Road King Infrastructure Limited

(incorporated in Bermuda with limited liability)

(Stock Code:1098)

2012

Annual Report

Corporate Profile

Road King is a leading toll road investor and operator and a prominent property developer in the PRC. Road King has invested in a toll road portfolio of approximately HK$4.3 billion, comprising 11 toll road projects spanning approximately 652 km in six provinces of the PRC. Road King has also developed over 30 property projects with an existing asset portfolio of approximately HK$29.3 billion, comprising saleable land reserve attributable to the Group of over 4,400,000 sqm spanning across nine provinces and municipalities in the PRC.

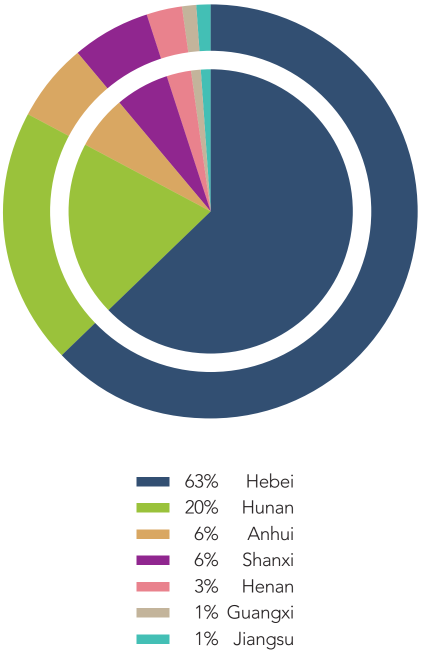
Contents

Financial Highlights

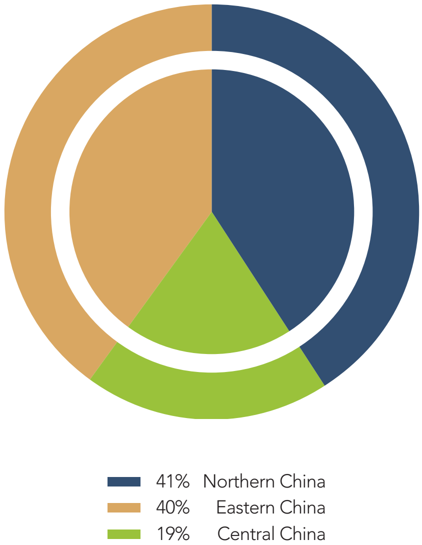
(HK$'million)	2012	2011 (restated)	2010 (restated)	2009	2008
	For the year ended 31 December*				
Group's share of toll revenue	**839**	844	803	1,083	1,699
Revenue from property development	**9,344**	6,833	4,942	4,600	4,631
Cash received from toll road projects	**523**	658	751	539	1,083
Proceeds received from property development	**11,388**	6,817	7,475	5,600	2,568
Profit attributable to owners of the Company	**818**	735	581	728	656
Equity attributable to owners of the Company	**11,793**	11,072	10,244	9,852	9,369
Total assets	**37,275**	31,732	27,686	22,223	20,909
Dividend per Share (HK$)	**0.46**	0.46	0.43	0.50	0.25
Net gearing ratio (%)	**51**	61	32	34	66

* The figures of 2011 and 2010 have been restated pursuant to the amendments made to HKAS 12 effective from 1 January 2012 for comparison purposes but no retrospective amendments are made prior to 2010.

Revenue contribution of toll road projects in 2012 by location

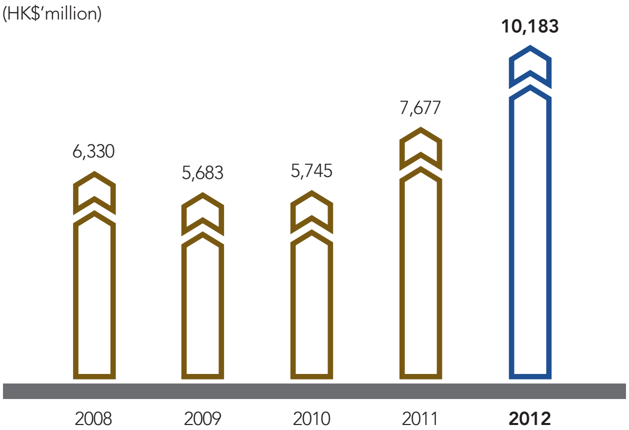


Revenue contribution of property projects in 2012 by region



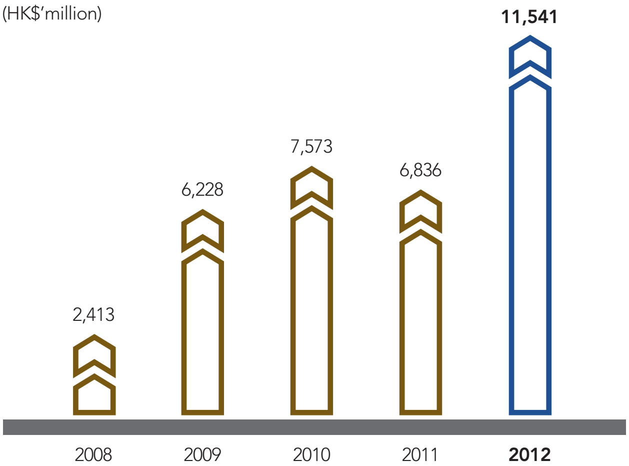
Revenue from property development and Group's share of toll revenue

(HK$'million)



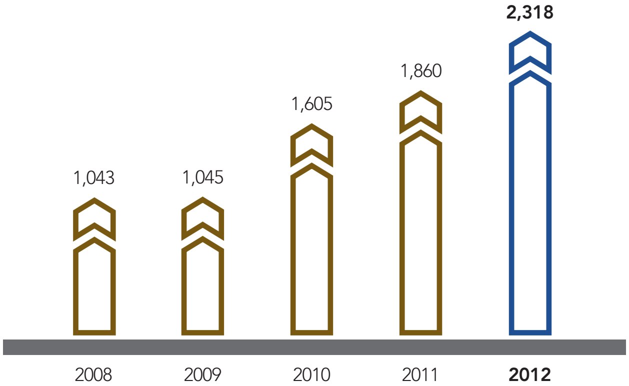
Contracted sales from property development

(HK$'million)



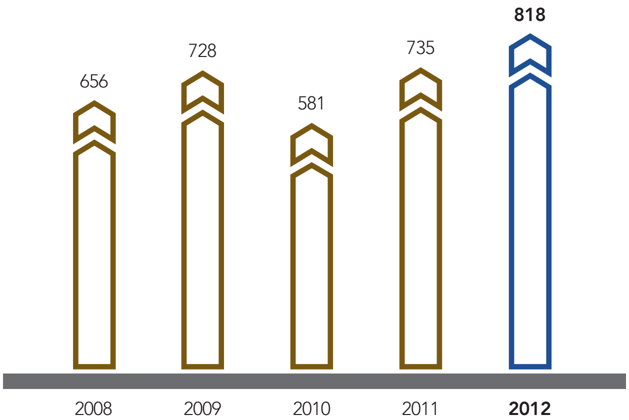
Profit before taxation

(HK$'million)



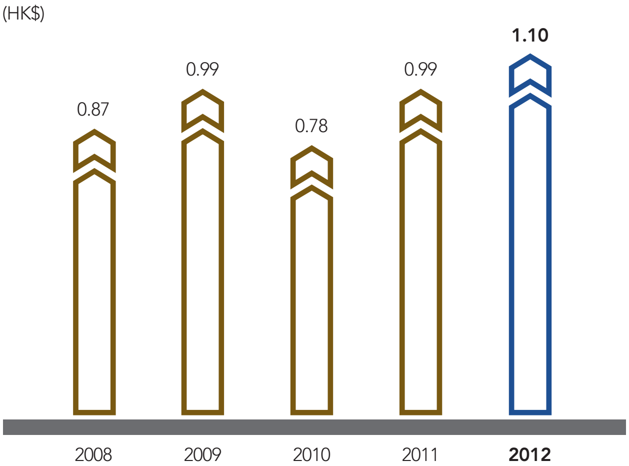
Profit attributable to owners of the Company*

(HK$'million)



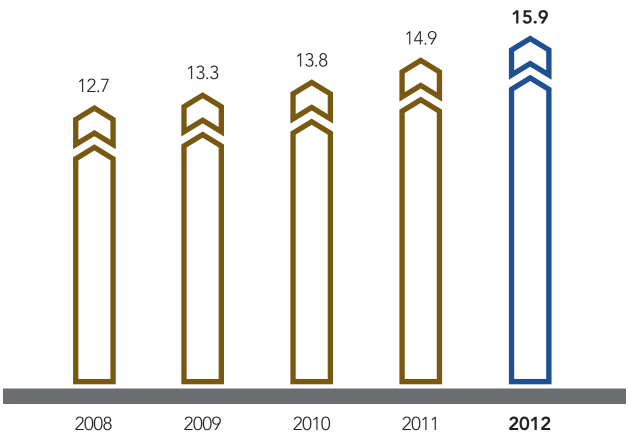
Earnings per Share*

(HK$)



Net assets per Share*

(HK$)



* The figures of 2011 and 2010 have been restated pursuant to the amendments made to HKAS 12 effective on 1 January 2012 for comparison purposes but no retrospective amendments are made prior to 2010.

Chairman's Statement

Zen Wei Pao, William
Chairman

Dear Shareholders,

In 2012, the PRC continued to record GDP growth as a result of the economic development in urban and rural areas. At the same time, thanks to the effort of our staff, the Group achieved a satisfactory result in the past year.

The profit attributable to the owners of the Company for 2012 was HK$818 million. The Board recommended a final dividend of HK$0.30 per Share. Together with the interim dividend of HK$0.16 per Share, the total dividend for 2012 will be HK$0.46 per Share (2011: HK$0.46 per Share).

The toll road business continued to generate stable cash flow for the Group in 2012 with cash contribution of HK$523 million. The contribution from the toll road business to the Group's cash flow is expected to grow favourably and significantly as the two expressways in Hebei Province will enter the third stage of profit distribution in the next few years and the traffic volume of Longcheng Expressway in Shanxi Province is expected to continue to grow steadily.

The performance of the Group's property business was satisfactory in 2012. The contracted sales of the Group (including those of a joint venture) for the year were amounting to HK$11.8 billion, representing a growth of 69% compared with 2011. The turnover and profit increased by 37% and 13% to HK$9,344 million and HK$725 million respectively. The Group acquired two pieces of land in Shanghai and Changzhou with an aggregate saleable area of more than 800,000 sqm in the second half of 2012, with a view to replenish its land bank.

The Group is optimistic and confident in its future development:

1. The new leadership of the Party following the 18th National Congress of Communist Party of China enhances the possibility of maintaining an annual GDP growth in the region of 7% – 9% as most members of the leadership group poses with profound knowledge and practical experience in economic development. Furthermore, the trend of urbanisation and the lack of investment channels will not change a lot in the next decade. Therefore, the keynote and environment of the economic development of the PRC will remain substantially unchanged, and the momentum in the property industry is expected to continue.

2. The Group began the property business in 2004 and had experienced different challenges in the past 10 years. The Group has successfully built up a solid and potent foundation in its reputation, strategy and operating methodology. All these factors contribute to a platform of rapid development. We trust that the Group will achieve favourable, continuous and relatively fast development starting from 2013, as long as the Group unites its fighting spirit, adopts enthusiastic and innovative philosophy and follows a pragmatic attitude, coupled with aggressive but cautious financial management. It is our goal not only to maintain the Group's leading position as one of the top 50 property developers in the PRC, but also to move forward to the top 20 and then the top 10, while creating greater value for the community, shareholders and employees.

On behalf of the Board, I would like to express our gratitude to all customers, business partners and Shareholders.

Zen Wei Pao, William
Chairman

Hong Kong, 1 March 2013

Chief Executive Officer's Report

Ko Yuk Bing
Chief Executive Officer

Dear Shareholders,

RESULTS FOR 2012

The profit attributable to the owners of the Company for 2012 was HK$818 million, and earnings per Share was HK$1.10 (2011 (restated): HK$0.99 per Share). The performance of the Group's toll road business in 2012 was in line with expectation despite the impact of government policies. The property business achieved substantial growth, with contracted sales (including the sales of a joint venture) for the year amounting to HK$11.8 billion, representing an increase of 69% over 2011. The Group had outstanding subscribed sales of about RMB800 million at the end of December 2012. The value of the delivered properties increased by 37% over 2011.

TOLL ROAD BUSINESS

The total traffic volume reached 74 million vehicles and toll revenue was RMB1,926 million in 2012. Toll revenue contributed by expressway projects represented approximately 87% of that of the Group's toll road business.

The decrease in traffic volume and toll revenue in 2012 compared with 2011 was mainly due to major maintenance works undertaken by a connecting expressway, as well as a drop in the demand of raw materials such as steel, resulting from the austerity measures adopted by the government, which led to a mild decline in the traffic volume and toll revenue of Baojin Expressway and Tangjin Expressway in Hebei Province. The "Notice on Toll-Free on Major Festivals and Holidays for Small Passenger Vehicles Implementation Policy" issued by the State Council that allows passenger vehicles with seven seats or less to use all toll roads during four major statutory festivals and holidays together with prescribed rest days free of charge also had a minor impact on the toll revenue of the Group's toll road projects.

The Ministry of Transport, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Supervision and the Office of Redressing Malpractices, State Council, launched an inspection and rectification campaign on highway projects in 2011. The Group utilised this opportunity to accelerate the withdrawal from certain Class I/II highway projects which is in line with the Group's strategy to optimise its investment portfolio. In 2012, the Group withdrew from Xuchang-Nanyang Highway.

Longcheng Expressway, an expressway located in Shanxi Province and invested by the Group in 2011, commenced operation in mid-July 2012 and has seen steady increase in its traffic volume and toll revenue. With its performance in line with expectation, Longcheng Expressway is expected to generate considerable income for the Group. Given a change in the distribution percentage of Baojin Expressway and Tangjin Expressway in Hebei Province in the next few years, it is anticipated that the income generated from the Group's existing expressway projects will increase significantly.

PROPERTY BUSINESS

At the beginning of 2012, the monetary policies in the PRC were relaxed, including lower lending rates and relaxed restrictions on bank loans, in order to stimulate the growth of trade, investment and consumption, but the austerity measures on the property market were still maintained. The Group has adopted a strategy that balances high turnover rate and profitability and has improved the inventory turnover rate from 0.30x in 2011 to 0.32x in 2012. Sales value and proceeds in 2012 surged by 69% and 67% respectively as compared with that of 2011, while the average selling price remained at approximately HK$11,600 per sqm. This proved that the Group's operating strategy was on the right direction. In addition, the area of completed properties also increased to 1,184,000 sqm in 2012.

With a view to replenishing its land reserve, the Group acquired two pieces of land in Shanghai and Changzhou, with an aggregate saleable area of more than 800,000 sqm in September 2012. At the beginning of 2013, the Group secured another piece of land in Luoyang, with an aggregate saleable area of about 400,000 sqm.

PROSPECT

The Group believes that the toll road business, which the Group is well versed in, still has a great prospect and will generate steady cash flows and profit for the Group. In the next few years, the Group will continue to dispose of Class I/II highway projects and increase investment in expressway projects. The revenue from the Group's existing expressways is expected to grow in the foreseeable future, and the Group is confident in securing new expressway projects. The Group is currently in the process of final discussion and preparation for the approval procedures in relation to an expressway project, and is also studying other toll road projects.

With respect to the property business, the Group will actively focus on regional development and continue to adopt the strategy that balances high turnover rate and profitability. The Group will also enhance product development, product quality and brand recognition. The Group intends to improve the operation and results of the property business by leveraging on its market knowledge, business relationships, customer recognition and team power. In addition, the Group will continue to acquire land that fits into its development strategy to expand and develop the property business.

ACKNOWLEDGEMENT

I hereby express my sincere gratitude to all of our staff for their commitment and contribution, and thanks to our customers, business partners and Shareholders for their enduring support and trust.

Ko Yuk Bing
Chief Executive Officer

Hong Kong, 1 March 2013

Major Awards

Road King Infrastructure Limited

Top 30 Listed Real Estate Companies of Comprehensive Strength in China 2012

RK Properties Holdings Limited

Top 10 Foreign Property Developers in China 2012

Top 50 Property Developers in China 2012

Top 25 Valuable Real Estate Enterprises Brands in China 2012

Toll Road Business

Baojin Expressway

- Excellent Front-Line Organisation in Development of Political Etho and Trade Etho

Changyi Expressway

- 2012 National Award for Excellence in Corporate Culture in the Transportation Industry

Longcheng Expressway

- Excellent Organisation in Objective Management in Key Construction Project

Tangjin Expressway

- Top Ten Front-Line Team in Expressways of Hebei Province

Major Awards (continued)

Property Business

Beijing

- Comprehensive Quality Real Estate Award 2012 – RK World City

Tianjin

- Award for Property of Highest Public Credibility 2012 – Sunny Town (formerly known as "The Aurora City of Charm")

Changzhou

- Top 20 Property Management Companies of Comprehensive Strength in Changzhou 2012

Wuxi

- Most Highly Expected Project 2012 – The Providence

Suzhou

- Most Popular Residence in Suzhou 2012 – i-Zone

Shanghai

- Golden Tripod Award for Villas in China 2012 – Château du Nord

Guangzhou

- Best Selling Properties in South China 2012 – J·o·Y Heights

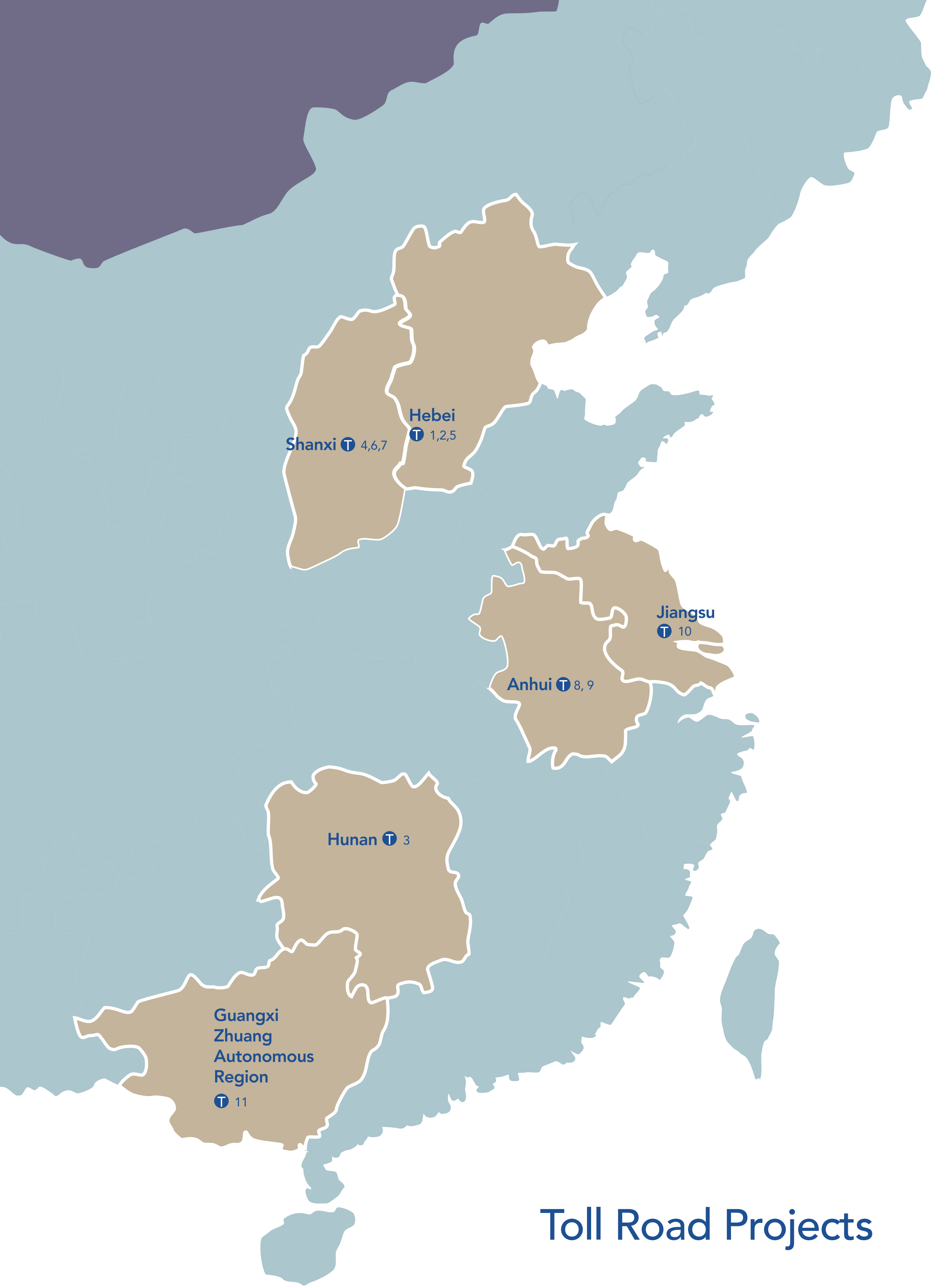
Paving a better journey with Passion

Changyi Expressway, Hunan

Baojin Expressway, Hebei

Tangjin Expressway, Hebei

Longcheng Expressway, Shanxi



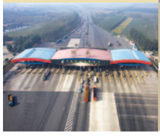
Toll Road Projects

Management Discussion and Analysis

Major Projects Information

As at 31 December 2012

Expressways



T1	Baojin Expressway				
Location	Hebei Province	Length	105 km	Equity interest	40%
Route	National Expressway G18 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		

T2	Tangjin Expressway				
Location	Hebei Province	Length	58 km	Equity interest	45%
Route	National Expressway G25 Tangshan-Tianjin ~ 4/6-lane		Ontex Investments Limited Road Base Investments Limited Road Bond Investments Limited		

T3	Changyi Expressway				
Location	Hunan Province	Length	69 km	Equity interest	43%
Route	National Expressway G5513 Changsha-Yiyang ~ 4-lane		Road Crown Investments Limited Road Express Investments Limited Road Famous Investments Limited Road Glorious Investments Limited Road Grand Investments Limited Road Link Investments Limited		

T4	Longcheng Expressway				
Location	Shanxi Province	Length	72 km	Equity interest	45%
Route	Provincial Expressway S60 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane		Intersafe Investments Limited		

Highways

T5	Shijin Highway				
Location	Hebei Province	Length	40 km	Equity interest	60%
Route	National Highway 307 Shijiazhuang-Jinzhou ~ Class I/II Highway ~ 2/4-lane		Road Fly Investments Limited Road Sincere Investments Limited		

T6	Dongguan Highway				
Location	Shanxi Province	Length	38 km	Equity interest	65%
Route	National Highway 108 Yuci Dongchangshou-Qixian Dongguan ~ Class I Highway ~ 4-lane		Pondtai Investments Limited		

Major Projects Information

As at 31 December 2012

Highways

T7	Yuci City Bypass					
	Location	Shanxi Province	Length	17 km	Equity interest	65%
	Route	National Highway 108 Yuci City Bypass ~ Class I Highway ~ 4-lane	Road Gain Investments Limited			

T8	Hehuai Highway					
	Location	Anhui Province	Length	90 km	Equity interest	60%
	Route	National Highway 206 Hefei-Huainan ~ Super Class II Highway ~ 4-lane	Road Keen Investments Limited Road Success Investments Limited			

T9	Heye Highway					
	Location	Anhui Province	Length	99 km	Equity interest	50%
	Route	National Highway 312 Hefei-Yeji ~ Class I Highway ~ 4/6-lane	Road Giant Investments Limited Road Mass Investments Limited Road Team Investments Limited Road Union Investments Limited			

T10	Suzhou Shanghai Airport Highway					
	Location	Jiangsu Province	Length	53 km	Equity interest	50%
	Route	Provincial Highway 343 Suzhou-Shanghai Hongqiao Airport (Suzhou Section) ~ Super Class II Highway ~ 4-lane	Anwell Investment Limited			

T11	Yulin Highway					
	Location	Guangxi Zhuang Autonomous Region	Length	11 km	Equity interest	70%
	Route	National Highway 324 Yulin Section ~ Class I Highway ~ 4/6-lane	Tonston Investments Limited			

TOLL ROAD BUSINESS

Economic and Operating Environment in 2012

In 2012, in view of the increasing downward pressure on the economy, the PRC gradually eased the monetary policies to stimulate a steady GDP growth of 7.8%, despite the continual implementation of the austerity policies. Given the weak recovery in the global economy and a slowdown in the growth of external trade, it is expected that the PRC will continue to boost domestic demand amid lingering uncertainties in export, with a view to raising the purchasing power of residents, which will in turn lead to stimulation of consumer demand for automobiles, tourism, etc. In addition, ongoing industrial relocation to inland cities, coupled with the policy of urbanisation, will give new momentum to the growth of passenger and cargo traffic for the Group's toll roads in the next couples of years.

