Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNUAL REPORT 2012

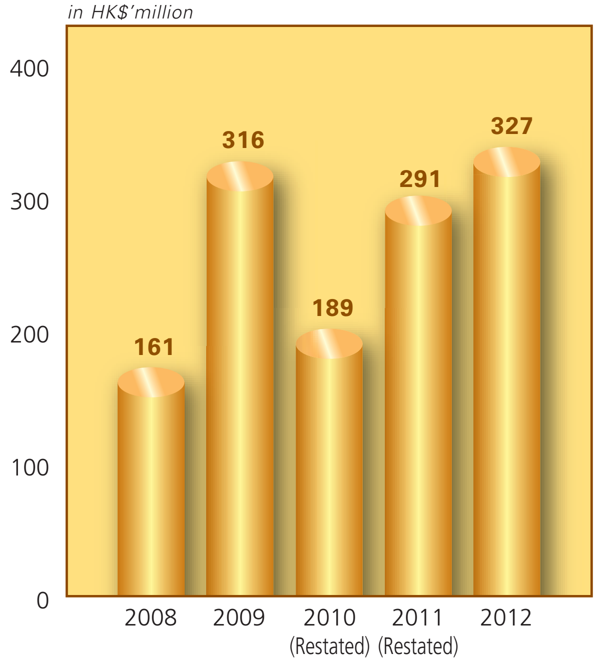
CONTENTS

	Year ended 31st December,	
	2012	2011
		(Restated)
	HK$'million	*HK$'million*
Group revenue and share of revenue of jointly controlled entities	**2,440**	1,827
Profit for the year	**336**	301
Profit attributable to owners of the Company	**327**	291
	HK cents	*HK cents*
Basic earnings per share	**41.19**	36.66
Dividend per share	**11.20**	11.10
Return on equity attributable to owners of the Company	**6.9%**	6.6%

	At 31st December,	
	2012	2011
		(Restated)
	HK$'million	*HK$'million*
Total assets	**5,828**	5,306
Total liabilities	**(944)**	(761)
Non-controlling interests	**(135)**	(125)
Equity attributable to owners of the Company	**4,749**	4,420
	HK$	*HK$*
Equity attributable to owners of the Company per share	**5.99**	5.57

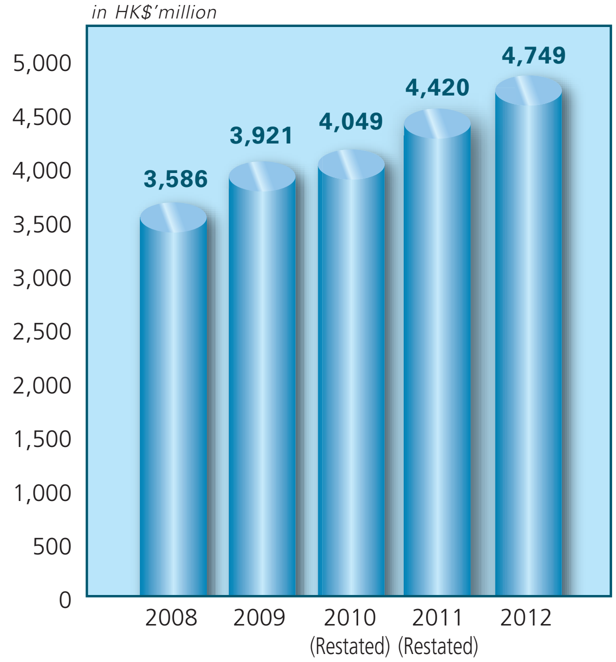
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Year ended 31st December,



EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

At 31st December,

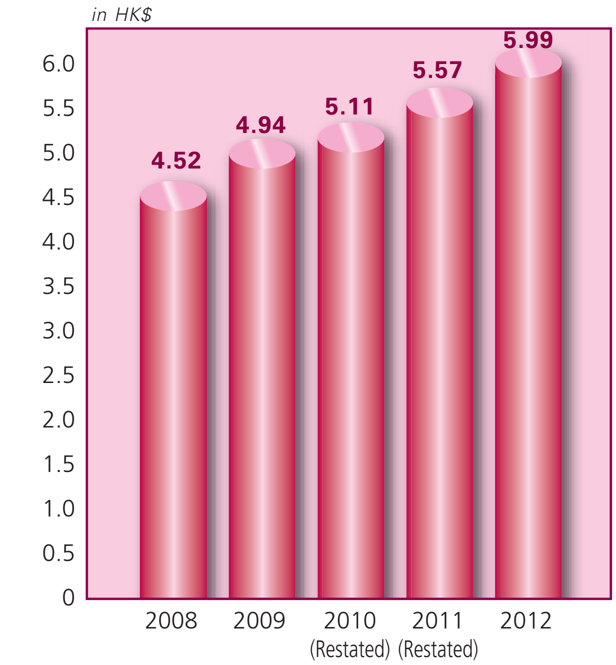


BASIC EARNINGS PER SHARE

Year ended 31st December,

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE

At 31st December,



Zen Wei Pao, William
Chairman

Dear shareholders,

The board of directors (the "Board") of the Company announces that the Group's audited revenue for the year ended 31st December, 2012 was HK$1,958 million (2011: HK$1,248 million) and HK$2,440 million (2011: HK$1,827 million) if including revenue of jointly controlled entities shared by the Group, generating an audited consolidated profit attributable to owners of the Company of HK$327 million (2011: HK$291 million (restated)), an increase of 12% as compared with that of year 2011.

At the forthcoming Annual General Meeting to be held on 8th May, 2013, the Board will recommend the payment of a final dividend of HK7.7 cents (2011: HK5.6 cents) per share.

