Note 5)	Corporate	217,399,428	–	29.30

Substantial Shareholders' Interests (continued)

Name of shareholder	Capacity/ nature of interest	Number of Shares held		Percentage of holding
		Long position	Short position	
				%
		(Note 1)		(Note 11)
ZWP Investments Limited (Note 6)	Personal/Beneficiary	217,399,428	–	29.30
深業集團有限公司 (Shum Yip Holdings Company Limited) (Note 7)	Corporate	202,334,142	–	27.27
Shum Yip Holdings Company Limited (Note 8)	Corporate	202,334,142	–	27.27
Shenzhen Investment (Note 9)	Corporate	202,334,142	–	27.27
Hover Limited (Note 10)	Personal/Beneficiary	202,334,142	–	27.27

Notes:

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

2. Wai Kee is deemed to be interested in the Shares through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King, Top Tactic Holdings Limited, Amazing Reward Group Limited, Leader Construction Company Limited and Leader Civil Engineering Corporation Limited, which beneficially held 3,000,000 Shares.

3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee.

4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited.

5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited.

6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited.

7. 深業集團有限公司 (Shum Yip Holdings Company Limited) (incorporated in the PRC) is deemed to be interested in the Shares through its 100% interest in Shum Yip Holdings Company Limited (incorporated in Hong Kong).

8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the Shares through its 43.09% interest in Shenzhen Investment.

9. Shenzhen Investment is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Hover Limited.

10. Hover Limited is a direct wholly-owned subsidiary of Shenzhen Investment.

11. The percentage was calculated based on 741,934,566 Shares in issue as at 31 December 2010.

Substantial Shareholders' Interests (continued)

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

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2010, the Group purchased its 6.25% fixed rate guaranteed notes due 2011 in the aggregate principal amount of US$32,769,000 at the range of 101.95% to 102% of its notional value. Details of the purchases are as follows:

Month of purchase	Total principal amount of notes purchased	Sale price to notional value	Aggregate consideration	Method of purchase
	US$'000	%	US$'000	
October 2010	30,414	102.00	31,022	Tender offer
November 2010	2,355	101.95	2,401	via the exchange operated by Singapore Exchange Securities Trading Limited
	32,769		33,423	

All of the above notes purchased together with US$5,000,000 in aggregate principal amount of the mentioned notes already purchased by the Group in 2009 were cancelled. The fixed rate guaranteed notes are listed on the Singapore Exchange Securities Trading Limited.

Save as the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

Donations

During the year, donations made by the Group were HK$1,646,000.

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 of the Company.

Sufficiency of Public Float

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

Emolument Policy

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of merit, qualification and competence.

The emoluments of the Executive Directors of the Company with the exception of the Chairman of the Board are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of the scheme is set out in note 28 to the consolidated financial statements.

Continuing Disclosure of the Listing Rules

In compliance with continuing disclosure obligations of the Listing Rules, the following information is disclosed:

1. Pursuant to Rule 13.16 of the Listing Rules:

    (a) As at 31 December 2010, there were altogether 39 infrastructure joint ventures and one property development joint venture. All these companies were regarded as joint ventures irrespective of whether the Group's interests exceeded 50% or not. The Group's investments were made in the form of both registered capital and loans. The size of loans made by the Group and by the other joint venture partner(s) to each joint venture was in proportion to the respective interests in each joint venture.

    (b) During the year, the Group did not provide any guarantee in respect of the banking facilities utilised by the joint ventures.

Continuing Disclosure of the Listing Rules (continued)

1. Pursuant to Rule 13.16 of the Listing Rules: (continued)

   (c) The total amount of loans to the joint ventures was HK$2,841 million which exceeded 8% of the Group's adjusted total assets of HK$27,516 million (being the Group's total assets as at 31 December 2010 adjusted for the dividend proposed for the year ended 31 December 2010 by the Company) as at 31 December 2010. The loans were part of the investments and were unsecured. Except for the loan to 上海順馳方城置業有限公司, details of which are disclosed in note 20 to the consolidated financial statements, the loans were also interest free and had no definite repayment terms.

   (d) The loans to the joint ventures were reflected in the consolidated financial statements as part of the cost of investment and were funded by equities raised at the listing of the Company, borrowings, or internal resources of the Group.

2. Pursuant to Rule 13.18 of the Listing Rules:

   The Company is obliged to make an offer to repurchase all US$150 million floating rate senior notes due 2012, US$200 million 7.625% fixed rate senior notes due 2014, RMB1,300 million 6% fixed rate guaranteed senior notes due 2014 and US$350 million 9.5% fixed rate guaranteed senior notes due 2015 (the "Notes") then outstanding at a purchase price equal to 101% of the principal amount, plus unpaid interest accrued, if any, up to (but not including) the date of repurchase in the occurrence of a change of control triggering event and a decline in the rating of the Notes.

3. Pursuant to Rule 13.22 of the Listing Rules:

   (a) A summary of aggregate financial information of the joint ventures, based on the adjusted financial statements prepared under the accounting principles generally accepted in Hong Kong as at 31 December 2010, is as follows:

	At 31 December 2010 HK$'000
Statement of Financial Position	
Property, plant and equipment	8,361,661
Current assets	1,892,453
Current liabilities	(1,130,621)
Net current assets	761,832
Amounts due to joint venture partners	(547,903)
Net assets	8,575,590

Continuing Disclosure of the Listing Rules (continued)

3. Pursuant to Rule 13.22 of the Listing Rules: (continued)

   (b) Details of the joint ventures are as follows:

	% of interest held indirectly by the Company	Loan to joint venture HK$'000
Infrastructure Joint Ventures		
Anhui Road Universe Hefei Highway Development Co., Ltd.	50%	124,677
Anhui Road Universe Hehuai Highway Dayang Section Development Company Limited	60%	80,118
Anhui Road Universe Hehuai Highway Yangjin Section Development Company Limited	60%	71,707
Anhui Road Universe Liuan Highway Development Co., Ltd.	50%	64,705
Bengbu Road King Chaoyanglu Huaihe Highway Bridge Development Co., Ltd.	35%	34,514
Bengbu Road King Huaihe Bridge Development Co., Ltd.	35%	43,253
Bengbu Road King Huaiyuan-Mengcheng Highway Development Co., Ltd.	35%	31,686
Guangxi Lutong Highway Development Co., Ltd.	70%	81,800
Handan Rongguang Highway Development Co., Ltd.	70%	79,223
Handan Xinguang Highway Development Co., Ltd.	70%	80,474
Hebei Baofa Expressway Co., Ltd.	40%	54,064
Hebei Baofeng Expressway Co., Ltd.	40%	54,111
Hebei Baohui Expressway Co., Ltd.	40%	53,907
Hebei Baojie Expressway Co., Ltd.	40%	54,994
Hebei Baojin Expressway Co., Ltd.	40%	54,377
Hebei Baoli Expressway Co., Ltd.	40%	55,049
Hebei Baoming Expressway Co., Ltd.	40%	50,550
Hebei Baosheng Expressway Co., Ltd.	40%	54,187
Hebei Baoyi Expressway Co., Ltd.	40%	54,445
Hebei Baoyu Expressway Co., Ltd.	40%	54,703
Hebei Tanghui Expressway Company Limited	45%	182,778
Hebei Tangjin Expressway Company Limited	45%	159,225
Hebei Tangrun Expressway Company Limited	45%	109,749
Hunan Changyi (Baining) Expressway Co., Ltd.	43.17%	58,635
Hunan Changyi (Cangyi) Expressway Co., Ltd.	43.17%	59,832
Hunan Changyi Expressway Co., Ltd.	43.17%	59,567
Hunan Changyi (Hengcang) Expressway Co., Ltd.	43.17%	61,465
Hunan Changyi (Ningheng) Expressway Co., Ltd.	43.17%	59,510
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd.	43.17%	47,346
Liuan Road Universe Liuye Highway Development Co., Ltd.	50%	68,487
Liuan Road Universe Pihe Bridge Development Co., Ltd.	50%	63,286
Pingdingshan Road King Xuchang-Nanyang Highway (Xiangcheng Section) Development Co., Ltd.	50%	68,352
Pingdingshan Road King Xuchang-Nanyang Highway (Yexian Section) Development Co., Ltd.	50%	59,025
Shanxi Lutong Dongguan Highway Company Limited	65%	99,693
Shanxi Lutong Taiyu Highway Co., Ltd.	65%	75,938
Shanxi Lutong Yuci Highway Co., Ltd.	65%	60,460
Shijiazhuang Luhui Road & Bridge Development Co., Ltd.	60%	96,657
Shijiazhuang Luxin Road & Bridge Development Co., Ltd.	60%	54,040
Suzhou Road King Shanghai-Suzhou Airport Road Development Co., Ltd.	50%	120,874
Property Development Joint Venture		
上海順馳方城置業有限公司*	31.50%	43,649
		2,841,112

* At the date of this annual report, the joint venture is held by a 94.74% owned subsidiary of the Company.

Continuing Disclosure of the Listing Rules (continued)

4. Pursuant to Rule 13.51B(1) of the Listing Rules:

   Upon specific enquiry by the Company, save as disclosed below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published interim report.

Name of Directors	Details of change
Mr. Zen Wei Pao, William	His basic salary will be revised from HK$5,500,000 to HK$5,850,000 with effect from 1 April 2011.
Mr. Ko Yuk Bing	His basic salary will be revised from HK$4,750,000 to HK$5,000,000 and he will be entitled to a monthly housing allowance of HK$100,000 with effect from 1 April 2011.
Mr. Chan Kam Hung	His basic salary will be revised from HK$3,200,000 to HK$3,350,000 with effect from 1 April 2011.
Mr. Fong Shiu Leung, Keter	His basic salary will be revised from HK$2,500,000 to HK$2,700,000 and his annual performance bonus will be revised from 0.25% to 0.30% of the audited net profit of the Group for the year with effect from 1 April 2011.
Mr. Zen Wei Peu, Derek	His basic salary will be revised from HK$3,500,000 to HK$3,700,000 with effect from 1 April 2011.
Mr. Lau Sai Yung	The annual emolument was revised from HK$360,000 to HK$370,000 from the last AGM on 20 May 2010 to the forthcoming AGM.
Mr. Chow Shiu Kee, Stephen	The annual emolument was revised from HK$345,000 to HK$365,000 from the last AGM on 20 May 2010 to the forthcoming AGM.
Dr. Chow Ming Kuen, Joseph	The annual emolument was revised from HK$335,000 to HK$345,000 from the last AGM on 20 May 2010 to the forthcoming AGM.

5. Save as disclosed above, there is no other continuing disclosure required to be made by the Company pursuant to Chapter 13 of the Listing Rules.

Event after the Reporting Period

Details of the significant event occurring after the reporting period are set out in note 43 to the consolidated financial statements.

Auditor

A resolution will be proposed at the forthcoming AGM of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor.

On behalf of the Board
Zen Wei Pao, William
Chairman

Hong Kong, 17 March 2011

Corporate Governance Practices

The Company is dedicated to maintaining the highest standard of corporate governance as it believes that corporate governance practices are fundamental to the smooth and effective operation of a company and can enhance shareholders' value as well as safeguard shareholders' interests.

Throughout the year of 2010, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Listing Rules except for the deviation from Code Provision A.4.1 which is explained below.

The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Code.

Board of Directors

The principal responsibilities of the Board are to set out the long-term objectives and plans, formulate corporate strategies, oversee the management team and evaluate its performance. The Board is directly accountable to the shareholders and responsible for preparing the consolidated financial statements.

The Board currently comprises 11 Directors including five Executive Directors, three Non-executive Directors and three Independent Non-executive Directors whose biographical details are set out in the "Directors and Senior Management" section of this annual report.

The Board meets regularly and these regular meetings are held at least four times each year. In addition to this, ad hoc Board meetings are held whenever major matters are encountered and Board resolutions are required. The attendance records of individual Directors at the Board meetings and two other Board Committees (the Audit Committee and the Remuneration Committee) held in 2010 are set out below:

	Number of Attendance/Number of Meetings held		
	Board meeting	**Audit Committee meeting**	**Remuneration Committee meeting**
Number of meetings held	**6**	**3**	**3**
Executive Directors			
Zen Wei Pao, William	6/6	–	3/3
Ko Yuk Bing	6/6	–	–
Chan Kam Hung	6/6	–	–
Fong Shiu Fong, Keter	6/6	–	–
Zen Wei Peu, Derek	6/6	–	–
Non-executive Directors			
Guo Limin	1/6	–	–
Xu Ruxin	3/6	–	–
Lam Wai Hon, Patrick (appointed on 24 May 2010)	3/3	–	–
Independent Non-executive Directors			
Chow Shiu Kee, Stephen	6/6	3/3	3/3
Lau Sai Yung	6/6	3/3	3/3
Chow Ming Kuen, Joseph	5/6	2/3	2/3

Board of Directors (continued)

Notice of regular Board meetings is given to all Directors at least 14 days before meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials are normally sent to all Directors at least three days before the regular Board meeting (and so far as practicable for such other Board meetings) to ensure that they have sufficient time and attention to the affairs of the Company.

All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking the minutes of Board meetings. Such minutes are open for inspection by Directors.

To the best knowledge of the Company, there is no financial, business and family relationship among members of the Board, other than Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are brothers, and between the Chairman and the Chief Executive Officer.

Non-executive Directors

Code Provision A.4.1 stipulates that Non-executive Directors should be appointed for a specific term, subject to re-election. None of the Non-executive Directors and Independent Non-executive Directors of the Company is appointed for a specific term. However, in accordance with Bye-law 87 of the Company's Bye-laws, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code.

The Company has received annual written confirmation of independence from all Independent Non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board considers them to be independent in accordance with the Listing Rules.

Nomination of Directors

The Company does not have a nomination committee.

The appointment of a new Director is a collective decision of the Board. The Executive Directors are responsible for identifying and recommending proposed candidate(s) to the Board for approval of an appointment. The Board shall consider the suitability of a candidate to act as a Director on the basis of candidate's expertise, experience, integrity and time commitment to the Company before making a decision on the appointment.

During the year, the Board approved the appointment of Mr. Lam Wai Hon, Patrick as a Non-executive Director with effect from 24 May 2010.

Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are separately held by Mr. Zen Wei Pao, William and Mr. Ko Yuk Bing respectively. The separate roles ensure their independent responsibility and accountability. The Chairman is responsible for overseeing the functioning of the Board and ensuring the establishment of strategic direction of the Group while the Chief Executive Officer is responsible for implementing the Board's approved strategies and policies and supervising the day-to-day operations.

Committees

The Board has delegated responsibilities to two Board Committees, namely Remuneration and Audit Committees, to oversee particular aspects of the Company's affairs. Management Committees led by the Chief Executive Officer at both corporate and divisional levels were established by the Board to deal with the day-to-day business. Particulars of these Committees are set out below.

Remuneration Committee

The Remuneration Committee was formed in 2005 and currently comprises four members, namely, Mr. Chow Shiu Kee, Stephen (Chairman of the Remuneration Committee), Mr. Zen Wei Pao, William, Mr. Lau Sai Yung and Dr. Chow Ming Kuen, Joseph.