The Ministry of Transport, the National Development and Reform Commission, the Ministry of Finance, the Ministry of Supervision and the Office of Redressing Malpractices, State Council, launched an inspection and rectification campaign on highway projects in 2011. The Group utilised this opportunity to accelerate the withdrawal from certain Class I/II highway projects which is in line with the Group's strategy to optimise its investment portfolio. In 2012, the Group withdrew from Xuchang-Nanyang Highway.

The slight decrease in toll revenue in 2012 as compared with 2011 was mainly due to major maintenance works undertaken by a connecting expressway, as well as a drop in the demand of raw materials such as steel, resulting from the austerity measures adopted by the government, which led to a mild decline in the traffic volume and toll revenue of Baojin Expressway and Tangjin Expressway in Hebei Province. The "Notice on Toll-Free on Major Festivals and Holidays for Small Passenger Vehicles Implementation Policy" issued by the State Council that allows passenger vehicles with seven seats or less to use all toll roads during four major statutory festivals and holidays together with prescribed rest days free of charge also had a minor impact on the toll revenue of the Group's toll road projects.

Financial Review

	2012 HK$'million	2011 HK$'million
Share of results of joint ventures before amortisation and taxation	**575**	607
Less: Share of amortisation of toll road operation rights and taxation	**(303)**	(309)
Withholding tax	**(13)**	(15)
Share of operating profits of joint ventures	**259**	283

Analysis of toll income and expenses of the existing infrastructure joint ventures attributable to the Group:

	2012 RMB'million	2011 RMB'million	Increase (decrease) %
Share of toll income			
Expressways	**567**	555	**2**
Highways	**118**	131	**(10)**
Share of expenses (excluding amortisation and taxation)			
Expressways	**134**	105	**28**
Highways	**85**	105	**(19)**

The traffic volume and toll revenue of the existing toll road projects for 2012 are as follows:

Project	2012 Average Daily Traffic Vehicles	Increase (decrease) %	2012 Toll Revenue RMB'million	Increase (decrease) %
Expressways				
Baojin Expressway	**39,000**	**(3)**	**681**	**(4)**
Tangjin Expressway	**37,000**	**(12)**	**527**	**(17)**
Changyi Expressway	**34,000**	**1**	**384**	**12**
Longcheng Expressway (Note)	**12,000**	**N/A**	**74**	**N/A**
	122,000	**5**	**1,666**	**(1)**
Highways	**80,000**	**(5)**	**260**	**(11)**
	202,000	**1**	**1,926**	**(3)**

Note: As Longcheng Expressway commenced operation and toll collection on 19 July 2012, there is no comparative information available for the same period of last year.

The total traffic volume reached 74 million vehicles and toll revenue was RMB1,926 million in 2012. Toll revenue from expressway projects further increased from 82% of the entire road portfolio in 2011 to 87% in 2012. Longcheng Expressway, an expressway located in Shanxi Province and invested by the Group in 2011, commenced operation in mid-July 2012 and has seen steady increase in its traffic volume and toll revenue. With its performance in line with expectation, Longcheng Expressway is expected to generate considerable income for the Group. Given a change in the distribution percentage for Baojin Expressway and Tangjin Expressway in Hebei Province in the next few years, it is anticipated that the income generated from the Group's existing expressway projects will increase significantly.

Review of Expressway Projects

Baojin Expressway

Baojin Expressway is part of the National Trunk Highway System (NTHS, 7918 Network) G18 Yongcheng-Wuhai Expressway. It is the main corridor connecting Shijiazhuang, the capital city of Hebei Province and the Bohai Rim region.

The traffic volume and toll revenue of Baojin Expressway decreased during the year. The decline was attributable to the diversion of traffic to a nearby highway after completion of its maintenance works in the second half of 2011, coupled with decrease in the demand for transport of raw materials including steel resulted from the austerity measures adopted by the government in the first half of the year. The traffic volume and toll revenue started to pick up in the second half of the year as the government eased its monetary policy.

When the western section of G18 Yongcheng-Wuhai Expressway that connects Shanxi and Shaanxi Provinces is completed in the coming years, the project will become a major transportation corridor between east and west. This will contribute to the continual growth of the project.

Tangjin Expressway

Tangjin Expressway consists of two parts, being a section of NTHS G25 Changchun-Shenzhen Expressway and the east ring express link of Tangshan. It connects the north-eastern provinces to Tianjin, Central and Southern China.

As the route passing through Tangjin Expressway is an important national corridor, Tianjin Municipal Government commenced expansion works for the connecting expressway that joins up with Tianjin in 2012. Due to traffic diversion measures implemented by such connecting expressway during the expansion works period, coupled with the impact of weaker demand for transport of iron ore, coal and steel in the Tangshan region in the first half of the year, the traffic volume and revenue for the year decreased by 12% and 17% respectively over last year.

Upon the completion of expansion works for the connecting expressway, the traffic capacity of the project will increase significantly. The prospect of the project remains promising as it is the most convenient route connecting the north-eastern provinces to Central and Southern China.

Changyi Expressway

Changyi Expressway is part of the NTHS G5513 Changsha-Changde Expressway. It serves as the western entrance to Changsha, the provincial city of Hunan Province and an important gateway to Zhangjiajie, one of the national scenery spots in the PRC.

Driven by an increase in long-distance freight traffic brought by the completion of the connection between Jishou in Hunan Province and Chongqing, together with the adoption of weight-based tolling scheme in August, Changyi Expressway recorded an increase of 12% in toll revenue for the year despite the negative impact of toll-free policy for major holidays.

The road condition and traffic capacity of the project has improved following the completion of all road surface improvement works in August 2012. In the meantime, the urban expansion of Changsha and the development of West Hunan would further drive the performance of the project in 2013.

Longcheng Expressway

Longcheng Expressway, a two-way 6-lane expressway of 72 kilometres in total length, is part of the 11th ring (S60) of Shanxi Expressway Network. The project is the southeast section of the outer-ring road of the city centre of Taiyuan and Jinzhong, carrying the eastbound freight transport traffic from southern Shanxi Province and Shaanxi Province to the Bohai Region.

During the year, the Group enhanced the management of the construction progress and the project commenced operation and toll collection in July 2012 after obtaining approval from the provincial government. The project is currently at a fast traffic development and growth stage. The Group intends to increase the publicity efforts for the route through partner companies and drive the development of service facilities (including service stations) along the expressway, thereby further increasing the income from the project.

Disposal of Highway Projects

The national toll charge inspection and rectification campaign offered a good opportunity for the Group to optimise the portfolio of toll road business. In December 2012, the Group withdrew from Xuchang-Nanyang Highway at a consideration of around RMB62 million. The Group continues to make preparation for the withdrawal from highway projects in accordance with the Group's strategy, and is in discussion with local governments in respect of the compensation for withdrawing from other highway projects.

Constructing a better quality of Life
with Passion

Grand Metropolis, Changzhou

Château du Nord, Shanghai

J·o·Y Heights, Guangzhou

Phoenix City, Suzhou

Property Projects

Major Projects Information

As at 31 December 2012

Properties for Sale

Beijing

P1	Songs & Sea				
Attributable saleable area (sqm)	18,000	Nature	Residential	Stage of completion (note)	C
Approximate attributable interest	94.74%	Target completion	Not applicable	Land area (sqm)	309,000
Beijing Sunco Land Daxing Real Estate Development Co., Ltd.					

P2	Jianguomen Project				
Attributable saleable area (sqm)	31,000	Nature	Commercial	Stage of completion (note)	M
Approximate attributable interest	100.00%	Target completion	2015	Land area (sqm)	11,000
Beijing Wuyuetian Properties Development Co., Ltd.					

P3	RK World City				
Attributable saleable area (sqm)	236,000	Nature	Residential and Commercial	Stage of completion (note)	F/S
Approximate attributable interest	100.00%	Target completion	2015	Land area (sqm)	114,000
Beijing RK Junyu Properties Developments Ltd.					

Tianjin

P4	Sunny Town				
Attributable saleable area (sqm)	253,000	Nature	Residential	Stage of completion (note)	P/F/S/C
Approximate attributable interest	94.74%	Target completion	2017	Land area (sqm)	811,000
Tianjin Sunco Xindi Property Co., Ltd.					

P5	Leader of Life				
Attributable saleable area (sqm)	137,000	Nature	Residential	Stage of completion (note)	F/S/C
Approximate attributable interest	94.74%	Target completion	2015	Land area (sqm)	327,000
Tianjin Sunco Rongxin Land Co., Ltd. and Tianjin RK Junyao Properties Investment Co., Ltd.					

Major Projects Information

As at 31 December 2012

Properties for Sale

Shijiazhuang, Hebei

P6	International City				
Attributable saleable area (sqm)	120,000	Nature	Residential	Stage of completion (note)	S/C
Approximate attributable interest	100.00%	Target completion	2014	Land area (sqm)	80,000
Hebei RK Properties Developments Ltd.					

Jinan, Shandong

P7	University Project				
Attributable saleable area (sqm)	129,000	Nature	Residential and Commercial	Stage of completion (note)	M
Approximate attributable interest	100.00%	Target completion	2017	Land area (sqm)	53,000
Shandong Yudi Properties Developments Co., Ltd.					

P8	Royal Panorama				
Attributable saleable area (sqm)	100,000	Nature	Residential	Stage of completion (note)	S/C
Approximate attributable interest	94.74%	Target completion	2015	Land area (sqm)	177,000
Jinan Shuncheng Real Estate Development Co., Ltd.					

Qingdao, Shandong

P9	Unusual Landscape				
Attributable saleable area (sqm)	151,000	Nature	Residential	Stage of completion (note)	F/S/C
Approximate attributable interest	94.74%	Target completion	2016	Land area (sqm)	249,000
Shandong Sunco Rongsheng Land Co., Ltd.					

Zhengzhou, Henan

P10	Central Special Zone				
Attributable saleable area (sqm)	72,000	Nature	Residential and Commercial	Stage of completion (note)	S/C
Approximate attributable interest	94.74%	Target completion	2013	Land area (sqm)	217,000
Zhengzhou Keshu Real Estate Co., Ltd.					

Major Projects Information

As at 31 December 2012

Properties for Sale

Luoyang, Henan

P11	Sunco Town				
Attributable saleable area (sqm)	86,000	Nature	Residential	Stage of completion (note)	S/C
Approximate attributable interest	94.74%	Target completion	2013	Land area (sqm)	111,000
Luoyang Sunco Real Estate Development Co., Ltd.					

P12	World & City				
Attributable saleable area (sqm)	12,000	Nature	Residential	Stage of completion (note)	S/C
Approximate attributable interest	94.74%	Target completion	2013	Land area (sqm)	76,000
Luoyang Sunco Real Estate Development Co., Ltd.					

Changzhou, Jiangsu

P13	Royal City				
Attributable saleable area (sqm)	460,000	Nature	Residential	Stage of completion (note)	F/S/C
Approximate attributable interest	100.00%	Target completion	2015	Land area (sqm)	487,000
Changzhou Great Gallop Properties Developments Ltd.					

P14	Vista Panorama				
Attributable saleable area (sqm)	35,000	Nature	Residential	Stage of completion (note)	S/C
Approximate attributable interest	100.00%	Target completion	2013	Land area (sqm)	127,000
Changzhou Great Superior Properties Developments Ltd.					

P15	New Wujin Project				
Attributable saleable area (sqm)	708,000	Nature	Residential	Stage of completion (note)	M
Approximate attributable interest	100.00%	Target completion	2019	Land area (sqm)	280,000
Changzhou RK Properties Developments Ltd.					

Major Projects Information

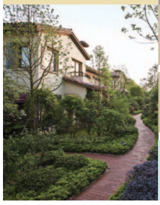
As at 31 December 2012

Properties for Sale

Wuxi, Jiangsu

P16	The Providence				
Attributable saleable area (sqm)	188,000	Nature	Residential	Stage of completion (note)	P/F/S
Approximate attributable interest	100.00%	Target completion	2015	Land area (sqm)	88,000
Wuxi RK Liyuan Properties Limited					

Suzhou, Jiangsu



P17	Phoenix City				
Attributable saleable area (sqm)	929,000	Nature	Residential	Stage of completion (note)	P/F/S/C
Approximate attributable interest	100.00%	Target completion	2018	Land area (sqm)	847,000
Suzhou Junyu Properties Ltd.					

Shanghai

P18	Shine June Garden				
Attributable saleable area (sqm)	48,000	Nature	Residential	Stage of completion (note)	S/C
Approximate attributable interest	100.00%	Target completion	2013	Land area (sqm)	133,000
Shanghai Junxiang Properties Development Co., Ltd.					

P19	The Riverside				
Attributable saleable area (sqm)	15,000	Nature	Residential	Stage of completion (note)	S/C
Approximate attributable interest	29.84%	Target completion	2014	Land area (sqm)	315,000
Shanghai Sunco Fangcheng Property Co., Ltd. (Joint Venture)					

P20	Château du Nord				
Attributable saleable area (sqm)	74,000	Nature	Residential	Stage of completion (note)	F/S
Approximate attributable interest	55.00%	Target completion	2016	Land area (sqm)	133,000
Shanghai Juncheng Real Estate Ltd.					

Major Projects Information

As at 31 December 2012

Properties for Sale

Shanghai

P21	Shanghai Yuanzi				
Attributable saleable area (sqm)	71,000	Nature	Residential	Stage of completion (note)	M
Approximate attributable interest	55.00%	Target completion	2017	Land area (sqm)	136,000
Shanghai Juncheng Real Estate Ltd.					

Guangzhou, Guangdong

P22	J·o·Y Heights				
Attributable saleable area (sqm)	260,000	Nature	Residential	Stage of completion (note)	F/S
Approximate attributable interest	100.00%	Target completion	2015	Land area (sqm)	103,000
Guangzhou Junyue Real Estate Limited					

P23	Banyan Riverside				
Attributable saleable area (sqm)	106,000	Nature	Residential	Stage of completion (note)	F/S
Approximate attributable interest	100.00%	Target completion	2014	Land area (sqm)	35,000
Guangzhou Junhua Real Estate Limited					

Major Projects Information

As at 31 December 2012

Investment Properties

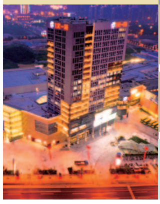
Tianjin

P4	Joy Park				
Attributable saleable area (sqm)	14,000	Nature	Commercial	Stage of completion (note)	C
Approximate attributable interest	94.74%	Target completion	Not applicable	Land area (sqm)	9,000
Tianjin Sunco Xindi Property Co., Ltd.					

Zhengzhou, Henan

P10	Central Special Zone				
Attributable saleable area (sqm)	6,000	Nature	Commercial	Stage of completion (note)	C
Approximate attributable interest	94.74%	Target completion	Not applicable	Land area (sqm)	2,000
Zhengzhou Keshu Real Estate Co., Ltd.					

Changzhou, Jiangsu



P24	Grand Metropolis				
Attributable saleable area (sqm)	127,000	Nature	Commercial	Stage of completion (note)	C
Approximate attributable interest	100.00%	Target completion	Not applicable	Land area (sqm)	67,000
Changzhou Greatmind Properties Developments Ltd.					

Suzhou, Jiangsu

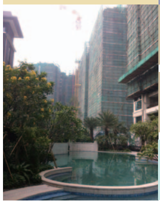
P17	Phoenix City				
Attributable saleable area (sqm)	14,000	Nature	Commercial	Stage of completion (note)	C
Approximate attributable interest	100.00%	Target completion	Not applicable	Land area (sqm)	13,000
Suzhou Junyu Properties Ltd.					

Major Projects Information

As at 31 December 2012

Investment Properties

Guangzhou, Guangdong



P22	J·o·Y Heights				
Attributable saleable area (sqm)	9,000	Nature	Commercial	Stage of completion (note)	F/S
Approximate attributable interest	100.00%	Target completion	2014	Land area (sqm)	4,000
Guangzhou Junyue Real Estate Limited					

P25	Parkvista Phase II*				
Attributable saleable area (sqm)	7,000	Nature	Commercial	Stage of completion (note)	C
Approximate attributable interest	100.00%	Target completion	Not applicable	Land area (sqm)	1,000
Guangzhou Junde Real Estate Limited					

* An agreement was entered in February 2013 to dispose of the property. The transaction is expected to be completed in July 2013. Details of the disposal were set out in the announcement of the Company dated 6 February 2013.

Project Acquired in 2013

Luoyang, Henan

P26	Gaoxin District Project				
Attributable saleable area (sqm)	392,000	Nature	Residential	Stage of completion (note)	M
Approximate attributable interest	100.00%	Target completion	2017	Land area (sqm)	147,000
Luoyang RK Properties Developments Ltd.					

Notes:

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

PROPERTY BUSINESS

Overview

In 2012, although maintaining economic development was still the prime target, the austerity measures imposed on the property market in the PRC were not relaxed. However, in order to meet with the reasonable demand of owner-occupiers for houses and to stabilise economic growth, the government eased its monetary policy moderately, including the two moves to lower both the required reserve ratio and the benchmark interest rates for deposits and loans. The government had also stepped up differential credit policy to curb the property investment and speculation activities, while meeting the demand of first-time home buyers and first-time home upgraders. As a result, the transaction volume of the PRC property market increased and the operating environment began to stabilise.

Financial Review

	For the year ended 31 December 2012 HK$'million	2011 HK$'million (restated)
Revenue	**9,344**	6,833
Gross Profit	**2,718**	1,911
Sales and management fees	**(761)**	(611)
Profit after taxation	**725**	644

The Group achieved growth of operating revenue and profitability by responding promptly to market changes and enhancing the management team. Revenue which mainly generated from the delivery of properties was HK$9,344 million in 2012, representing a growth of 37% from the previous year, and mainly contributed by the projects in Northern China and Eastern China. The total area delivered in 2012 was 888,000 sqm, representing a growth of 21% as compared with that in 2011. In line with the increase in the delivery of properties, the segment profit of the property business increased to HK$725 million.

Sales and Delivery of Properties

Set out below is an analysis of the Group's property contracted sales and delivery by regions for 2012:

	Contracted sales		Delivery	
Regions (Notes)	**Amount RMB'million**	**Saleable area Sqm**	**Amount RMB'million**	**Saleable area Sqm**
Northern China	**4,096**	**412,000**	**3,237**	**338,000**
Central China	**1,034**	**121,000**	**1,524**	**199,000**
Eastern China	**3,601**	**406,000**	**3,148**	**350,000**
Southern China	**571**	**59,000**	**10**	**1,000**
Subtotal	**9,302**	**998,000**	**7,919**	**888,000**
Joint venture project	**261**	**21,000**	**252**	**20,000**
Total	**9,563**	**1,019,000**	**8,171**	**908,000**

Notes:

Northern China comprises Beijing, Tianjin, Hebei Province and Shandong Province.
Central China comprises Henan Province and Hubei Province.
Eastern China comprises Shanghai and Jiangsu Province.
Southern China comprises Guangzhou.

Management Discussion and Analysis (continued)

In 2012, the Group managed the sales program in accordance with the market conditions and accelerated cash collection. In the meantime, the Group was committed to enhancing the quality of projects, improving project management and replenishing its land reserve at the right opportunity, with a view to ensuring sustainable development of the property business. The Group (including a joint venture) recorded contracted sales of RMB9,563 million in 2012, representing a surge of 69% as compared with that in 2011, with an average selling price of approximately RMB9,400 per sqm.

On 5 February 2013, the Group disposed of an investment property, Parkvista Phase II, in Guangzhou to an independent third party at a consideration of RMB400 million. Details of the disposal were set out in an announcement dated 6 February 2013.

Land Reserve

With a view to replenishing its land reserve, the Group acquired two pieces of land in Shanghai and Changzhou, with an aggregate saleable area of more than 800,000 sqm in September 2012. At the beginning of 2013, the Group secured another new piece of land in Luoyang, Henan Province with an aggregate saleable area of about 400,000 sqm.

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2012, the Group's land reserve had attributable saleable area of over 4,400,000 sqm and was mainly located in the following regions:

Provinces/Municipalities	Number of projects Unit	Saleable area Sqm
Beijing	3	285,000
Tianjin	2	404,000
Hebei Province	1	120,000
Shandong Province	3	380,000
Henan Province	3	176,000
Jiangsu Province	6	2,461,000
Shanghai	4	208,000
Guangdong Province	3	382,000

In 2012, new construction area was 1,108,000 sqm while the area of completed projects was 1,184,000 sqm. New construction area and the area of completed projects in 2013 are expected to be 1,290,000 sqm and 1,271,000 sqm respectively.

Overview of Major Projects

Songs & Sea, Beijing

In 2012, the property sales of Songs & Sea was RMB499 million, with an average selling price of more than RMB15,300 per sqm. In 2012, the value and area of properties delivered were RMB909 million and 59,000 sqm respectively. It is expected that a total area of 7,000 sqm (mainly residential units and retail shops) will be delivered in 2013.