BUSINESS REVIEW

Toll Road and Property Development

For the year ended 31st December, 2012, the Group shared a profit of HK$312 million (2011: HK$281 million (restated)) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this report, the Group holds 38.19% interest in Road King.

For the year ended 31st December, 2012, Road King recorded an audited profit attributable to its owners of HK$818 million (2011: HK$735 million (restated)).

The performance of Road King's toll road business in 2012 was in line with expectation despite the impact of the PRC government policies. The property business achieved solid growth, with contracted sales amounting to RMB9,563 million (including a joint venture) for the year, representing an increase of 69% over 2011. Furthermore, Road King also had outstanding subscribed sales of around RMB800 million at the end of December 2012. The value of the delivered properties increased by 37% over 2011.

The total traffic volume reached 74 million vehicles and toll revenue was RMB1,926 million in 2012, representing a moderate decrease over 2011. Toll revenue contributed by expressway projects represented approximately 87% of that of Road King's toll road business.

The 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 PRC government.

Since the PRC government authorities launched an inspection and rectification campaign on highway projects in 2011, Road King utilised this opportunity to accelerate the withdrawal from certain Class I/II highway projects which is in line with its strategy to optimise its investment portfolio. An expressway invested by Road King 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, such expressway is expected to generate considerable income for Road King. Given a change in the distribution percentage for two other expressways, it is anticipated that the income generated from Road King's existing expressway projects will increase significantly in the next few years.

TOLL ROAD

BUSINESS REVIEW (Cont'd)

Toll Road and Property Development (Cont'd)

Road King achieved growth of operating revenue and profitability in property business 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.

In 2012, Road King managed the sales program in accordance with the market conditions and accelerated cash collection. In the meantime, Road King 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. Road King (including a joint venture) recorded 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.

At 31st December, 2012, Road King's land reserve had attributable GFA of about 4.41 million sqm.

For the toll road business in which it is well versed, Road King believes that it still has a great prospect and will generate steady cash flows and profit for it. In the next few years, Road King will continue to dispose of Class I/II highway projects and increase investment in expressway projects. The revenue from Road King's existing expressways is expected to grow in the foreseeable future, and Road King is confident in securing new expressway projects.

For the property business, Road King will actively focus on regional development and continue to adopt the strategy that balances high turnover rate and profitability. It will also enhance product development, product quality and brand recognition. Road King 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, Road King will acquire additional land that fits into its development strategy to expand and develop the property business.

Construction

For the year ended 31st December, 2012, the Group shared a profit of HK$11 million (2011: HK$13 million) from Build King Holdings Limited ("Build King"), the construction arm of the Group. As of the date of this report, the Group holds 51.17% interest in Build King.

For the year ended 31st December, 2012, Build King recorded revenue and share of revenue of jointly controlled entities of HK$2,143 million (2011: HK$1,731 million) and an audited profit attributable to its owners of HK$21 million (2011: HK$26 million) which comprises profit of HK$6 million (2011: HK$36 million) from construction operation and profit of HK$15 million (2011: loss of HK$10 million) from the investments in marketable securities.

PROPERTY DEVELOPMENT

BUSINESS REVIEW (Cont'd)

Construction (Cont'd)

The decline of profit from construction was attributable partly to Build King's strategic decision to retreat from UAE market and relocate plants and staff back to Hong Kong where it believes the prospect of marine projects are much promising. The profit from construction was also eroded by few projects where the costs were over-spent as a result of clients' changes and variations. However, Build King is optimistic to recover its contractual entitlement to these costs from the clients in following years.

In Hong Kong, Build King successfully secured ten projects of total contract sum over HK$3 billion and after year end one major civil project of HK$1.7 billion. As of the date of this report, outstanding value of works is HK$7 billion.

To Build King, 2012 was a busy year with many successful tenders. The practical experience with new form of contract is strategically important to enhance Build King's competitiveness in future public works as it expects this new form of contract will be widely adopted for future government projects. Many major infrastructure projects from Hong Kong Government and MTRC were pushed out for tenders. Its efforts and investment in these mega tenders were also fruitful.

Looking forward, Build King anticipates many civil engineering infrastructure projects are in pipe line; this momentum will continue for five to ten years. With strong and solid foundation laid in past 30 years in Hong Kong, Build King is well positioned to reap the benefit of future opportunities. However, market share and turnover are not Build King's primary objectives; its focuses are always quality of the works as well as profit attributable to its shareholders. Mindful of the risks and challenges in this ever-changing business environment, it continues to adopt cautious tender approach – selective of those projects it has edges and with reasonable profit and cash flow; it will reinforce cost control measures to ensure achievement of budget.

The development of building division is an important part of the long range plan. Build King successfully upgraded its listing in Group C – Building under Development Bureau from probationary to confirmed status in 2009. Since then, it has significantly strengthened the capabilities of the building division, which in the past few years undertook wide range of building projects. The recent change of the government policy to reinvigorate public housing may also provide Build King with opportunities to further development. Build King is now seriously formulating strategies to develop this public housing sector.

In PRC, since the commencement of sewage treatment operation in Wuxi in 2007, it has consistently met its operational and financial target, contributing steady income to Build King. During 2012, the turnover increased by 13% to HK$18 million and coupled with cost savings measures implemented, the profit was doubled to over HK$9 million. The treatment volume of sewage at Wuxi has now reached the maximum designed capacity of 35,000 tonnes per day. With the forecasted steady growth of local population and industrial customers, Build King has decided to further invest RMB5 million in new equipment, upgrading the maximum designed capacity to 50,000 tonnes per day. The new plant will be ready for operation in the second half of 2013.