The main responsibilities of the Remuneration Committee are to support and advise the Board regarding the Group's remuneration policy, and the formulation and review of the specific remuneration packages of Executive Directors (excluding the Chairman of the Board) and senior management and determine their remuneration and compensation packages.

In 2010, the Remuneration Committee reviewed and approved the remuneration and bonus packages of Executive Directors (excluding the Chairman of the Board) and senior management, the employment contracts of new senior staff and the compensation packages to senior departure staff. It also reviewed the level of pay-rise, fringe benefits and discretionary bonus to the general staff.

Audit Committee

The Audit Committee was formed in 1998 and currently comprises three members, namely, Mr. Lau Sai Yung (Chairman of the Audit Committee), Mr. Chow Shiu Kee, Stephen and Dr. Chow Ming Kuen, Joseph, all of whom are Independent Non-executive Directors.

The main responsibilities of the Audit Committee are to review the consolidated financial statements and the auditor's reports and monitor the integrity of the consolidated financial statements. It also assists the Board to oversee internal control structure, risk management system and internal and external audit functions.

Audit Committee (continued)

In 2010, the Audit Committee reviewed the published consolidated financial statements prior to recommending them to the Board for approval, approved the terms of engagement of external auditor and reviewed the effectiveness of the Group's internal control system.

During the year, the Audit Committee had met with the external auditor without the presence of any Executive Directors.

Management Committees

A Management Committee at the corporate level was formed in February 2009 and comprises five members, namely, Messrs. Ko Yuk Bing (the Convenor), Chan Kam Hung, Fong Shiu Leung, Keter, Ms. Chuk Wing Suet, Josephine and Mr. Yu Kam Fat, James. The Committee held regular meetings to coordinate and handle major matters in daily operations.

To oversee the expanding property business, a separate Management Committee at the divisional level was also established to supervise and monitor the property development business in various cities in the PRC.

Internal Control

The Board has the responsibility to maintain a sound and effective internal control system to safeguard the Company's assets and shareholders' interest.

The internal control system comprises a defined organisational structure and comprehensive policies and standards. Responsibilities of each business and operational unit are defined to ensure effective check and balance.

The Audit Committee, which was delegated by the Board, has reviewed and evaluated, via the internal audit team, the effectiveness of the Group's internal control system put in place by management covering all material controls, including financial, operational and compliance controls as well as risk management functions of the Company and its subsidiaries for the year ended 31 December 2010.

During the year, the internal audit team conducts systematic reviews of the Group's internal control system by using a risk-based audit approach and reviews the effectiveness of the Group's system of internal control against the framework of the Committee of Sponsoring Organization of the Treadway Commission ("COSO") in order to provide reasonable assurance of the effectiveness of the system. The team reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling system. The team summarises audit findings and control weaknesses and reports to the Audit Committee on a quarterly basis.

Directors' Responsibility for the Consolidated Financial Statements

The Directors acknowledge their responsibility, with the support from the Finance and Accounting department, to prepare the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

External Auditor's Remuneration and Reporting Responsibilities

The Company engaged Messrs. Deloitte Touche Tohmatsu to perform audit and non-audit services for the year 2010. The Company paid to external auditor HK$5,000,000 as audit services fee and HK$1,430,000 as non-audit services fee.

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding their reporting responsibilities is set out in the Independent Auditor's Report on pages A-1 and A-2.

Directors' Securities Transaction

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code. All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2010.

Communication with Shareholders

The Board endeavours to communicate with shareholders through annual and other general meetings directly.

The Board is committed to providing clear and full information of the Group to shareholders through the publication of announcements, circulars, interim and annual reports. Updated information of the Group is also available to shareholders through the Company's website.

Shareholders are encouraged to attend general meetings of the Company at which Directors are available to answer shareholders' questions.

Investor Relations

The Company emphasises the relations with investors. It maintains an open dialogue with institutional shareholders, fund managers, analysts and the media through regular and timely public disclosures on the Company's latest developments.

Glossary

General Terms

"AADT"	Annual average daily traffic
"Board"	the board of directors of the Company
"BVI"	British Virgin Islands
"Company", "Road King", "we" or "us"	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability
"Directors"	the directors of the Company
"former major shareholders"	Sunco China and Sunco Management
"GDP"	Gross domestic product
"GFA"	Gross Floor Area
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Infrastructure joint ventures"	the sino-foreign co-operative joint ventures registered in the PRC which develop or construct or operate and manage the toll road projects in which the Group has an interest
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Sun"	Mr. Sun Hongbin, to the best knowledge and belief of the Directors, the owner of Sunco China and Sunco Management
"PRC" or "China"	The People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	Ordinary share(s) HK$0.10 each in the share capital of the Company
"sqm"	Square metres

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	a company in which the Company directly or indirectly controls more than 50% of the voting rights or issued share capital or otherwise controls the composition of a majority of the board of directors
"Sunco China"	Sunco China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and a minority shareholder of Sunco Property
"Sunco Management"	Sunco Management Holdings Limited, a company incorporated in the BVI with limited liability and a minority shareholder of Sunco Property
"Sunco Property"	Sunco Property Holdings Company Limited, a company incorporated in the BVI with limited liability and an approximately 94.74% owned subsidiary of the Company
"Sunco Real Estate"	Sunco Real Estate Investment Limited, a company incorporated in the BVI with limited liability and an independent third party
"United States" or "US"	The United States of America
"US$"	United States dollar(s), the lawful currency of the United States
"Wai Kee"	Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"%"	per cent

Financial Terms

"Earnings per Share" or "EPS"	$\frac{\text{Profit attributable to owners of the Company}}{\text{Weighted average number of shares in issue during the year}}$
"EBITDA"	Earnings before interest, tax, depreciation and amortisation
"Gearing ratio"	$\frac{\text{Total bank and other borrowings}}{\text{Total equity attributable to owners of the Company}}$
"Interest coverage"	$\frac{\text{EBITDA}}{\text{The aggregate of interest and finance costs}}$
"Net assets per Share attributable to owners of the Company"	$\frac{\text{Total equity attributable to owners of the Company}}{\text{Number of Shares in issue as at 31 December 2010}}$
"Net debt to capitalisation ratio"	$\frac{\text{Total bank and other borrowings – bank balances and cash (including pledged bank deposits)}}{\text{Total bank and other borrowings – bank balances and cash (including pledged bank deposits) + total equity attributable to owners of the Company}}$
"Net gearing ratio"	$\frac{\text{Total bank and other borrowings – bank balances and cash (including pledged bank deposits)}}{\text{Total equity attributable to owners of the Company}}$
"Total borrowings"	The aggregate of long-term and short-term portion of total borrowings

Toll Road Projects

Anhui Province

"Bengbu Huaihe Bridge Highway"	Provincial Highway 307 Bengbu Huaihe Bridge Highway
"Bengbu Huaimeng Highway"	Provincial Highway 307 Bengbu Huaiyuan-Mengcheng Highway
"Chaoyanglu Huaihe Bridge"	National Highway 206 Bengbu Chaoyanglu Huaihe Highway Bridge
"Hehuai Highway"	National Highway 206 Hefei-Huainan Highway
"Heye Highway"	National Highway 312 Hefei-Yeji Highway

Guangxi Zhuang Autonomous Region

"Yulin Highway"	National Highway 324 Yulin Section

Hebei Province

"Baojin Expressway"	National Expressway G18 Baoding-Tianjin Expressway
"Hanguan Highway"	National Highway 309 Handan-Guantao Highway
"Shijin Highway"	National Highway 307 Shijiazhuang-Jinzhou Highway
"Tangjin Expressway"	National Expressway G25 Tangshan-Tianjin Expressway

Henan Province

"Xunan Highway"	National Highway 311 and Provincial Highway 103 Xuchang-Nanyang Highway

Hunan Province

"Changyi Expressway"	National Expressway G5513 Changsha-Yiyang Expressway

Jiangsu Province

"Suzhou Shanghai Airport Highway"	Provincial Highway 343 Suzhou-Shanghai Hongqiao Airport Highway (Suzhou Section)

Shanxi Province

"Dongguan Highway"	National Highway 108 Yuci Dongchangshou-Qixian Dongguan Highway
"Taiyu Highway"	Taiyuan-Yuci Highway
"Yuci City Bypass"	National Highway 108 Yuci City Bypass

Property Projects

"Blue County"	The project locates at No. 299, Donggang Road, Yuhua District, Shijiazhuang City, Hebei Province, the PRC
"Blues International Apartments"	The project locates at No. 117, Caihuying West Street, Fengtai District, Beijing City, the PRC
"Central Special Zone"	The project locates at Junction of Shangding Road and Nongye Dong Road, Zhengdong New District, Zhengzhou City, Henan Province, the PRC
"Changping Project"	The project locates at East of Heying Road, West of Heying Xi Road, South of Changhuai Road Southern Line and North of Changhuai Road, Nanshao Town, Changping District, Beijing City, the PRC
"Forest Creek"	The project locates at North of Baige Road, Baishan Town, Changping District, Beijing City, the PRC
"Grand Metropolis"	The project locates at No. 33, Huayuan Street, Wujin District, Changzhou City, Jiangsu Province, the PRC
"Huadu Project"	The project locates at North of Sandong Da Road and East of Guangqing Expressway, Huadu District, Guangzhou City, Guangdong Province, the PRC
"International City"	The project locates at No. 440, Yuhua Dong Road, Yuhua District, Shijiazhuang City, Hebei Province, the PRC
"Jianguomen Project"	The project locates at Courtyard No. 13, Waijiaobu Street, Dongcheng District, Beijing City, the PRC
"Leaders by Life" (formerly known as Mountain My Life)	The project locates at Chengguan Town, Ji County, Tianjin City, the PRC
"Lihu Project"	The project locates at Southwest of the Junction of Zhongnan Xi Road and Lixi Road, Binhu District, Wuxi City, Jiangsu Province, the PRC
"Liwan Project"	The project locates at Jiulongxi Road, Liwan District, Guangzhou City, Guangdong Province, the PRC
"Luoyang 1st Street"	The project locates at Junction of Taikang Road and Longmen Da Road, Luoyang New District, Luoyang City, Henan Province, the PRC

"Palen Villas"	The project locates at No. 8, Huanhu Road, Jinyin Lake, Dongxihu District, Wuhan City, Hubei Province, the PRC
"Parkrise"	The project locates at No. 161, Tianfu Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC
"Parkvista Phase I"	The project locates at No. 10, Xingsheng Road, Zhujiang New City, Tianhe District, Guangzhou City, Guangdong Province, the PRC
"Parkvista Phase II"	The project locates at No. 12, Xingsheng Road, Zhujiang New City, Tianhe District, Guangzhou City, Guangdong Province, the PRC
"Phoenix City"	The project locates at Junction of Susheng Road and Xieyu Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC
"Royal City"	The project locates at No. 88, Yanzheng Dong Road, Wujin District, Changzhou City, Jiangsu Province, the PRC
"Royal Panorama"	The project locates at No. 9, Weishier Road, Huaiyin District, Jinan City, Shandong Province, the PRC
"Shine June Garden"	The project locates at No. 1, Lane 998, Baoxiang Road, Nanxiang Town, Jiading District, Shanghai City, the PRC
"Songs & Sea"	The project locates at Lot no. 1, Northern District, Huangcun Town, Daxing District, Beijing City, the PRC
"Sunco Town"	The project locates at South of Nanchang Road, Jianxi District, Luoyang City, Henan Province, the PRC
"The Aurora City of Charm" (formerly known as Sun Town)	The project locates at Junction of Weiguo Road and Helan Road, Hedong District, Tianjin City, the PRC
"The Heaven by Lakeside"	The project locates at No. 669, Zhongyuan Road, Suzhou Industrial Park, Suzhou City, Jiangsu Province, the PRC
"The Riverside"	The project locates at Lane 2999, Baian Gong Road, Waigang Town, Jiading District, Shanghai City, the PRC

"Unusual Landscape"	The project locates at No. 207, Haier Da Road, Yinghai Town, Jiaozhou District, Qingdao City, Shandong Province, the PRC
"Vista Panorama"	The project locates at No. 8, Changhong Zhong Road, Hutang Town, Wujin District, Changzhou City, Jiangsu Province, the PRC
"Waigang Project"	The project locates at West of Baian Gong Road and South of Hengrong Road, Waigang Town, Jiading District, Shanghai City, the PRC
"World & City"	The project locates at East of Municipal Government Building, Luoyang New District, Luoyang City, Henan Province, the PRC

Corporate Information

Executive Directors
Zen Wei Pao, William *(Chairman)*
Ko Yuk Bing *(Deputy Chairman, Managing Director & Chief Executive Officer)*
Chan Kam Hung *(Chief Operating Officer)*
Fong Shiu Leung, Keter *(Finance Director)*
Zen Wei Peu, Derek

Non-executive Directors
Guo Limin
Xu Ruxin
Lam Wai Hon, Patrick

Independent Non-executive Directors
Chow Shiu Kee, Stephen
Lau Sai Yung
Chow Ming Kuen, Joseph

Audit Committee
Lau Sai Yung *(Chairman)*
Chow Shiu Kee, Stephen
Chow Ming Kuen, Joseph

Remuneration Committee
Chow Shiu Kee, Stephen *(Chairman)*
Zen Wei Pao, William
Lau Sai Yung
Chow Ming Kuen, Joseph

Management Committee
Ko Yuk Bing *(Convenor)*
Chan Kam Hung
Fong Shiu Leung, Keter
Chuk Wing Suet, Josephine
Yu Kam Fat, James

Company Secretary
Fong Shiu Leung, Keter

Auditor
Deloitte Touche Tohmatsu

Solicitors
Reed Smith Richards Butler
Conyers, Dill & Pearman
Beijing Global Law Office

Principal Bankers
Agricultural Bank of China Limited
China Construction Bank Corporation
CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China Limited
Hang Seng Bank Limited

Principal Share Registrar and Transfer Office
Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke, HM 08, Bermuda

Hong Kong Branch Share Registrar and Transfer Office
Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong

Registered Office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business
Suite 501, 5th Floor
Tower 6, The Gateway
9 Canton Road
Tsimshatsui
Kowloon
Hong Kong

Websites
http://www.roadking.com.hk
http://www.rkph.com

Share Listing
The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited

Stock Codes
The Stock Exchange of Hong Kong Limited – 1098
Reuters – 1098.HK
Bloomberg – 1098HK

Investor Relations
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Independent Auditor's Report

TO THE SHAREHOLDERS OF ROAD KING INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Road King Infrastructure Limited and its subsidiaries (collectively referred to as the "Group") set out on pages A-3 to A-85, which comprise the consolidated statement of financial position as at 31 December 2010, and the consolidated income statement, 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 information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 Bermuda Companies Act, 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 Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 of the consolidated financial statements that give a true and fair view 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, 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 31 December 2010, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards 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
17 March 2011