RK World City, Beijing

Located in the centre of Changping New Town, Beijing, RK World City (formerly known as Beijing Changping Project) has a site area of 114,000 sqm with saleable area of 236,000 sqm, and is developed in three phases. The project is an urban complex comprising boutique apartments, SOHO (i.e. Small Office/Home Office) and commercial properties. In 2012, the sales of RK World City Phase 1 was RMB369 million, with an average selling price of higher than RMB17,200 per sqm. It is expected that a total area of 77,000 sqm will be delivered in 2013, of which 21,000 sqm had already been pre-sold as of 31 December 2012. Part of the high-rise residential buildings of Phase 2 of the project with a total saleable area of 27,000 sqm is expected to be launched in 2013.

Sunny Town, Tianjin

Tianjin Sunny Town (formerly known as "The Aurora City of Charm") is located in Tianjin Hedong District. According to the municipal plan, certain stations of Line 2 and Line 7 of Tianjin Metro will be situated next to this project. The project's site area is 820,000 sqm with saleable area of 1,153,000 sqm and it comprises nine phases of low-rise and high-rise residential buildings, coupled with a 30,000 sqm commercial complex, an 8,000 sqm clubhouse as well as one primary school and one kindergarten.

In 2012, sales of Sunny Town residential project was RMB1,433 million, with an average selling price of approximately RMB11,300 per sqm. It is expected that a total area of 166,000 sqm will be delivered in 2013, of which 119,000 sqm had already been pre-sold as of 31 December 2012. Part of the high-rise residential units of Sub-phase 3 under Phase 6, together with other remaining high-rise units of Phase 6, with a total saleable area of 102,000 sqm, is expected to be launched in 2013.

Joy Park, the commercial project of Sunny Town with an area of approximately 20,000 sqm, currently records an occupancy rate of nearly 80%, and its tenants include a number of renowned international restaurant and retail shops.

International City, Shijiazhuang

In 2012, the property sales of International City was RMB646 million, with an average selling price of more than RMB9,200 per sqm. In 2012, the value and area of properties delivered were RMB432 million and 42,000 sqm respectively. Part of the high-rise residential buildings of International City Phase 4 with a total saleable area of 58,000 sqm is expected to be launched in 2013.

Royal Panorama, Jinan

The project, which comprises five phases, is located in Huaiyin District, Jinan with a site area and saleable area of 177,000 sqm and 318,000 sqm respectively. 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 2012, the property sales of Royal Panorama was RMB604 million, with an average selling price of more than RMB7,200 per sqm. In 2012, the value and area of properties delivered were RMB767 million and 102,000 sqm respectively. Part of the high-rise residential buildings of Phase 3 and Phase 4, together with the commercial properties of Phase 5, with a total saleable area of 72,000 sqm, is expected to be launched in 2013.

Central Special Zone, Zhengzhou

The project is located in Zhengdong New District, with a site area and saleable area of 219,000 sqm and 541,000 sqm respectively. The project is developed in four phases, with Phases 1 to 3 focused on high-rise residential buildings, coupled with 37,000 sqm retail shops. Phase 4 consists of commercial street and office buildings.

In 2012, the property sales of Central Special Zone was RMB645 million, with an average selling price of higher than RMB8,000 per sqm, RMB14,000 per sqm and RMB19,000 per sqm for residential buildings, office buildings and commercial buildings respectively. In 2012, the value and area of properties delivered were RMB933 million and 91,000 sqm respectively. It is expected that a total area of 67,000 sqm will be delivered in 2013, of which 20,000 sqm had already been pre-sold as of 31 December 2012.

Royal City, Changzhou

Located in Wujin District, Changzhou, Royal City is an eight-phase project with a site area and saleable area of 487,000 sqm and 846,000 sqm respectively. The project comprises villas, low-rise and high-rise residential buildings. The Group has positioned the project as a "sports neighbourhood" with a clubhouse consisting of a swimming pool, tennis courts and golf practice facilities. The project also includes 16,000 sqm shops and one kindergarten.

In 2012, the property sales of Royal City was RMB608 million, with an average selling price of more than RMB16,200 per sqm for villas and RMB6,800 per sqm for high-rise residential buildings. Part of Phase 6 and Phase 7 of the project are expected to be launched in the first half and the third quarter of 2013 respectively. In 2012, the value and area of properties delivered were RMB619 million and 77,000 sqm respectively. It is expected that a total area of 174,000 sqm will be delivered in 2013, of which 108,000 sqm had already been pre-sold as of 31 December 2012.

Vista Panorama, Changzhou

The project is located in Wujin District, Changzhou, next to the Group's investment property, Grand Metropolis, with a site area and saleable area of 127,000 sqm and 387,000 sqm respectively. The project is developed in three phases. The project focuses on high-rise residential buildings, coupled with a 4,000 sqm clubhouse.

In 2012, the property sales of Vista Panorama was RMB688 million, with an average selling price of more than RMB7,200 per sqm. In 2012, the value and area of properties delivered were RMB712 million and 97,000 sqm respectively. It is expected that a total area of 53,000 sqm will be delivered in 2013, of which 10,000 sqm had already been pre-sold as of 31 December 2012.

The Providence, Wuxi
Located in Binhu District of Wuxi, The Providence has a site area and saleable area of 88,000 sqm and 188,000 sqm respectively and is expected to be developed in three phases. The project, as a burgeoning upscale residence, is located in Taihu Lake Tourist Resort Area and is adjacent to the planned metro station. The project is positioned as a high-end residence with distinctive high-rise residential buildings and semi-detached villas, combining garden villas, lake view apartment, clubhouse, etc.

Phase 1 of the project with a total saleable area of 50,200 sqm has been launched in the first quarter in 2013. The delivery is expected to take place by the second quarter of 2014.

Phoenix City, Suzhou
The project is located in Suzhou Industrial Park with a site area and saleable area 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. 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 Xietang 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.

In 2012, the property sales of i-Zone was RMB982 million, with an average selling price of approximately RMB7,800 per sqm. The contracted sales of Forest & Valley Villa was RMB427 million, with an average selling price of more than RMB12,200 per sqm. Phase 4 of i-Zone will be launched in the second quarter of 2013, and Phase 2 and Phase 3 of Forest & Valley Villa will be launched in succession in 2013. In 2012, the value and area of properties delivered were RMB989 million and 116,000 sqm respectively for i-Zone, and RMB108 million and 7,800 sqm respectively for Forest & Valley Villa. It is expected that a total area of 118,000 sqm of Phase 3 of i-Zone will be delivered in 2013, of which 107,000 sqm had already been pre-sold as of 31 December 2012. A total area of 26,000 sqm of Phase 2 of Forest & Valley Villa will be delivered, of which 16,000 sqm had already been pre-sold as of 31 December 2012.

Shine June Garden, Shanghai
The project, which comprises four phases, is located in Jiading District, Shanghai and is close to Metro's Nanxiang Station of Line 11. It has a site area and saleable area of 133,000 sqm and 212,000 sqm respectively. The project comprises semi-detached villas and high-rise residential buildings, coupled with a 2,000 sqm of clubhouse.

In 2012, the property sales of Shine June Garden was RMB806 million, with an average selling price of approximately RMB19,700 per sqm for semi-detached villas and approximately RMB13,900 per sqm for high-rise residential buildings. In 2012, the value and area of properties delivered were RMB711 million and 51,000 sqm respectively. It is expected that a total area of 45,200 sqm will be delivered in 2013, of which 28,000 sqm had already been pre-sold as of 31 December 2012.

Château du Nord, Shanghai
Located in Jiading District, Shanghai, Château du Nord lies in close proximity to the south of The Riverside, another property project of the Group. The Group owns 55% interests in the project. The project has a site area of 133,000 sqm and saleable area of 135,000 sqm and is expected to be developed in three phases. The project is a low-density residential project with a focus on villas. Phase 1 of the project is expected to be delivered in the fourth quarter of 2013, with an area of 25,000 sqm.

J.o.Y Heights, Guangzhou
Located in the centre of the planned future CBD of Huadu District, Guangzhou, J.o.Y Heights has a site area and saleable area of 107,000 sqm and 268,000 sqm respectively, and is developed in three phases. The project comprises villas, high-rise apartments and scenic apartments. Phase 1 of the project has recorded sales of RMB319 million since it was launched in the fourth quarter of 2012, with an average selling price of over RMB7,700 per sqm for residential buildings. A total saleable area of 43,000 sqm of Phase 1 of the project is expected to be launched in 2013 and delivered by the first quarter of 2014. Phase 2 of the project with a saleable area of 34,000 sqm is expected to be launched in the third quarter of 2013.

Banyan Riverside, Guangzhou
Located in Liwan District, Guangzhou, the project has a site area of 35,000 sqm and saleable area of 106,000 sqm, and is expected to be developed in two phases. 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 enjoys a beautiful environment and convenient access. In 2012, property sales of Phase 1 of the project was RMB240 million, with an average selling price of higher than RMB14,000 per sqm for residential buildings. It is expected that a total area of 43,000 sqm of the project will be delivered in 2013, of which 17,000 sqm had already been pre-sold as of 31 December 2012. Residential buildings of Phase 2 and Phase 3 of the project with a total saleable area of 52,000 sqm are expected to be launched in the first quarter and the second half of 2013.

Investment Property

Grand Metropolis, Changzhou
The project is located in Wujin District, Changzhou next to the Vista Panorama Project with a site area and usable area of 67,000 sqm and 131,000 sqm respectively. The project is developed in two phases. Phase 1 with a total area of 26,000 sqm is operated by a well-known supermarket chain. Phase 2, with an area of 105,000 sqm, comprises a commercial complex, commercial street and an office building. Phase 2 has opened in 2012, leasing out 90% of spaces to tenants including major chain business, cinema and fitness centre.

New Projects

New Wujin Project, Changzhou
In September 2012, the Group won the public tender for the acquisition of two adjoining pieces of land in Wujin District, Changzhou with an aggregated site area and saleable area of about 280,000 sqm and 708,000 sqm respectively. The project is located in Hutang Town, a town centre of Wujin District, and enjoys well-established amenities. Construction of the project is expected to commence in mid 2013. The project will be developed in eight phases, with a focus on high-rise residential buildings and apartments. The land use right certificate for a site area of 57,922 sqm was received in late December 2012.

Shanghai Yuanzi, Shanghai
Located in Waigang New Town, Jiading District, Shanghai Yuanzi is a new project acquired by the Group through public tender in September 2012. With a site area and saleable area of 136,000 sqm and 130,000 sqm respectively, the project lies in the south of Château du Nord and is adjacent to the centre of Waigang Town, enjoying convenient access. The project is expected to be developed in three phases, with a focus on semi-detached villas. Construction of the project is expected to commence in mid 2013, and Phase 1 will be launched in the fourth quarter of 2013. The Group owns 55% interests in the project. The land use right certificate for the entire project is expected to be received in the second quarter of 2013.

Gaoxin District Project, Luoyang
The Group acquired a piece of land in Gaoxin District, Luoyang mainly for residential development via listing-for-sale in early February 2013. The site area and saleable area of the said piece of land are 147,000 sqm and 392,000 sqm respectively. The project is expected to be developed by phases, and Phase 1 will be launched in 2014. The land use right certificate is expected to be received in the second quarter of 2013.

FINANCIAL REVIEW

Consolidated Income Statement

The table below extracted major items from the consolidated income statement of the Group for each of the two years ended 31 December 2012 and 2011.

	2012 HK$'million	2011 HK$'million (restated)*
Revenue	**9,344**	6,833
Gross profit	**2,718**	1,911
Gross profit ratio	***29%***	*28%*
Interest and other income	**374**	446
Selling and operating expenses	**(836)**	(700)
Share of results of joint ventures	**287**	335
Finance costs	**(225)**	(132)
Profit before taxation	**2,318**	1,860
Income tax expenses	**(1,465)**	(1,117)
Profit after taxation	**853**	743
Minority Interests	**(35)**	(8)
Profit after taxation and minority interests	**818**	735

* Certain comparative figures have been restated to reflect the effect of adoption of the amendments to HKAS 12 effective from 1 January 2012. Details of the amendments can be found in note 2 to the consolidated financial statements.

Revenue and Gross Profit

The details of revenue and gross profit for 2012 and 2011 are included in the subsection headed "Financial Review" under "Property Business".

Interest and Other Income

The decrease in net other income was mainly due to the reduction in exchange gains and fair value gains on the investment properties recorded in 2012.

Selling and Operating Expenses

The increase in selling and operating expenses was mainly due to the increase in promotion and advertising activities relating to the surge of contracted sales of property development projects and appreciation of Renminbi in 2012.

Share of Results of Joint Ventures

This represented mainly share of results of the infrastructure joint ventures of the Group for the year under review. The details are contained in the subsection headed "Financial Review" under "Toll Road Business".

Finance Costs

The increase in finance costs was mainly attributable to the increase in borrowings and higher interest expenses incurred after the issue of US$350 million 9.875% guaranteed senior notes due 2017 in September 2012. The increment was partly offset by the reduction in the interest expenses after the early redemption of the outstanding principal of the US$200 million 7.625% guaranteed notes due 2014.

Income Tax Expenses

Income tax expenses comprised mainly profit tax and land appreciation tax. The increase of income tax expenses was mainly due to the increase in profits generated by the properties delivered during the year.

Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 31 December 2012 and 2011.

	2012 HK$'million	2011 HK$'million (restated)*
Non-current assets		
– Interests in joint ventures	**4,021**	4,208
– Investments in investment properties (including prepayment for land leases)	**2,210**	2,346
– Other non-current assets	**469**	198
	6,700	6,752
Current assets		
– Inventory of properties (including prepayment for land leases)	**24,078**	20,670
– Bank balances and cash (including pledged bank deposits)	**5,337**	3,421
– Other current assets	**1,160**	889
	30,575	24,980
Current Liabilities		
– Creditors and accrued charges	**(4,763)**	(3,293)
– Deposits from pre-sale of properties	**(6,544)**	(4,940)
– Bank and other borrowings – due within one year	**(3,370)**	(3,500)
– Other current liabilities	**(1,645)**	(1,183)
	(16,322)	(12,916)
Non-current liabilities	**(8,730)**	(7,467)
Total equity	**12,223**	11,349

* Certain comparative figures have been restated to reflect the effect of adoption of the amendments to HKAS 12 effective from 1 January 2012. Details of the amendments can be found in note 2 to the consolidated financial statements.

Interests in Joint Ventures

Interests in joint ventures mainly represented our interests in the joint ventures relating to our toll road business. The drop in balance was mainly attributable to the cash distribution made by the joint ventures and the provision of impairment loss on the investment in the highway project in Henan Province.

Investments in Investment Properties (including Prepayment for Land Leases)

This comprised carrying value of the investment properties, details of which were set out in notes 18 and 23 of the consolidated financial statements. The decrease of the balance was mainly due to the transfer of commercial properties to be developed in Beijing to inventory of properties, which was partly offset by the increase in valuation gain from the development of the investment properties in Changzhou. As of 31 December 2012, the saleable area of the investment properties attributable to the Group was around 177,000 sqm. In early February 2013, the investment properties located at Guangzhou with a saleable area of approximately 7,000 sqm and a carrying value of RMB356 million were disposed of at the consideration of RMB400 million.

Inventory of Properties (including Prepayment for Land Leases)

The increase was mainly due to the payment of the land premiums of the new projects located in Changzhou and Shanghai. The details of which were included in the section headed "New Projects" of "Property Business".

Bank Balances and Cash (including Pledged Bank Deposits)

In addition to the issue of US$350 million 9.875% guaranteed senior notes in September 2012, the increase of the balance was mainly due to the increase in proceeds from pre-sale of property development projects as well as the result of the tightened control on construction payments. The details of the increase of the balance could be referred to the section headed "Consolidated Statement of Cash Flows" of "Financial Review".

Other Non-current and Current Assets

The increase of other assets mainly represented the loans provided to two infrastructure joint ventures during the year and increase in prepaid business taxes relating to the pre-sale of properties in 2012.

Creditors and Accrued Charges

The balance represented mainly the payable on the construction costs. The increase of the balance was in line with the higher volume of the construction work and operations.

Deposits from Pre-sale of Properties

The surge of deposits from pre-sale of properties was mainly attributable to the increase in pre-sale of properties in the year under review. At 31 December 2012, the total area pre-sold but yet to be delivered was 648,000 sqm.

Bank and Other Borrowings – Due within One Year and Non-current Liabilities

They represented mainly the guaranteed senior notes that the Group issued in the past few years and the project development loans. The details of the balance could be referred to the section headed "Net Cash from Financing Activities" under "Consolidated Statement of Cash Flows" of "Financial Review".

Consolidated Statement of Cash Flows

The table below summarised the major items of the consolidated statement of cash flows of the Group for the years ended 31 December 2012 and 2011.

	2012 HK$'million	2011 HK$'million
Payments for land leases	**(1,279)**	(4,151)
Net cash from operating activities, other than payments for land leases	**2,926**	1,264
Net cash used in investing activities, other than payments for land leases	**(786)**	(405)
Net cash from financing activities	**194**	709
Effect of changes in exchange rates	**59**	267
Cash and cash equivalents at 1 January	**2,641**	4,957
Cash and cash equivalents at 31 December	**3,755**	2,641

Payments for Land Leases

The payments in 2012 represented the land premiums of the new projects located in Changzhou and Shanghai, while 2011's payments are the land premiums of the projects located in Beijing, Shanghai and Wuxi.

Net Cash from Operating Activities, other than Payments for Land Leases

The increase in net cash from operating activities for the year was mainly attributable to the increase in cash proceeds from the pre-sale and sale of properties and tightened payment control on construction costs.

Net Cash used in Investing Activities, other than Payments for Land Leases

The net cash used in investing activities for the year represented mainly the loans granted to infrastructure joint ventures to finance their operation, the development costs incurred for the investment properties in Changzhou and restricted bank balances resulting from increase in pre-sale and sale of properties. The increase was partly offset by the cash distributed or dividends received from the joint venture infrastructure projects.

Net Cash from Financing Activities

The net cash from financing activities for the year was mainly attributable to the issue of US$350 million 9.875% guaranteed senior notes and draw down of several offshore bank loans in Hong Kong as well as project loans in the PRC amounting to HK$3,318 million equivalent in aggregate. These new borrowings were offset by the repayment of certain bank loans and redemption of guaranteed notes.

Details of the loan profile are set out as follows:

	At 31 December 2012 HK$'million	2011 HK$'million
Repayable:		
On demand or within one year	**3,370**	3,500
After one year but within two years	**2,728**	385
After two years but within five years	**5,262**	6,266
Total Borrowings	**11,360**	10,151

The gearing ratios of the Group are analysed as follows:

	At 31 December 2012	2011
Gearing ratio*:		
Gross gearing ratio	**96%**	92%
Net gearing ratio	**51%**	61%

* The gross gearing ratio, representing interest bearing borrowings to the equity attributable to the owners of the Company, whereas 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.

Source of Borrowings

	2012	2011
Short term loans	**30%**	34%
Long term loans	**70%**	66%
	100%	100%

Nature of Debts

	2012	2011
Unsecured loans	**76%**	79%
Secured loans	**24%**	21%
	100%	100%

Currency Profile of Borrowing

	2012	2011
HKD	**7%**	7%
RMB	**40%**	38%
USD	**53%**	55%
	100%	100%

Interest Rates Basis

	2012	2011
Floating rate	**16%**	24%
Fixed rate	**84%**	76%
	100%	100%

The Group's borrowings were mainly on a fixed rate basis, which included, among the others, following notes:

(a) RMB1,300 million 6.0% guaranteed senior notes due in 2014;

(b) US$350 million (outstanding principal amount of US$333.58 million as at 31 December 2012) 9.5% guaranteed senior notes due in 2015; and

(c) US$350 million 9.875% guaranteed senior notes due in 2017.

Interest coverage for the year under review was 12.7 times (2011 (restated): 17.5 times).

Liquidity and Financial Resources

As at 31 December 2012, the equity attributable to the owners of the Company increased to HK$11,793 million (2011 (restated): HK$11,072 million). The increase was mainly attributable to the profit generated during the year. Net assets per Share attributable to the owners of the Company increased to HK$15.9 (2011 (restated): HK$14.9).

As at 31 December 2012, the Group's total assets were HK$37,275 million (2011: HK$31,732 million) and bank balances and cash were HK$5,168 million (2011: HK$3,184 million), of which 94% was denominated in Renminbi and the remaining 6% was mainly denominated in US dollars or HK dollars.

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 related policies is made under collective but extensive considerations on liquidity risk, financing cost and exchange rate risk.

Charges on Assets

As at 31 December 2012, bank balances of HK$169 million (2011: HK$237 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and short-term credit facilities granted to the Group. In addition, properties with carrying value of HK$2,639 million (2011: HK$1,830 million) were pledged as securities for certain loan facilities.

Exposure on Foreign Exchange Fluctuations and Interest Rates

The Group's borrowings are mainly denominated in Renminbi and US dollars but the 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 Renminbi and US dollars.

The Group's exposure to interest rate risk results mainly from fluctuation in interest rates relating to its borrowings denominated in Renminbi and US dollars. Therefore the monetary policies implemented by the PRC and the US governments continue to have a major impact on the Group's results and operations. Furthermore, the Directors consider that the interest rate fluctuation caused by the fluidity and instability of the global economy and financial systems also has an impact on the operations of the Group.

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

Contingent Liabilities

As at 31 December 2012, the Group had provided guarantees of HK$4,214 million (2011: HK$4,696 million) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for purchase of the Group's properties. The guarantees would be released after the customers have pledged their property certificates as securities to the banks for the mortgage loans granted.

Employees

Excluding the staff of joint ventures, the Group had 1,949 employees as at 31 December 2012 (2011: 1,832). Expenditure on staff (excluding Directors' emoluments) amounted to HK$386 million (2011: HK$341 million). Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as a share option scheme. During the year under review, no share option was granted.

PROSPECT

The Group believes that the toll road business, which the Group is well versed in, still has a great prospect and will generate steady cash flows and profit for the Group. In the next few years, the Group will continue to dispose of Class I/II highway projects and increase investment in expressway projects. The revenue from the Group's existing expressways is expected to grow in the foreseeable future, and the Group is confident in securing new expressway projects. The Group is currently in the process of final discussion and preparation for the approval procedures in relation to an expressway project, and is also studying other toll road projects.

With respect to the property business, the Group will actively focus on regional development and continue to adopt the strategy that balances high turnover rate and profitability. The Group will also enhance product development, product quality and brand recognition. The Group intends to improve the operation and results of the property business by leveraging on its market knowledge, business relationships, customer recognition and team power. In addition, the Group will continue to acquire land that fits into its development strategy to expand and develop the property business.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zen Wei Pao, William
(Chairman)

Mr. Zen, age 65, has been the Chairman of the Company since its establishment. He is also the Chairman of Wai Kee Holdings Limited (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
(Deputy Chairman, Managing Director and Chief Executive Officer)

Mr. Ko, age 57, 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 23 years of experience in business development and operation in the PRC. He is the spouse of Ms. Chuk Wing Suet, Josephine.