CONSTRUCTION

BUSINESS REVIEW (Cont'd)

Construction Materials

For the year ended 31st December, 2012, the Group shared a profit of HK$7 million (2011: loss of HK$49 million) from Mega Yield International Holdings Limited ("Mega Yield"), the construction materials division of the Group, and the revenue of Mega Yield was HK$309 million (2011: HK$97 million). As of the date of this report, the Group holds 94.05% interest in Mega Yield.

The target to make the division turn around was achieved in 2012. The substantial improvement in the results as compared with last year was due to the previous secured orders now entering into the moderate demand stage. It is anticipated that the orders will be further increased in 2013 to cope with the construction progress of various projects. The division continues to focus on optimising and coordinating customer orders to ensure maximum output whilst maintaining good service and quality of product.

Management continues to adopt prudent cost control measures to alleviate the challenge of increase in raw materials costs and severe competition from the existing operators.

With an expected increase in production volume in the coming months, it is expected that the division will have better performance in 2013. Also, we will continue to look for opportunities to sustain long term growth of the division.

CONSTRUCTION MATERIALS

BUSINESS REVIEW (Cont'd)

Quarrying

For the year ended 31st December, 2012, the quarrying division recorded revenue of HK$70 million (2011: HK$21 million) and net operating loss of HK$9 million (2011: net operating loss of HK$19 million). For the year ended 31st December, 2011, due to an one-off income (net of tax) of HK$75 million (included reversal of allowance on prepaid royalties) recognised in profit or loss, the quarrying division recorded net profit of HK$56 million.

In 2012, the sales quantity of aggregates was picking up to 793,000 tonnes as a result of increase in production volume of the Group's Aberdeen concrete batching plant.

In consideration of foreseeable expiration of the operating license on Niu Tou Island and the recent considerable increases in costs for the operation on the island eroding away most profit margin of the division, management is in the course of exploring for a more economic way and stable supply of aggregates to the Group's construction materials division, which is the major customer of the quarrying division.

In the long term, if the production costs of aggregates can be reduced, it will benefit both quarrying and construction materials divisions due to the expected increase in production volume of the Aberdeen concrete batching plant.

North American Ginseng

On 26th September, 2012, Chai-Na-Ta Corp. ("CNT"), a 46.19% associate of the Group in Canada, completed the process of voluntary liquidation under the Canada Business Corporations Act through realisation of all non-cash assets and making of final liquidating distribution to its shareholders. For the period from 1st January, 2012 to the date of liquidation, CNT recorded revenue of C$5.0 million (year ended 31st December, 2011: C$9.5 million) and net loss of C$0.8 million (year ended 31st December, 2011: net profit of C$3.0 million).

For the year ended 31st December, 2012, the Group shared CNT's loss of HK$3 million (2011: profit of HK$11 million) and recorded a gain of HK$18 million on liquidation of CNT.

QUARRYING

FINANCIAL REVIEW

Liquidity and Financial Resources

During the year, total borrowings decreased from HK$197 million to HK$179 million with the maturity profile summarised as follows:

	At 31st December,	
	2012	2011
	HK$'million	*HK$'million*
Within one year	**153**	123
In the second year	**16**	47
In the third to fifth year inclusive	**10**	27
	179	197
Classified under:		
Current liabilities *(note)*	**179**	183
Non-current liabilities	**–**	14
	179	197

Note: At 31st December, 2012, bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with the aggregate carrying amount of HK$26 million (2011: HK$60 million) have been classified as current liabilities.

At 31st December, 2011, bank loans included a carrying amount of HK$4 million which was denominated in United States dollar.

During the year, the Group had no significant fixed-rate borrowings and no financial instruments for hedging purpose.

At 31st December, 2012, total amount of the Group's cash and bank balances was HK$75 million (2011: HK$124 million), of which bank deposit amounting to HK$0.01 million (2011: HK$0.02 million) was pledged to a bank to secure certain general banking facilities granted to the Group.

For the year ended 31st December, 2012, the Group recorded finance costs of HK$5 million (2011: HK$4 million).

FINANCIAL REVIEW (Cont'd)

Liquidity and Financial Resources (Cont'd)

At 31st December, 2012, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK$61 million (2011: HK$45 million), majority of which were equity securities listed in Hong Kong and debts securities listed in Singapore. Certain listed equity securities held by Build King with market value of HK$20 million (2011: HK$13 million) were pledged to a bank to secure certain general banking facilities granted to Build King. For the year ended 31st December, 2012, the Group recorded net profit (net amount of change in fair value, gain or loss on disposal, dividend and interest income) from these investments of HK$21 million (2011: net loss of HK$16 million), of which net profit of HK$15 million (2011: net loss of HK$10 million) was derived from the securities invested by Build King.

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

Capital Structure and Gearing Ratio

At 31st December, 2012, the equity attributable to owners of the Company amounted to HK$4,749 million, representing HK$5.99 per share (2011: HK$4,420 million (restated), representing HK$5.57 per share (restated)). Increase in equity attributable to owners of the Company was mainly attributable to the profit generated after deduction of dividends paid during the year.

At 31st December, 2012, the net gearing ratio, being the ratio of net borrowings (total borrowings less cash and bank balances) to equity attributable to owners of the Company, was 2.2% (2011: 1.6%).

Pledge of Assets

At 31st December, 2012, apart from the bank deposit and certain listed equity securities pledged to a bank to secure certain general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK$18 million (2011: HK$23 million) were pledged to secure a bank loan granted to the Group. In addition, the share of a subsidiary of the Company was pledged to secure certain bank loans granted to the Group.

Contingent Liabilities

At 31st December, 2012, the Group had outstanding tender/performance/retention bonds for construction contracts amounting to HK$243 million (2011: HK$154 million).