Consolidated Income Statement

For the year ended 31 December 2010

	NOTES	**2010**	2009
		HK$'000	HK$'000
Revenue	7	**4,942,028**	4,600,424
Cost of sales		**(3,398,281)**	(4,061,924)
Gross profit		**1,543,747**	538,500
Interest income		**33,428**	23,090
Other income		**46,476**	33,987
Other gains and losses	9	**279,628**	526,533
Selling expenses		**(167,581)**	(127,682)
Operating expenses		**(407,393)**	(358,858)
Share of results of joint ventures	10	**391,478**	514,323
Finance costs	11	**(115,272)**	(104,435)
Profit before taxation	12	**1,604,511**	1,045,458
Income tax expenses	14	**(971,790)**	(302,281)
Profit for the year		**632,721**	743,177
Profit attributable to:			
Owners of the Company		**625,008**	728,080
Non-controlling interests		**7,713**	15,097
		632,721	743,177
Earnings per share	16		
– Basic		**HK$0.84**	HK$0.99
– Diluted		**HK$0.84**	HK$0.99

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

	2010 HK$'000	2009 HK$'000
Profit for the year	**632,721**	743,177
Other comprehensive income		
Exchange differences arising on translation to presentation currency	**145,272**	50,090
Total comprehensive income for the year	**777,993**	793,267
Total comprehensive income attributable to:		
Owners of the Company	**768,492**	776,630
Non-controlling interests	**9,501**	16,637
	777,993	793,267

Consolidated Statement of Financial Position

At 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**60,043**	19,352
Investment properties	18	**715,386**	255,437
Interests in joint ventures	19	**3,855,047**	4,357,996
Loans to related companies	21	**–**	48,200
Deferred tax assets	30	**6,500**	31,506
Long-term receivables	22	**110,634**	542,603
Prepayment for acquisition of additional interest in a subsidiary	2	**–**	88,310
		4,747,610	5,343,404
Current assets			
Inventory of properties	23	**14,496,917**	12,953,468
Prepayment for land leases	24	**1,783,378**	222,334
Loan to a joint venture	20	**43,649**	64,286
Loans to related companies	21	**23,400**	3,300
Debtors, deposits and prepayments	25	**974,810**	330,951
Prepaid income tax		**196,694**	211,203
Pledged bank deposits	26	**189,546**	206,553
Bank balances and cash	26	**5,230,371**	2,887,090
		22,938,765	16,879,185
Total assets		**27,686,375**	22,222,589
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	27	**74,193**	73,912
Reserves		**10,213,942**	9,777,653
		10,288,135	9,851,565
Non-controlling interests		**115,663**	180,778
Total equity		**10,403,798**	10,032,343
Non-current liabilities			
Bank and other borrowings – due after one year	29	**5,686,644**	5,199,953
Deferred tax liabilities	30	**283,470**	153,886
		5,970,114	5,353,839

At 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Current liabilities			
Creditors and accrued charges	31	**2,419,010**	2,438,815
Deposits from pre-sale of properties		**5,213,949**	2,904,072
Income tax payable		**676,081**	292,195
Bank and other borrowings – due within one year	29	**3,003,423**	1,201,325
		11,312,463	6,836,407
Total equity and liabilities		**27,686,375**	22,222,589

The consolidated financial statements on pages A-3 to A-85 were approved and authorised for issue by the Board of Directors on 17 March 2011 and are signed on its behalf by:

Zen Wei Pao, William	**Ko Yuk Bing**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Attributable to owners of the Company									
	Share capital HK$'000	Share premium HK$'000	Foreign currency translation reserve HK$'000	Special reserve HK$'000 (Note a)	Share option reserve HK$'000	Statutory reserve HK$'000 (Note b)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2009	73,893	3,142,142	1,279,924	1,260,000	85,791	32,945	3,494,766	9,369,461	164,141	9,533,602
Profit for the year	–	–	–	–	–	–	728,080	728,080	15,097	743,177
Exchange differences arising on translation to presentation currency	–	–	48,550	–	–	–	–	48,550	1,540	50,090
Total comprehensive income for the year	–	–	48,550	–	–	–	728,080	776,630	16,637	793,267
Sub-total	73,893	3,142,142	1,328,474	1,260,000	85,791	32,945	4,222,846	10,146,091	180,778	10,326,869
Issue of ordinary shares upon exercise of share options	19	1,064	–	–	–	–	–	1,083	–	1,083
Lapse or cancellation of share options	–	–	–	–	(3,150)	–	3,150	–	–	–
Released upon disposal of interests in joint ventures	–	–	(129,970)	–	–	–	129,970	–	–	–
Dividends	–	–	–	–	–	–	(295,609)	(295,609)	–	(295,609)
Appropriation	–	–	–	–	–	4,603	(4,603)	–	–	–
Balance at 31 December 2009	73,912	3,143,206	1,198,504	1,260,000	82,641	37,548	4,055,754	9,851,565	180,778	10,032,343
Profit for the year	–	–	–	–	–	–	**625,008**	**625,008**	**7,713**	**632,721**
Exchange differences arising on translation to presentation currency	–	–	**143,484**	–	–	–	–	**143,484**	**1,788**	**145,272**
Total comprehensive income for the year	–	–	**143,484**	–	–	–	**625,008**	**768,492**	**9,501**	**777,993**
Sub-total	**73,912**	**3,143,206**	**1,341,988**	**1,260,000**	**82,641**	**37,548**	**4,680,762**	**10,620,057**	**190,279**	**10,810,336**
Issue of ordinary shares upon exercise of share options	**281**	**16,080**	–	–	–	–	–	**16,361**	–	**16,361**
Lapse or cancellation of share options	–	–	–	–	**(4,437)**	–	**4,437**	–	–	–
Transfer upon exercise of share options	–	**679**	–	–	**(679)**	–	–	–	–	–
Recognition of equity – settled share based payments	–	–	–	–	**20,000**	–	–	**20,000**	–	**20,000**
Released upon strike-off of subsidiaries of the Company	–	–	**25,852**	–	–	–	**(25,852)**	–	–	–
Acquisition of additional interest in a subsidiary	–	–	–	–	–	–	**1,895**	**1,895**	**(90,205)**	**(88,310)**
Capital contributions from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	**15,589**	**15,589**
Dividends	–	–	–	–	–	–	**(370,178)**	**(370,178)**	–	**(370,178)**
Appropriation	–	–	–	–	–	**7,515**	**(7,515)**	–	–	–
Balance at 31 December 2010	**74,193**	**3,159,965**	**1,367,840**	**1,260,000**	**97,525**	**45,063**	**4,283,549**	**10,288,135**	**115,663**	**10,403,798**

Notes:

(a) Special reserve was arisen on group reorganisation and represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital of a subsidiary, which was acquired by the Company pursuant to the group reorganisation.

(b) The statutory reserve of the Group represents reserve required by relevant laws of the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries.

Consolidated Statement of Cash Flows

For the year ended 31 December 2010

	NOTES	2010 HK$'000	2009 HK$'000
Operating activities			
Profit before taxation		**1,604,511**	1,045,458
Adjustments for:			
Depreciation of property, plant and equipment		**17,521**	22,268
Impairment losses on interests in joint ventures		**162,103**	158,000
Fair value gain on transfer of completed properties held for sale to investment properties		**(91,013)**	–
Change in fair value of investment properties		**(179,749)**	(40,678)
Interest income		**(33,428)**	(23,090)
Finance costs		**115,272**	104,435
Gains on disposal of interests in joint ventures	33	**–**	(578,597)
Share of results of joint ventures		**(391,478)**	(514,323)
Losses on disposal of property, plant and equipment, net		**2,082**	1,485
Equity-settled share based payments		**20,000**	–
Operating cash flows before movements in working capital		**1,225,821**	174,958
(Increase) decrease in debtors, deposits and prepayments		**(630,469)**	394,570
Decrease (increase) in completed properties held for sale		**953,541**	(652,827)
(Increase) decrease in properties under development for sale		**(1,339,806)**	2,328,046
Decrease in creditors and accrued charges		**(187,095)**	(221,592)
Increase in deposits from pre-sale of properties		**2,256,222**	759,386
Increase in prepayment for land leases		**(1,672,523)**	(113,491)
Cash generated from operations		**605,691**	2,669,050
Income tax paid		**(425,184)**	(174,297)
Net cash from operating activities		**180,507**	2,494,753
Investing activities			
Cash distributions/dividends received from joint ventures		**780,970**	548,831
Additions to investment properties		**(155,599)**	(17,189)
Decrease (increase) in pledged bank deposits		**20,823**	(41,345)
Net proceeds on disposal of interests in joint ventures	33	**–**	1,251,097
Interest received		**34,559**	21,904
Proceeds on disposal of property, plant and equipment		**3,360**	2,231
Repayment of long-term loan receivables		**222,683**	66,195
Purchases of property, plant and equipment		**(10,828)**	(5,313)
Net cash (outflow) inflow from acquisition of subsidiaries	32	**(426,442)**	914
Receipt of loan settlement from a related company		**28,100**	3,200
Receipt of loan settlement from a joint venture		**20,637**	7,143
Receipt of deferred consideration arising from disposal of a joint venture		**27,211**	17,007
Capital contributions from non-controlling interests of a subsidiary		**15,589**	–
Advances to investees		**–**	(716,458)
Prepayment for acquisition of additional interest in a subsidiary		**–**	(88,310)
Net cash from investing activities		**561,063**	1,049,907

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2010

	2010	2009
	HK$'000	HK$'000
Financing activities		
New borrowings raised	**3,924,442**	1,323,356
Repayment of borrowings	**(1,674,434)**	(2,113,964)
Issue of ordinary shares	**16,361**	1,083
Dividends paid	**(370,178)**	(295,609)
Interest paid	**(347,821)**	(374,898)
Net cash from (used in) financing activities	**1,548,370**	(1,460,032)
Net increase in cash and cash equivalents	**2,289,940**	2,084,628
Cash and cash equivalents at beginning of the year	**2,887,090**	796,098
Effect of foreign exchange rate changes	**53,341**	6,364
Cash and cash equivalents at end of the year, represented by bank balances and cash	**5,230,371**	2,887,090

1. GENERAL

The Company is an exempted company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and principal place of business of the Company is Suite 501, 5/F, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Group are the development, operation and management of toll roads through the infrastructure joint ventures and operation of property development and investment business in the PRC. The principal activities of the major subsidiaries and joint ventures are detailed in notes 41 and 19 respectively.

The functional currency of the Company and the Group's jointly controlled entities and its major subsidiaries is Renminbi ("RMB"). However, the consolidated financial statements of the Group are presented in Hong Kong dollars as the directors of the Company (the "Directors") consider this presentation is more useful for its current and potential investors.

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

In the current year, the Group has applied the following new and revised Hong Kong Accounting Standards ("HKAS(s)"), Hong Kong Financial Reporting Standards ("HKFRS(s)"), amendments and interpretations ("HK(IFRIC) Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised 2008)	Business Combinations
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

HKFRS 3 (Revised 2008) "Business Combinations"

The Group applies HKFRS 3 (Revised 2008) prospectively to business combinations for which the acquisition date is on or after 1 January 2010.

As there was no transaction during the current year in which HKFRS 3 (Revised 2008) is applicable, the application of HKFRS 3 (Revised 2008) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised 2008) and the consequential amendments to the other HKFRSs are applicable.

HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements"

The application of HKAS 27 (Revised 2008) has resulted in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group.

In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the carrying amount of the share of net assets disposed of was recognised in profit or loss. Under HKAS 27 (Revised 2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of a transaction, event or other circumstances, the revised standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

In January 2010, the Group has completed the acquisition of additional 5.28% equity interest in Sunco Property Holdings Company Limited ("Sunco Property"), a subsidiary of the Company engaged in investment holding, from Wai Kee Holdings Limited ("Wai Kee") which has significant beneficial interest in the Company, at a cash consideration of HK$88,310,000, which has been prepaid before 31 December 2009 and recognised as prepayment for acquisition of additional interest in a subsidiary under non-current assets as at 31 December 2009. After the acquisition, the Company's interest in Sunco Property has been increased from 89.46% to 94.74%. The difference between the purchase consideration and the decrease in the carrying value of non-controlling interests of Sunco Property of HK$1,895,000 has been recognised directly in equity (including in retained profits).

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

Hong Kong Interpretation 5 "Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

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

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

As at 31 December 2010, bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with the aggregate carrying amount of HK$149,361,000 have been classified as current liabilities. The application of HK Int 5 has had no significant impact on the classification of bank borrowings at 31 December 2009 and reported profit or loss for the current and prior years.

Such term loans have been presented in the earliest time band in the maturity analysis for financial liabilities (see note 6(b)(iii) for details).

The application of other new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[7]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[6]
HKAS 24 (Revised 2009)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

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

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

The amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The Directors anticipate that the application of the amendments to HKAS 12 may have an impact on deferred tax recognised for investment properties that are measured using the fair value model. The Group is in the process to quantify the potential financial impact on deferred tax recognised for investment properties that are measured using the fair value model.

The Directors anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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 and the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and 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 financial statements from the effective date of acquisition or up to the effective date of disposal, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 January 2010, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control over the subsidiary are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the carrying amount of the share of net assets acquired or disposed of and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

Changes in the Group's ownership interests in existing subsidiaries (continued)

Changes in the Group's ownership interests in existing subsidiaries on or after 1 January 2010 (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings at the date when control is lost). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 "Financial Instruments: Recognition and Measurement" or, when applicable, the cost on initial recognition of an investment in a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests, which was the carrying amount of the share of the net assets disposed of, was recognised in profit or loss.

Business combinations

Business combinations that took place on or after 1 January 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Business combinations that took place on or after 1 January 2010 (continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquire (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another standard.

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Business combinations that took place on or after 1 January 2010 (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 January 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was 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 met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

Business combinations that took place prior to 1 January 2010 (continued)

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

Acquisition of subsidiaries which are not businesses

The cost of the acquisition is allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. No goodwill or discount on acquisition is recognised upon the acquisition of interest in a subsidiary.

Revenue recognition

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

Sale of properties

Revenue from sale of properties is recognised when the development of the relevant properties have been completed and the properties have been delivered to the purchasers pursuant to the sale agreements. Deposits received from sale of properties prior to meeting the criteria for revenue recognition are recorded as "Deposits from pre-sale of properties" under current liabilities.

Property rentals

Rentals receivable under operating leases are recognised and credited to the consolidated income statement on a straight line basis over the relevant lease term.

Contingent rental income (representing income over and above base rent) such as turnover rent, is recognised according to the terms of the lease agreements when the amount can be reliably measured, in the accounting period in which they are earned.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Others

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. 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 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 Group's right to receive payment has been established.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Prior to 1 January 2009, property that was being constructed or developed for future use as an investment property was included in property, plant and equipment until construction or development was complete, at which time it was reclassified to and subsequently accounted for as an investment property. Any difference between the fair value of the property at that date and its previous carrying amount was recognised in profit or loss. Upon adoption of amendments to HKAS 40, that property had been reclassified as an investment property at 1 January 2009.

An inventory of properties is transferred to property, plant and equipment when it is evidenced by commencement of owner occupation. The carrying amount of the property at the date of transfer, which is the deemed cost of the property, for subsequent accounting is in accordance with HKAS 16 "Property, Plant and Equipment". The property interest held under operating lease which was previously classified as inventory of properties is separately accounted for as an operating lease after the transfer.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment property is property held to earn rentals and/or for capital appreciation.