Mr. Chan Kam Hung
(Chief Operating Officer)

Mr. Chan, age 54, 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
(Finance Director)

Mr. Fong, age 50, 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.

EXECUTIVE DIRECTORS (continued)

Mr. Zen Wei Peu, Derek

Mr. Zen, age 60, has been a Director of the Company since its establishment. He is also the Vice Chairman of Wai Kee Holdings Limited (HK stock code: 610) and the Chairman of Build King Holdings Limited (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.

Mr. Xu Ruxin

Mr. Xu, age 59, was appointed as a Non-executive Director of the Company in December 2009 and was re-designated as an Executive Director on 1 January 2012. He was the President of Shum Yip Holdings Company Limited, an Executive Director and the President of Shenzhen Investment Limited (HK stock code: 604) and a Non-executive Director of Coastal Greenland Limited (HK stock code: 1124). Mr. Xu holds a Master degree in Economics from Guangdong Academy of Social Sciences and is a Senior Engineer in the PRC. He has over 20 years of experience in architectural technology, property development as well as corporate management.

NON-EXECUTIVE DIRECTORS

Mr. Lu Hua

Mr. Lu, age 49, was appointed as a Non-executive Director of the Company in June 2012. He is the Chairman of 深業集團有限公司, Shum Yip Holdings Company Limited and Shenzhen Investment Limited (HK stock code: 604). He was a Non-executive Director of Coastal Greenland Limited (HK stock code: 1124) from 18 July 2011 up to his resignation on 2 May 2012. Mr. Lu had served successively as the Senior Vice President and President of 深業集團有限公司, Shum Yip Holdings Company Limited and Shenzhen Investment Limited, the Chairman of Shahe Industrial Co., Ltd. (Shenzhen stock code: SZ000014), the Chairman and Secretary of Party Committee of Shenzhen Shahe Industry (Group) Co., Ltd. and the Acting General Manager of Shenzhen Property Development Company Ltd. Mr. Lu holds a Doctorate degree in Political Economics from Nankai University and a Master degree in Finance from University of Reading in the United Kingdom. He has over 20 years of experience in property development, corporate governance and administrative management.

Mr. Lam Wai Hon, Patrick

Mr. Lam, age 50, 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), an Executive Director of NWS Holdings Limited (HK stock code: 659), the Vice Chairman and Non-executive Director of Newton Resources Ltd (HK stock code: 1231) and a Non-executive Director of Wai Kee Holdings Limited (HK stock code: 610). Moreover, he was a Non-executive Director of Haitong International Securities Group Limited (formerly known as Taifook Securities Group Limited) (HK stock code: 665) and a Director of Guangdong Baolihua New Energy Stock Co., Ltd. (Shenzhen stock code: 000690). 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 of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Lam is a Governor of the Canadian Chamber of Commerce in Hong Kong and a member of the Asian advisory board of Richard Ivey School of Business, the Western University, Canada.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Shiu Kee, Stephen

Mr. Chow, age 64, 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. Mr. Chow is a member of Appeal Panel (Housing).

Mr. Lau Sai Yung

Mr. Lau, age 65, 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 Managing Director of Union Alpha CAAP Certified Public Accountants Limited, a Non-executive Director of Xinjiang Tianshan Wool Textile Co., Ltd. (Shenzhen stock code: SZ000813), an Honorary Fellow of The Chinese University of Hong Kong and an Affiliated Fellow of Wu Yee Sun College, CUHK. He 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, Certified Tax Adviser, 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

Dr. Chow, OBE, JP, age 71, has been appointed as an Independent Non-executive Director since April 2008. He is the Chairman of Joseph Chow & Partners Limited, a firm of independent civil and structural consulting engineers. He is also 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 Holdings Limited (HK stock code: 240). He was the Chairman and an Independent Non-executive Director of PYI Corporation Limited (HK stock code: 498). 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 an Hon. Senior Superintendent of the Hong Kong Auxiliary Police Force. Dr. Chow previously served as the President of the Hong Kong Institution of Engineers, the Chairman of Hong Kong Engineers' Registration Board, Hong Kong Examinations and Assessment Authority, Pamela Youde Nethersole Eastern Hospital Governing Committee as well as a member of the Hong Kong Housing Authority and Hospital Authority.

INDEPENDENT NON-EXECUTIVE DIRECTORS (continued)

Ms. Nie Meisheng

Ms. Nie, age 72, was appointed as an Independent Non-executive Director of the Company in October 2012. She is the Chairwoman of China Real Estate Chamber of Commerce since 2004 and an Independent Non-executive Director of Future Land Development Holdings Limited (HK stock code: 1030) and Powerlong Real Estate Holdings Limited (HK stock code: 1238). She was an Independent Non-executive Director of Shanghai Industrial Urban Development Group Limited (formerly known as Neo-China Land Group (Holdings) Limited) (HK stock code: 563) up to her resignation on 26 July 2010. Ms. Nie graduated from civil engineering department of Tsinghua University specialising in water supply and drainage. She has more than 18 years of experience working in Southwest Municipal Engineering Design Institute of China.

Mr. Tse Chee On, Raymond

Mr. Tse, age 62, was appointed as an Independent Non-executive Director of the Company in October 2012. From 1989 to 1997, he was the Managing Director of Wheelock and Company Limited (HK stock code: 0020), the Chairman and Managing Director of Wheelock Properties Limited, a Director of New Asia Realty & Trust Company, Limited and Realty Development Corporation Limited. Mr. Tse holds a Bachelor degree in Business Administration from the University of Montreal. He has over 30 years of experience in property development and investment, architectural planning and design consulting, property business consulting, international brand licensing and commercial property business in Hong Kong and the PRC.

SENIOR MANAGEMENT

Mr. Yu Kam Fat, James

(age 57)

Mr. Yu, joined the Group in 1998, is the Chief Operating Officer – Toll Road Division of the Group overseeing the toll road operations. 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 33 years of experience in civil engineering and project management.

Mr. Wang Hao

(age 42)

Mr. Wang, joined the Group in 2007, is the Deputy Chief Executive Officer of the Property Division and a Director of RK Properties Holdings Limited. In addition, Mr. Wang is also responsible for property development projects in Beijing. He holds a Bachelor and a Master of Structural Engineering degree. Mr. Wang has over 17 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.

Ms. Chuk Wing Suet, Josephine

(age 41)

Ms. Chuk, joined the Group in 1994, is a Deputy Chief Operating Officer of the Group and a Director of RK Properties Holdings Limited. In addition, Ms. Chuk is also responsible for property development projects in Shanghai and Changzhou. She holds a Bachelor of Social Science degree and a Master of Business Administration degree. Ms. Chuk has over 19 years of experience in business investment, operation, development and promotion in Hong Kong and the PRC. She is the spouse of Mr. Ko Yuk Bing.

Mr. Zen Chung Hei, Hayley

(age 38)

Mr. Zen, joined the Group in 2006, is a Director of RK Properties Holdings Limited and a Deputy Chief Operating Officer of the Group. Mr. Zen is also responsible for the property development projects in Shijiazhuang 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 17 years of 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. Liu Han

(age 41)

Mr. Liu, joined the Group in 2007, is the Director-in-charge of the property development projects in Tianjin and Shandong Province. Prior to that, Mr. Liu was the general manager of the property development projects in Changzhou overseeing the then operations. He holds a Bachelor of Economic degree, is a Registered Senior Structural Engineer and has over 15 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

(age 40)

Mr. Zhang, joined the Group in 2007, is the Director-in-charge of the property development projects in Suzhou and Wuxi. Prior to that, Mr. Zhang was the general manager of the property development projects in Suzhou overseeing the then operations. 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 17 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.

Mr. Leung Chin Wan

(age 58)

Mr. Leung, joined the Group in 1997, is the Engineering Director of the Property Division overseeing the operations of Construction Department. He holds a Master of Science degree in Engineering and is a member of The Hong Kong Institution of Engineers. Mr. Leung has over 34 years of experience in civil engineering with more than 24 years of experience in the PRC project management.

Ms. Diao Lu, Amy

(age 38)

Ms. Diao, joined the Group in 2007, is the Human Resources Director of the Group and Associate Director of the Property Division. She holds a Bachelor of International Finance degree and an Executive Master of Business Administration Degree. Ms. Diao has over 15 years of experience in human resources management, corporate communication and public affairs, including experience in managerial positions for Fortune 500 multi-national companies. She was the General Manager of Human Resources and External Affairs of Sunco Property group.

SENIOR MANAGEMENT (continued)

Mr. Ho Ting Fung, Albert

(age 59)

Mr. Ho, joined the Group in 2011, is the Associate Director of the Property Division overseeing the Design Department. He holds a Bachelor of Architecture degree and a Bachelor of Arts in Architectural Studies degree. He is an Authorised Person (List 1), a Registered Architect in Hong Kong and a fellow of the Hong Kong Institute of Architects. He has over 33 years of experience in the property development industry including experience in managerial positions. Prior to joining the Group, Mr. Ho worked in an international renowned architectural firm for 14 years and well-known property development companies for 17 years.

Mr. Lee Tak Fai, Kennedy

(age 47)

Mr. Lee, joined the Group in 2007, is the Financial Controller of the Group. He holds a Bachelor of Social Science degree and a Master of Science degree in Finance. 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 over 21 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 SEHK.

Mr. Ng Fun Hung

(age 40)

Mr. Ng, joined the Group in 2011, is the Financial Controller of the Property Division. He holds a Bachelor of Business Administration degree and a Master of Applied Finance degree. 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, a Chartered Financial Analyst of the United States, a Certified Information System Auditor of the United States and a member of the Institute of Chartered Secretaries and Administrators of the United Kingdom. Mr. Ng has over 16 years of experience in accounting, assurance and financial management. Prior to joining the Group, Mr. Ng worked for an international accounting firm and was previously the financial controller of a listed company in Hong Kong.

Mr. Li Jian Jun

(age 45)

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 13 years of experience in toll road operation in the PRC. Prior to joining the Group, he has 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 2012.

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 2012 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages F-3 and F-4 respectively.

An interim dividend of HK$0.16 per Share amounting to HK$119 million was paid to the Shareholders in September 2012.

The Directors recommend the payment of a final dividend of HK$0.30 per Share to the Shareholders whose names appear on the register of members on Thursday, 16 May 2013 amounting to approximately HK$223 million subject to the approval by the Shareholders at the forthcoming annual general meeting ("AGM"). It is expected that final dividend will be paid on or before Friday, 31 May 2013.

CLOSURES OF REGISTER OF MEMBERS

To be eligible to attend and vote in the forthcoming AGM

The register of members of the Company will be closed from Monday, 6 May 2013 to Wednesday, 8 May 2013, both dates inclusive, during which period no transfer of Shares will be registered. In order for the Shareholders to be eligible to attend and vote at the forthcoming AGM, all transfer of Shares 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 Friday, 3 May 2013 for registration.

To qualify for the proposed final dividend

The register of members of the Company will also be closed from Wednesday, 15 May 2013 and Thursday, 16 May 2013, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer of Shares 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 Tuesday, 14 May 2013 for registration.

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 26 and 27 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 F-7 of this annual report.

DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the accumulated profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to the Shareholders. 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.

The reserves of the Company which were available for distribution to the Shareholders as at 31 December 2012 were approximately HK$2,877,633,000.

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 AND PROPERTIES FOR SALE

Details of movements during the year in the investment properties of the Group are set out in note 18 to the consolidated financial statements. Particulars of investments properties and properties for sale are shown under the section headed "Major Projects Information" of "Management Discussion and Analysis".

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group are set out in note 28 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 F-72 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
Xu Ruxin (re-designated from a Non-executive Director to an Executive Director on 1 January 2012)

Non-executive Directors:

Lu Hua (appointed on 22 June 2012)
Lam Wai Hon, Patrick
Guo Limin (resigned on 22 June 2012)

Independent Non-executive Directors:

Chow Shiu Kee, Stephen
Lau Sai Yung
Chow Ming Kuen, Joseph
Nie Meisheng (appointed on 26 October 2012)
Tse Chee On, Raymond (appointed on 26 October 2012)

Pursuant to Bye-law 86(2) of the Company's Bye-laws (the "Bye-laws"), Mr. Lu Hua, Ms. Nie Meisheng and Mr. Tse Chee On, Raymond, appointed by the Board in 2012, will retire from office at the forthcoming AGM. They, being eligible, will offer themselves for re-election at the forthcoming AGM.

In accordance with Bye-law 87 of the Bye-laws, Messrs. Chan Kam Hung, Fong Shiu Leung, Keter, Lam Wai Hon, Patrick and Chow Shiu Kee, Stephen will retire from office by rotation at the forthcoming AGM. Mr. Chow Shiu Kee, Stephen has informed the Company that he will not offer himself for re-election. Messrs. Chan Kam Hung, Fong Shiu Leung, Keter and Lam Wai Hon, Patrick, being eligible, will offer themselves for re-election at the forthcoming AGM.

Other than statutory compensation, 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.

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.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, the following Directors are considered to have interests in the business which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules:

Name of Directors	Name of entities	Description of principal activities	Nature of interest of the Directors in the entities
Zen Wei Pao, William	CMP Investment Group Limited	Property development in the PRC	Sole director and sole shareholder
Lu Hua	Shenzhen Investment Limited and its subsidiaries	Property development, investment and management in the PRC	Director
Lam Wai Hon, Patrick	NWS Holdings Limited and its subsidiaries	Development, operation and management of toll roads in the PRC	Director

DISCLOSURE OF INTERESTS

Directors' Interests and Short Positions

As at 31 December 2012, 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 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 Transaction by Directors of Listed Companies (the "Model Code") were as follows:

(I) Shares

Name of Directors	Nature of interest	Notes	Number of Shares held		Percentage of holding
			Long position	Short position	% (Note 4)
Zen Wei Pao, William	Personal	2	1,400,000	–	0.19
Ko Yuk Bing	Personal	1 & 3	1,070,000	–	0.14
		2 & 3	2,100,000	–	0.28
Chan Kam Hung	Personal	1	1,000,000	–	0.13
		2	900,000	–	0.12
Fong Shiu Leung, Keter	Personal	1	500,000	–	0.07
		2	900,000	–	0.12
Zen Wei Peu, Derek	Personal	1	8,992,000	–	1.21
		2	850,000	–	0.11
Xu Ruxin	Personal	2	150,000	–	0.02
Chow Shiu Kee, Stephen	Personal	1	461,000	–	0.06
		2	150,000	–	0.02
Lau Sai Yung	Personal	1	305,000	–	0.04
		2	150,000	–	0.02
Chow Ming Kuen, Joseph	Personal	2	150,000	–	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. Included in the balances are 160,000 Shares and 800,000 share options (excluding 1,200,000 share options at the exercise price of HK$14.85 lapsed on 5 November 2012) held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.

4. The percentage was calculated based on 741,934,566 Shares in issue as at 31 December 2012.

DISCLOSURE OF INTERESTS (continued)

Directors' Interests and Short Positions (continued)

(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 27 to the consolidated financial statements.

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

Name	Notes	Number of share options				
		Balance at 01.01.2012	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31.12.2012
Directors						
Zen Wei Pao, William	1	2,500,000	–	–	(2,500,000)	–
	2	1,400,000	–	–	–	1,400,000
Ko Yuk Bing	1 & 3	3,500,000	–	–	(3,500,000)	–
	2 & 3	2,100,000	–	–	–	2,100,000
Chan Kam Hung	1	1,600,000	–	–	(1,600,000)	–
	2	900,000	–	–	–	900,000
Fong Shiu Leung, Keter	1	1,600,000	–	–	(1,600,000)	–
	2	900,000	–	–	–	900,000
Zen Wei Peu, Derek	1	1,500,000	–	–	(1,500,000)	–
	2	850,000	–	–	–	850,000
Xu Ruxin	2	150,000	–	–	–	150,000
Guo Limin	2 & 4	150,000	–	–	(150,000)	–
Chow Shiu Kee, Stephen	1	100,000	–	–	(100,000)	–
	2	150,000	–	–	–	150,000
Lau Sai Yung	1	100,000	–	–	(100,000)	–
	2	150,000	–	–	–	150,000
Chow Ming Kuen, Joseph	2	150,000	–	–	–	150,000
Total		17,800,000	–	–	(11,050,000)	6,750,000

DISCLOSURE OF INTERESTS (continued)

Directors' Interests and Short Positions (continued)

(II) Underlying Shares — Share Options (continued)

Name	Notes	Number of share options: Balance at 01.01.2012	Granted during the year	Exercised during the year	Lapsed during the year	Balance at 31.12.2012
Others						
Employees	1	4,950,000	–	–	(4,950,000)	–
	2	7,078,000	–	–	(250,000)	6,828,000
		12,028,000	–	–	(5,200,000)	6,828,000
Grand Total		29,828,000	–	–	(16,250,000)	13,578,000

Notes:

1. 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.

2. 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.

3. Included in the balances are 1,200,000 share options at the exercise price of HK$14.85 and 800,000 share options at the exercise price of HK$6.79 held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.

4. Mr. Guo Limin resigned as a Non-executive Director of the Company on 22 June 2012. The Board approved to extend the exercisable period of his share options for six months from the date of his resignation. The extension of the exercisable period to Mr. Guo Limin expired on 21 December 2012.

(III) Debentures of the Company

Name of Director	Nature of Interest	Type of debenture	Principal amount held
Zen Wei Peu, Derek	Personal	US$350 million 9.5% guaranteed senior notes due 2015	US$1,850,000* (long position)
	Personal	US$350 million 9.875% guaranteed senior notes due 2017	US$4,300,000 (long position)

* Included in the balance is a principal amount of US$350,000 of US$350 million 9.5% guaranteed senior notes due 2015 held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

DISCLOSURE OF INTERESTS (continued)

Directors' Interests and Short Positions (continued)

(III) Debentures of the Company (continued)

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.

Save 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 corporation.

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 debenture of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2012, 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 Shareholders	Nature of interest	Number of Shares held		Percentage of holding
		Long position (Note 1)	Short position	% (Note 20)
Wai Kee (Note 2)	Interested in controlled corporation	286,317,428	–	38.59
Wai Kee (Zens) Holding Limited (Note 3)	Interested in controlled corporation	286,317,428	–	38.59
Groove Trading Limited (Note 4)	Beneficial owner	65,918,000	–	8.88
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interested in controlled corporation	217,399,428	–	29.30
Wai Kee China Investments Company Limited (Note 5)	Interested in controlled corporation	217,399,428	–	29.30
ZWP Investments Limited (Note 6)	Beneficial owner	217,399,428	–	29.30
深業集團有限公司 (Shum Yip Holdings Company Limited) (Note 7)	Interested in controlled corporation	202,334,142	–	27.27

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Name of Shareholders	Nature of interest	Number of Shares held Long position (Note 1)	Number of Shares held Short position	Percentage of holding % (Note 20)
Shum Yip Holdings Company Limited (Note 8)	Interested in controlled corporation	202,334,142	–	27.27
Shenzhen Investment Limited (Note 9)	Interested in controlled corporation	202,334,142	–	27.27
Hover Limited (Note 10)	Beneficial owner	202,334,142	–	27.27
Paul G. Desmarais (Note 11)	Interested in controlled corporation	37,080,000	–	5.00
Nordex Inc. (Note 12)	Interested in controlled corporation	37,080,000	–	5.00
Gelco Enterprises Ltd. (Note 13)	Interested in controlled corporation	37,080,000	–	5.00
Power Corporation of Canada (Note 14)	Interested in controlled corporation	37,080,000	–	5.00
171263 Canada Inc. (Note 15)	Interested in controlled corporation	37,080,000	–	5.00
Power Financial Corporation (Note 16)	Interested in controlled corporation	37,080,000	–	5.00
IGM Financial Inc. (Note 17)	Interested in controlled corporation	37,080,000	–	5.00
Mackenzie Inc. (Note 18)	Interested in controlled corporation	37,080,000	–	5.00
Mackenzie Financial Corporation (Note 19)	Beneficial owner	37,080,000	–	5.00

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

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 Holdings Limited, 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 44.39% interest in Shenzhen Investment Limited.

9. Shenzhen Investment Limited 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 Limited.

11. Mr. Paul G. Desmarais is deemed to be interested in the Shares through his 68% interests in Nordex Inc.

12. Nordex Inc. is deemed to be interested in the Shares through its 94.95% interests in Gelco Enterprises Ltd.

13. Gelco Enterprises Ltd. is deemed to be interested in the Shares through its 53.61% interests in Power Corporation of Canada.

14. Power Corporation of Canada is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely 171263 Canada Inc.

15. 171263 Canada Inc. is deemed to be interested in the Shares through its 66.06% interests in Power Financial Corporation.

16. Power Financial Corporation is deemed to be interested in the Shares through its 58.55% interests in IGM Financial Inc.

17. IGM Financial Inc. is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Mackenzie Inc.

18. Mackenzie Inc. is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Mackenzie Financial Corporation.

19. Mackenzie Financial Corporation is a direct wholly-owned subsidiary of Mackenzie Inc.

20. The percentage was calculated based on 741,934,566 Shares in issue as at 31 December 2012.

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.

REPURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE GROUP

Redemption of US$150 million floating rate guaranteed notes due 2012

Road King Infrastructure Finance (2007) Limited ("RKIF 2007"), a wholly-owned subsidiary of the Company, redeemed all the outstanding principal amount of US$150 million floating rate guaranteed notes due 2012 ("2012 Notes") on 14 May 2012 (being the maturity date of the 2012 Notes) at the redemption price equal to 100% of the outstanding principal amount of the 2012 Notes, which was US$149,000,000 plus accrued interest.

Redemption of US$200 million 7.625% guaranteed notes due 2014

RKIF 2007 redeemed all the principal amount of US$200 million 7.625% guaranteed notes due 2014 ("2014 Notes") on 28 September 2012 at the redemption price equal to 101.9063% of the principal amount of the 2014 Notes plus accrued interest.

Subsequent to the redemptions of the respective 2012 Notes and 2014 Notes, they were cancelled and delisted from the official list of the Singapore Exchange Securities Trading Limited.

Save as the above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2012.

DONATIONS

During the year, donations made by the Group were HK$1,556,000.

PRE-EMPTIVE RIGHTS

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

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 all Executive Directors of the Company are decided by the Remuneration Committee, having regard to the Company's performance, 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 27 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 13.18 of the Listing Rules:

Notes

The Company is obliged to make an offer to repurchase RMB1,300 million 6.0% guaranteed senior notes due 2014, US$350 million 9.5% guaranteed senior notes due 2015 and US$350 million 9.875% guaranteed senior notes due 2017 (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.

Loan facility

On 4 July 2011, RKP Finance (2011) Limited ("RKP Finance"), a wholly-owned subsidiary of the Company, was granted a three-year term loan facility up to HK$390 million (the "Loan Facility"). For so long as the Loan Facility is made available to RKP Finance, Wai Kee is required to maintain as the single largest Shareholder.