FINANCIAL REVIEW (Cont'd)

Capital Commitments

At 31st December, 2012, the Group had no outstanding capital commitment. At 31st December, 2011, the Group had committed capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Group's consolidated financial statements and authorised but not contracted for amounting to HK$4 million and HK$1 million respectively.

FUTURE OUTLOOK

Inflation in raw materials and labour costs being faced by wide range of industries leads to erosion of profit margins. Hence, to maintain the stable profit for the Group, management is implementing tight cost control measures.

In addition to management's continuous strict monitoring of the cost structure of the Group, it ensures to enhance the growth of the Company by continuing to look for investment opportunities that create synergy for the Group. Nevertheless, in making investment decision, we will continue to cautiously consider our financial capability.

APPRECIATION

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

Zen Wei Pao, William
Chairman

Hong Kong, 1st March, 2013

EXECUTIVE DIRECTORS

ZEN Wei Pao, William, age 65, is the Chairman of the Company and has been with the Group since 1971. He was appointed as an Executive Director in July 1992, a member of the Remuneration Committee of the Company in April 2005 and the Chairman of the Nomination Committee of the Company in February 2012. He is also the Chairman of Road King. He holds a Bachelor of Science Degree from The Chinese University of Hong Kong and a Master of Business Administration Degree from Asia International Open University (Macau). He also attended Executive Education Program at Harvard University. He is a member of both the Hong Kong Institution of Engineers and the Institute of Quarrying, the United Kingdom ("UK"). He has over 40 years of experience in civil engineering industry. Mr. Zen is responsible for the overall strategic planning and corporate marketing and development of the Group. He is the brother of Mr. Zen Wei Peu, Derek.

ZEN Wei Peu, Derek, age 60, is the Vice Chairman of the Company and has been with the Group for over 30 years. He was appointed as an Executive Director in July 1992, a member of the Remuneration Committee of the Company in April 2005 and a member of the Nomination Committee of the Company in February 2012. He is also the Chairman of Build King and an Executive Director of Road King. He was once the Chairman of CNT, up to his resignation in September 2012. He holds a Bachelor of Science Degree in Engineering from The University of Hong Kong and a Master Degree of Business Administration from The Chinese University of Hong Kong and is a member of both the Institution of Civil Engineers and the Hong Kong Institution of Engineers and a fellow member of the Institute of Quarrying, UK. He is also the Honorary Treasurer of Hong Kong Construction Association from 2011 to 2013. He has over 35 years of experience in civil engineering. Mr. Zen is responsible for the overall management of the Group and oversees the operations of the Group. He is the brother of Mr. Zen Wei Pao, William.

CHIU Wai Yee, Anriena, age 49, was appointed as an Executive Director in June 2005. She joined the Group in April 1995. She is the Company Secretary of the Company. She holds a Bachelor of Administrative Studies Degree and a Master Degree of Professional Accounting. Miss Chiu is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She has extensive experience in company secretarial field. Miss Chiu is responsible for the construction materials division of the Group, the personnel and administration department and secretarial department of the Company.

NON-EXECUTIVE DIRECTORS

LAM Wai Hon, Patrick, age 50, was appointed as a Non-executive Director in September 2000. He is also a Non-executive Director of Road King. Mr. Lam is a Chartered Accountant by training and holds a Master of Business Administration Degree from The University of Edinburgh, UK and a Bachelor Degree from The University of Essex, UK. 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, Ontario, Canada. Mr. Lam is presently the Assistant General Manager of New World Development Company Limited and an Executive Director of NWS Holdings Limited ("NWS"), both of which are the substantial shareholders of the Company and the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also the Vice Chairman and Non-executive Director of Newton Resources Ltd. Mr. Lam was a Non-executive Director of Taifook Securities Group Limited (now known as Haitong International Securities Group Limited), the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited, and a Director of Guangdong Baolihua New Energy Stock Co., Ltd., a listed company in the PRC. Prior to joining the New World Group, Mr. Lam worked for an international accounting firm.

CHENG Chi Ming, Brian, age 30, was appointed as a Non-executive Director in February 2013. He holds a Bachelor of Science degree from Babson College in Massachusetts, U.S.A. Mr. Cheng is presently an Executive Director of NWS. He is also a Non-executive Director of Newton Resources Ltd. and Haitong International Securities Group Limited, and the Chairman and Non-executive Director of Fook Woo Group Holdings Limited, all of whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also a director of Sino-French Holdings (Hong Kong) Limited, Sino-French Energy Development Company Limited, The Macao Water Supply Company Limited and a director of a number of companies in Mainland China. Mr. Cheng was a Non-executive Director of Freeman Financial Corporation Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Prior to joining NWS, Mr. Cheng had been working as a research analyst in the Infrastructure and Conglomerates sector for CLSA Asia-Pacific Markets.

CHENG Chi Pang, Leslie, age 55, was appointed as a Non-executive Director in September 2000. He is also a Non-executive Director of Build King. Dr. Cheng holds a Bachelor Degree in Business, a Master Degree in Business Administration, a Master Degree of Laws (Chinese and Comparative Law) and a Doctorate Degree of Philosophy in Business Management. He is an associate member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Australian Society of Certified Practicing Accountants and the Taxation Institute of Hong Kong, and a fellow member of Hong Kong Institute of Directors. He is a Certified Public Accountant practising in Hong Kong and has over 30 years of experience in auditing, business advisory and financial management. Dr. Cheng joined the New World Group in 1992 and was Group Financial Controller and Chief Executive of NWS. He is now the Senior Partner of Leslie Cheng & Co. and Chief Executive Officer of L & E Consultants Limited. Dr. Cheng is currently an Independent Non-executive Director of China Ting Group Holdings Limited, Fortune Sun (China) Holdings Limited, Nine Dragons Paper (Holdings) Limited and Tianjin Port Development Holdings Limited, all of whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Prior to joining the New World Group, he was a senior manager of an international accounting firm.