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction. Starting from 1 January 2009, investment properties under construction are measured at fair value at the end of the reporting period. Any difference between the fair value of the investment properties under construction and their carrying amounts is recognised in profit or loss in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. 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 asset) is included in the profit or loss in the period in which the item is derecognised.

For a transfer from inventory of properties to investment property (which is evidenced by commencement of an operating lease) that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

Joint ventures

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. In particular, joint venture arrangements which involve the establishment of a separate entity in which the Group and other venturers have joint control over the investment in and development, operation and management of toll roads and in which each venturer has an interest are referred to as infrastructure joint ventures.

The Group's infrastructure joint ventures are Sino-foreign co-operative joint ventures registered in the PRC in respect of which the partners' cash/profit sharing ratios until the expiration of the joint venture periods are predetermined in accordance with the joint venture agreements and may not be in proportion to their capital contribution ratios.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures (continued)

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 initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities.

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. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in a jointly controlled entity. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its jointly controlled entities, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in joint ventures that are not related to the Group.

Toll road operation right of joint ventures

When applying the equity method of accounting, the concession intangible assets, which are the toll road operation rights of the Group's infrastructure joint ventures, are amortised to write off their cost over their expected useful lives or the remaining concession period, whichever is shorter, commencing from the date of commencement of operation of the underlying toll roads using an amortisation method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed.

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised, less applicable selling expenses and the anticipated costs to completion.

The cost of properties under development for sale comprises land costs, construction costs, borrowing costs capitalised according to the Group's accounting policy and directly attributable expenses incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method. Net realisable value takes into account the price ultimately expected to be realised, less applicable selling expenses.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 its 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.

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.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities and its joint ventures are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the 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 foreign currency translation reserve).

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 the other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Contingent rental income (representing income over and above base rent) such as turnover rent, is recognised according to the terms of the lease agreements when the amount can be reliably measured, in the accounting period in which they are earned.

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasing (continued)

Leasehold land and buildings

When a lease includes both land and buildings elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Retirement benefit costs

Payments to the state-managed retirement benefit scheme operated by the government and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

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 the profit as reported in the consolidated income statement 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 differences between the carrying amounts 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 difference to the extent that it is probable that taxable profit 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 (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries 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 profit or loss, except when it relates to items that 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.

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 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 fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified as loans and receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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 of initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

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 loans to a joint venture and related companies, long-term receivables, debtors, 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).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of the 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 impacted.

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

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment loss on financial assets (continued)

For certain categories of financial assets, such as 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 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 debtor 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.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the group entity are classified according to the substance of the contractual arrangements 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

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.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including creditors and bank and other borrowings) 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 costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 "Revenue".

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 in its entirety, 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 in other comprehensive income is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Derecognition (continued)

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

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.

Share-based payment transactions

For share options granted to directors and employees of the Company and its subsidiaries, the fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors 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.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

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.

Amortisation of toll road operation rights

Amortisation of toll road operation rights of the Group's infrastructure joint ventures is calculated based on the traffic volume for a particular year to the projected total traffic volume throughout the operating years of the respective toll roads. These projections require the use of judgments and estimates. The carrying amount of interest in infrastructure joint ventures, which are affected by amortisation of toll road operation rights, at 31 December 2010 was HK$3,838,124,000 (2009: HK$4,307,950,000).

Net realisable values of properties under development for sale

The assessment of the net realisable values of the properties under development for sale involves, inter-alia, considerable analyses of current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on existing asset structure and construction material price lists and a forecast of future sales based on zero growth rate of property price. If the actual net realisable values of the underlying properties under development for sale are more or less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material reversal of or provision for impairment losses may result. The carrying amount of properties under development for sale at 31 December 2010 was HK$13,047,098,000 (2009: HK$10,520,175,000).

Impairment of interests in infrastructure joint ventures

The assessment of the recoverable amount of the interests in infrastructure joint ventures was based on estimated net cash inflows derived from these infrastructure joint ventures from the development, operation and management of toll roads in the PRC over the remaining joint venture periods discounted by a suitable discount rate per annum to arrive at their present value. Should the actual net cash inflows be less than that projected as a result of a reduction of toll road usage and/or toll fees, an impairment loss may arise. The carrying amount of interest in infrastructure joint ventures at 31 December 2010 was HK$3,838,124,000 (2009: HK$4,307,950,000).

5. 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 shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in note 29, and equity attributable to owners of the Company, comprising issued capital and reserves.

5. CAPITAL RISK MANAGEMENT (continued)

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group assesses the annual budget which incorporates the planned construction projects and takes 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 associated with the capital. The management of the Group also balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The management of the Group monitors the utilisation of bank borrowings and ensures full compliance with loan covenants during the year and at the end of the reporting period.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2010	2009
	HK$'000	HK$'000
Financial assets		
Loans and receivables at amortised cost (including cash and cash equivalents)	**6,353,510**	3,955,500
Financial liabilities		
Liabilities at amortised cost	**11,109,077**	8,840,093

(b) Financial risk management objectives and policies

The management of the Group has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for hedging or speculative purpose.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures these risks.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(i) Market risk

The Group's activities expose primarily to the financial risks of changes in foreign exchange rate and interest rates.

Foreign currency risk management

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the respective group entities and therefore the Group is exposed to foreign currency risk. The Group currently does not arrange for instruments hedging the foreign currency risk. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure 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	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars	**1,537,894**	94,797	**7,340,630**	5,340,545
Hong Kong dollars	**343,556**	375,445	**371,760**	131,100

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the Renminbi against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit where Renminbi strengthens against the relevant currencies. For a 5% weakening of Renminbi against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	Profit or loss	
	2010	2009
	HK$'000	HK$'000
United States dollars	**290,137**	262,287
Hong Kong dollars	**1,410**	(12,217)

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(i) Market risk (continued)

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on loans to related companies and bank and other borrowings which carry interest at prevailing market interest rates.

The Group's fair value interest rate risk relates primarily to loans to joint ventures and bank and other borrowings which carry interest at fixed interest rates. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Interest rate sensitivity

The sensitivity analysis below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2010 would decrease/increase by HK$6,104,000 (2009: decrease/increase by HK$6,704,000) after capitalisation of additional finance costs in properties under development for sale of HK$14,899,000 (2009: HK$15,957,000).

(ii) Credit risk management

As at 31 December 2010, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and

- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 37.

In order to minimise the credit risk, the management of the Group has policies in place 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 management of the Group reviews the recoverable amount of each debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Credit risk management (continued)

The management of the Company considers that the credit risk on liquid funds is low as counterparties are banks which do not have liquidity problem.

Other than the loan to a joint venture, loans to related companies, long-term receivables and other receivables as mentioned in notes 20, 21, 22 and 25 respectively, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties having similar characteristics. Included in long-term receivables as disclosed in note 22 are receivables of HK$110,634,000 (2009: HK$510,397,000) due from an independent third party, which the Directors considered that the credit risk exposure is satisfactory because the independent third party has made repayments continuously prior to the maturity date.

For the loans to a joint venture and related companies as disclosed in notes 20 and 21 respectively, the management of the Group closely monitors the financial position and repayment status of the joint venture and related companies, and considered that the credit risk exposure is satisfactory.

For the deferred consideration on disposal of interest in a joint venture as disclosed in note 25, the management of the Group closely monitors the repayment of the outstanding amount in accordance with the agreed repayment terms and considered that the credit risk exposure is satisfactory.

For properties that are still under construction, the Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance for a maximum amount up to 70% of their total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under current market condition, the mortgage facilities are secured by the properties with the market price higher than the guaranteed amounts. In this regard, the management of the Group considers the Group's credit risk is significantly reduced.

(iii) Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management of the Group monitors the utilisation of bank and other borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings as a significant source of liquidity. As at 31 December 2010, the Group had available unutilised banking facilities of HK$50,000,000 (2009: HK$100,000,000).

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk management (continued)

Ultimate responsibility for liquidity risk management rests with the management of the Group 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 working capital and available banking facilities and continuously monitors the forecast and actual cash flows.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. 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. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of reporting period.

	Weighted average effective interest rate %	On demand or less than 6 months HK$'000	6-12 months HK$'000	1-2 years HK$'000	2-5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2010							
Creditors and accrued charges	**–**	**694,890**	**1,724,120**	**–**	**–**	**2,419,010**	**2,419,010**
Bank and other borrowings							
– fixed rate	**7.8**	**327,003**	**2,542,054**	**443,901**	**5,259,264**	**8,572,222**	**6,566,315**
– variable rate	**2.04**	**487,370**	**240,623**	**1,509,846**	**–**	**2,237,839**	**2,123,752**
Financial guarantee contracts	**–**	**4,490,163**	**–**	**–**	**–**	**4,490,163**	**–**
		5,999,426	**4,506,797**	**1,953,747**	**5,259,264**	**17,719,234**	**11,109,077**
2009							
Creditors and accrued charges	–	565,822	1,872,993	–	–	2,438,815	2,438,815
Bank and other borrowings							
– fixed rate	6.64	175,921	451,281	1,954,234	2,368,044	4,949,480	4,083,714
– variable rate	2.31	236,775	235,565	467,169	1,502,070	2,441,579	2,317,564
Financial guarantee contracts	–	3,433,161	–	–	–	3,433,161	–
		4,411,679	2,559,839	2,421,403	3,870,114	13,263,035	8,840,093

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Liquidity risk management (continued)

Liquidity and interest risk tables (continued)

Bank loan with a repayment on demand clause is included in the "on demand or less than 6 months" time band in the above maturity analysis. As at 31 December 2010, the aggregate undiscounted principal amount of the bank loan amounted to HK$149,361,000. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank loans will be repaid during the "1 – 2 years" time band after the reporting date in accordance with the scheduled repayment dates set out in the loan agreement. At that time, the aggregate principal and interest cash outflows will amount to HK$157,409,000.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on the expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

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

(c) Fair value of financial instruments

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

- the fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and

- the fair value of financial guarantee contracts at initial recognition is determined using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default.

Other than set out in note 29, the Directors 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.

7. REVENUE

	2010 HK$'000	2009 HK$'000
Revenue of the Group		
Sale of completed properties held for sale	**4,942,028**	4,600,424
Group's share of toll revenue of infrastructure joint ventures	**802,617**	1,082,933
Revenue of the Group and Group's share of revenue of infrastructure joint ventures	**5,744,645**	5,683,357

8. SEGMENTAL INFORMATION

The Group's operating segments, based on the information reported to the Group's chief operating decision maker for the purpose of resources allocation and assessment of performance are follows:

Toll road	–	development, operation and management of toll roads through the infrastructure joint ventures
Property development and investment	–	development of properties for sale and for rental income potential and/or capital appreciation

8. SEGMENTAL INFORMATION (continued)

The following is an analysis of the Group's revenue, profit, assets, liabilities and other information by operating segments for the years under review:

	2010			2009		
	Toll road HK$'000	Property development and investment HK$'000	Total HK$'000	Toll road HK$'000	Property development and investment HK$'000	Total HK$'000
Segment revenue	–	4,942,028	4,942,028	–	4,600,424	4,600,424
Segment profit (loss)	144,990	482,435	627,425	823,968	(10,248)	813,720
Segment assets (including interests in joint ventures)	3,992,321	18,816,164	22,808,485	4,376,361	15,305,633	19,681,994
Segment liabilities	(57,557)	(14,627,160)	(14,684,717)	(50,269)	(10,269,610)	(10,319,879)
Other segment information						
Amounts included in the measure of segment profit or loss or segment assets:						
Interest income	2,608	25,723	28,331	349	20,241	20,590
Gains on disposal of interests in joint ventures	–	–	–	578,597	–	578,597
Impairment losses on interests in joint ventures	(162,103)	–	(162,103)	(158,000)	–	(158,000)
Fair value gain on transfer of completed properties held for sale to investment properties	–	91,013	91,013	–	–	–
Change in fair value of investment properties	–	179,749	179,749	–	40,678	40,678
Depreciation	(71)	(16,984)	(17,055)	(163)	(21,616)	(21,779)
Finance costs	(4,192)	(75,727)	(79,919)	(5,600)	(10,018)	(15,618)
Income tax expenses	(20,230)	(951,560)	(971,790)	(18,017)	(284,264)	(302,281)
Share of results of joint ventures	395,634	(4,156)	391,478	484,429	29,894	514,323
Interests in joint ventures	3,838,124	16,923	3,855,047	4,307,950	50,046	4,357,996
Additions to non-current assets during the year	30	166,127	166,157	35	23,285	23,320

8. SEGMENTAL INFORMATION (continued)

(a) Measurement

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3.

Segment profit (loss) represents profit (loss) earned by each segment, which includes share of results of joint ventures, fair value gain on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, gains (losses) on disposal of interests in joint ventures, impairment losses on interests in joint ventures, depreciation of property, plant and equipment, relevant interest income and finance costs and income tax expenses attributable to the relevant segment but without allocation of headquarter income and expenses.

Segment revenue comprises revenue from external customers. There was no inter-segment revenue.

Segment assets include property, plant and equipment, investment properties, interests in joint ventures, long-term receivables, prepayment for acquisition of additional interest in a subsidiary, inventory of properties, prepayment for land leases, loan to a joint venture, debtors, deposits and prepayments, prepaid income tax, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant reportable segment.

Segment liabilities include creditors and accrued charges, deposits from pre-sale of properties, income tax payable, bank and other borrowings and deferred tax liabilities which are directly attributable to the relevant reportable segment.

Additions to non-current assets are the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year and comprises purchase of property, plant and equipment and investment properties directly attributable to the segment.

8. SEGMENTAL INFORMATION (continued)

(b) Reconciliation of total segment profit, total segment assets and total segment liabilities

	2010	2009
	HK$'000	HK$'000
Total segment profit	**627,425**	813,720
Unallocated items:		
Interest income	**5,097**	2,500
Corporate income	**62,990**	25,819
Corporate expenses	**(27,438)**	(10,045)
Finance costs	**(35,353)**	(88,817)
Consolidated profit for the year	**632,721**	743,177
Total segment assets	**22,808,485**	19,681,994
Unallocated assets:		
Property, plant and equipment	**789**	600
Loans to related companies	**23,400**	51,500
Deposits and prepayments	**3,067**	4,453
Bank balances and cash	**4,850,634**	2,484,042
Consolidated total assets	**27,686,375**	22,222,589
Total segment liabilities	**(14,684,717)**	(10,319,879)
Unallocated liabilities:		
Accrued charges	**(144,929)**	(78,468)
Bank and other borrowings	**(2,452,931)**	(1,791,899)
Consolidated total liabilities	**(17,282,577)**	(12,190,246)

8. SEGMENTAL INFORMATION (continued)

(c) Revenue from major products and services

The Group's revenue for the year comprises sale of completed properties, which are mainly residential properties developed by the Group for sale purposes.

(d) Information about geographical areas

All the Group's revenue is attributable to customers in the PRC and over 90% of the Group's total non-current assets (excluding loans to related companies, deferred tax assets and long-term receivables) are located in the PRC and the remaining non-current assets are located in Hong Kong.