2. 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 changes
Mr. Zen Wei Pao, William	His annual basic salary will be revised from HK$6,201,000 to HK$6,511,050 with effect from 1 April 2013.
Mr. Ko Yuk Bing	His annual basic salary will be revised from HK$5,300,000 to HK$5,565,000 with effect from 1 April 2013.
Mr. Chan Kam Hung	His annual basic salary will be revised from HK$3,551,000 to HK$3,728,550 with effect from 1 April 2013.
Mr. Fong Shiu Leung, Keter	His annual basic salary will be revised from HK$2,916,000 to HK$3,061,800 with effect from 1 April 2013.
Mr. Zen Wei Peu, Derek	His annual basic salary will be revised from HK$3,922,000 to HK$4,118,100 with effect from 1 April 2013. His discretionary bonus for the year ended 31 December 2012 is HK$1,194,899.
Mr. Xu Ruxin	His annual basic salary will be revised from HK$1,800,000 to HK$1,890,000 with effect from 1 April 2013.

3. 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.

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, 1 March 2013

CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to maintaining the highest standard of corporate governance as it believes that good 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. The Company places strong emphasis on an effective Board of Directors, accountability, sound internal control, appropriate risk-assessment, monitoring procedures and transparency to all Shareholders and stakeholders.

Throughout the year of 2012, the Company complied with the code provisions set out in the Code on Corporate Governance Practices (effective until 31 March 2012) and Corporate Governance Code (effectively from 1 April 2012) (collectively, the "Code") as stated in Appendix 14 of the Listing Rules except for code provisions of A.4.1 and A.6.7.

Code provision A.4.1 relating to the appointment of Non-executive Directors for a specific terms, subject to re-election, has been complied with effect from 22 June 2012. Details shall be referred to the section headed "Non-Executive Directors".

In respect of code provision A.6.7, two Non-executive Directors did not attend the annual general meeting of the Company held on 15 May 2012 due to their other business commitments.

THE BOARD

Composition

The Board has a balanced composition of members to ensure independent viewpoints in all discussions. As at the date of this report, the Board comprises 13 Directors including six Executive Directors, two Non-executive Directors and five Independent Non-executive Directors. Board members are listed below:

Board of Directors		
Executive Directors	Non-executive Directors	Independent Non-executive Directors
Zen Wei Pao, William *(Chairman)*	Lu Hua	Chow Shiu Kee, Stephen
Ko Yuk Bing *(Deputy Chairman, Managing Director and Chief Executive Officer)*	Lam Wai Hon, Patrick	Lau Sai Yung
		Chow Ming Kuen, Joseph
Chan Kam Hung *(Chief Operating Officer)*		Nie Meisheng
		Tse Chee On, Raymond
Fong Shiu Leung, Keter *(Finance Director)*		
Zen Wei Peu, Derek		
Xu Ruxin		

THE BOARD (continued)

Composition (continued)

With the expertise contributed by each of the Directors, the Board has a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Biographical details are set out in the "Directors and Senior Management" section of this annual report. An updated list of Directors and their respective roles and functions are maintained on the websites of the Company and SEHK.

During the year, the Company has complied with Rules 3.10(1) and 3.10(2) of the Listing Rules regarding the appointment of at least three Independent Non-executive Directors including one Independent Non-executive Director with accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules implemented by 31 December 2012, listed issuers should appoint independent non-executive directors representing at least one-third of the board. The Board resolved to appoint Ms. Nie Meisheng and Mr. Tse Chee On, Raymond as the Independent Non-executive Directors of the Company on 26 October 2012 following the recommendations from the Nomination Committee. After the said appointments, the number of the Independent Non-executive Directors of the Company represents more than one-third of the Board.

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 being brothers, and between the Chairman and the Chief Executive Officer.

Appointment and Re-election

Pursuant to the Bye-laws, the Board may appoint a director either to fill a causal vacancy or as an addition to the Board from time to time during the year following the recommendation from the Nomination Committee. Any Director appointed by the Board to fill a causal vacancy shall hold office until the first general meeting after his/her appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. In addition, at each annual general meeting, at least one-third of the Directors for the time being shall retire from office by rotation and are eligible for re-election.

Non-executive Directors

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific terms, subject to re-election. Prior to 22 June 2012, not all the Non-executive Directors of the Company were appointed for a specific term. However, in accordance with the Bye-laws, during each annual general meeting, at least one-third of the Directors from the time being shall retire from office by rotation. The Company considers that this is no less exacting than those provided in the Code. Since 22 June 2012, all then Non-executive Directors and Independent Non-executive Directors and the two Independent Non-executive Directors subsequently appointed on 26 October 2012 entered into letters of appointments separately with the Company for a specific term with a range of not more than three years, subject to re-election at the general meeting.

Independence of Independent Non-executive Directors

The Company has received written confirmation of independence from each of the 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.

THE BOARD (continued)

Role and Delegation

The primary role of the Board is to protect and enhance long-term Shareholders' value. It assumes the responsibility for providing effective and responsible leadership and control of the Company, and directing and supervising the Company's affairs in pursuit of the Group's strategic objectives.

The Board, led by the Chairman, approves and monitors Group's strategies and policies, evaluates the performance of the Group and supervises the management. In addition, the Board reserved for its decisions all major matters of the Company, including approval and monitoring of budgets, internal control and risk management systems, dividend payout, material transaction (in particular those may involve conflict of interests), preparation and release of financial information, appointment of Directors, replenishment of land reserves, other significant financial and operational matters.

In order to enhance efficiency, the Board has delegated the Chief Executive Officer the day-to-day leadership and management of the Group. The management of the Group, on the other hand, is responsible for day-to-day operations of the Group under the supervision of the Chief Executive Officer.

The Board also ensures that good corporate governance policies and practices are implemented within the Group and is responsible for performing the corporate governance duties including the following:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct manual applicable to employees and the Directors; and
- to review the Company's compliance with the Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2012 and up to the date of this report, the Board conducted a review on the Company's corporate governance practices, in light of amendments to the Code and Listing Rules. Existing and new policies and guidelines were revised and adopted. It also reviewed the Company's compliance with the Code for the years ended 31 December 2011 and 2012 together with six months ended 30 June 2012, and the Company's disclosures in the Corporate Governance Reports for the years ended 31 December 2011 and 2012.

The Group has adopted a number of policies and procedures of the Company, all of which have been documented and communicated to the Directors and employees via Employees' Handbooks and individual departmental handbooks to ensure good corporate practices and high standard of business conducts and ethics of the Group. The effectiveness of these policies is reviewed on a regular basis.

THE BOARD (continued)

Board Meetings

The Board meets regularly at least four times each year. In addition, ad hoc Board meetings are held for major and important matters in which Board resolutions are required. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance records of individual Directors at the Board meetings, three Board Committees; namely Audit, Nomination and Remuneration Committees, and the annual general meeting held on 15 May 2012 are set out below:

	Meetings attended/held				
Name of Directors	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting held on 15 May 2012
Executive Directors					
Zen Wei Pao, William	4/4	–	2/2	2/2	1/1
Ko Yuk Bing	4/4	–	–	–	1/1
Chan Kam Hung	4/4	–	–	–	1/1
Fong Shiu Leung, Keter	4/4	–	–	–	1/1
Zen Wei Peu, Derek	4/4	–	–	–	1/1
Xu Ruxin (re-designated from a Non-Executive Director to an Executive Director on 1 January 2012)	3/4	–	–	–	1/1
Non-executive Directors					
Lu Hua (appointed on 22 June 2012)	2/3	–	–	–	–
Lam Wai Hon, Patrick	4/4	–	–	–	0/1
Guo Limin (resigned on 22 June 2012)	1/1	–	–	–	0/1
Independent Non-executive Directors					
Chow Shiu Kee, Stephen	3/4	3/3	2/2	2/2	1/1
Lau Sai Yung	4/4	3/3	2/2	2/2	1/1
Chow Ming Kuen, Joseph	4/4	3/3	2/2	2/2	1/1
Nie Meisheng (appointed on 26 October 2012)	2/2	–	–	–	–
Tse Chee On, Raymond (appointed on 26 October 2012)	1/2	–	–	–	–

Note:

"-": Not Applicable

Notice of regular Board meetings is given to all Directors at least 14 days before each 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, including relevant background information and supporting analysis, 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.

THE BOARD (continued)

Board Meetings (continued)

In order to have an effective Board, all Directors are provided with information on activities and developments in the Group's business on a monthly basis to keep them apprised of the latest developments of the Group. They have full access to information on the Group and are able to invite management and professional advisers, where appropriate, to attend Board meetings.

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 and Board Committees' meetings. Such minutes are open for inspection by Directors.

Each Director is required to make disclosure of his/her interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by Directors at the Board and Board Committees' meetings. Any Director shall not vote on any resolution of the Board and Board Committees approving any contract or arrangement or any other proposal in which he/she (or his/her associates) is materially interested nor shall he/she be counted in the quorum present at the meeting.

Induction and Continuous Professional Development

Directors should keep abreast of their collective responsibilities. Each newly appointed Directors would receive a comprehensive induction package covering the Group's business and the statutory and regulatory obligations of a director of a listed company. The Group also provides seminars and trainings to develop and refresh the Directors' knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, induction package on the directors' duties were given to the newly appointed Directors. Two seminars relating to the latest amendments to the corporate governance code and associated Listing Rules were organised for the Directors and management. Furthermore, a series of seminars, training courses and workshops such as corporate strategic goals, tax and finance, interim and annual reviews on progress of toll road and property businesses, and site visits were also provided to the Directors and management as well.

THE BOARD (continued)

Induction and Continuous Professional Development (continued)

All Directors are requested to provide the Company with their respective training records pursuant to the Code. According to the training records maintained by the Company, the training received by each of the Directors during the period from 1 January 2012 to 31 December 2012 is summarised as follows:

Name of Directors	Type of continuous professional development
Executive Directors	
Zen Wei Pao, William	A,B,C
Ko Yuk Bing	B,C
Chan Kam Hung	B,C
Fong Shiu Leung, Keter	B,C
Zen Wei Peu, Derek	B,C
Xu Ruxin	B,C
Non-executive Directors	
Lu Hua	B,C
Lam Wai Hon, Patrick	B,C
Independent Non-executive Directors	
Chow Shiu Kee, Stephen	B,C
Lau Sai Yung	B,C
Chow Ming Kuen, Joseph	B,C
Nie Meisheng	B,C
Tse Chee On, Raymond	B,C

A: giving talks at seminars and/or conferences and/or forum
B: attending seminars and/or conference and/or forum
C: reading newspapers, journals and updates relating to the economy, general business, real estate, laws, rules and regulations, etc.

Directors' and Officers' Liability Insurance and Indemnity

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the Code. During the year, no claim was made against the Directors and officers of the Company.

Chairman and Chief Executive Officer

The Chairman of the Company is Mr. Zen Wei Pao, William. The Chief Executive Officer is Mr. Ko Yuk Bing.

To ensure a balance of power and authority, the positions of the Chairman and the Chief Executive Officer of the Company are held by different individuals with separate duties. The division of responsibilities between the Chairman and Chief Executive Officer is clearly established and set out in writing.

The role of the Chairman is to oversee the functioning of the Board and ensure the establishment of strategic direction of the Group. The Chairman provides leadership for the Board and ensures that the Company establishes sound corporate governance practices and procedures. He also encourages all Directors to make a full and active contribution to the affairs of the Board.

THE BOARD (continued)

Chairman and Chief Executive Officer (continued)

The Chief Executive Officer is responsible for implementing the Board's approved strategies and policies, and supervising the day-to-day operations.

Detailed duties and responsibilities of the Chairman and the Chief Executive Officer are available on the website of the Company.

BOARD COMMITTEES

To facilitate the work of the Board, the Board has delegated responsibilities to three Board Committees, namely Audit, Nomination and Remuneration Committees, to oversee particular aspects of the Company's affairs and Management Committees led by the Chief Executive Officer at both corporate and divisional levels to deal with the day-to-day operations. The updated terms of reference of the Audit, Nomination and Remuneration Committees are available on the websites of the Company and SEHK.

Audit Committee

Composition

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.

Role and Function

The main responsibilities of the Audit Committee are to review the consolidated financial statements, 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. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31 December 2012 and up to the date of this report:

- Approval of remuneration and terms of engagement of the external auditor;
- Review of the annual results of the Group for the years ended 31 December 2011 and 2012, and the interim results of the Group for the six months ended 30 June 2012;
- Review of the Group's financial information, financial reporting procedures, internal control system, risk management, and financial and accounting policies and practices;
- Review of external auditor's independence and objectivity and the effectiveness of the audit process, and review of policy on engaging the external auditor to supply non-audit services;
- Review of the audit plan for financial year ended 31 December 2012;
- Review of adequacy of resources, qualifications, and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget;
- Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
- Recommendation to the Board to re-appoint the external auditor at the 2012 and 2013 annual general meetings;
- Review of the effectiveness of the internal audit function of the Company;
- Approval of the 2013 internal audit plan;
- Adoption and review of reporting mechanism for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters related to the Company; and
- Meetings with the external auditor, in the absence of Executive Directors and management.

BOARD COMMITTEES (continued)

Nomination Committee

Composition

The Nomination Committee was set up in February 2012 and currently comprises four members, namely, Dr. Chow Ming Kuen, Joseph (Chairman of the Nomination Committee), Mr. Zen Wei Pao, William, Mr. Chow Shiu Kee, Stephen and Mr. Lau Sai Yung. Except for Mr. Zen Wei Pao, William, an Executive Director, all other members, including the Chairman of the Nomination Committee, are Independent Non-executive Directors.

Role and Function

The Nomination Committee was established to ensure that there are deliberative, considered and transparent procedures for the appointment of the Directors. The duties of this Committee include reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become Directors and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships.

Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31 December 2012 and up to the date of this report:

- Review of the structure, size and composition (including the skills, knowledge and experience) of the Board;
- Assessment of the independence of the Independence Non-executive Directors;
- Review of the succession of the Board for continuity;
- Nomination of one proposed Non-executive Director and two proposed Independent Non-executive Directors;
- Review of the Company's policy on nomination of Directors; and
- Determination the rotation of the Directors for the forthcoming AGM.

Nomination Procedures

Appointments of new Directors are first considered by the Nomination Committee. In considering the appointment of a Director, this Committee applies criteria such as relevant experience, professional and educational background. The recommendations of this Committee are then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election by Shareholders at the general meeting after his/her appointment. Prior to the establishment of this Committee, the above responsibilities were performed via the collective decision of the Board.

Remuneration Committee

Composition

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. Except for Mr. Zen Wei Pao, William, an Executive Director, all other members, including the Chairman of the Remuneration Committee, are Independent Non-executive Directors.

BOARD COMMITTEES (continued)

Remuneration Committee (continued)

Role and Function

The Remuneration Committee has been established to ensure that there are formal and transparent procedures to assist the Board in determining the remuneration policy of the Company and the remuneration of senior management. This Committee is responsible for making recommendation to the Board on the Company's policy and structuring for all Directors' and senior management's remuneration, and reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives. It also determines, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, and makes recommendations on remuneration of Non-executive Directors and Independents Non-executive Directors.

Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 December 2012 and up to the date of this report:

- Review and approval of the Company's remuneration policy for 2012 and 2013;
- Approval of emoluments of Executive Directors (where Mr. Zen Wei Pao, William abstained from voting in determining his own remuneration) and senior management; and
- Approval of year end bonus of Executive Directors and senior management.

Remuneration policy

The Company ensures that the remuneration offered in appropriate for the duties, in line with market practice and pay levels, and effective in attracting, retaining and motivating employees (including Executive Directors). For Non-executive Directors, the Company ensures that they are sufficiently but not excessively compensated for their efforts and time dedicated to the Company. No individual determines his/her own remuneration.

The remuneration of a Director is determined with reference to his/her duties and responsibilities with the Company and the prevailing market situation. Details of the emoluments of Directors during the year ended 31 December 2012 are set out in note 13 to the consolidated financial statements of this annual report. The emoluments paid to senior management during the year ended 31 December 2012 were within the following bands:

	Number of Senior Management
Up to HK$2,000,000	3
HK$2,000,001 to HK$3,000,000	5
HK$3,000,001 to HK$4,000,000	4

Management Committees

A Management Committee at the corporate level was formed in February 2009 and currently comprises five members, namely, Messrs. Ko Yuk Bing (the Convenor), Chan Kam Hung, Fong Shiu Leung, Keter, Xu Ruxin and 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 major matters arising from the daily operations of the property development business in various cities in the PRC.

DIRECTORS' SECURITIES TRANSACTIONS

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 2012.

The Company has also adopted a code of conduct governing securities transactions by employees who are likely to be in possession of unpublished price-sensitive information in relation to the Group.

Formal notifications are sent by the Company to all Directors and relevant employees reminding them that they should not deal in the securities of the Company during the "black out period" specified in the Model Code.

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.

The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of price sensitive information, announcements and financial disclosures and authorises their publication as and when required.

EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

Messrs. Deloitte Touche Tohmatsu has been re-appointed as the Company's external auditor at the annual general meeting of 2012 until the conclusion of the next annual general meeting.

The fees paid to external auditor for audit and non-audit services for the year ended 31 December 2012 are as follows:

Type of Services	Fee paid/payable HK$
Audit fee	3,800,000
Non-audit services	
Interim review fee	1,200,000
Other services	760,000
Total	5,760,000

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 F-1 and F-2.

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 2012. The Audit Committee considered the internal control system of the Company and its subsidiaries was effective and adequate.

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 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.

SHAREHOLDERS' RIGHTS

The Board and management shall ensure Shareholders' rights and all Shareholders are treated equitably and fairly. Pursuant to the Bye-laws, any Shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. In addition, Shareholders holding not less than one-twentieth of the total voting rights or not less than 100 Shareholders may submit a written request to the Company stating the resolution intended to be proceeded at the annual general meeting.

Any vote of Shareholders at a general meeting must be taken by poll (other than procedural matters). Voting results are posted on the websites of the Company and SEHK on the day of the general meeting. Since May 2009, there were no changes to the memorandum of association of the Company and Bye-laws. The updated versions of the memorandum of association of the Company and Bye-laws are available on the websites of the Company and SEHK.

Detailed procedures for the Shareholders to convene a special general meeting, putting forward proposals at a general meeting and proposing a person for election as a Director are also available on the website of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Board has established a shareholders' communication policy setting out various channels of communication, with the objective of enabling the Shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The Company regards its Shareholders' meeting as an important means of communication with the Shareholders in which the Shareholders will be able to have an open dialogue with the Board. Board members, in particular, the Chairmen of the Board Committees and appropriate management executives are available to answer questions of the Group's business at the annual general meetings. External auditor also attends the Company's annual general meetings and addresses queries from the Shareholders relating to the conduct of the audit and the preparation and content of its auditors' report.

Apart from holding Shareholders' meeting, the Company also endeavours to maintain effective communication with all Shareholders through other channels such as publication of annual and interim reports, announcements and circulars so as to provide extensive information on the Group's activities, business strategies and developments, and financial position. Such information is also available on the websites of the Company and the SEHK.

Shareholders are also provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, to enable them to make any queries or comments on the Company at any time.

INVESTOR RELATIONS

The Company pursues a proactive policy of promoting investor relations and communications with the Shareholders. To this end, the Company maintains an open dialogue with the Shareholders and investors through the Company's financial reports, press releases, road shows, conferences and general meetings that may be convened, as well as making available all the disclosures submitted to SEHK to provide regular and timely public disclosures on the Company's operating performance and corporate developments. During the year, the Company's investor relations team arranged meetings and interviews with the Shareholders and investors, and hosted roadshows in Hong Kong and Singapore.

Glossary

GENERAL TERMS

"Board"	the board of directors of the Company
"BVI"	British Virgin Islands
"Company", "Road King" or "we"	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability
"Directors"	the directors of the Company
"GDP"	gross domestic product
"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, construct, operate and manage the toll road projects in which the Group has an interest
"km"	kilometre(s)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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
"Shareholders"	Shareholder(s) of the Company
"sqm"	square metres
"Stock Exchange" or "SEHK"	The Stock Exchange of Hong Kong Limited

Glossary (continued)

"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
"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"	$\dfrac{\text{Profit attributable to owners of the Company}}{\text{Weighted average number of Shares in issue during the year}}$
"Gross gearing ratio"	$\dfrac{\text{Total bank and other borrowings}}{\text{Total equity attributable to owners of the Company}}$
"Interest coverage"	$\dfrac{\text{Earnings before interest, taxation, depreciation and amortisation}}{\text{The aggregate of interest and finance costs}}$
"Net assets per Share attributable to owners of the Company"	$\dfrac{\text{Total equity attributable to owners of the Company}}{\text{Number of Shares in issue as at 31 December 2012}}$
"Net gearing ratio"	$\dfrac{\text{Total bank and other borrowings – bank balances and cash (including pledged bank deposits)}}{\text{Total equity attributable to owners of the Company}}$
"Total borrowings"	The aggregate of long-term and short-term portion of total borrowings

TOLL ROAD PROJECTS

Anhui Province

"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
"Shijin Highway"	National Highway 307 Shijiazhuang-Jinzhou Highway
"Tangjin Expressway"	National Expressway G25 Tangshan-Tianjin Expressway

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
"Longcheng Expressway"	Provincial Expressway S60 Yuci Longbai Village-Chengzhao, Qixian Expressway
"Yuci City Bypass"	National Highway 108 Yuci City Bypass

PROPERTY PROJECTS

"Banyan Riverside"	The project locates at Jiulongxi Road, Liwan District, Guangzhou, Guangdong Province, the PRC
"Central Special Zone"	The project locates at junction of Shangding Road and Nongye Dong Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC
"Château du Nord"	The project locates at Lane 589, Hengrong Road, Waigang Town, Jiading District, Shanghai, the PRC
"Gaoxin District Project"	The project locates at Huaxia Road, Gaoxin District, Luoyang, Henan Province, the PRC
"Grand Metropolis"	The project locates at No. 33, Huayuan Street, Wujin District, Changzhou, Jiangsu Province, the PRC
"International City"	The project locates at No. 473, Huaibei Road, Yuhua District, Shijiazhuang, Hebei Province, the PRC
"Jianguomen Project"	The project locates at Courtyard No. 13 & Courtyard Side, Waijiaobu Street, Dongcheng District, Beijing, the PRC
"J·o·Y Heights"	The project locates at North of Sandong Da Road and East of Guangqing Expressway, Xinhua Town, Huadu District, Guangzhou, Guangdong Province, the PRC
"Joy Park"	The project locates at junction of Longshan Road and Tianshan Bei Road, Hedong District, Tianjin, the PRC