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Che Ming, Steve, age 62, was appointed as an Independent Non-executive Director in July 1992. He was appointed as a member of the Audit Committee of the Company in July 1998, a member of the Remuneration Committee of the Company in April 2005 and a member of the Nomination Committee of the Company in February 2012. During the period from September 2001 to the first quarter of 2005, he served as the Chairman of the Audit Committee of the Company. He is a solicitor, Notary Public, China Appointed Attesting Officer and a member of The Chartered Institute of Arbitrators. He holds a Bachelor of Social Science Degree in Economics from The Chinese University of Hong Kong and a Doctorate Degree in Civil Laws from The Renmin University of China.

WAN Siu Kau, Samuel, age 61, was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company in September 2001. He was appointed as the Chairman of the Remuneration Committee of the Company in April 2005 and a member of the Nomination Committee of the Company in February 2012. He holds a Master Degree of Business Administration from The Chinese University of Hong Kong and a Bachelor Degree in Business Administration and Accounting from The University of Hong Kong. He started his executive search career in 1988 and was previously Managing Partner and Vice Chairman of Amrop Hever, a global executive search firm. Prior to this, he was the Managing Director of Norman Broadbent's Hong Kong and China offices and was among the first generation of recruiters to establish a search practice in China. Earlier, he worked for Bank of America and Banque Nationale de Paris on both the human resources and business side. Mr. Wan is currently the Non-executive Chairman of Cinderella Media Group Limited (formerly known as Recruit Holdings Limited) whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

WONG Man Chung, Francis, age 48, was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company in August 2004. He was appointed as the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company in April 2005, as well as a member of the Nomination Committee of the Company in February 2012. Mr. Wong holds a Master Degree in Management conferred by Guangzhou Jinan University of China. He is a Certified Public Accountant (Practising) and has over 20 years of experience in the profession of accounting. He is a fellow member of the Association of Chartered Certified Accountants, UK and the Hong Kong Institute of Certified Public Accountants, a certified tax adviser of the Taxation Institute of Hong Kong, an associate member of the Institute of Chartered Accountants in England and Wales, and a member of the Society of Chinese Accountants and Auditors, Hong Kong. Mr. Wong is a Director of both Union Alpha CPA Limited and Union Alpha CAAP Certified Public Accountants Limited, which are professional accounting firms, and a Founding Director and member of Francis M. C. Wong Charitable Foundation Limited, a charitable institution. Prior to that, he worked for an international accounting firm for 6 years and The Hong Kong Securities Clearing Company Limited for 2 years. Mr. Wong is currently an Independent Non-executive Director and either the chairman or a member of the Audit Committee/Remuneration Committee of China Oriental Group Company Limited, Digital China Holdings Limited and eForce Holdings Limited, all of whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

SENIOR MANAGEMENT

CHANG Kam Chuen, Desmond, age 47, joined the Group in May 1997 and is now an Executive Director and the Company Secretary of Build King. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and an associate member of Chartered Institute of Management Accountants, UK. He has over 20 years of experience in accounting profession and financial management. Mr. Chang is responsible for the financial, human resources, administration and secretarial departments of Build King.

CHEUNG Siu Lun, age 62, joined the Group in 2006. He is a Director of Kaden Construction Limited ("Kaden"), Leader Civil Engineering Corporation Limited ("Leader Civil") and Wai Kee (Zens) Construction & Transportation Company Limited ("WKC&T"). He holds a Bachelor of Science Degree in Civil Engineering from The University of Hong Kong. He is a member of the Institution of Civil Engineers and a fellow of The Hong Kong Institution of Engineers. He is also a Chartered Engineer of UK. He is a member of the Contractors Registration Committee Panel, the Contractors Registration Committee, the Minor Works Contractors Registration Committee Panel and the Minor Works Contractors Registration Committee of Buildings Department, and the Faculty Advisory Committee of the Faculty of Science and Technology of the Technological and Higher Education Institute of Hong Kong. He has over 35 years of experience in both civil engineering and building construction. Mr. Cheung is responsible for Build King's business development.

KWOK Chi Ko, Enmale, age 56, is a Director of Kaden, Leader Civil and WKC&T. He holds an Engineering Doctorate Degree, a Master Degree in Arbitration & Dispute Resolution and a Master Degree in Laws. He is a Chartered Quantity Surveyor, a Registered Professional Surveyor (QS) and an Accredited Mediator and has been a Fellow Member of the Hong Kong Institute of Surveyors, the Royal Institution of Chartered Surveyors and the Chartered Institute of Arbitrators. He has over 30 years of experience in building and construction industry. Mr. Kwok is responsible for Build King's contract administration and commercial management for all building and construction related businesses.

LIU Sing Pang, Simon, age 51, is a Director and the General Manager of Kaden, and a Director of Leader Civil and WKC&T. He is a member of the Institution of Structural Engineers and a member of the Hong Kong Institution of Engineer. He is also a Chartered Engineer of UK. He is a member of Appeal Tribunal, Buildings Ordinance and the Committee on Technologist Training of Vocational Training Council. He has over 25 years of experience in civil engineering and building construction. Mr. Liu is responsible for Build King's civil engineering operation in Hong Kong.

LUI Yau Chun, Paul, age 51, has been working with the Group since 1998. He is a Director and the General Manager (Marine) of WKC&T, a Director of Kaden, Leader Civil and Leader Marine Contractors Limited, and the General Manager of Leader Marine L.L.C. and Leader Marine Cont. L.L.C., both companies were registered in Sharjah, United Arab Emirates. He is a member of the Institution of Structural Engineers. He has over 25 years of experience in civil and marine engineering. Mr. Lui is responsible for Build King's civil and marine engineering operation in Hong Kong.