(e) Information about major customers

In view of the nature of the toll road business, there are no major customers and suppliers. For the property business, there was no customer who accounted for over 10% of the total revenue generated from property business.

9. OTHER GAINS AND LOSSES

	2010 **HK$'000**	2009 HK$'000
Gains on disposal of interests in joint ventures	**–**	578,597
Impairment losses on interests in joint ventures	**(162,103)**	(158,000)
Losses on disposal of property, plant and equipment	**(2,082)**	(1,485)
Fair value gain on transfer of completed properties held for sale to investment properties	**91,013**	–
Change in fair value of investment properties	**179,749**	40,678
Net exchange gains	**173,051**	66,743
	279,628	526,533

10. SHARE OF RESULTS OF JOINT VENTURES

	2010	2009
	HK$'000	HK$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	**687,723**	762,966
Less share of: Amortisation of toll road operation rights	**(188,043)**	(191,834)
Current tax	**(112,943)**	(85,203)
Deferred tax	**8,897**	(1,500)
	395,634	484,429
Share of (loss) profit of other joint venture	**(4,156)**	29,894
	391,478	514,323

The current tax amount represents the share of the PRC enterprise income tax attributable to the PRC infrastructure joint ventures.

Deferred tax has been provided for temporary differences between the carrying amount of toll road operation right and the corresponding tax base used in the computation of taxable profits for the PRC infrastructure joint ventures. For the infrastructure joint ventures that enjoyed preferential rate of 15% or lower for the PRC enterprise income tax up to 31 December 2007, based on a grandfathering provision, the tax rate increases progressively to 25% over five years from 1 January 2008 onwards.

11. FINANCE COSTS

	2010	2009
	HK$'000	HK$'000
Interest on borrowings wholly repayable within five years	**395,794**	364,424
Other finance costs	**40,693**	40,422
	436,487	404,846
Less: Capitalised in properties under development for sale	**(321,215)**	(300,411)
	115,272	104,435

Borrowing costs capitalised during the year are calculated by applying an average capitalisation rate of 5.30% (2009: 4.74%) per annum to expenditure on qualifying assets.

12. PROFIT BEFORE TAXATION

	2010 HK$'000	2009 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**18,255**	23,079
Less: Capitalised in properties under development for sale	**(734)**	(811)
	17,521	22,268
Operating lease rentals in respect of land and buildings	**12,876**	13,801
Less: Capitalised in properties under development for sale	**(147)**	(741)
	12,729	13,060
Salaries and other benefits	**227,766**	167,694
Equity-settled share based payments	**11,926**	–
Provident fund scheme contributions, net of forfeited contributions of HK$341,000 (2009: HK$195,000)	**30,257**	22,470
Less: Capitalised in properties under development for sale	**(54,075)**	(44,926)
Total staff costs (excluding Directors' emoluments)	**215,874**	145,238
Auditor's remuneration	**5,000**	5,049
Cost of inventory of properties recognised as an expense	**3,398,281**	4,061,924
and after crediting:		
Bank interest income	**23,837**	13,751
Rental income in respect of investment properties with insignificant rental outgoings	**6,138**	4,654

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	Directors' fees HK$'000	Salaries and allowances HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	2010 Total HK$'000
Executive Directors					
Zen Wei Pao, William	–	5,500	7,719	550	13,769
Ko Yuk Bing	–	4,441	6,250	444	11,135
Chan Kam Hung	–	2,947	2,188	295	5,430
Fong Shiu Leung, Keter	–	2,310	1,563	231	4,104
Zen Wei Peu, Derek	–	3,500	–	12	3,512
Non-executive Directors					
Guo Limin	200	–	–	–	200
Xu Ruxin	200	–	–	–	200
Lam Wai Hon, Patrick	123	–	–	–	123
Independent Non-executive Directors					
Chow Shiu Kee, Stephen	357	–	–	–	357
Lau Sai Yung	366	–	–	–	366
Chow Ming Kuen, Joseph	341	–	–	–	341
	1,587	18,698	17,720	1,532	39,537

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors' emoluments (continued)

	Directors' fees HK$'000	Salaries and allowances HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	2009 Total HK$'000
Executive Directors					
Zen Wei Pao, William	–	4,750	8,992	475	14,217
Ko Yuk Bing	–	3,823	7,281	382	11,486
Chan Kam Hung	–	2,441	2,548	244	5,233
Fong Shiu Leung, Keter	–	1,931	1,820	193	3,944
Zen Wei Peu, Derek	–	3,500	–	12	3,512
Non-executive Directors					
Hu Aimin	149	–	–	–	149
Zhang Yijun	181	–	–	–	181
Guo Limin	44	–	–	–	44
Xu Ruxin	12	–	–	–	12
Independent Non-executive Directors					
Chow Shiu Kee, Stephen	337	–	–	–	337
Lau Sai Yung	352	–	–	–	352
Chow Ming Kuen, Joseph	327	–	–	–	327
Choy Kwok Hung, Patrick	127	–	–	–	127
	1,529	16,445	20,641	1,306	39,921

In addition to the above Directors' emoluments, certain share options were granted to the Directors and the details of share options held by individual directors at 31 December 2010 and 31 December 2009 are shown in the Directors' report.

All the five highest paid individuals in the Group for both years presented are Executive Directors whose emoluments are included above.

14. INCOME TAX EXPENSES

	2010 HK$'000	2009 HK$'000
Current tax:		
PRC enterprise income tax ("EIT")	**280,823**	162,092
PRC land appreciation tax ("LAT")	**431,401**	109,237
PRC withholding tax	**30,970**	15,725
	743,194	287,054
Underprovision of EIT in prior years (note)	**80,000**	–
Deferred tax (note 30):		
Current year	**148,596**	15,227
	971,790	302,281

No provision for Hong Kong profits tax has been made as there was no assessable profit derived from Hong Kong.

The EIT is calculated at a statutory tax rate of 25%.

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations.

Note: After the tax assessment carried out by the local tax authority on two property companies during the year, certain tax adjustments related to prior years' assessable profits have been made, resulting in an underprovision of EIT in respect of prior years, which is previously unforeseen by the Group.

14. INCOME TAX EXPENSES (continued)

The income tax for the year is reconciled to profit before taxation as follows:

	2010 HK$'000	2009 HK$'000
Profit before taxation	**1,604,511**	1,045,458
Tax at the applicable income tax rate of 25% (2009: 25%) (note)	**401,128**	261,365
LAT provision	**431,401**	109,237
Tax effect of LAT	**(107,850)**	(27,309)
Tax effect of expenses not deductible for tax purpose	**246,157**	179,811
Tax effect of income not taxable for tax purpose	**(64,221)**	(170,876)
Tax effect of share of results of joint ventures	**(97,869)**	(128,581)
Tax effect of tax losses not recognised	**19,093**	40,502
Tax effect of temporary differences not recognised	**40,384**	63,638
Tax effect of utilisation of tax losses previously not recognised	**(35,010)**	(61,955)
Deferred tax on undistributed earnings of PRC subsidiaries and joint ventures	**34,765**	2,292
PRC withholding tax	**30,970**	15,725
Underprovision of EIT in prior years	**80,000**	–
Others	**(7,158)**	18,432
Income tax for the year	**971,790**	302,281

Note: The domestic tax rate of major subsidiaries in the PRC is used for the reconciliation as it is where the operations of the Group are substantially based.

15. DIVIDENDS PAID

	2010 HK$'000	2009 HK$'000
2009 final dividend paid of HK$0.30 (2009: HK$0.20 for 2008) per share	**222,035**	147,785
2010 interim dividend paid of HK$0.20 (2009: HK$0.20) per share	**148,143**	147,824
	370,178	295,609

15. DIVIDENDS PAID (continued)

Subsequent to the end of the reporting period, a final dividend in respect of 2010 of HK$0.23 per share amounting to a total of approximately HK$171 million has been declared by the Board on 17 March 2011. The amount has not been included as a liability in the consolidated financial statements as it was declared after the end of the reporting period.

The amount of the proposed final dividend has been calculated on the basis of 741,934,566 shares in issue as at 17 March 2011.

16. 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:

	2010	2009
	HK$'000	HK$'000
Earnings for the purposes of basic and diluted earnings per share attributable to the owners of the Company	**625,008**	728,080

	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**740,205**	738,993
Effect of dilutive potential ordinary shares:		
Share options	**122**	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**740,327**	738,993

The share options outstanding during the year ended 31 December 2009 were anti-dilutive because the exercise prices of the share options were higher than the average market prices of the shares of the Company during that year.

17. PROPERTY, PLANT AND EQUIPMENT

	Properties under development for investment properties HK$'000 (Note)	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 January 2009	17,575	1,156	19,444	25,625	905	21,969	86,674
Additions	–	–	1,871	2,380	–	1,062	5,313
Disposals	–	(227)	–	(4,208)	(804)	(5,612)	(10,851)
Transfer to investment properties (note 18)	(17,575)	–	–	–	–	–	(17,575)
Acquisition of subsidiaries (note 32(b))	–	–	–	92	–	739	831
Exchange adjustments	–	10	152	211	9	216	598
At 31 December 2009	–	939	21,467	24,100	110	18,374	64,990
Additions	–	57	–	4,507	–	6,264	10,828
Disposals	–	(6,276)	(1,072)	(2,429)	–	(3,266)	(13,043)
Transfer from inventory of properties	–	53,086	–	–	–	–	53,086
Acquisition of subsidiaries (note 32(a))	–	–	–	102	–	287	389
Exchange adjustments	–	5	260	641	(98)	402	1,210
At 31 December 2010	**–**	**47,811**	**20,655**	**26,921**	**12**	**22,061**	**117,460**
Depreciation							
At 1 January 2009	–	190	8,816	12,580	–	7,742	29,328
Charge for the year	–	283	11,144	7,356	47	4,249	23,079
Eliminated on disposals	–	(87)	–	(3,830)	–	(3,218)	(7,135)
Exchange adjustments	–	3	95	164	–	104	366
At 31 December 2009	–	389	20,055	16,270	47	8,877	45,638
Charge for the year	–	9,745	864	3,670	3	3,973	18,255
Eliminated on disposals	–	(1,060)	(1,072)	(2,353)	–	(3,116)	(7,601)
Exchange adjustments	–	140	286	406	(38)	331	1,125
At 31 December 2010	**–**	**9,214**	**20,133**	**17,993**	**12**	**10,065**	**57,417**
Carrying values							
At 31 December 2010	**–**	**38,597**	**522**	**8,928**	**–**	**11,996**	**60,043**
At 31 December 2009	–	550	1,412	7,830	63	9,497	19,352

Note: At 1 January 2009, the Group had adopted the amendments to HKAS 40 "Investment Property" which brings investment properties under construction within the scope of HKAS 40 "Investment Property". Consequently, at 1 January 2009, all properties under development for investment properties were transferred to investment properties.

17. PROPERTY, PLANT AND EQUIPMENT (continued)

Items of property, plant and equipment are depreciated on a straight line basis at the following rates per annum:

Leasehold land and buildings	Over the term of the lease from 20 to 25 years
Leasehold improvements	Over the term of the lease or 3 years, whichever is shorter
Furniture, fixtures and equipment	10% – 25%
Plant and machinery	20% – 30%
Motor vehicles	12.5% – 25%

The Group's leasehold land and buildings are situated in the PRC and are held under medium term leases.

The allocation of leasehold land and buildings elements cannot be made reliably, and the leasehold interests in land continue to be accounted for as property, plant and equipment.

18. INVESTMENT PROPERTIES

	2010 HK$'000	2009 HK$'000
Completed properties, at fair value		
At 1 January	**171,233**	143,851
Transfer from completed properties held for sale	**24,804**	–
Fair value gain on transfer of completed properties held for sale to investment properties	**91,013**	–
Change in fair value recognised in the consolidated income statement	**18,171**	25,989
Exchange difference arising on translation to presentation currency	**4,803**	1,393
At 31 December	**310,024**	171,233
Properties under construction, at fair value		
At 1 January	**84,204**	–
Reclassified from properties under development for investment properties previously included in property, plant and equipment at 1 January 2009 (note 17)	**–**	17,575
Reclassified from prepaid lease payments for land at 1 January 2009	**–**	34,231
Additions	**155,599**	17,189
Change in fair value recognised in consolidated income statement	**161,578**	14,689
Exchange difference arising on translation to presentation currency	**3,981**	520
At 31 December	**405,362**	84,204
Total	**715,386**	255,437

At 1 January 2009, the properties under development for investment properties amounting to HK$17,575,000 and prepaid lease payments for land amounting to HK$34,231,000 were reclassified to investment properties under construction arising from the application of the amendments to HKAS 40 "Investment Property".

18. INVESTMENT PROPERTIES (continued)

The fair values of investment properties under construction and completed investment properties at the date of transfer, 31 December 2010 and 31 December 2009 were determined by reference to valuations carried out by an independent firm of professional valuers not connected with the Group, who has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The valuation report on these properties was signed by a director of the firm of professional valuers who is a member of The Hong Kong Institute of Surveyors. The fair values of the investment properties were determined by the valuers on the following basis:

Vacant portion of investment properties	–	by reference to market evidence of transaction prices for properties similar properties in the similar location
Occupied completed properties	–	by reference to capitalised income to be derived from the existing tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions
Properties under construction	–	by reference to the current or recent pieces of investment properties and estimated costs to completion based on construction budget, past experience, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation (2009: by reference to market evidence of transaction prices for similar land in the similar location in view of bare land status).

The investment properties are situated in the PRC under medium term leases. All of the Group's leasehold interests in land held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

19. INTERESTS IN JOINT VENTURES

	2010 HK$'000	2009 HK$'000
Interests in infrastructure joint ventures		
Cost of investments	**4,602,426**	4,606,618
Share of post-acquisition undistributed profits and other comprehensive income, net of dividends received	**3,249,063**	3,428,703
Return of cost of investments (note a)	**(3,691,024)**	(3,569,371)
Impairment losses on cost of investments (note b)	**(322,341)**	(158,000)
	3,838,124	4,307,950
Interests in other joint venture		
Cost of investment	**16,123**	16,123
Share of post-acquisition profit and other comprehensive income, net of dividend received	**800**	33,923
	16,923	50,046
	3,855,047	4,357,996

Notes:

(a) The infrastructure joint ventures distribute the cash surplus to the Group on a regular basis including a return of total investment costs to the Group. The amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures.

(b) During the year, the Group conducted a review on the performance of the toll road infrastructure projects and recognised an impairment loss of HK$162,103,000 (2009: HK$158,000,000). The recoverable amounts of interests in infrastructure joint ventures are determined based on value-in-use calculations, which were determined by the present value of the estimated future returns on investments from the joint ventures.