"Leader of Life"	The project locates at Chengguan Town, Ji County, Tianjin, the PRC
"New Wujin Project"	The project locates at East of Huoju Road, South of Renmin Road, Gaoxin Zone, Hutong Town, Wujin District, Changzhou, Jiangsu Province, the PRC (North side of Guangdian Dong Road and East side of Huoju Road)
"Parkvista Phase II"	The project locates at No. 12, Xingsheng Road, Zhujiang New City, Tianhe District, Guangzhou, Guangdong Province, the PRC
"Phoenix City"	The project locates at junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC
"RK World City"	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, the PRC
"Royal City"	The project locates at No. 88, Yanzheng Dong Road, Wujin District, Changzhou, Jiangsu Province, the PRC
"Royal Panorama"	The project locates at No. 9, Weishier Road, Huaiyin District, Jinan, Shandong Province, the PRC
"Shanghai Yuanzi"	The project locates at West of Baian Gong Road, North of Miaojing River, Waigang Town, Jiajing District, Shanghai, the PRC
"Shine June Garden"	The project locates at No. 1, Lane 998, Baoxiang Road, Nanxiang Town, Jiading District, Shanghai, the PRC
"Songs & Sea"	The project locates at Lot No. 1, Northern District, Huangcun Town, Daxing District, Beijing, the PRC
"Sunco Town"	The project locates at South of Nanchang Road, Jianxi District, Luoyang, Henan Province, the PRC
"Sunny Town" (formerly known as "The Aurora City of Charm")	The project locates at junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC

Glossary (continued)

"The Providence"	The project locates at Southwest of the junction of Zhongnan Xi Road and Lixi Road, Binhu District, Wuxi, Jiangsu Province, the PRC
"The Riverside"	The project locates at Lane 2999, Baian Gong Road, Waigang Town, Jiading District, Shanghai, the PRC
"University Project"	The project locates at North of University Road and West of Ziwei Road (No. 3), University Technology Zone, Changqing District, Jinan, Shandong Province, the PRC
"Unusual Landscape"	The project locates at No. 207, Haier Da Road, Jiaozhou District, Shandong Province, the PRC
"Vista Panorama"	The project locates at No. 8, Changhong Zhong Road, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC
"World & City"	The project locates at East of Municipal Building, Luoyang New District, Luoyang, Henan Province, the PRC

Corporate Information

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
Xu Ruxin

NON-EXECUTIVE DIRECTORS

Lu Hua
Lam Wai Hon, Patrick

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chow Shiu Kee, Stephen
Lau Sai Yung
Chow Ming Kuen, Joseph
Nie Meisheng
Tse Chee On, Raymond

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

NOMINATION COMMITTEE

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

MANAGEMENT COMMITTEE

Ko Yuk Bing *(Convenor)*
Chan Kam Hung
Fong Shiu Leung, Keter
Xu Ruxin
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

The PRC
Agricultural Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited

Hong Kong
China CITIC Bank International Limited
DBS Bank (Hong Kong) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
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

Corporate Information (continued)

SHARE LISTING

The Company's shares are listed on the main board of The Stock Exchange of Hong Kong Limited (Stock Code: 1098)

NOTES LISTING

The following notes are listed on The Singapore Exchange Securities Trading Limited

- RMB1,300 million 6.0% guaranteed senior notes due 2014
- US$350 million 9.5% guaranteed senior notes due 2015

The following notes are listed on The Stock Exchange of Hong Kong Limited

- US$350 million 9.875% guaranteed senior notes due 2017 (Stock Code: 4565)

INVESTOR RELATIONS

Contact Person: Sy Kin Lun, Arien
Telephone: (852) 2957 6800
Facsimile: (852) 2375 2477
E-mail address: rki@roadking.com.hk

WEBSITES

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

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 F-3 to F-71, which comprise the consolidated statement of financial position as at 31 December 2012, 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 2012, 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
1 March 2013

Consolidated Income Statement

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000 (restated)
Revenue	7	**9,344,130**	6,832,508
Cost of sales		**(6,625,755)**	(4,921,765)
Gross profit		**2,718,375**	1,910,743
Interest income		**50,141**	30,441
Other income		**21,815**	18,581
Other gains and losses	9	**301,517**	396,569
Selling expenses		**(342,195)**	(246,131)
Operating expenses		**(494,001)**	(453,457)
Share of results of joint ventures	10	**286,636**	335,219
Finance costs	11	**(224,551)**	(132,379)
Profit before taxation	12	**2,317,737**	1,859,586
Income tax expenses	14	**(1,465,003)**	(1,116,873)
Profit for the year		**852,734**	742,713
Profit attributable to:			
Owners of the Company		**818,179**	735,007
Non-controlling interests		**34,555**	7,706
		852,734	742,713
Earnings per share	16		
— Basic		**HK$1.10**	HK$0.99
— Diluted		**HK$1.10**	HK$0.99

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 HK$'000	2011 HK$'000 (restated)
Profit for the year	**852,734**	742,713
Other comprehensive income		
Exchange differences arising on translation to presentation currency	**206,023**	433,100
Total comprehensive income for the year	**1,058,757**	1,175,813
Total comprehensive income attributable to:		
Owners of the Company	**1,017,589**	1,162,015
Non-controlling interests	**41,168**	13,798
	1,058,757	1,175,813

Consolidated Statement of Financial Position

At 31 December 2012

	NOTES	31 December 2012 HK$'000	31 December 2011 HK$'000 (restated)	1 January 2011 HK$'000 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	17	**56,983**	56,093	60,043
Investment properties	18	**2,210,338**	1,697,470	715,386
Prepayment for land leases	23	**–**	648,220	–
Interests in joint ventures	19	**4,021,241**	4,207,599	3,855,047
Deferred tax assets	30	**36,575**	3,144	6,500
Loans to a joint venture	20	**302,792**	45,202	–
Long-term receivables	21	**72,517**	94,559	110,634
		6,700,446	6,752,287	4,747,610
Current assets				
Inventory of properties	22	**23,175,850**	17,085,092	14,496,917
Prepayment for land leases	23	**902,580**	3,585,282	1,783,378
Loan to a joint venture	20	**86,849**	–	43,649
Loan to a related company		**–**	–	23,400
Debtors, deposits and prepayments	24	**806,961**	583,525	974,810
Prepaid income tax		**265,392**	305,296	196,694
Pledged bank deposits	25	**168,828**	236,881	189,546
Bank balances and cash	25	**5,168,435**	3,183,826	5,230,371
		30,574,895	24,979,902	22,938,765
Total assets		**37,275,341**	31,732,189	27,686,375
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	26	**74,193**	74,193	74,193
Reserves		**11,718,938**	10,998,123	10,169,979
		11,793,131	11,072,316	10,244,172
Non-controlling interests		**429,742**	276,912	115,663
Total equity		**12,222,873**	11,349,228	10,359,835

Consolidated Statement of Financial Position (continued)

At 31 December 2012

	NOTES	31 December 2012 HK$'000	31 December 2011 HK$'000 (restated)	1 January 2011 HK$'000 (restated)
Non-current liabilities				
Bank and other borrowings — due after one year	28	**7,990,404**	6,651,422	5,686,644
Loans from non-controlling interests of a subsidiary	29	**97,882**	268,689	–
Deferred tax liabilities	30	**641,634**	546,810	327,433
		8,729,920	7,466,921	6,014,077
Current liabilities				
Creditors and accrued charges	31	**4,762,500**	3,292,837	2,419,010
Deposits from pre-sale of properties		**6,543,789**	4,939,851	5,213,949
Income tax payable		**1,323,643**	1,099,539	676,081
Bank and other borrowings — due within one year	28	**3,369,967**	3,499,636	3,003,423
Loans from non-controlling interests of a subsidiary	29	**274,690**	–	–
Other financial liabilities	32	**47,959**	84,177	–
		16,322,548	12,916,040	11,312,463
Total equity and liabilities		**37,275,341**	31,732,189	27,686,375

The consolidated financial statements on pages F-3 to F-71 were approved and authorised for issue by the Board of Directors on 1 March 2013 and are signed on its behalf by:

Zen Wei Pao, William
DIRECTOR

Ko Yuk Bing
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	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 2011 — as previously stated	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
— prior year adjustment (note 2)	–	–	–	–	–	–	(43,963)	(43,963)	–	(43,963)
— as restated	74,193	3,159,965	1,367,840	1,260,000	97,525	45,063	4,239,586	10,244,172	115,663	10,359,835
Profit for the year (restated)	–	–	–	–	–	–	735,007	735,007	7,706	742,713
Exchange differences arising on translation to presentation currency	–	–	427,008	–	–	–	–	427,008	6,092	433,100
Total comprehensive income for the year (restated)	–	–	427,008	–	–	–	735,007	1,162,015	13,798	1,175,813
Sub-total	74,193	3,159,965	1,794,848	1,260,000	97,525	45,063	4,974,593	11,406,187	129,461	11,535,648
Release of reserve upon liquidation of a jointly controlled entity	–	–	(33,086)	–	–	–	33,086	–	–	–
Lapse or cancellation of share options	–	–	–	–	(24,588)	–	24,588	–	–	–
Capital contributions from non-controlling interests of a subsidiary	–	–	–	–	–	–	–	–	147,451	147,451
Dividends	–	–	–	–	–	–	(333,871)	(333,871)	–	(333,871)
Balance at 31 December 2011 (restated)	74,193	3,159,965	1,761,762	1,260,000	72,937	45,063	4,698,396	11,072,316	276,912	11,349,228
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**818,179**	**818,179**	**34,555**	**852,734**
Exchange differences arising on translation to presentation currency	**–**	**–**	**199,410**	**–**	**–**	**–**	**–**	**199,410**	**6,613**	**206,023**
Total comprehensive income for the year	**–**	**–**	**199,410**	**–**	**–**	**–**	**818,179**	**1,017,589**	**41,168**	**1,058,757**
Sub-total	**74,193**	**3,159,965**	**1,961,172**	**1,260,000**	**72,937**	**45,063**	**5,516,575**	**12,089,905**	**318,080**	**12,407,985**
Lapse or cancellation of share options	**–**	**–**	**–**	**–**	**(54,975)**	**–**	**54,975**	**–**	**–**	**–**
Transfer upon strike-off of subsidiaries	**–**	**–**	**86,439**	**–**	**–**	**–**	**(86,439)**	**–**	**–**	**–**
Capital contributions from non-controlling interests of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**111,662**	**111,662**
Dividends	**–**	**–**	**–**	**–**	**–**	**–**	**(296,774)**	**(296,774)**	**–**	**(296,774)**
Appropriation	**–**	**–**	**–**	**–**	**–**	**288,442**	**(288,442)**	**–**	**–**	**–**
Balance at 31 December 2012	**74,193**	**3,159,965**	**2,047,611**	**1,260,000**	**17,962**	**333,505**	**4,899,895**	**11,793,131**	**429,742**	**12,222,873**

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 then 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 2012

	2012 HK$'000	2011 HK$'000
Operating activities		
Profit before taxation	**2,317,737**	1,859,586
Adjustments for:		
Depreciation of property, plant and equipment	**10,174**	10,657
Impairment losses on interests in joint ventures	**49,019**	118,343
Fair value gains on transfer of completed properties held for sale to investment properties	**(63,726)**	(292,562)
Change in fair value of investment properties	**(136,029)**	(62,467)
Change in fair value of other financial liabilities	**(14,921)**	84,177
Interest income	**(50,141)**	(30,441)
Finance costs	**224,551**	132,379
Share of results of joint ventures	**(286,636)**	(335,219)
Gains on disposal of property, plant and equipment, net	**(164)**	(32,288)
Operating cash flows before movements in working capital	**2,049,864**	1,452,165
(Increase) decrease in debtors, deposits and prepayments	**(210,089)**	412,907
(Increase) decrease in completed properties held for sale	**(356,302)**	136,740
Increase in properties under development for sale	**(205,499)**	(316,638)
Increase in creditors and accrued charges	**1,341,677**	763,343
Increase (decrease) in deposits from pre-sale of properties	**1,493,619**	(539,859)
Payment for land leases for properties to be developed for sales	**(1,278,640)**	(3,503,045)
Cash generated from (used in) operations	**2,834,630**	(1,594,387)
Income tax paid	**(1,187,450)**	(644,186)
Net cash from (used in) operating activities	**1,647,180**	(2,238,573)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2012

	NOTES	2012 HK$'000	2011 HK$'000
Investing activities			
Cash distributions/dividends received from joint ventures		**523,008**	657,553
Additions to investment properties		**(252,800)**	(260,985)
Decrease (increase) in pledged bank deposits		**73,343**	(37,674)
Interest received		**49,826**	30,776
Proceeds on disposal of property, plant and equipment		**1,170**	42,070
Proceeds on disposal of investment properties		**49,164**	–
Repayment of long-term loan receivables		**24,154**	21,302
Purchases of property, plant and equipment		**(12,360)**	(13,997)
Receipt of loan settlement from a related company		**–**	23,400
Receipt of loan settlement from a joint venture		**–**	43,649
Receipt of deferred consideration on disposal of interest in a joint venture		**–**	27,713
Net interests paid for other financial liabilities		**(19,205)**	–
Increase in restricted bank balances		**(857,614)**	(270,516)
Payment for land leases for investment properties		**–**	(648,220)
Capital contributions to infrastructure joint ventures		**(22,015)**	(623,668)
Loans to infrastructure joint ventures		**(342,532)**	(45,202)
Net cash used in investing activities		**(785,861)**	(1,053,799)
Financing activities			
New borrowings raised		**6,005,977**	4,584,260
Repayment of borrowings		**(4,946,394)**	(3,292,725)
Capital contributions from non-controlling interests of a subsidiary		**111,662**	147,451
Loans from non-controlling interests of a subsidiary		**97,882**	268,689
Dividends paid		**(296,774)**	(333,871)
Interest paid		**(777,780)**	(665,090)
Net cash from financing activities		**194,573**	708,714
Net increase (decrease) in cash and cash equivalents		**1,055,892**	(2,583,658)
Cash and cash equivalents at beginning of the year		**2,640,504**	4,957,565
Effect of foreign exchange rate changes		**58,969**	266,597
Cash and cash equivalents at end of the year, represented by bank balances and cash	33	**3,755,365**	2,640,504

Notes to the Consolidated Financial Statements

For the year ended 31 December 2012

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 "SEHK"). 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 its major subsidiaries and the Group's jointly controlled entities is Renminbi. 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, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"):

Amendments to HKFRS 7	Financial Instruments: Disclosures — Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to HKAS 1	As part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in 2012

Except as described below, the application of the amendments to HKFRS 7 in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets"

The Group has applied for the first time the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" in the current year. Under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered entirely through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The Group measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the Directors reviewed the Group's investment property portfolios and concluded that for certain of the Group's investment properties, their carrying amounts will be recovered through sale, and that for the other investment properties of the Group, the properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and therefore the presumption set out in the amendments to HKAS 12 is rebutted by the Group in respect of these properties.

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

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" (continued)

As a result of the application of the amendments to HKAS 12, the Group recognised additional deferred taxes in respect of those investment properties situated in the PRC which are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and are subject to land appreciation tax and enterprise income tax on disposal of these investment properties. Previously, the Group did not recognise deferred tax relating to land appreciation tax on changes in fair value of those investment properties on the basis that the deferred tax was measured based on the assumption that the carrying amounts of these properties would be recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's deferred tax liabilities being increased by HK$126,956,000 and HK$43,963,000 as at 31 December 2011 and 1 January 2011 respectively, with the corresponding adjustment being recognised as a deduction of retained profits. In addition, the application of the amendments has resulted in the Group's income tax expenses for the years ended 31 December 2012 and 31 December 2011 being increased by HK$16,237,000 and HK$82,993,000 respectively and hence resulted in the profit for the years ended 31 December 2012 and 31 December 2011 being decreased by HK$16,237,000 and HK$82,993,000 respectively.

Summary of the effects of the adoption of amendments to HKAS 12

The effect of the adoption of amendments to HKAS 12 described above on the consolidated income statement for the current and prior year is as follows:

	2012 **HK$'000**	2011 HK$'000
Increase in income tax expenses and decrease in profit for the year	**16,237**	82,993

The effect of the adoption of amendments to HKAS 12 described above on the consolidated statement of financial position as at 1 January 2011 and 31 December 2011 is as follows:

Effects on net assets and equity as at 1 January 2011 and 31 December 2011

	As at 1 January 2011 (originally stated) HK$'000	Amendments to HKAS 12 adjustments HK$'000	As at 1 January 2011 (restated) HK$'000	As at 31 December 2011 (originally stated) HK$'000	Amendments to HKAS 12 adjustments HK$'000	As at 31 December 2011 (restated) HK$'000
Deferred tax liabilities, total effects on net assets	283,470	43,963	327,433	419,854	126,956	546,810
Retained profits, total effects on equity	4,283,549	(43,963)	4,239,586	4,825,352	(126,956)	4,698,396

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

Summary of the effects of the adoption of amendments to HKAS 12 (continued)

The effect of the adoption of amendments to HKAS 12 described above on the consolidated statement of financial position as at 31 December 2012 is as follows:

Effects on net assets and equity as at 31 December 2012

	As at 31 December 2012 HK$'000
Increase in deferred tax liabilities and total effects on net assets	**143,193**
Decrease in retained profits, total effects on equity	**143,193**

The effect of the adoption of amendments to HKAS 12 described above on the Group's basic and diluted earnings per share for the current and prior year is as follows:

	Basic earnings per share		Diluted earnings per share	
	2012	2011	**2012**	2011
	HK$	HK$	**HK$**	HK$
Figures before adjustments	**1.12**	1.10	**1.12**	1.10
Amendments to HKAS 12 adjustments	**(0.02)**	(0.11)	**(0.02)**	(0.11)
Figures after adjustments	**1.10**	0.99	**1.10**	0.99

Amendments to HKAS 1 "Presentation of Financial Statements" (as part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012)

Various amendments to HKFRSs were issued in June 2012, the title of which is "Annual Improvements to HKFRSs 2009–2011 Cycle". The effective date of these amendments is annual periods beginning on or after 1 January 2013.

In the current year, the Group has applied for the first time the amendments to HKAS 1 in advance of the effective date (annual periods beginning on or after 1 January 2013).

HKAS 1 requires an entity that changes accounting policies retrospectively, or makes a retrospective restatement or reclassification to present a statement of financial position as at the beginning of the preceding period (third statement of financial position). The amendments to HKAS 1 clarify that an entity is required to present a third statement of financial position only when the retrospective application, restatement or reclassification has a material effect on the information in the third statement of financial position and that related notes are not required to accompany the third statement of financial position.

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

Amendments to HKAS 1 "Presentation of Financial Statements" (as part of the Annual Improvements to HKFRSs 2009–2011 Cycle issued in June 2012) (continued)

In the current year, the Group has applied the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" for the first time, which has resulted in a material effect on the information in the consolidated statement of financial position as at 1 January 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position as at 1 January 2011 without the related notes.

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

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 Cycle except for the amendments to HKAS 1[2]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (as revised in 2011)	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1 July 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The Directors anticipate that the adoption of HKFRS 9 in the future will have no material impact on the results and the financial position of the Group based on the financial assets and financial liabilities held by the Group as at 31 December 2012.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. HK (SIC)-Int 12 "Consolidation — Special Purpose Entities" will be withdrawn upon the effective date of HKFRS 10. Under HKFRS 10, there is only one basis for consolidation, that is, control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

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

New and revised standards on consolidation, joint arrangements, associates and disclosures (continued)

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 "Jointly Controlled Entities — Non-monetary Contributions by Venturers" will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these standards are applied at the same time.

The Directors anticipate that the application of these five standards may have no material impact on the results and the financial position of the Group but would result in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Directors anticipate that the application of the new standard will have no material impact on the results and the financial position of the Group but would result in more extensive disclosures in the consolidated financial statements.

Except those mentioned above, the Directors anticipate that the application of the other new and revised standard, amendments and interpretation 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 and certain financial instruments 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 SEHK 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.

Income and expenses 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.

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.

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.

Revenue from the sale of goods and provision of services are recognised when the goods are delivered and titles have passed and services are provided, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

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.

Others

Property management income is recognised when the related services are rendered.

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 income 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 leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment property is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are initially 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. 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.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of jointly controlled entities used for equity amounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. 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 based on the predetermined profit sharing ratio.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures (continued)

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 entity, 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 the jointly controlled entity that are not related to the Group.

Toll road operation rights 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. The annual amortisation is calculated by applying the ratio of actual traffic volume of the underlying toll roads compared to the total expected traffic volume of the underlying toll roads over the respective remaining concession periods to the net carrying value of the assets. The expected useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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 immediately in profit or loss.

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.

Inventory of properties

Properties under development for sale and completed properties held 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 anticipated selling expenses and costs to completion, if applicable.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 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 under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

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.

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.

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, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. 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 before taxation 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

Current and 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 current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or liabilities at fair value through profit or loss) 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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 joint ventures, 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 considered to be 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.

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
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as debtors, assets that are assessed not to be impaired individually are, in addition, 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, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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 (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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or it is those designated at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

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

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss includes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities (including creditors and accrued charges, bank and other borrowings and loans from non-controlling interests of a subsidiary) are subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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 of obligation under the contract, as 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 the revenue recognition policy.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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.

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.

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. Adjustments may need to be made to the Group's share of amortisation of toll road operation rights of infrastructure joint ventures should there be a material difference between the projected total traffic volume and the actual volume. The carrying amount of interests in infrastructure joint ventures at 31 December 2012 was HK$3,948,682,000 (2011: HK$4,151,958,000).

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. During the year, an impairment loss of HK$49,019,000 (2011: HK$118,343,000) was recognised in profit or loss. The carrying amount of interests in infrastructure joint ventures at 31 December 2012 was HK$3,948,682,000 (2011: HK$4,151,958,000).

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 2012 was HK$21,752,371,000 (2011: HK$15,893,238,000).

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 debts and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which includes the borrowings disclosed in note 28, and equity attributable to owners of the Company, comprising issued capital and reserves.

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 debts or the redemption of existing debts.

The management of the Group monitors the utilisation of bank and other 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

	2012 HK$'000	2011 HK$'000
Financial assets		
Loans and receivables at amortised cost (including cash and cash equivalents)	**6,243,679**	3,884,728
Financial liabilities		
Liabilities at amortised cost	**16,495,443**	13,712,584
Other financial liabilities — derivatives classified as held for trading	**47,959**	84,177

(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.

There has been no material 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 have a formal foreign currency hedging policy. 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	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
United States dollars	**276,156**	676,022	**6,209,539**	5,660,634
Hong Kong dollars	**61,444**	73,579	**856,037**	793,385

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	
	2012	2011
	HK$'000	HK$'000
United States dollars	**296,669**	249,231
Hong Kong dollars	**39,730**	35,990

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 Hong Kong Interbank Offered Rate ("HIBOR"), London Interbank Offered Rate ("LIBOR") and People's Bank of China ("PBOC") prescribed interest rate on long-term receivables and bank and other borrowings respectively.

The Group's fair value interest rate risk relates primarily to loans to a joint venture, bank and other borrowings and loans from non-controlling interests in a subsidiary which carry interest at fixed interest rates. The Group currently does not have an interest rate hedging policy. 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 variable rate bank and other borrowings 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 the interest rate had been 100 basis points higher and all other variables were held constant, the Group's profit for the year ended 31 December 2012 would decrease by HK$6,049,000 (2011: HK$5,754,000) after capitalisation of additional finance costs in properties under development for sale of HK$11,871,000 (2011: HK$18,126,000). No sensitivity analysis on the decrease in interest rates is presented because the Directors consider that the future decrease in interest rates will not have a significant impact on the consolidated financial statements of the Group.