SENIOR MANAGEMENT (Cont'd)

SO Yiu Wing, Wilfred, age 38, is a Director of Kaden, Leader Civil and WKC&T. He holds a Bachelor degree in Civil Engineering from The University of Hong Kong. He is a member of The Hong Kong Institution of Engineers and a Registered Professional Engineer (CVL). He has over 15 years of experience in civil engineering construction. Mr. So is responsible for Build King's civil engineering operation in Hong Kong.

TSANG Wing Ho, Francis, age 55, is a Director of Kaden and Leader Civil. He holds a Bachelor of Science degree in Civil Engineering from The City University, UK and a Master degree in General Business Administration from The University of Hull, UK. He is a member of The Institution of Civil Engineers and The Hong Kong Institution of Engineers. He has over 30 years of experience in the construction industry including construction supervision, design and project management. Mr. Tsang is responsible for Build King's building operation.

WU Siu Ho, age 60, is a Director of Kaden and Leader Civil. He holds a Bachelor of Science Degree in Engineering from The University of Hong Kong. He is a member of The Institution of Mechanical Engineers and The Hong Kong Institution of Engineers. He is also a Chartered Engineer of UK. He has over 35 years of extensive experience in management of engineering companies. Mr. Wu is responsible for Build King's new business development.

YUE Pak Lim, age 76, is a Project Director of Build King. The civil engineering construction contracts he is currently managing are Wan Chai Development Phase II – Central – Wan Chai Bypass and MTR Contract No. 1111 Hung Hom North Approach Tunnels. He is a Director of Kaden and Leader Civil. He has over 50 years of extensive experience in management and construction of a wide variety of civil engineering and building projects in Hong Kong. Prior to joining the Group, he had been a Director of several sizeable construction companies in Hong Kong. He was once an Executive Director of the Company.

John **LEICH**, age 62, joined the Group in November 2010 and is now a Director of Excel Concrete Limited responsible for the construction materials division of the Group. He holds a Bachelor's degree in Civil Engineering from the University of Sydney and has completed studies for a Master's degree in Business Administration at the University of Technology, Sydney. He is a member of the Institute of Quarrying. Mr. Leich was an executive director of Shui On Building Materials Limited and Lamma Rock Products Limited. He has over 30 years of experience in the concrete, cement and quarrying industries.

HO Kin Kwok, William, age 58, joined the Group in March 2010 and is now the General Manager of construction materials division of the Group. Mr. Ho holds a Bachelor Degree of Business Administration from Shenzhen University and a Diploma in Management for Executive Development from The Chinese University of Hong Kong. He is also a Registered Assessor for ISO Quality System. He has extensive experience in the construction materials industry.

SENIOR MANAGEMENT (Cont'd)

CHEUNG Kwan Man, Edmond, age 57, joined the Group in August 1994 and is now the Group Financial Controller responsible for the financial management and the accounting department of the Group. He is also a Director of Wai Hing Quarries (China) Limited and Grandeur Building Material (Holdings) Limited responsible for the quarrying division of the Group. Mr. Cheung holds a Master Degree of Business Administration from Heriot-Watt University, UK. He is a fellow member of the Association of Chartered Certified Accountants, UK, a member of the Certified General Accountants' Association of Canada, a full member of American Institute of Certified Public Accountants and also holds a CPA practising license in Colorado State of the United States of America. He has extensive experience in auditing, accounting and financial management.

YAM Tin Chun, Martin, age 52, joined the Group in July 2007 as Internal Audit Manager of the Company and Build King. Mr. Yam holds a Master Degree of Business Administration from Manchester Business School and a Bachelor Degree in Laws from Peking University. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, a Certified Information System Auditor, an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. He has over 20 years of experience in internal audit. Consistent with ensuring the independence and integrity of the internal audit functions, Mr. Yam directly reports to Mr. Zen Wei Pao, William, the Chairman of the Company, and the Audit Committee Chairmen of the Company and Build King.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining the highest standard of corporate governance as it believes that good corporate governance practices are fundamental to the effective operation of a company and can enhance shareholders' value as well as safeguard shareholders' interests. The Company places strong emphasis on a quality Board, accountability, sound internal control, appropriate risk-assessment, monitoring procedures and transparency to all shareholders and stakeholders.

Throughout the year of 2012, the Company has complied with the code provisions of the Code on Corporate Governance Practices during the period from 1st January, 2012 to 31st March, 2012 and Corporate Governance Code during the period from 1st April, 2012 to 31st December, 2012 (collectively the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except for code provisions of A.2.1, A.4.1 and A.6.7.

Code Provision A.2.1 relating to the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The duties of the Chairman and the Vice Chairman of the Board are clearly set out in writing and are separate. The Company does not at present have any officer with the title "chief executive officer". Nevertheless, the Vice Chairman carries out the duties of the chief executive officer of the Company and had done so since 1992. He was formerly designated the "managing director" of the Company until 1998 when his title was changed to "Vice Chairman". The Company does not currently intend to re-designate the Vice Chairman as the chief executive officer.

Code provision A.4.1 relating to the appointment of Non-executive Directors for a specific term, subject to re-election, has been complied with effect from 1st March, 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 15th May, 2012 as both of them had overseas engagements.

THE BOARD

Composition

The Board has a balanced composition of members to ensure independent judgement being exercised in all discussions. As at the date of this report, the Board comprises nine Directors including three Executive Directors, three Non-executive Directors and three 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)*	Lam Wai Hon, Patrick	Wong Che Ming, Steve
Zen Wei Peu, Derek *(Vice Chairman)*	Cheng Chi Ming, Brian (appointed on 15th February, 2013)	Wan Siu Kau, Samuel
Chiu Wai Yee, Anriena	Cheng Chi Pang, Leslie	Wong Man Chung, Francis

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 the Stock Exchange.