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures

All infrastructure joint ventures are co-operative joint ventures established and operating in the PRC, details of which at 31 December 2010 and 2009 are as follows:

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Anhui Road Universe Hefei Highway Development Co., Ltd. 安徽路宇合肥公路開發有限公司	RMB133,530,000	50% #	Investment in, construction, operation and management of Hefei – Liuan Highway (Hefei Section) in Anhui, the PRC
Anhui Road Universe Hehuai Highway Dayang Section Development Company Limited 安徽省路宇合淮公路大楊段開發有限公司	RMB90,000,000	60% * #	Construction, operation and management of National Highway 206 Hehuai Highway (Dayang Section) in Anhui, the PRC
Anhui Road Universe Hehuai Highway Yangjin Section Development Company Limited 安徽省路宇合淮公路楊金段開發有限公司	RMB80,000,000	60% * #	Construction, operation and management of National Highway 206 Hehuai Highway (Yangjin Section) in Anhui, the PRC
Anhui Road Universe Liuan Highway Development Co., Ltd. 安徽路宇六安公路開發有限公司	RMB92,400,000	50% #	Investment in, construction, operation and management of Hefei – Liuan Highway (Liuan Section) in Anhui, the PRC
Bengbu Road King Chaoyanglu Huaihe Highway Bridge Development Co., Ltd. 蚌埠路勁朝陽路淮河公路橋開發有限公司	RMB73,592,000	35% #	Investment in and construction, operation and management of Bengbu Chaoyanglu Huaihe Highway Bridge in Anhui, the PRC
Bengbu Road King Huaihe Bridge Highway Development Co., Ltd. 蚌埠路勁淮河公路橋開發有限公司	RMB92,880,000	35% #	Investment in and development, operation and management of Provincial Highway 307 Bengbu Huaihe Bridge in Anhui, the PRC

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Bengbu Road King Huaiyuan-Mengcheng Highway Development Co., Ltd. 蚌埠路勁懷蒙公路開發有限公司	RMB68,040,000	35% #	Investment in and development, operation and management of Provincial Highway 307 Bengbu Huaiyuan – Mengcheng Highway in Anhui, the PRC
Guangxi Lutong Highway Development Co., Ltd. 廣西路通公路開發有限公司	RMB99,562,400	70% * #	Investment in and development, operation and management of National Highway 324 (Yulin Section) Guangxi Zhuang Autonomous Region, the PRC
Handan Rongguang Highway Development Co., Ltd. 邯鄲榮光公路開發有限公司	RMB78,200,000	70% * # @	Construction, operation and management of National Highway 309 Handan – Feixiang Highway in Hebei, the PRC
Handan Xinguang Highway Development Co., Ltd. 邯鄲新光公路開發有限公司	RMB81,800,000	70% * # @	Construction, operation and management of National Highway 309 Feixiang – Guantao Highway in Hebei, the PRC
Hebei Baofa Expressway Co., Ltd. 河北保發高速公路有限公司	RMB96,287,600	40% #	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Dong Section) in Hebei, the PRC
Hebei Baofeng Expressway Co., Ltd. 河北保豐高速公路有限公司	RMB95,700,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Rong Cheng – Xiong Xian Section) in Hebei, the PRC

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hebei Baohui Expressway Co., Ltd. 河北保惠高速公路有限公司	RMB96,007,600	40% #	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Zhong Section) in Hebei, the PRC
Hebei Baojie Expressway Co., Ltd. 河北保捷高速公路有限公司	RMB97,262,000	40% #	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian – Bazhou Section) in Hebei, the PRC
Hebei Baojin Expressway Co., Ltd. 河北保津高速公路有限公司	RMB96,843,600	40% #	Investment in and operation and management of Hebei Baojin Expressway (Xushui – Rongcheng Section) in Hebei, the PRC
Hebei Baoli Expressway Co., Ltd. 河北保利高速公路有限公司	RMB97,359,600	40% #	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian East Section) in Hebei, the PRC
Hebei Baoming Expressway Co., Ltd. 河北保明高速公路有限公司	RMB90,030,400	40% #	Investment in and operation and management of Hebei Baojin Expressway (Bazhou – Tianjinjie Section) in Hebei, the PRC
Hebei Baosheng Expressway Co., Ltd. 河北保昇高速公路有限公司	RMB96,507,600	40% #	Investment in and operation and management of Hebei Baojin Expressway (Xiongxian Section) in Hebei, the PRC
Hebei Baoyi Expressway Co., Ltd. 河北保怡高速公路有限公司	RMB96,575,200	40% #	Investment in and operation and management of Hebei Baojin Expressway (Rong Cheng Section) in Hebei, the PRC

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hebei Baoyu Expressway Co., Ltd. 河北保裕高速公路有限公司	RMB97,426,400	40% #	Investment in and operation and management of Hebei Baojin Expressway (Bazhou West Section) in Hebei, the PRC
Hebei Tanghui Expressway Company Limited 河北唐惠高速公路有限公司	RMB287,324,000	45% #	Investment in and operation and management of Hebei Tangjin Expressway (Chenzhuang – Fengnan Section) in Hebei, the PRC
Hebei Tangjin Expressway Company Limited 河北唐津高速公路有限公司	RMB250,300,000	45% #	Investment in and operation and management of Hebei Tangjin Expressway (Fengnan – Jijinjie Section) in Hebei, the PRC
Hebei Tangrun Expressway Company Limited 河北唐潤高速公路有限公司	RMB172,524,000	45% #	Investment in and operation and management of Hebei Tangjin Expressway (Shuangmiao – Chenzhuang Section) in Hebei, the PRC
Hunan Changyi (Baining) Expressway Co., Ltd. 湖南長益(白寧)高速公路有限公司	RMB97,011,500	43.17% #	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Baining Section) in Hunan, the PRC
Hunan Changyi (Cangyi) Expressway Co., Ltd. 湖南長益(滄益)高速公路有限公司	RMB98,985,400	43.17% #	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Cangyi Section) in Hunan, the PRC

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hunan Changyi Expressway Co., Ltd. 湖南長益高速公路有限公司	RMB98,553,500	43.17% #	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Changbai Section) in Hunan, the PRC
Hunan Changyi (Hengcang) Expressway Co., Ltd. 湖南長益(衡滄)高速公路有限公司	RMB101,695,200	43.17% #	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Hengcang Section) in Hunan, the PRC
Hunan Changyi (Ningheng) Expressway Co., Ltd. 湖南長益(寧衡)高速公路有限公司	RMB98,458,100	43.17% #	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Ningheng Section) in Hunan, the PRC
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd. 湖南長益(資江二橋)高速公路有限公司	RMB78,328,300	43.17% #	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Zijiang No. 2 Bridge) in Hunan, the PRC
Liuan Road Universe Liuye Highway Development Co., Ltd. 六安路宇六葉公路開發有限公司	RMB97,800,000	50% # @	Investment in, construction, operation and management of Liuan – Yeji Highway (Western Section) in Anhui, the PRC
Liuan Road Universe Pihe Bridge Development Co., Ltd. 六安路宇淠河大橋開發有限公司	RMB90,364,000	50% #	Investment in, construction, operation and management of Pihe Bridge in Anhui, the PRC

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Pingdingshan Road King Xuchang – Nanyang Highway (Xiangcheng Section) Development Co., Ltd. 平頂山路勁許南公路(襄城段)開發有限公司	RMB73,400,000	50% #	Investment in and development, operation and management of National Highway 311 and Provincial Highway 103 Xunan Highway (Xiangcheng Section) in Henan, the PRC
Pingdingshan Road King Xuchang – Nanyang Highway (Yexian Section) Development Co., Ltd. 平頂山路勁許南公路(葉縣段)開發有限公司	RMB63,400,000	50% #	Investment in and development, operation and management of National Highway 311 and Provincial Highway 103 Xunan Highway (Yexian Section) in Henan, the PRC
Shanxi Lutong Dongguan Highway Company Limited 山西路通東觀公路有限公司	RMB82,340,000	65% * #	Investment in, operation and management of National Highway 108 Yuci Dongchangshou – Qixian Dongguan Highway in Shanxi, the PRC
Shanxi Lutong Taiyu Highway Co., Ltd. 山西路通太榆公路有限公司	RMB83,414,000	65% * #	Investment in, operation and management of Taiyuan – Yuci Highway in Shanxi, the PRC
Shanxi Lutong Yuci Highway Co., Ltd. 山西路通榆次公路有限公司	RMB66,412,000	65% * #	Investment in, operation and management of National Highway 108 Yuci City Bypass in Shanxi, the PRC
Shijiazhuang Luhui Road & Bridge Development Co., Ltd. 石家莊路輝道橋開發有限公司	RMB88,000,000	60% * #	Construction, operation and management of National Highway 307 Shijiazhuang – Gaocheng Highway in Hebei, the PRC

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Shijiazhuang Luxin Road & Bridge Development Co., Ltd. 石家莊路信道橋開發有限公司	RMB44,000,000	60% * #	Construction, operation and management of National Highway 307 Gaocheng – Jinzhou Highway in Hebei, the PRC
Suzhou Road King Shanghai – Suzhou Airport Road Development Co., Ltd. 蘇州路勁蘇滬機場路發展有限公司	RMB130,000,000	50%	Construction, operation and management of Provincial Highway 343 Suzhou – Shanghai Hongqiao Airport Highway (Suzhou Section) in Jiangsu, the PRC

* The Group exercises joint control over the financial and operating policies of these companies with other PRC joint venture partners in accordance with joint venture agreements, and accordingly, these companies have not been accounted for as subsidiaries.

The profit/cash sharing ratios in these infrastructure joint ventures differ from the proportion of the registered capital held by the Group over the duration of the joint ventures. During the early stage of the joint ventures, the Group is entitled to higher profit/cash sharing ratios than the proportion of registered capital held by the Group as contained in the relevant joint venture agreements. Thereafter, until such time as specified in the joint venture agreements, the other venturers of the joint ventures are entitled to profit/cash sharing ratios higher than their respective proportion of registered capital held by them as contained in the joint venture agreements. Thereafter, the profit/cash sharing ratios of the joint ventures may be the same as the proportion of their registered capital or in accordance with a predetermined ratio stipulated in the joint venture agreements.

@ During the year, the joint ventures have disposed of the respective operation rights of the toll roads.

19. INTERESTS IN JOINT VENTURES (continued)

Property development joint venture

Particulars of the Group's interest in a property development joint venture as at 31 December 2010 and 2009 are as follows:

Name of entity	Place of establishment	Principal place of business	Registered capital	Attributable interest to the Group	Principal activity
上海順馳方城置業有限公司 ("上海方城")	PRC	PRC	RMB50,000,000	31.5%	Property development

The summary of aggregate financial information of the Group's interests in the joint ventures which is accounted for using equity method, based on the adjusted financial statements prepared under HKFRSs, is as follows:

	2010 HK$'000	2009 HK$'000
Income recognised in profit or loss	**991,817**	1,239,397
Expenses recognised in profit or loss	**(600,339)**	(725,074)
Other comprehensive income	**–**	–
Current assets	**1,084,690**	666,075
Non-current assets	**3,814,959**	4,214,789
Current liabilities	**(722,261)**	(364,868)
Non-current liabilities	**–**	–

20. LOAN TO A JOINT VENTURE

At 31 December 2009, the loan to a joint venture of HK$64,286,000 represented a loan to 上海方城, which was unsecured, carried interest at a fixed rate of 5.6% per annum and recoverable within one year.

During the year, the loan was renewed and the maturity date of the loan has been extended to September 2011. During the renewal, an amount of HK$20,637,000 was repaid and the outstanding amount of HK$43,649,000 which is neither past due nor impaired at 31 December 2010 is unsecured, carried interest at a fixed rate of 5.6% per annum and recoverable within one year. The credit risk on such amount is disclosed in note 6(b)(ii).

21. LOANS TO RELATED COMPANIES

The loans to related companies represented the cash advances to former subsidiaries of the Group in which one of its shareholders is Wai Kee, which has significant beneficial interest in the Company.

The loans to related companies are unsecured, interest bearing at the London Interbank Offered Rate ("LIBOR") or Hong Kong Interbank Offered Rate ("HIBOR") plus 1.75% per annum up to February 2010 and at a fixed rate of 6.25% per annum for the period from March 2010 to the maturity dates of the respective loans (2009: LIBOR or HIBOR plus 1.7% per annum).

During the year, an amount of HK$28,100,000 was repaid. Subsequent to 31 December 2010, the outstanding amount of HK$23,400,000 which is neither past due nor impaired at 31 December 2010 has been fully repaid to the Group.

	2010	2009
	HK$'000	HK$'000
Maturity profile of loans to related companies repayable in:		
– within one year	**23,400**	3,300
– more than one year but not exceeding two years	**–**	16,700
– more than two years but not exceeding five years	**–**	31,500
	23,400	51,500
Included in current assets	**(23,400)**	(3,300)
	–	48,200
The loans were denominated in:		
United States dollars	**23,400**	31,500
Hong Kong dollars	**–**	20,000
	23,400	51,500

22. LONG-TERM RECEIVABLES

	2010	2009
	HK$'000	HK$'000
Minimum income undertakings (note (a))	**–**	4,995
Deferred consideration on disposal of interest in a joint venture (note (b))	**–**	27,211
Amount due from Huge Rise Investments Limited ("Huge Rise") and its subsidiaries ("Huge Rise Group") (note (c))	**110,634**	510,397
	110,634	542,603

Notes:

(a) Included in long-term receivables and debtors aged more than 90 days of the Group as disclosed in note 25 are the amounts of nil (2009: HK$4,995,000) and HK$7,859,000 (2009: HK$8,163,000), respectively representing minimum income undertakings due from the PRC joint venture partners. The amount of HK$4,995,000 at 31 December 2009 has been reclassified as current assets and included in debtors of the Group at 31 December 2010 (see note 25). Minimum income undertakings have been recognised in accordance with the terms set out in the relevant joint venture agreements and are settled according to the schedules agreed with the relevant PRC joint venture partners. The amounts, which are neither past due nor impaired at the end of the reporting period, will be fully repaid in 2011 in accordance with the revised agreed repayment schedule.

(b) The balance of HK$27,211,000 at 31 December 2009 represented the deferred consideration which arose from disposal of an infrastructure joint venture to a PRC joint venture partner (see note 33(a)(ii)) which will be fully repaid in June 2011. At the end of the reporting period, the amount, which is neither past due nor impaired, has been reclassified as current assets and included in other receivables of the Group (see note 25). The credit risk on such amount is disclosed in note 6(b)(ii).

(c) The balance represented the cash advance to Huge Rise Group, the independent third parties of the Group. On 4 January 2010, Huge Rise and the Company has revised the cash advance arrangement and agreed that the cash advance will be fully repaid before December 2014 and is interest bearing at 1% per annum over 3 month HIBOR. The credit risk on amount due from Huge Rise Group is disclosed in note 6(b)(ii).

23. INVENTORY OF PROPERTIES

	2010	2009
	HK$'000	HK$'000
Completed properties held for sale	**1,449,819**	2,433,293
Properties under development for sale (note)	**13,047,098**	10,520,175
	14,496,917	12,953,468

Note: Included in the amount are properties under development for sale of HK$10,593,495,000 (2009: HK$8,855,792,000) which are expected to be completed and delivered to the customers more than twelve months from the end of the reporting period.

24. PREPAYMENT FOR LAND LEASES

As at 31 December 2010, a total prepayment of HK$1,783,378,000 (2009: HK$222,334,000) was made for the acquisition of certain pieces of land in the PRC. Upon completion of the acquisition and delivery of relevant land title document to the Group, which are expected to occur within the period of twelve months from the end of the reporting period, the prepaid amount will be transferred to the account of "Properties under development for sale".