The management considers the exposure to interest rate risk in relation to the long-term receivables is insignificant due to the insignificant balance at the end of the reporting period. Accordingly, no sensitivity analysis on the change in interest rate is presented for the long-term receivables.

Other price risk

The Group had entered into cross-currency interest rate swap contracts with certain financial institutions. The Group is exposed to the price risk of the financial derivatives. The Group's profit for the year will increase/decrease by approximately HK$82,000,000 (2011: HK$81,947,000) where Renminbi strengthens/weakens by 5% against United States dollars.

(ii) Credit risk management

As at 31 December 2012, 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.

6. FINANCIAL INSTRUMENTS (continued)

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

(ii) Credit risk management (continued)

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.

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 loans to joint ventures, long-term receivables and other receivables as mentioned in notes 20, 21 and 24 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 21 are receivables of HK$72,517,000 (2011: HK$94,559,000) due from an independent third party, which is engaged in the property development business in the PRC. The Directors considered that the credit risk exposure is satisfactory because the independent third party has made repayments continuously prior to the maturity date and it possess certain land and property projects which generate operating cash continuously.

For the loans to joint ventures as disclosed in note 20, the management of the Group closely monitors the financial position and repayment status of the joint venture, 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 will be secured by the properties, whose market prices are generally 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.

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.

6. FINANCIAL INSTRUMENTS (continued)

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

(iii) Liquidity risk management (continued)

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.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted gross (inflows) outflows on those derivatives that require gross settlement. When the amount payable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves existing at the end of the reporting period. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

	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
2012							
Creditors and accrued charges	–	4,762,500	–	–	–	4,762,500	4,762,500
Bank and other borrowings							
— fixed rate	8.33	769,020	2,715,947	2,186,314	6,403,284	12,074,565	9,568,352
— variable rate	3.73	223,326	522,384	1,140,491	–	1,886,201	1,792,019
Loans from non-controlling interests of a subsidiary	7.22	171,274	123,099	102,848	–	397,221	372,572
Financial guarantee contracts	–	4,214,361	–	–	–	4,214,361	–
		10,140,481	3,361,430	3,429,653	6,403,284	23,334,848	16,495,443
Cross-currency interest rate swap contracts							
— gross settlement							
— inflows		(51,758)	(69,218)	(1,828,942)	–	(1,949,918)	N/A
— outflows		61,191	78,309	1,815,046	–	1,954,546	N/A
		9,433	9,091	(13,896)	–	4,628	47,959

6. FINANCIAL INSTRUMENTS (continued)

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

(iii) Liquidity risk management (continued)

Liquidity and interest risk tables (continued)

	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
2011							
Creditors and accrued charges	–	3,292,837	–	–	–	3,292,837	3,292,837
Bank and other borrowings							
— fixed rate	7.74	838,090	1,848,349	466,930	6,358,374	9,511,743	7,763,021
— variable rate	3.00	1,396,650	64,914	428,068	618,243	2,507,875	2,388,037
Loans from non-controlling interests of a subsidiary	7.32	9,826	9,826	276,275	–	295,927	268,689
Financial guarantee contracts	–	4,696,053	–	–	–	4,696,053	–
		10,233,456	1,923,089	1,171,273	6,976,617	20,304,435	13,712,584
Cross-currency interest rate swap contracts							
— gross settlement							
— inflows		(51,181)	(50,438)	(118,421)	(1,788,798)	(2,008,838)	N/A
— outflows		61,305	60,398	138,498	1,814,409	2,074,610	N/A
		10,124	9,960	20,077	25,611	65,772	84,177

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. The table below summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include principal and interest payments computed using contractual rates. Taking into account the Group's financial position, the Directors did not believe that it is probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank loans would be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 6 months HK$'000	6-12 months HK$'000	1-2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2012	**88,445**	**233,334**	**32,067**	**353,846**	**332,048**
At 31 December 2011	–	203,957	–	203,957	199,694

6. FINANCIAL INSTRUMENTS (continued)

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

(iii) Liquidity risk management (continued)

Liquidity and interest risk tables (continued)

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;

- the fair value of financial guarantee contracts at initial recognition is determined to be insignificant, 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; and

- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, fair value determined based on the discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives.

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.

Fair value measurements recognised in the statement of financial position

The other financial liabilities comprising cross-currency interest rate swap contracts of HK$47,959,000 (2011: HK$84,177,000) are measured subsequent to initial recognition at fair value which are grouped into Level 2 fair value measurements.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

7. REVENUE

	2012 HK$'000	2011 HK$'000
Revenue of the Group		
Sale of completed properties held for sale	**9,166,133**	6,746,570
Gross rental income from properties	**42,278**	20,030
Others	**135,719**	65,908
	9,344,130	6,832,508
Group's share of toll revenue of infrastructure joint ventures	**839,496**	844,157
Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures	**10,183,626**	7,676,665

8. SEGMENT 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 as 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. SEGMENT 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:

	2012			2011		
	Toll road HK$'000	Property development and investment HK$'000	Total HK$'000	Toll road HK$'000	Property development and investment HK$'000 (restated)	Total HK$'000 (restated)
Segment revenue	–	9,344,130	9,344,130	–	6,832,508	6,832,508
Segment profit	166,354	725,063	891,417	89,350	644,220	733,570
Segment assets (including interests in joint ventures)	4,344,976	29,267,108	33,612,084	4,231,055	25,068,574	29,299,629
Segment liabilities	(31,248)	(22,167,646)	(22,198,894)	(34,658)	(17,687,031)	(17,721,689)
Other segment information						
Amounts included in the measure of segment profit or segment assets:						
Interest income	14,498	33,371	47,869	1,233	25,150	26,383
Impairment losses on interests in joint ventures	(49,019)	–	(49,019)	(118,343)	–	(118,343)
Fair value gains on transfer of completed properties held for sale to investment properties	–	63,726	63,726	–	292,562	292,562
Change in fair value of investment properties	–	136,029	136,029	–	62,467	62,467
Depreciation	(167)	(9,324)	(9,491)	(142)	(10,091)	(10,233)
Finance costs	(3,506)	(150,707)	(154,213)	(3,385)	(87,122)	(90,507)
Income tax expenses	(12,950)	(1,452,053)	(1,465,003)	(15,335)	(1,101,538)	(1,116,873)
Share of results of joint ventures	271,152	15,484	286,636	298,305	36,914	335,219
Interests in joint ventures	3,948,682	72,559	4,021,241	4,151,958	55,641	4,207,599
Additions to non-current assets during the year	22,644	263,650	286,294	624,338	920,774	1,545,112

8. SEGMENT INFORMATION (continued)

(a) Measurement

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

Segment profit represents profit earned by each segment, which includes share of results of joint ventures, impairment losses on interests in joint ventures, fair value gains on transfer of completed properties held for sale to investment properties, change in fair value of investment properties, 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 headquarters 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, inventory of properties, prepayment for land leases, loans to joint ventures, 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, loans from non-controlling interests of a subsidiary 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 comprise purchase of property, plant and equipment, investment properties (including prepayment for land leases for investment properties) and capital contributions to joint ventures directly attributable to the segment.

8. SEGMENT INFORMATION (continued)

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

	2012 HK$'000	2011 HK$'000 (restated)
Total segment profit	**891,417**	733,570
Unallocated items:		
Interest income	**2,272**	4,058
Corporate income	**51,543**	63,707
Corporate expenses	**(22,160)**	(16,750)
Finance costs	**(70,338)**	(41,872)
Consolidated profit for the year	**852,734**	742,713
Total segment assets	**33,612,084**	29,299,629
Unallocated assets:		
Property, plant and equipment	**2,364**	2,128
Deposits and prepayments	**41,631**	1,755
Bank balances and cash	**3,619,262**	2,428,677
Consolidated total assets	**37,275,341**	31,732,189
Total segment liabilities	**(22,198,894)**	(17,721,689)
Unallocated liabilities:		
Accrued charges	**(190,938)**	(133,423)
Bank and other borrowings	**(2,614,677)**	(2,443,672)
Other financial liabilities	**(47,959)**	(84,177)
Consolidated total liabilities	**(25,052,468)**	(20,382,961)

(c) Revenue from major products and services

The Group's revenue for the year mainly comprises sale of completed residential properties developed by the Group for sale purposes and rental income.

(d) Information about geographical areas

All of the Group's revenue is attributable to customers in the PRC and over 90% of the Group's total non-current assets (excluding deferred tax assets, loans to a joint venture 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. For the property business, there was no customer who accounted for over 10% of the total revenue generated from property development and investment business.

9. OTHER GAINS AND LOSSES

	2012 HK$'000	2011 HK$'000
Impairment losses on interests in joint ventures (note 19(b))	**(49,019)**	(118,343)
Gains on disposal of property, plant and equipment	**164**	32,288
Fair value gains on transfer of completed properties held for sale to investment properties	**63,726**	292,562
Change in fair value of investment properties	**136,029**	62,467
Change in fair value of other financial liabilities	**14,921**	(84,177)
Net exchange gains	**135,696**	211,772
	301,517	396,569

10. SHARE OF RESULTS OF JOINT VENTURES

	2012 HK$'000	2011 HK$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	**574,516**	607,124
Less share of: Amortisation of toll road operation rights	**(189,985)**	(202,696)
Income tax expenses	**(113,379)**	(106,123)
	271,152	298,305
Share of profit of other joint venture	**15,484**	36,914
	286,636	335,219

11. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on borrowings wholly repayable within five years	**773,891**	617,839
Other finance costs	**124,303**	55,344
	898,194	673,183
Less: Capitalised in properties under development for sale	**(673,643)**	(540,804)
	224,551	132,379

Borrowing costs capitalised during the year are calculated by applying a capitalisation rate of 7.33% (2011: 6.77%) per annum to expenditure on qualifying assets.

12. PROFIT BEFORE TAXATION

	2012 HK$'000	2011 HK$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**11,561**	11,690
Less: Capitalised in properties under development for sale	**(1,387)**	(1,033)
	10,174	10,657
Minimum lease payments paid under operating lease rentals in respect of land and buildings	**15,620**	13,462
Less: Capitalised in properties under development for sale	**(1,432)**	(207)
	14,188	13,255
Salaries and other benefits	**335,187**	295,527
Provident fund scheme contributions, net of forfeited contributions of HK$366,000 (2011: HK$19,000)	**51,264**	45,698
Less: Capitalised in properties under development for sale	**(116,472)**	(90,081)
Total staff costs (excluding Directors' emoluments)	**269,979**	251,144
Audit fee	**3,800**	3,800
Cost of inventory of properties recognised as an expense	**6,494,483**	4,803,413
and after crediting:		
Bank interest income	**33,402**	26,694
Rental income in respect of investment properties with insignificant rental outgoings	**42,278**	20,030

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	Notes	Directors' fees HK$'000	Salaries and allowances HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	2012 Total HK$'000
Executive Directors						
Zen Wei Pao, William		–	6,113	10,105	611	16,829
Ko Yuk Bing	(1)	–	6,425	8,182	523	15,130
Chan Kam Hung		–	3,501	2,864	350	6,715
Fong Shiu Leung, Keter		–	2,862	2,455	285	5,602
Zen Wei Peu, Derek		–	3,866	1,195	14	5,075
Xu Ruxin	(2)	–	1,800	700	90	2,590
Non-executive Directors						
Guo Limin	(3)	78	–	–	–	78
Lam Wai Hon, Patrick		216	–	–	–	216
Lu Hua	(4)	138	–	–	–	138
Independent Non-executive Directors						
Chow Shiu Kee, Stephen		417	–	–	–	417
Lau Sai Yung		422	–	–	–	422
Chow Ming Kuen, Joseph		401	–	–	–	401
Nie Meisheng	(5)	50	–	–	–	50
Tse Chee On, Raymond	(5)	50	–	–	–	50
		1,772	24,567	25,501	1,873	53,713

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors' emoluments (continued)

	Notes	Directors' fees HK$'000	Salaries and allowances HK$'000	Performance related bonus HK$'000	Retirement scheme contributions HK$'000	2011 Total HK$'000
Executive Directors						
Zen Wei Pao, William		–	5,763	10,102	576	16,441
Ko Yuk Bing	(1)	–	5,838	8,180	494	14,512
Chan Kam Hung		–	3,313	2,863	331	6,507
Fong Shiu Leung, Keter		–	2,650	2,446	265	5,361
Zen Wei Peu, Derek		–	3,650	1,180	12	4,842
Non-executive Directors						
Guo Limin	(3)	206	–	–	–	206
Xu Ruxin	(2)	206	–	–	–	206
Lam Wai Hon, Patrick		206	–	–	–	206
Independent Non-executive Directors						
Chow Shiu Kee, Stephen		381	–	–	–	381
Lau Sai Yung		386	–	–	–	386
Chow Ming Kuen, Joseph		360	–	–	–	360
		1,745	21,214	24,771	1,678	49,408

Notes:

(1) Mr. Ko Yuk Bing is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

(2) Mr. Xu Ruxin has been redesignated from a Non-Executive Director to an Executive Director of the Company since 1 January 2012.

(3) Mr. Guo Limin resigned as a Non-Executive Director of the Company on 22 June 2012.

(4) Mr. Lu Hua was appointed as a Non-Executive Director of the Company on 22 June 2012.

(5) Each of Ms. Nie Meisheng and Mr. Tse Chee On, Raymond was appointed as an Independent Non-Executive Director of the Company on 26 October 2012.

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 2012 and 2011 are shown in the Directors' report.

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

14. INCOME TAX EXPENSES

	2012 HK$'000	2011 HK$'000 (restated)
Current tax:		
PRC enterprise income tax ("EIT")	**670,595**	396,602
PRC land appreciation tax ("LAT")	**665,925**	485,322
PRC withholding tax	**79,835**	29,456
	1,416,355	911,380
Deferred tax (note 30):		
LAT	**21,649**	110,657
Others	**26,999**	94,836
	1,465,003	1,116,873

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 which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

14. INCOME TAX EXPENSES (continued)

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

	2012 HK$'000	2011 HK$'000 (restated)
Profit before taxation	**2,317,737**	1,859,586
Tax at the applicable income tax rate of 25% (2011: 25%) (note)	**579,434**	464,897
LAT provision	**687,574**	595,979
Tax effect of LAT	**(171,894)**	(148,995)
Tax effect of expenses not deductible for tax purpose	**359,057**	274,875
Tax effect of income not taxable for tax purpose	**(47,218)**	(63,287)
Tax effect of share of results of joint ventures	**(71,659)**	(83,805)
Tax effect of tax losses not recognised	**14,475**	19,454
Tax effect of temporary differences not recognised	**19,085**	29,586
Tax effect of utilisation of tax losses previously not recognised	**(10,350)**	(41,045)
Deferred tax on undistributed earnings of PRC subsidiaries and joint ventures	**9,095**	29,666
PRC withholding tax	**79,835**	29,456
Others	**17,569**	10,092
Income tax for the year	**1,465,003**	1,116,873

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

	2012 HK$'000	2011 HK$'000
2011 final dividend paid of HK$0.24 (2011: 2010 final dividend of HK$0.23) per share	**178,064**	170,645
2012 interim dividend paid of HK$0.16 (2011: 2011 interim dividend of HK$0.22) per share	**118,710**	163,226
	296,774	333,871

Subsequent to the end of the reporting period, a final dividend in respect of 2012 of HK$0.30 per share amounting to a total of approximately HK$223 million has been proposed by the Board on 1 March 2013. The amount has not been included as a liability in the consolidated financial statements as it was not declared before 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 1 March 2013.

16. EARNINGS PER SHARE

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

	2012 HK$'000	2011 HK$'000 (restated)
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	**818,179**	735,007

	2012 Number of shares '000	2011 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**741,935**	741,935
Effect of dilutive potential ordinary shares: Share options	**–**	4
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**741,935**	741,939

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise prices of the share options were higher than the average market prices of the shares for 2012.

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost					
At 1 January 2011	47,811	20,655	26,933	22,061	117,460
Additions	–	–	6,223	7,774	13,997
Disposals	(11,592)	(3,152)	(3,482)	(2,752)	(20,978)
Exchange adjustments	2,423	996	1,392	1,780	6,591
At 31 December 2011	38,642	18,499	31,066	28,863	117,070
Additions	**2**	**–**	**5,831**	**6,527**	**12,360**
Disposals	**(28)**	**(215)**	**(2,878)**	**(2,664)**	**(5,785)**
Exchange adjustments	**863**	**410**	**775**	**720**	**2,768**
At 31 December 2012	**39,479**	**18,694**	**34,794**	**33,446**	**126,413**
Depreciation					
At 1 January 2011	9,214	20,133	18,005	10,065	57,417
Charge for the year	2,415	530	4,286	4,459	11,690
Eliminated on disposals	(3,284)	(3,152)	(3,244)	(2,338)	(12,018)
Exchange adjustments	531	981	1,077	1,299	3,888
At 31 December 2011	8,876	18,492	20,124	13,485	60,977
Charge for the year	**1,908**	**7**	**4,572**	**5,074**	**11,561**
Eliminated on disposals	**(28)**	**(215)**	**(2,814)**	**(1,722)**	**(4,779)**
Exchange adjustments	**222**	**410**	**588**	**451**	**1,671**
At 31 December 2012	**10,978**	**18,694**	**22,470**	**17,288**	**69,430**
Carrying values					
At 31 December 2012	**28,501**	**–**	**12,324**	**16,158**	**56,983**
At 31 December 2011	29,766	7	10,942	15,378	56,093

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%
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 are accounted for as property, plant and equipment.

18. INVESTMENT PROPERTIES

	2012 HK$'000	2011 HK$'000
Completed properties, at fair value		
At 1 January	**980,121**	310,024
Transfer from completed properties held for sale (note)	**69,090**	320,557
Transfer from investment properties under construction	**852,971**	–
Disposal during the year	**(49,164)**	–
Fair value gains on transfer of completed properties held for sale to investment properties	**63,726**	292,562
Change in fair value recognised in profit or loss	**134,804**	32,882
Exchange difference arising on translation to presentation currency	**24,352**	24,096
At 31 December	**2,075,900**	980,121
Properties under construction, at fair value		
At 1 January	**717,349**	405,362
Additions	**252,800**	260,985
Transfer to completed investment properties	**(852,971)**	–
Change in fair value recognised in profit or loss	**1,225**	29,585
Exchange difference arising on translation to presentation currency	**16,035**	21,417
At 31 December	**134,438**	717,349
Total	**2,210,338**	1,697,470

Note: They were transferred from completed properties held for sale due to the change in use of the properties evidenced by the commencement of operating leases.

The fair values of investment properties under construction and completed investment properties at the date of transfer, 31 December 2012 and 2011 were determined by reference to valuations carried out by an independent firm of professional valuers not connected with the Group, who had recognised and relevant qualifications. The valuation report on these properties was signed by directors of the firm of professional valuers who are members of The Hong Kong Institute of Surveyors. The fair values of the investment properties were determined by the valuers on the following basis:

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 prices 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

18. INVESTMENT PROPERTIES (continued)

The investment properties are situated in the PRC and are held 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

	2012 HK$'000	2011 HK$'000
Interests in infrastructure joint ventures		
Cost of investments	**4,973,329**	4,954,820
Share of post-acquisition profits and other comprehensive income, net of dividends received	**3,219,863**	3,210,450
Return of cost of investments (note a)	**(3,842,524)**	(3,660,953)
Impairment losses on cost of investments (note b)	**(401,986)**	(352,359)
	3,948,682	4,151,958
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	**56,436**	39,518
	72,559	55,641
	4,021,241	4,207,599

Notes:

(a) The infrastructure joint ventures distribute the cash surplus to the Group and the other venturers 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$49,019,000 (2011: HK$118,343,000) which is recognised as other gains and losses in profit or loss. 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 2012 and 2011 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 (note (i))	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 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
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
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 (Rongcheng — Xiongxian 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 (Rongcheng Section) in Hebei, the PRC
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

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 (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
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
Jinzhong Longcheng Expressway Co., Ltd. 晉中龍城高速公路有限責任公司	RMB1,000,000,000	45% #	Investment and construction of expressway located on the southeast side of Taiyuan in Shanxi, 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 of Liuan — Yeji Highway in Anhui, the PRC
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 (note (ii))	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

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 (Yexian Section) Development Co., Ltd. 平頂山路勁許南公路(葉縣段)開發有限公司 (note (ii))	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 (note (i))	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
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.

\# Except for these two infrastructure joint ventures, the profit/cash sharing ratios in other 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.

Notes:

(i) The joint ventures had disposed of the respective operation rights of the toll road in 2011.

(ii) The joint ventures had disposed of the respective operation rights of the toll road in 2012.

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 2012 and 2011 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	PRC	PRC	RMB50,000,000	31.5%	Property development

Summary of aggregate financial information

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:

	2012 HK$'000	2011 HK$'000
Income recognised in profit or loss	**934,829**	1,000,242
Expenses recognised in profit or loss	**(648,193)**	(665,023)
Other comprehensive income	**–**	–
Current assets	**1,046,790**	2,125,484
Non-current assets	**6,058,749**	5,242,887
Current liabilities	**(729,408)**	(1,874,679)
Non-current liabilities	**(1,563,263)**	(888,532)

20. LOANS TO JOINT VENTURES

At 31 December 2012, the loans to a joint venture of HK$302,792,000 (2011: HK$45,202,000) included in non-current asset represent loans to Hunan Changyi Expressway Co., Ltd., which are unsecured, carried interest at a fixed rate of 7.205% to 7.755% (2011: 7.755%) per annum and due in October 2019.

At 31 December 2012, the loan to a joint venture of HK$86,849,000 (2011: nil) included in current asset, represents a loan to Jinzhong Longcheng Expressway Co., Ltd., which is unsecured, interest free and due in December 2013.

21. LONG-TERM RECEIVABLES

It represented the cash advance to Huge Rise Investments Limited and its subsidiaries ("Huge Rise Group"), which are independent third parties of the Group. Based on the cash advance agreement dated 4 January 2010, the cash advance will be fully repaid before December 2014 and it 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).

22. INVENTORY OF PROPERTIES

	2012 HK$'000	2011 HK$'000
Completed properties held for sale	**1,423,479**	1,191,854
Properties under development for sale (note)	**21,752,371**	15,893,238
	23,175,850	17,085,092

Note: Included in the amount are properties under development for sale of HK$14,461,421,000 (2011: HK$10,118,565,000) which are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

23. PREPAYMENT FOR LAND LEASES

The prepayment of HK$648,220,000 as at 31 December 2011 was made according to the sale and purchase agreement entered into with the PRC local government for the acquisition of a piece of land in the PRC. As the intended use of the land was for development of investment properties under a preliminary development plan, the prepayment was classified as non-current assets as at 31 December 2011. During the year ended 31 December 2012, the Group resolved that the development plan be changed to property development for sale and accordingly, the Group recognised the land purchase costs as "properties under development for sale" under "inventory of properties" upon the initial recognition of the acquisition of the interest in the land, which is the date of delivery of relevant title document to the Group.