During the year, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A 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 and the number of Independent Non-executive Directors representing at least one-third of the Board.

There is no financial, business and family relationship among members of the Board, other than the Chairman, Mr. Zen Wei Pao, William, and the Vice Chairman, Mr. Zen Wei Peu, Derek, who are brothers.

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.

THE BOARD (Cont'd)

Non-executive Directors

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Prior to 1st March, 2012, none of the Non-executive Directors (including Independent Non-executive Directors) of the Company was appointed for a specific term. However, in accordance with the Bye-laws, during each annual general meeting, at least one-third of the Directors for 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 1st March, 2012, each Non-executive Director (including Independent Non-executive Director) of the Company has entered into a Letter of Appointment with the Company for a specific term 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.

Role and Delegation

The primary role of the Board is to protect and enhance shareholders' long-term 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, dividend payout, material transaction (in particular those may involve conflict of interests), preparation and release of financial information, appointment of Directors, other significant financial and operational matters.

In order to enhance efficiency, the Board has delegated the Vice Chairman the day-to-day leadership and management of the Group. Management of the Group, on the other hand, is responsible for day-to-day operations of the Group under the supervision of the Vice Chairman.

THE BOARD (Cont'd)

Role and Delegation (Cont'd)

The Board also ensures that the 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 31st 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. To enhance corporate governance standards within the Group, a corporate governance seminar was conducted by the corporate lawyer to the Board members and senior management. The internal audit team has also carried out a compliance review on the Code and reported to the Board that the Group has properly followed the requirements of the Code.

THE BOARD (Cont'd)

Board Meetings

The Board meets regularly at least four times each year and additional meetings are arranged if and when required. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. During the year, the attendance records of individual Directors at the Board meetings, meetings of three Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, and the annual general meeting held on 15th 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 15th May, 2012**
Executive Directors					
Zen Wei Pao, William	4/4	–	1/1	3/3	1/1
Zen Wei Peu, Derek	4/4	–	1/1	3/3	1/1
Chiu Wai Yee, Anriena	4/4	–	–	–	1/1
Non-executive Directors					
Lam Wai Hon, Patrick	4/4	–	–	–	0/1
Chu Tat Chi *(resigned on 15th February, 2013)*	4/4	–	–	–	0/1
Cheng Chi Pang, Leslie	4/4	–	–	–	1/1
Independent Non-executive Directors					
Wong Che Ming, Steve	4/4	3/3	1/1	3/3	1/1
Wan Siu Kau, Samuel	4/4	3/3	1/1	3/3	1/1
Wong Man Chung, Francis	4/4	3/3	1/1	3/3	1/1

Note:

"–": Not Applicable

Notice of a regular Board meeting 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 are normally sent to all Directors at least three days before the regular Board meetings (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 (Cont'd)

Board Meetings (Cont'd)

In order to have an effective Board, all Directors are provided with information on activities and developments in and the financial performance of 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. Briefing of the Group's business is given to newly appointed Director and a comprehensive induction package including the statutory and regulatory obligations of a director of a listed company is also provided. 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 ended 31st December, 2012 and up to the date of this report, briefing of the Group's business was given to the newly appointed Director and a comprehensive induction package on the directors' duties was provided to him. Two seminars relating to the latest amendments to the corporate governance code and associated Listing Rules were organised for the Directors and management.

THE BOARD (Cont'd)

Induction and Continuous Professional Development (Cont'd)

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

Name of Directors	Type of continuous professional development
Executive Directors	
Zen Wei Pao, William	A,B,C
Zen Wei Peu, Derek	B,C
Chiu Wai Yee, Anriena	B,C
Non-executive Directors	
Lam Wai Hon, Patrick	B,C
Chu Tat Chi	B
Cheng Chi Pang, Leslie	B,C
Independent Non-executive Directors	
Wong Che Ming, Steve	B,C
Wan Siu Kau, Samuel	B,C
Wong Man Chung, Francis	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, accounting, 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.

THE BOARD (Cont'd)

Chairman and Vice Chairman

The Chairman is Mr. Zen Wei Pao, William. The Vice Chairman is Mr. Zen Wei Peu, Derek.

To ensure a balance of power and authority, the positions of the Chairman and the Vice Chairman are clearly set out in writing and are separate. The Company does not at present have any officer with the title "chief executive officer". Nevertheless, the Vice Chairman carries out the duties of the chief executive officer of the Company and had done so since 1992. He was formerly designated the "managing director" of the Company until 1998 when his title was changed to "Vice Chairman". The Company does not currently intend to re-designate the Vice Chairman as the chief executive officer.

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 the Directors to make a full and active contribution to the affairs of the Board.

The Vice Chairman 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 Vice Chairman are available on the website of the Company.

BOARD COMMITTEES

The Board has delegated authority to three Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, to oversee particular aspects of the Company's affairs. The updated terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee are available on the websites of the Company and the Stock Exchange.

Audit Committee

Composition

The Audit Committee was formed in 1998 and currently comprises three members, namely Mr. Wong Man Chung, Francis (Chairman of the Audit Committee), Dr. Wong Che Ming, Steve and Mr. Wan Siu Kau, Samuel, 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 and the auditor's reports, and to monitor the integrity of the consolidated financial statements. It also assists the Board to oversee internal control structure, risk management 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.