25. DEBTORS, DEPOSITS AND PREPAYMENTS

	2010	2009
	HK$'000	HK$'000
Aged analysis of trade debtors, presented based on invoice date (note (a)):		
Within 60 days	**48,073**	11,227
60 to 90 days	**6,277**	6,267
More than 90 days	**11,778**	14,263
	66,128	31,757
Deferred consideration on disposal of interest in a joint venture (notes 22(b) and 33(a)(ii))	**27,713**	27,211
Interest receivable	**335**	1,439
Prepayment of business tax and other taxes	**210,969**	115,904
Other receivables, deposits and prepayments (note (b))	**669,665**	154,640
	974,810	330,951

Notes:

(a) Other than the minimum income undertakings as mentioned in note 22(a), the debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 days from the agreements. Consideration under pre-sale contracts will be fully received prior to the delivery of the properties to the purchasers.

(b) At 31 December 2010, included in other receivables, deposits and prepayments is an amount of HK$517,321,000 (2009: HK$31,746,000) representing the tender deposits paid to the local government or its agents for the tender of several pieces of land and a toll road development and operating project through public auctions. The tender deposits will be refunded if the Group fails to acquire the pieces of land or the toll road project during the tender. Subsequent to 31 December 2010, HK$311,778,000 has been refunded to the Group.

The public auction in respect of the above tender deposits paid will be taking place within one year and the amounts are classified as short-term deposits.

In November 2007, the Group entered into a cooperative agreement ("Cooperative Agreement") for carrying out development on several pieces of land in Jinan province. In 2009, the Group entered into a settlement agreement to terminate the Cooperative Agreement. The prepayment of HK$381,573,000 made by the Group was agreed to be refunded together with a fixed return of HK$36,281,000, of which HK$18,141,000 (2009: HK$18,140,000) is received and recognised as other income in current year, by installments. The outstanding balance of the prepayment of HK$51,700,000 at 31 December 2009 was fully repaid in 2010.

25. DEBTORS, DEPOSITS AND PREPAYMENTS (continued)

The Group has insignificant trade receivable balances which are past due but not impaired at the end of the reporting period. Included in trade debtors are minimum income undertakings of HK$7,859,000 (2009: HK$8,163,000) which are settled according to an agreed repayment schedule, the remaining trade debtor balance is neither past due nor impaired and has been substantially settled subsequent to the end of the reporting period.

In determining the recoverability of trade debtors, 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 because the customer base is large and unrelated. Accordingly, the Directors believe that there is no credit provision required at the end of the reporting period.

26. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits are bank balances of HK$189,546,000 (2009: HK$206,553,000) which are pledged as securities in favour of banks for mortgage facilities granted to the buyers of the Group and short-term facilities granted to the Group.

Bank balances carried interests at market rates which range from 0.01% to 1.35% (2009: 0.01% to 1.17%) per annum. The average effective interest rate of pledged bank deposits was 0.78% (2009: 0.36%) per annum.

The Group's pledged bank deposits and bank balances and cash that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2010	2009
	HK$'000	HK$'000
Hong Kong dollars	**340,341**	353,122
United States dollars	**1,513,453**	60,544

27. SHARE CAPITAL

	2010 Number of shares	2009 Number of shares	**2010 HK$'000**	2009 HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**20,000,000,000**	20,000,000,000	**2,000,000**	2,000,000
7.5% convertible preference shares ("CP shares") of HK$0.1 each	**518,380**	518,380	**52**	52
Issued and fully paid:				
Ordinary shares				
At 1 January	**739,116,566**	738,926,566	**73,912**	73,893
Issue of shares upon exercise of share options	**2,818,000**	190,000	**281**	19
At 31 December	**741,934,566**	739,116,566	**74,193**	73,912

As a result of the exercise of the Company's share options during the year, 2,818,000 (2009: 190,000) ordinary shares were issued by the Company as detailed in note 28.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year.

No convertible preference shares are issued in both years.

28. SHARE OPTION SCHEME

The share option scheme was adopted by the Company in 2003. The purpose of the scheme is to provide selected participants with the opportunity to acquire proprietary interests of the Company in order to encourage those participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole. The participants include full-time employees, executives or officers and Directors or any of its subsidiaries.

28. SHARE OPTION SCHEME (continued)

The total number of shares which may be issued under the share option scheme and any other schemes of the Company 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. On 15 May 2007, renewal of the 10% share option scheme mandate limit was approved by the shareholders and the total number of options available for grant at 31 December 2010 under the share option scheme was 39,540,156 (2009: 54,650,156). At 31 December 2010, the number of shares in respect of which options had been granted and remained outstanding under the scheme was 43,603,000, representing approximately 5.88% of the Company's issued share capital at that date. The 10% Limit may be refreshed with the approval of shareholders of the Company. The maximum number of shares that may be issued upon exercise of all outstanding options granted and are 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, lapsed/cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by the shareholders.

The option exercisable period commences on the commencement date (the date upon which the options are granted and accepted) of such options and ends on the fifth anniversary of the commencement date. Each participant must pay HK$1 as consideration for the grant of options within 28 days from the date of offer.

The exercise price shall be determined by the Board, 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. 12 May 2003.

During the year, 15,110,000 share options were granted to the directors and employees of the Group for an aggregate consideration of HK$132 and the share options are fully vested at the date of grant. The estimated fair values of the options granted of HK$20,000,000 (of which HK$8,074,000 was the fair value of the options granted to the Directors) was recognised in the consolidated income statement. The fair value of the options was calculated using the Hull White Trinomial pricing model. The inputs into the model were as follows:

Share price at date of grant	HK$6.79
Exercise price	HK$6.79
Expected volatility	38.87%
Expected life	5 years
Risk-free rate	2.01%
Expected dividend yield	6.73%

28. SHARE OPTION SCHEME (continued)

The expected volatility was determined by using the historical volatility of the Company's share price over the previous year.

No share options were granted by the Group in 2009.

The following tables disclose details of the Company's exercisable share options held by Directors and employees and movements in such holdings during the year.

2010

Date of grant	Exercisable period	Exercise price HK$	Balance at 1.1.2010	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Balance at 31.12.2010
Directors							
14 December 2005	14 December 2005 to 13 December 2010	5.80	2,700,000	–	(2,700,000)	–	–
20 December 2006	20 December 2006 to 19 December 2011	11.66	9,800,000	–	–	(500,000)	9,300,000
6 November 2007	6 November 2007 to 5 November 2012	14.85	10,200,000	–	–	(500,000)	9,700,000
9 April 2010	9 April 2010 to 8 April 2015	6.79	–	6,100,000	–	–	6,100,000
			22,700,000	6,100,000	(2,700,000)	(1,000,000)	25,100,000
Employees							
14 December 2005	14 December 2005 to 13 December 2010	5.80	100,000	–	(100,000)	–	–
20 December 2006	20 December 2006 to 19 December 2011	11.66	3,675,000	–	–	(85,000)	3,590,000
6 November 2007	6 November 2007 to 5 November 2012	14.85	6,710,000	–	–	(330,000)	6,380,000
9 April 2010	9 April 2010 to 8 April 2015	6.79	–	9,010,000	(18,000)	(459,000)	8,533,000
			10,485,000	9,010,000	(118,000)	(874,000)	18,503,000
			33,185,000	15,110,000	(2,818,000)	(1,874,000)	43,603,000
Weighted average exercise price			12.79	6.79	5.81	11.88	11.20

28. SHARE OPTION SCHEME (continued)

2009

Date of grant	Exercisable period	Exercise price HK$	Balance at 1.1.2009	Exercised during the year	Lapsed/ cancelled during the year	Balance at 31.12.2009
Directors						
26 August 2004	26 August 2004 to 25 August 2009	5.70	140,000	(140,000)	–	–
14 December 2005	14 December 2005 to 13 December 2010	5.80	2,700,000	–	–	2,700,000
20 December 2006	20 December 2006 to 19 December 2011	11.66	9,800,000	–	–	9,800,000
6 November 2007	6 November 2007 to 5 November 2012	14.85	10,200,000	–	–	10,200,000
			22,840,000	(140,000)	–	22,700,000
Employees						
26 August 2004	26 August 2004 to 25 August 2009	5.70	390,000	(50,000)	(340,000)	–
14 December 2005	14 December 2005 to 13 December 2010	5.80	100,000	–	–	100,000
20 December 2006	20 December 2006 to 19 December 2011	11.66	4,192,000	–	(517,000)	3,675,000
6 November 2007	6 November 2007 to 5 November 2012	14.85	7,360,000	–	(650,000)	6,710,000
			12,042,000	(50,000)	(1,507,000)	10,485,000
			34,882,000	(190,000)	(1,507,000)	33,185,000
Weighted average exercise price			12.70	5.70	11.69	12.79

The weighted average closing price of the Company's shares immediately before the date on which share options were exercised during the year is HK$6.68 (2009: HK$5.92).

29. BANK AND OTHER BORROWINGS

	2010	2009
	HK$'000	HK$'000
2007 Senior notes (note (a))	**2,673,040**	2,692,473
2010 Senior notes (note (b))	**2,652,917**	–
Guaranteed notes (note (c))	**1,251,394**	1,522,085
Bank loans (note (d))	**2,112,716**	2,186,720
	8,690,067	6,401,278

The maturity of the above loans is as follows:

	2010	2009
	HK$'000	HK$'000
Unsecured borrowings repayable*:		
Within one year	**1,348,449**	113,379
More than one year but not exceeding two years	**1,245,255**	1,522,085
More than two years but not exceeding five years	**4,176,809**	2,791,501
	6,770,513	4,426,965
Secured borrowings repayable*:		
Within one year	**1,505,613**	1,087,946
More than one year but not exceeding two years	**264,580**	559,119
More than two years but not exceeding five years	**–**	327,248
	1,770,193	1,974,313
Carrying amount of unsecured bank loan that is repayable more than one year but not exceeding two years but contain a repayable on demand clause (shown under current liabilities)	**149,361**	–
Total borrowings	**8,690,067**	6,401,278
Less: Amounts classified as current liabilities	**(3,003,423)**	(1,201,325)
Amount due over one year shown and classified as non-current liabilities	**5,686,644**	5,199,953

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

29. BANK AND OTHER BORROWINGS (continued)

Notes:

(a) The 2007 Senior notes are listed on the stock exchange in Singapore. The notes with carrying amount of HK$1,523,892,000 (2009: HK$1,536,047,000) bear interest at a fixed rate of 7.625% per annum and will mature in May 2014. The senior notes with carrying amount of HK$1,149,148,000 (2009: HK$1,156,426,000) bear interest at a floating rate of three month LIBOR plus 2.25% per annum and will mature in May 2012. The fair value of the senior notes based on the quoted asked price at 31 December 2010 was HK$2,616,900,000 (2009: HK$2,466,750,000).

(b) The 2010 Senior notes are listed on the stock exchange in Singapore and were issued in September 2010. The notes bear interest at a fixed rate of 9.5% per annum will mature in September 2015. The fair value of the senior notes based on the quoted asked price at 31 December 2010 was HK$2,702,700,000.

(c) The guaranteed notes, which are listed on the stock exchange in Singapore, bear interest at a fixed rate of 6.25% per annum and will mature in July 2011. The fair value of the guaranteed notes based on the quoted asked price at 31 December 2010 was HK$1,278,056,000 (2009: HK$1,482,975,000).

(d) Bank loans with carrying amount of HK$1,138,112,000 (2009: HK$1,025,582,000) bear interest at a fixed rate of 5.13% to 5.62% (2009: 4.86% to 7.08%) per annum. Interest rates on the remaining bank loans, which carried at floating interest rates, range from 1.35% to 1.85% (2009: 1.39% to 1.87%) per annum.

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2010	2009
	HK$'000	HK$'000
Hong Kong dollars	**342,524**	99,028
United States dollars	**7,209,431**	5,276,669

30. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Tax losses HK$'000	Fair value adjustment on properties under development HK$'000	Undistributed earnings of subsidiaries and joint ventures in the PRC HK$'000	Change in fair value of investment properties HK$'000	Interest capitalised on properties under development HK$'000	Total HK$'000
At 1 January 2009	(75,904)	35,203	46,000	–	101,999	107,298
Charge (credit) for the year	22,765	(13,234)	2,292	10,169	(6,765)	15,227
Exchange adjustments	(346)	10	57	35	99	(145)
At 31 December 2009	(53,485)	21,979	48,349	10,204	95,333	122,380
Charge (credit) for the year	25,311	(101)	34,765	67,691	20,930	148,596
Exchange adjustments	(610)	406	2,891	1,204	2,103	5,994
At 31 December 2010	(28,784)	22,284	86,005	79,099	118,366	276,970

Note: Deferred tax has been provided for (i) fair value adjustment on properties under development for sale; (ii) temporary differences between the carrying amount and the tax base of properties under development for sale, arising from the capitalisation of certain interest expenses in properties under development for sale in consolidation level; (iii) undistributed earnings of subsidiaries and joint ventures in the PRC; (iv) change in fair value of investment properties and (v) the tax losses.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2010 HK$'000	2009 HK$'000
Deferred tax assets	**(6,500)**	(31,506)
Deferred tax liabilities	**283,470**	153,886
	276,970	122,380

30. DEFERRED TAXATION (continued)

Deferred tax assets has not been recognised in the consolidated financial statements in respect of deductible temporary differences amounting to HK$504,006,000 (2009: HK$342,472,000) due to the unpredictability of future taxable profit streams.

At 31 December 2010, the Group has estimated unused tax losses of HK$1,069,340,000 (2009: HK$1,214,351,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$115,136,000 (2009: HK$213,938,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of HK$954,204,000 (2009: HK$1,000,413,000) due to the unpredictability of future taxable profit streams. Such remaining unrecognised tax losses of HK$954,204,000 (2009: HK$1,000,413,000) will expire within five years from the end of the reporting period.

31. CREDITORS AND ACCRUED CHARGES

	2010	2009
	HK$'000	HK$'000
Aged analysis of creditors, presented based on invoice date:		
Within 60 days	**47,916**	9,299
60 to 90 days	**2,045**	11,339
More than 90 days	**103,795**	99,722
	153,756	120,360
Accrued construction costs	**1,724,120**	1,872,993
	1,877,876	1,993,353
Interest payable	**132,229**	66,385
Accrued taxes (other than EIT and LAT)	**23,615**	15,595
Other accrued charges	**385,290**	363,482
	2,419,010	2,438,815

32. ACQUISITION OF SUBSIDIARIES

(a) Year ended 31 December 2010

On 28 June 2010, the Group acquired and assumed the following assets and liabilities through acquisition of the entire interest in Superb Sky Limited from Huge Rise at a cash consideration of HK$505,000,000. The subsidiaries of Superb Sky Limited mainly hold a property development project in Shijiazhuang, PRC. It was accounted for as purchase of assets rather than as a business combination as the subsidiary acquired is a property holding company which is not a business.