As at 31 December 2012, the total consideration prepaid in full of HK$902,580,000 (2011: HK$3,585,282,000) for the acquisition of certain pieces of land in the PRC for property development for sale and such prepayment was classified as current assets. Upon the delivery of relevant land title document to the Group, the prepaid amount which represents the land purchase cost will be recognised as "properties under development for sale" under "inventory of properties".

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2012 HK$'000	2011 HK$'000
Aged analysis of trade debtors, presented based on invoice dates (note):		
Within 60 days	**3,362**	2,109
60 to 90 days	**15**	–
More than 90 days	**7,638**	5,595
	11,015	7,704
Refundable tender deposits for acquisition of land	**24,814**	60,680
Prepayment of business tax and other taxes	**336,309**	203,135
Other receivables, deposits and prepayments	**434,823**	312,006
	806,961	583,525

Note: 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.

The Group has insignificant trade receivable balances which are past due but not impaired at the end of the reporting period. 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.

25. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK$168,828,000 (2011: HK$236,881,000) in total are pledged as securities in favour of banks for mortgage facilities granted to the buyers of properties developed by the Group and short-term facilities granted to the Group.

Included in bank balances and cash, bank balances amounting to HK$1,549,172,000 (2011: HK$755,149,000) in total were limited to be used in the development of certain property projects. These bank balances comprised the proceeds received from pre-sale of properties of certain property projects deposited into designated bank accounts of the Group of HK$1,413,070,000 (2011: HK$543,322,000) according to the relevant requirements of the PRC local government and the proceeds received from property development bank loans of HK$136,102,000 (2011: HK$211,827,000).

Bank balances carried interest at market rates which range from 0.01% to 3.00% (2011: 0.01% to 2.20%) per annum.

25. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH (continued)

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:

	2012 HK$'000	2011 HK$'000
United States dollars	**247,995**	659,163
Hong Kong dollars	**58,864**	70,913

26. SHARE CAPITAL

	2012 Number of shares	2011 Number of shares	2012 HK$'000	2011 HK$'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 of HK$0.1 each	**518,380**	518,380	**52**	52
Issued and fully paid:				
Ordinary shares				
At 1 January and 31 December	**741,934,566**	741,934,566	**74,193**	74,193

No share options were exercised in both years.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed shares in both years.

No convertible preference shares are issued in both years.

27. 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 of the Company or any of its subsidiaries.

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 2012 under the share option scheme was 39,540,156 (2011: 39,540,156). At 31 December 2012, the number of shares in respect of which options had been granted and remained outstanding under the scheme was 13,578,000, representing approximately 1.83% 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 SEHK's daily quotation sheet on the date of offer; (b) the average of the official closing prices of the shares stated in the SEHK'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.

No share options were granted by the Group in both years.

27. SHARE OPTION SCHEME (continued)

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.

2012

Date of grant	Exercisable period	Exercise price HK$	Balance at 1.1.2012	Granted during the year	Exercised during the year	Reclassified during the year	Lapsed/ cancelled during the year	Balance at 31.12.2012
Directors								
6 November 2007	6 November 2007 to 5 November 2012	14.85	10,900,000	–	–	–	(10,900,000)	–
9 April 2010	9 April 2010 to 8 April 2015	6.79	6,900,000	–	–	–	(150,000)	6,750,000
			17,800,000	–	–	–	(11,050,000)	6,750,000
Employees								
6 November 2007	6 November 2007 to 5 November 2012	14.85	4,950,000	–	–	–	(4,950,000)	–
9 April 2010	9 April 2010 to 8 April 2015	6.79	7,078,000	–	–	–	(250,000)	6,828,000
			12,028,000	–	–	–	(5,200,000)	6,828,000
			29,828,000	–	–	–	(16,250,000)	13,578,000
Weighted average exercise price			11.07	N/A	N/A	N/A	14.65	6.79

27. SHARE OPTION SCHEME (continued)

2011

Date of grant	Exercisable period	Exercise price HK$	Balance at 1.1.2011	Granted during the year	Exercised during the year	Reclassified during the year (note)	Lapsed/ cancelled during the year	Balance at 31.12.2011
Directors								
20 December 2006	20 December 2006 to 19 December 2011	11.66	9,300,000	–	–	1,000,000	(10,300,000)	–
6 November 2007	6 November 2007 to 5 November 2012	14.85	9,700,000	–	–	1,200,000	–	10,900,000
9 April 2010	9 April 2010 to 8 April 2015	6.79	6,100,000	–	–	800,000	–	6,900,000
			25,100,000	–	–	3,000,000	(10,300,000)	17,800,000
Employees								
20 December 2006	20 December 2006 to 19 December 2011	11.66	3,590,000	–	–	(1,000,000)	(2,590,000)	–
6 November 2007	6 November 2007 to 5 November 2012	14.85	6,380,000	–	–	(1,200,000)	(230,000)	4,950,000
9 April 2010	9 April 2010 to 8 April 2015	6.79	8,533,000	–	–	(800,000)	(655,000)	7,078,000
			18,503,000	–	–	(3,000,000)	(3,475,000)	12,028,000
			43,603,000	–	–	–	(13,775,000)	29,828,000
Weighted average exercise price			11.20	N/A	N/A	N/A	11.48	11.07

Note: The share options held by the spouse of a director are reclassified from "Employees" category to "Directors" category in May 2011.

28. BANK AND OTHER BORROWINGS

	2012 HK$'000	2011 HK$'000
2007 Guaranteed notes (note (a))	–	2,706,149
2010 Guaranteed senior notes (note (b))	**2,571,714**	2,562,573
2011 Guaranteed senior notes (note (c))	**1,604,230**	1,562,391
2012 Guaranteed senior notes (note (d))	**2,690,101**	–
Bank loans (note (e))	**4,494,326**	3,319,945
	11,360,371	10,151,058

The maturity of the above loans is as follows:

	2012 HK$'000	2011 HK$'000
Unsecured borrowings repayable*:		
Within one year	**590,156**	1,205,500
More than one year but not exceeding two years	**2,728,589**	384,926
More than two years but not exceeding five years	**5,261,815**	6,266,496
	8,580,560	7,856,922
Secured borrowings repayable*:		
Within one year	**2,447,763**	2,094,442
Carrying amount of bank loan that is repayable within one year and contains a repayable on demand clause		
— unsecured	**77,505**	199,694
— secured	**223,526**	–
Carrying amount of secured bank loan that is repayable more than one year but not exceeding two years but contains a repayable on demand clause (shown under current liabilities)	**31,017**	–
Total borrowings	**11,360,371**	10,151,058
Less: Amounts classified as current liabilities	**(3,369,967)**	(3,499,636)
Amount due over one year shown and classified as non-current liabilities	**7,990,404**	6,651,422

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

28. BANK AND OTHER BORROWINGS (continued)

Notes:

(a) The 2007 Guaranteed notes with an outstanding principal amounting to US$349,000,000 at 31 December 2011 were listed on the Singapore Exchange Securities Trading Limited ("SGX"). The notes with carrying amount of HK$1,546,045,000 at 31 December 2011 bearing interest at a fixed rate of 7.625% per annum was repaid in September 2012. The notes with carrying amount of HK$1,160,104,000 at 31 December 2011 bearing interest at a floating rate of three month LIBOR plus 2.25% per annum was repaid in May 2012. The fair value of the notes based on the quoted ask price at 31 December 2011 was HK$2,408,523,000.

(b) The 2010 Guaranteed senior notes with an outstanding principal amounting to US$333,580,000 (2011: US$333,580,000) are listed on the SGX and were issued in September 2010. The notes bearing interest at a fixed rate of 9.5% per annum will mature in September 2015. The fair value of the notes based on the quoted ask price at 31 December 2012 was HK$2,790,563,000 (2011: HK$2,094,549,000).

(c) The 2011 Guaranteed senior notes with an outstanding principal amounting to RMB1,300,000,000 (2011: RMB1,300,000,000) are listed on the SGX and were issued in February 2011. The notes bearing interest at a fixed rate of 6% per annum will mature in February 2014. The fair value of the notes based on the quoted ask price at 31 December 2012 was HK$1,625,000,000 (2011: HK$1,341,019,000).

(d) The 2012 Guaranteed senior notes with an outstanding principal amounting to US$350,000,000 are listed on the SEHK and were issued in September 2012. The notes bearing interest at a fixed rate of 9.875% per annum will mature in September 2017. The fair value of the notes based on the quoted ask price at 31 December 2012 was HK$2,968,875,000.

(e) Bank loans with carrying amount of HK$2,702,307,000 (2011: HK$2,092,012,000) bear interest at a fixed rate of 6.15% to 8.00% (2011: 6.32% to 8.31%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on HIBOR, LIBOR and PBOC prescribed interest rate plus a specified margin, range from 2.76% to 4.55% (2011: 2.70% to 4.10%) 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:

	2012 **HK$'000**	2011 HK$'000
United States dollars	**6,063,173**	5,571,361
Hong Kong dollars	**813,305**	753,862

29. LOANS FROM NON-CONTROLLING INTERESTS OF A SUBSIDIARY

The amounts of HK$274,690,000 (2011: HK$268,689,000 (classified under non-current liabilities)) are unsecured, interest bearing at fixed rate of 7.38% per annum and the entire balance will be repayable in 2013. Such amounts are classified as current liabilities at the end of the reporting period.

In addition to the above mentioned, additional loans of HK$97,882,000 in aggregate, which were advanced to a subsidiary of the Group during the year are unsecured and interest bearing at a fixed rate of 6.765% per annum. Such amounts are repayable in September 2014 and are classified as non-current liabilities.

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 2011						
— as previously stated	(28,784)	22,284	86,005	79,099	118,366	276,970
— prior year adjustment (note 2)	–	–	–	43,963	–	43,963
— as restated	(28,784)	22,284	86,005	123,062	118,366	320,933
Charge (credit) for the year	11,786	(8,190)	29,666	171,750	481	205,493
Exchange adjustments	(1,167)	927	5,140	6,294	6,046	17,240
At 31 December 2011 (restated)	(18,165)	15,021	120,811	301,106	124,893	543,666
Charge (credit) for the year	**(32,951)**	**–**	**9,095**	**66,176**	**6,328**	**48,648**
Exchange adjustments	**(815)**	**335**	**2,811**	**7,546**	**2,868**	**12,745**
At 31 December 2012	**(51,931)**	**15,356**	**132,717**	**374,828**	**134,089**	**605,059**

Note: Deferred tax has been provided for (i) tax losses; (ii) fair value adjustment on properties under development for sale; (iii) undistributed earnings of subsidiaries and joint ventures in the PRC; (iv) change in fair value of investment properties and (v) 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 at consolidation level.

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:

	31 December 2012 HK$'000	31 December 2011 HK$'000 (restated)
Deferred tax assets	**(36,575)**	(3,144)
Deferred tax liabilities	**641,634**	546,810
	605,059	543,666

Deferred tax assets has not been recognised in the consolidated financial statements in respect of deductible temporary differences amounting to HK$562,338,000 (2011: HK$485,997,000) due to the unpredictability of future taxable profit streams.

30. DEFERRED TAXATION (continued)

At 31 December 2012, the Group has estimated unused tax losses of HK$650,675,000 (2011: HK$852,322,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK$207,724,000 (2011: HK$72,660,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of HK$442,951,000 (2011: HK$779,662,000) due to the unpredictability of future taxable profit streams. Such remaining unrecognised tax losses of HK$442,951,000 (2011: HK$779,662,000) will expire within five years from the end of the reporting period.

31. CREDITORS AND ACCRUED CHARGES

	2012 **HK$'000**	2011 HK$'000
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	**56,357**	84,023
60 to 90 days	**17,813**	11,053
More than 90 days	**189,250**	126,673
	263,420	221,749
Bills payables		
Within 60 days	**14,268**	6,553
60 to 90 days	**13,275**	1,214
More than 90 days	**27,357**	12,015
	54,900	19,782
Accrued construction costs	**3,565,433**	2,455,115
	3,883,753	2,696,646
Interest payable	**183,420**	126,154
Accrued taxes (other than EIT and LAT)	**87,851**	27,339
Other payables and accrued charges	**607,476**	442,698
	4,762,500	3,292,837

32. OTHER FINANCIAL LIABILITIES

The derivatives financial liabilities represent the fair value of cross-currency interest rate swap contracts of HK$47,959,000 (2011: HK$84,177,000). During the year ended 31 December 2011, the Group entered into two cross-currency interest rate swap contracts with certain financial institutions. The Group will pay United States dollars and receive Renminbi on gross settlement basis at the date specified in the terms of contracts.

At 31 December 2012, the total principal amount of the two swap contracts amounted to RMB1,445,000,000 (2011: RMB1,445,000,000), which will be matured in 2014. The contract rates were RMB6.37:US$1 for both contracts. A principal amount of RMB1,300,000,000 with the 6% per annum was swapped to a fixed rate of 7.2% per annum on principal amount of US$204,082,000. For another contract, a principal amount of RMB145,000,000 with the fixed rate of 3.6% per annum was swapped to a three month floating rate LIBOR plus 3% on principal amount of US$22,763,000. The fair value of the swap contracts are determined based on valuation provided by the counterparty financial institutions, which is measured using discounted cash flow analysis based on, inter alia, the applicable exchange rate and yield curves of relevant interest rates.

33. CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks except certain restricted bank balances. Cash and cash equivalents at the end of the year as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	2012 **HK$'000**	2011 HK$'000
Bank balances and cash	**5,168,435**	3,183,826
Less: restricted bank balances — proceeds from pre-sale of certain property projects (note 25)	**(1,413,070)**	(543,322)
	3,755,365	2,640,504

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 under non-cancellable operating leases:

	2012 HK$'000	2011 HK$'000
Within one year	**60,172**	35,065
In the second to fifth year inclusive	**264,653**	117,850
Over five years	**1,068,132**	104,099
	1,392,957	257,014

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.

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:

	2012 HK$'000	2011 HK$'000
Within one year	**11,559**	11,873
In the second to fifth year inclusive	**6,721**	7,163
	18,280	19,036

The commitments represent rentals payable by the Group for its offices 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

	2012 HK$'000	2011 HK$'000
Capital expenditure in respect of the development of investment properties contracted for but not provided in the consolidated financial statements	**5,546**	171,876
Capital expenditure in respect of the development of investment properties authorised but not contracted for	**36,313**	657,404

37. CONTINGENT LIABILITIES

At 31 December 2012, the Group provided guarantees of HK$4,214,361,000 (2011: HK$4,696,053,000) 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 25, the Group's inventory of properties of HK$2,639,094,000 (2011: HK$1,830,247,000) were pledged to secure the banking facilities granted to the Group.

39. RELATED PARTY TRANSACTIONS

Other than set out in notes 20 and 29, the Group had transactions with the following related parties during the year, details of which are as follows:

Related parties	Nature	2012 HK$'000	2011 HK$'000
Joint ventures	Interest income	**12,400**	2,098
Non-controlling interests of a subsidiary	Interest expenses	**22,992**	10,716

The Directors considered that above transactions did not constitute a connected transaction as defined under the Listing Rules.

Compensation of key management personnel

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

	2012 HK$'000	2011 HK$'000
Short-term employment benefits	**107,418**	101,825
Post-employment benefits	**5,010**	4,322
	112,428	106,147

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

40. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2012 HK$'000	2011 HK$'000
Unlisted investments in subsidiaries	**13,266,503**	12,761,722
Deposits and prepayments	**586**	478
Amounts due from subsidiaries	**823,143**	585,539
Bank balances and cash	**112,705**	586,048
Total assets	**14,202,937**	13,933,787
Creditors and accruals	**75**	159
Amounts due to subsidiaries	**6,826,846**	6,186,246
Bank and other borrowings	**–**	199,694
Share capital (see note 26)	**74,193**	74,193
Reserves	**7,301,823**	7,473,495
Total equity and liabilities	**14,202,937**	13,933,787

41. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2012 and 2011 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
Incorporated in the British Virgin Islands ("BVI")/HK						
Intersafe Investments Limited	BVI	Hong Kong	US$16,000,000	–	100	Investment holding
Ontex Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
RK Infrastructure Finance (2011) Limited	BVI	#	US$1	100	–	Provision of financial services
RK Infrastructure Finance (2012) Limited@	BVI	#	US$1	100	–	Provision of financial services
RK Properties Holdings Limited	BVI	#	US$1	–	100	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
Incorporated in the British Virgin Islands ("BVI")/HK (continued)						
RK Properties Management Limited	Hong Kong	Hong Kong	HK$1	–	100	Provision of management services
RKI Finance (2010) Limited	BVI	#	US$1	100	–	Provision of financial services
RKI Finance (2011) Limited	BVI	#	US$1	100	–	Provision of financial services
RKI Finance (2012) Limited@	BVI	#	US$1	100	–	Provision of financial services
RKP Finance (2011) Limited	BVI	#	US$1	–	100	Provision of financial services
RKP Finance (2012) Limited@	BVI	#	US$1	–	100	Provision of financial services
Road Base Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Road Bond Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Road Crown Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Road Express Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Road Famous Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Road Glorious Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Road Grand Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Road King (China) Infrastructure Limited	BVI	PRC	HK$2,000,000,000 (2011: HK$1,300,000,000)	100	–	Investment holding
Road King Infrastructure Finance (2007) Limited	BVI	#	US$1	100	–	Provision of financial services

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
Incorporated in the British Virgin Islands ("BVI")/HK (continued)						
Road King Infrastructure Finance (2012) 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
Road Link Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Road Rise Investments Limited	BVI	Hong Kong	US$1	–	100	Investment holding
Sunco Property Holdings Company Limited	BVI	#	US$250	–	94.74	Investment holding
Registered as wholly foreign owned enterprises in the PRC						
Changzhou Great Gallop Properties Developments Ltd.	PRC	PRC	US$113,194,422 (2011: US$91,745,300)	–	100	Development and sale of properties
Changzhou Great Superior Properties Developments Ltd.	PRC	PRC	RMB612,220,000 (2011: RMB123,500,000)	–	100	Development and sale of properties
Guangzhou Junde Real Estate Limited	PRC	PRC	RMB60,000,000	–	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
Jiangsu RK Property Services Ltd.	PRC	PRC	RMB10,000,000	–	100	Provision of property management services
Tianjin Kingsvalue Real Estate Investment Management Limited	PRC	PRC	RMB678,500,000	–	94.74	Investment holding
Tianjin Sunco Binhai Land Co., Ltd.	PRC	PRC	RMB600,000,000	–	94.74	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
Registered as wholly foreign owned enterprises in the PRC (continued)						
Tianjin Sunco Binhai Real Estate Investment Management Limited	PRC	PRC	RMB760,000,000	–	94.74	Investment holding
河北路勁房地產開發有限公司	PRC	PRC	RMB51,500,000 (2011: RMB41,500,000)	–	100	Development and sale of properties
無錫路勁蠡苑房地產有限公司	PRC	PRC	RMB960,000,000	–	100	Development and sale of properties
Registered as sino-foreign equity joint venture enterprises in the PRC						
Zhengzhou Keshu Real Estate Co., Ltd.	PRC	PRC	RMB235,000,000	–	94.74	Development and sale of properties
常州宏智房地產開發有限公司	PRC	PRC	RMB100,000,000	–	100	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
Registered as limited liability companies in the PRC						
Guangzhou Junhua Real Estate Limited	PRC	PRC	RMB400,000,000 (2011: RMB200,000,000)	–	100	Development and sale of properties
山東順馳融盛置地有限公司	PRC	PRC	RMB40,000,000	–	94.74	Development and sale of properties
上海雋城置業有限公司	PRC	PRC	RMB300,000,000	–	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	RMB700,000,000	–	94.74	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
Registered as limited liability companies in the PRC (continued)						
天津順馳融信置地有限公司	PRC	PRC	RMB50,000,000	–	94.74	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	Development and sale of properties
北京路勁雋御房地產開發有限公司	PRC	PRC	RMB1,385,000,000 (2011: RMB1,250,000,000)	–	100	Development and sale of properties
洛陽順馳房地產開發有限公司	PRC	PRC	RMB110,000,000	–	94.74	Development and sale of properties
洛陽路勁房地產開發有限公司@	PRC	PRC	RMB100,000,000	–	100	Development and sale of properties
常州路勁房地產開發有限公司@	PRC	PRC	RMB480,000,000	–	100	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	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.

@ Incorporated in 2012.

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:

	2012 HK$'000	2011 HK$'000
Road King Infrastructure Finance (2007) Limited	–	2,706,149
RKI Finance (2010) Limited	2,571,714	2,562,573
RKI Finance (2011) Limited	1,604,230	1,562,391
Road King Infrastructure Finance (2012) Limited	2,690,101	–
	6,866,045	6,831,113

42. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2012 amounted to HK$20,952,793,000 (2011: HK$18,816,149,000). The Group's net current assets at 31 December 2012 amounted to HK$14,252,347,000 (2011: HK$12,063,862,000).

43. EVENT AFTER THE REPORTING PERIOD

On 5 February 2013, the Group and an independent third party to the Group (the "third party") entered into an agreement whereby the Group agreed to dispose of an investment property in Guangzhou City with a carrying value of RMB356,045,000 (equivalent to approximately HK$445,056,000) to the third party at a cash consideration of RMB400,000,000 (equivalent to approximately HK$500,000,000).

Financial Summary

RESULTS

	For the year ended 31 December				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(restated)	(restated)	(Note)	(Note)
Revenue	**9,344,130**	6,832,508	4,942,028	4,600,424	4,630,672
Profit before taxation	**2,317,737**	1,859,586	1,604,511	1,045,458	1,043,327
Income tax expenses	**(1,465,003)**	(1,116,873)	(1,015,753)	(302,281)	(366,693)
Profit for the year	**852,734**	742,713	588,758	743,177	676,634
Attributable to:					
Owners of the Company	**818,179**	735,007	581,045	728,080	656,429
Non-controlling interests	**34,555**	7,706	7,713	15,097	20,205
	852,734	742,713	588,758	743,177	676,634

ASSETS AND LIABILITIES

	As at 31 December				
	2012	2011	2010	2009	2008
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
		(restated)	(restated)	(Note)	(Note)
Total assets	**37,275,341**	31,732,189	27,686,375	22,222,589	20,909,142
Total liabilities	**(25,052,468)**	(20,382,961)	(17,326,540)	(12,190,246)	(11,375,540)
	12,222,873	11,349,228	10,359,835	10,032,343	9,533,602
Attributable to:					
Owners of the Company	**11,793,131**	11,072,316	10,244,172	9,851,565	9,369,461
Non-controlling interests	**429,742**	276,912	115,663	180,778	164,141
	12,222,873	11,349,228	10,359,835	10,032,343	9,533,602

Note: Restatement regarding the adoption of amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" has not been performed for the year 2008 and 2009.