The net assets acquired in the transaction are as follows:

	HK$'000
Property, plant and equipment	389
Completed properties held for sale	3,000
Properties under development for sale	658,208
Debtors, deposits and prepayments	3,411
Prepaid income tax	1,111
Bank balances and cash	78,558
Creditors and accrued charges	(52,572)
Amount due to the Group	(187,105)
	505,000
Satisfied by:	
Cash consideration paid	505,000
Net cash outflow arising on acquisition:	
Cash consideration paid	505,000
Bank balances and cash acquired	(78,558)
	426,442

32. ACQUISITION OF SUBSIDIARIES (continued)

(b) Year ended 31 December 2009

The Group received the official seals 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") on 24 August 2009 and obtained the effective control over the Tianjin Companies by September 2009. The financial results of the Tianjin Companies were consolidated to the Group's consolidated financial statements since the date that the Group has obtained effective control over the Tianjin Companies. It was accounted for as purchase of assets rather than as a business combination as the subsidiaries acquired were property holding companies which were not businesses.

The Group acquired and assumed the following assets and liabilities respectively through acquisition of the Tianjin Companies.

	HK$'000
Net assets acquired:	
Property, plant and equipment	831
Completed properties held for sale	268,749
Properties under development for sale	2,010,724
Debtors, deposits and prepayments	11,061
Prepaid income tax	28,379
Bank balances and cash	914
Creditors and accrued charges	(907,595)
Deposits from pre-sale of properties	(48,992)
Income tax payable	(9,112)
	1,354,959
Satisfied by:	
Transferred from available-for-sale financial assets and advances to investees	1,354,959
Net cash inflow arising on acquisition:	
Bank balances and cash acquired	914

33. DISPOSAL OF INTERESTS IN JOINT VENTURES

(a) Year ended 31 December 2009

(i) Shenzhen Airport-Heao Expressway (Eastern Section) Co., Ltd.

On 1 June 2009, the Group entered into a sale and purchase agreement to dispose of its 45% equity interest in Shenzhen Airport-Heao Expressway (Eastern Section) Co., Ltd. to the PRC joint venture partner at a cash consideration of HK$1,207,684,000. The gain on disposal of the joint venture was recognised in profit or loss.

The disposal of the Group's interest in the joint venture during the year had the following effects:

	HK$'000
Cost of investment	584,864
Share of post-acquisition undistributed profits and other comprehensive income	253,130
Reduction of cost of investment	(202,364)
Carrying amount of interest in the joint venture disposed of	635,630
Expenses in connection with the disposal	8,640
Gain on disposal	563,414
Total consideration	1,207,684
Satisfied by:	
Cash consideration	1,207,684
Net cash inflow arising on disposal:	
Cash consideration	1,207,684
Expenses in connection with the disposal	(8,640)
	1,199,044

In 2009, other than the consideration received from disposal of the interest in the joint venture, the disposed joint venture had contributed to the Group's profit after taxation of HK$99,743,000 and investing cash flow of HK$47,511,000.

33. DISPOSAL OF INTERESTS IN JOINT VENTURES (continued)

(a) Year ended 31 December 2009 (continued)

(ii) Guangxi Hengjing Highway Development Co., Ltd.

On 31 March 2009, the Group entered into a sale and purchase agreement to dispose of its 70% equity interest in Guangxi Hengjing Highway Development Co., Ltd. to the PRC joint venture partner at a cash consideration of HK$124,270,000. The gain on disposal of the infrastructure joint venture was recognised in profit or loss.

The Group's disposal of its interest in the joint venture during the year had the following effects:

	HK$'000
Cost of investment	118,365
Share of post-acquisition undistributed profits and other comprehensive income	81,929
Reduction of cost of investment	(91,995)
Carrying amount of interest in the joint venture disposed of	108,299
Expenses in connection with the disposal	788
Gain on disposal	15,183
Total consideration	124,270
Satisfied by:	
Cash consideration	52,841
Deferred consideration – current portion (note (a))	44,218
Deferred consideration – non-current portion (note 22(b))	27,211
	124,270
Net cash inflow arising on disposal:	
Cash consideration	52,841
Expenses in connection with the disposal	(788)
	52,053

Notes:

(a) Included in the current portion of deferred consideration, HK$17,007,000 has been received up to 31 December 2009 and the remaining balance of HK$27,211,000 was included in other receivables as disclosed in note 25.

(b) In 2009, other than the consideration received from disposal of the interest in the joint venture, the disposed joint venture had no significant contribution to the Group's profit after taxation, operating, investing and financing cash flows.

34. RETIREMENT BENEFIT PLANS

For the operations in Hong Kong, the Group operates a Mandatory Provident Fund Scheme (the "Scheme") for all qualifying employees including Directors in Hong Kong. The assets of the Scheme are held separately from those of the Group in funds under the control of the independent trustee. Both the Group and the employees contribute a fixed percent to the Scheme based on their monthly salary in accordance with government regulations. The Scheme contributions represent contributions payable to the fund by the Group at rates specified in the rules of the Scheme. Where there are employees who leave the Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions will be used to reduce future contributions payable by the Group. There were no forfeited contributions available to reduce future contributions at the end of the reporting period.

For the operations in the PRC, 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.

35. OPERATING LEASE COMMITMENTS

As lessor

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

	2010 **HK$'000**	2009 HK$'000
Within one year	**9,282**	6,402
In the second to fifth year inclusive	**42,327**	26,069
Over five years	**75,669**	85,723
	127,278	118,194

Operating lease payments represent rentals receivable by the Group from leasing of its properties. Typically, leases are negotiated and rentals are fixed for the lease periods. Certain leases include contingent rentals calculated with reference to turnover of the tenants, but subject to a minimum fixed charge.

35. OPERATING LEASE COMMITMENTS (continued)

As lessee

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

	2010	2009
	HK$'000	HK$'000
Within one year	**10,854**	12,543
In the second to fifth year inclusive	**13,583**	3,790
	24,437	16,333

The commitments represent rentals payable by the Group for its offices and staff quarters with the lease periods ranging from one to three years.

Monthly rental was fixed and recognised over the terms of the leases.

36. CAPITAL COMMITMENTS

	2010	2009
	HK$'000	HK$'000
Capital expenditure in respect of the development of investment properties contracted for but not provided in the consolidated financial statements	**146,207**	18,146
Capital expenditure in respect of the development of investment properties authorised but not contracted for	**316,536**	544,529

37. CONTINGENT LIABILITIES

At 31 December 2010, the Group provided guarantees of HK$4,490,163,000 (2009: HK$3,433,161,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loan granted. The Directors considered that the fair value of such guarantees on initial recognition was insignificant.

38. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 26, the Group's inventory of properties of HK$1,321,777,000 (2009: HK$3,744,759,000) were pledged and the shares of certain of the Company's subsidiaries were pledged to secure the banking facilities granted to the Group.

39. LITIGATION

The Group and Huge Rise filed a writ of summons against Sunco China Holdings Limited, Sunco Management Holdings Limited (both of which are beneficially owned by Mr. Sun Hong Bin ("Mr. Sun")) and Mr. Sun (collectively referred to as the "Defendants") in October 2007, to claim for the loss and damage related to the payment of certain construction costs, tax expenses and penalty in relation to violation of certain development regulations in the PRC, which were undisclosed by Mr. Sun in connection with the acquisition of certain companies, including the Tianjin Companies, from the Defendants. These undisclosed liabilities have been recognised and recorded by the Group after the date of acquisition.

With the coordination of the Tianjin Municipal Government, in August 2010, the Group withdrew the lawsuit against the Defendants in Hong Kong. The relevant claims will be resolved through mediation by the Tianjin Municipal Government. The information of relevant claims is currently under review.

40. RELATED PARTY TRANSACTIONS

Other than set out in notes 2, 20, 21 and 33 to the consolidated financial statements, the Group had significant transactions with the following related parties during the year, details of which are as follows:

Related parties	**Nature**	**2010**	2009
		HK$'000	HK$'000
Property development joint venture	Interest income	**3,326**	7,795
Related companies (Note)	Interest income	**2,448**	1,544

Note: Loan interest income of HK$2,448,000 (2009: HK$1,544,000) was received from former subsidiaries in which Wai Kee has significant beneficial interest in the Company.

40. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

The remuneration of Directors and other members of key management during the year was as follows:

	2010	2009
	HK$'000	HK$'000
Short-term employment benefits	**71,956**	65,262
Post-employment benefits	**3,569**	2,889
Equity-settled share based payments	**13,752**	–
	89,277	68,151

The remuneration of Directors and key executives is determined by the performance of individuals and market trends.

41. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2010 and 2009 are as follows:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of nominal value of issued ordinary shares capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Changzhou Great Gallop Properties Developments Ltd.*	PRC	PRC	US$91,745,300	–	100	Development and sale of properties
Changzhou Great Superior Properties Developments Ltd.*	PRC	PRC	RMB123,500,000	–	100	Development and sale of properties
Changzhou Greatmind Properties Developments Ltd.**	PRC	PRC	RMB100,000,000	–	100	Development and sale of properties
Guangzhou Junde Real Estate Limited*	PRC	PRC	RMB60,000,000	–	100	Development and sale of properties
Guangzhou Junhua Real Estate Limited***@	PRC	PRC	RMB50,000,000	–	100	Development and sale of properties
Guangzhou Junya Real Estate Limited*	PRC	PRC	RMB60,220,000	–	100	Development and sale of properties
Guangzhou Junyue Real Estate Limited*	PRC	PRC	RMB538,000,000	–	100	Development and sale of properties

41. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of nominal value of issued ordinary shares capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
RK Properties Finance (2007) Limited	British Virgin Islands ("BVI")	#	US$1	–	100	Provision of financial services
RK Properties Holdings Limited	BVI	#	US$1	–	100	Investment holding
RK Properties Management Limited	Hong Kong	Hong Kong	HK$1	–	100	Provision of management services
RKI Finance Limited	BVI	#	US$1	100	–	Provision of financial services
RKI Finance (2010) Limited@	BVI	#	US$1	100	–	Provision of financial services
Road King (China) Infrastructure Limited	BVI	PRC	HK$1,300,000,000	100	–	Investment holding
Road King Infrastructure Finance (2004) Limited	BVI	#	US$1	100	–	Provision of financial services
Road King Infrastructure Finance (2007) Limited	BVI	#	US$1	100	–	Provision of financial services
Road King Infrastructure Management Limited	Hong Kong	Hong Kong	HK$2	–	100	Provision of management services
Sunco Property Holdings Company Limited	BVI	#	US$250	–	94.74 (2009: 89.46)	Investment holding
Tianjin Kingsvalue Real Estate Investment Management Limited*	PRC	PRC	RMB678,500,000	–	94.74 (2009: 89.46)	Investment holding
Tianjin Sunco Binhai Land Co., Ltd.*	PRC	PRC	RMB600,000,000	–	94.74 (2009: 89.46)	Investment holding

41. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of nominal value of issued ordinary shares capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
Tianjin Sunco Binhai Real Estate Investment Management Limited*	PRC	PRC	RMB760,000,000	–	94.74 (2009: 89.46)	Investment holding
Zhengzhou Keshu Real Estate Co., Ltd.**	PRC	PRC	RMB235,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
上海雋城置業有限公司***@	PRC	PRC	RMB30,000,000	–	55	Development and sale of properties
上海雋翔房地產開發有限公司***	PRC	PRC	RMB250,000,000	–	100	Development and sale of properties
天津順馳新地置業有限公司***	PRC	PRC	RMB300,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
天津順馳融信置地有限公司***	PRC	PRC	RMB50,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
山東順馳融盛置地有限公司***	PRC	PRC	RMB40,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
北京順馳置地達興房地產開發有限公司***	PRC	PRC	RMB90,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
北京順馳置地豐潤房地產開發有限公司***	PRC	PRC	RMB40,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
河北順馳房地產開發有限公司***	PRC	PRC	RMB50,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
河北路勁房地產開發有限公司*	PRC	PRC	RMB41,500,000	–	100	Development and sale of properties
武漢能達實業發展有限公司***	PRC	PRC	RMB40,000,000	–	94.74 (2009: 89.46)	Development and sale of properties

41. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of nominal value of issued ordinary shares capital/registered capital held by the Company Directly %	Indirectly %	Principal activities
洛陽順馳房地產開發有限公司***	PRC	PRC	RMB110,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
順馳置地(北京)房地產開發有限公司***	PRC	PRC	RMB160,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
濟南順成房地產開發有限公司***	PRC	PRC	RMB130,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
蘇州工業園區順馳置地有限公司***	PRC	PRC	RMB250,000,000	–	94.74 (2009: 89.46)	Development and sale of properties
蘇州雋御地產有限公司**	PRC	PRC	RMB2,508,600,000	–	100	Development and sale of properties

[#] The subsidiaries of the Company are either investment holding or provision of financial services companies only and do not have any operations.

* The subsidiaries of the Company are registered as wholly foreign owned enterprises in the PRC.

** The subsidiaries of the Company are registered as sino-foreign equity joint venture enterprises in the PRC.

*** The subsidiaries of the Company are registered as limited liability companies in the PRC.

[@] Incorporated in 2010.

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 asset of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

41. PRINCIPAL SUBSIDIARIES (continued)

None of the subsidiaries had any debt securities at the end of the year except for the following:

	2010	2009
	HK$'000	HK$'000
Road King Infrastructure Finance (2004) Limited	**1,251,394**	1,522,085
Road King Infrastructure Finance (2007) Limited	**2,673,040**	2,692,473
RKI Finance (2010) Limited	**2,652,917**	–
	6,577,351	4,214,558

42. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2010 amounted to HK$16,373,912,000 (2009: HK$15,386,182,000). The Group's net current assets at 31 December 2010 amounted to HK$11,626,302,000 (2009: HK$10,042,778,000).

43. EVENT AFTER THE REPORTING PERIOD

In February 2011, the Group issued fixed rate guaranteed senior notes with a principal amount in aggregate of RMB1,300,000,000. The notes, which are listed on the stock exchange in Singapore, bear interest at a fixed rate of 6% per annum and will mature in February 2014.

Financial Summary

RESULTS

	For the year ended 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**4,942,028**	4,600,424	4,630,672	2,407,770	552,239
Profit before taxation	**1,604,511**	1,045,458	1,043,327	1,208,952	785,853
Income tax expenses	**(971,790)**	(302,281)	(366,693)	(342,811)	(84,130)
Profit for the year	**632,721**	743,177	676,634	866,141	701,723
Attributable to:					
Owners of the Company	**625,008**	728,080	656,429	851,067	705,076
Non-controlling interests	**7,713**	15,097	20,205	15,074	(3,353)
	632,721	743,177	676,634	866,141	701,723

ASSETS AND LIABILITIES

	At 31 December				
	2010	2009	2008	2007	2006
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**27,686,375**	22,222,589	20,909,142	21,428,355	10,961,828
Total liabilities	**(17,282,577)**	(12,190,246)	(11,375,540)	(12,804,412)	(4,184,260)
	10,403,798	10,032,343	9,533,602	8,623,943	6,777,568
Attributable to:					
Owners of the Company	**10,288,135**	9,851,565	9,369,461	8,472,416	6,777,568
Non-controlling interests	**115,663**	180,778	164,141	151,527	–
	10,403,798	10,032,343	9,533,602	8,623,943	6,777,568