BOARD COMMITTEES (Cont'd)

Audit Committee (Cont'd)

Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31st 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 31st December, 2011 and 2012, and the interim results of the Group for the six months ended 30th 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 31st December, 2012;
- 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;
- Review of the 2013 internal audit plan;
- 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 (Cont'd)

Nomination Committee

Composition

The Nomination Committee was set up in February 2012 and currently comprises five members, namely, Mr. Zen Wei Pao, William (Chairman of the Nomination Committee), Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel, Mr. Wong Man Chung, Francis and Mr. Zen Wei Peu, Derek. Except for Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek, being Executive Directors, all other members 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 31st 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;
- Review of its constitution and terms of reference;
- Assessment of the independence of the Independence Non-executive Directors;
- Recommendation to the Board on the appointment of one nominated Non-executive Director; and
- Determination of the rotation of the Directors for the annual general meeting to be held in May 2013.

BOARD COMMITTEES (Cont'd)

Nomination Committee (Cont'd)

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 at the general meeting after his/her appointment. Prior to the establishment of this Committee, the above responsibilities were performed by the collective decision of the Board.

In February 2013, the Board has approved the appointment of Mr. Cheng Chi Ming, Brian as a Non-executive Director of the Company who is subject to retirement and re-election at the annual general meeting to be held in May 2013.

Remuneration Committee

Composition

The Remuneration Committee was formed in 2005 and currently comprises five members, namely Mr. Wan Siu Kau, Samuel (Chairman of the Remuneration Committee), Dr. Wong Che Ming, Steve, Mr. Wong Man Chung, Francis, Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek. Except for Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek, being Executive Directors, all other members are Independent Non-executive Directors.

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 structuring the remuneration of senior management. This Committee is responsible for making recommendation to the Board on the Company's policy and structuring for all Executive 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.

BOARD COMMITTEES (Cont'd)

Remuneration Committee (Cont'd)

Summary of Work Done

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

- Review of its terms of reference;
- Review and approval of the Company's remuneration policy for 2012 and 2013;
- Approval of the service contracts of Executive Directors;
- Approval of year end bonus of Executive Directors for 2011 and 2012;
- Approval of emoluments of Executive Directors (where Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek abstained from voting in determining their own remuneration) and senior management; and
- Approval of 2013 salary adjustment.

Remuneration policy

Competitive remuneration packages are structured to commensurate with individual responsibilities, qualification, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as the performance of the individual. No individual determine 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 31st December, 2012 are set out in note 12 to the consolidated financial statements of this annual report. The emoluments paid to senior management during the year ended 31st December, 2012 were within the following bands:

	Number of Senior Management
Up to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	3
HK$1,500,001 to HK$2,000,000	7
HK$2,000,001 to HK$2,500,000	1

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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 31st 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 responsibilities, 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 authorizes 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 31st December, 2012 are as follows:

Type of services	Fee paid/payable *HK$*
Audit fee	2,375,000
Non-audit services	
Interim review fee	920,000
Other services	113,000
Total	3,408,000

EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES (Cont'd)

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding their reporting responsibilities is set out on pages 53 and 54 in the Independent Auditor's Report forming part of this annual report.

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 well-defined organisational structure and comprehensive policies and standards. Responsibilities of each business and operational unit are clearly defined to ensure effective authority delegation and proper segregation of duties.

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 31st December, 2012. The Audit Committee considered that 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, but not absolute, of the effectiveness of the system. The internal audit team had carried out its mission by:

- identifying and prioritizing potential business risks;
- performing risk-based audits;
- evaluating effectiveness and compliance with internal policies and procedures;
- analyzing causes for errors and irregularities found;
- recommending good internal controls to prevent unintentional mistakes, discourage fraudulent acts, and promote operational efficiency and ethical standards;
- performing follow up procedures on corrective actions;
- appraising the soundness and adequacy of various departments' ongoing maintenance of internal controls;

INTERNAL CONTROL (Cont'd)

- providing consulting and advisory services on control and related matters;
- conducting independent investigation of situations raised by whistleblowers, if any; and
- maintaining open communication with the Chairman, Audit Committee and auditee management.

The internal audit team reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling system. The internal audit team reports audit findings together with recommendation to the Audit Committee on a time basis upon completion of the relevant audit review. All critical audit findings and control weaknesses are summarized and presented to the Audit Committee on a semi-annual basis, which in turn reports to the Board.

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 the Stock Exchange 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 the Stock Exchange.

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. The 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 auditor's 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 Stock Exchange.

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 is committed to maintain effective communications with the shareholders and investors. To this end, the Company maintains an open dialogue with the shareholders and investors through the Company's financial reports, press releases and general meetings that may be convened, as well as making available all the disclosures submitted to the Stock Exchange to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

The Directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2012.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 50, 21 and 22 to the consolidated financial statements respectively.

CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2012, the five largest customers of the Group together accounted for approximately 73% of the Group's revenue, with the largest customer accounted for approximately 41%, and the five largest suppliers of the Group together represented approximately 20% by value of the Group's total purchases.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2012 are set out in the consolidated income statement and consolidated statement of comprehensive income on pages 55 and 56 respectively.

An interim dividend of HK3.5 cents per share was paid to shareholders during the year. The Directors recommend the payment of a final dividend of HK7.7 cents per share for the year ended 31st December, 2012 to shareholders whose names appear in the Register of Members of the Company on Thursday, 16th May, 2013. The amount of dividends paid for the year is set out in note 15 to the consolidated financial statements.

Subject to the approval of shareholders at the forthcoming Annual General Meeting, final dividend warrants are expected to be despatched to the shareholders on or before Friday, 7th June, 2013.

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Wednesday, 8th May, 2013, the Register of Members of the Company will be closed from Monday, 6th May, 2013 to Wednesday, 8th May, 2013, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 3rd May, 2013.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for the proposed final dividend is on Thursday, 16th May, 2013. For determining the entitlement to the proposed final dividend, the Register of Members of the Company will be closed from Wednesday, 15th May, 2013 to Thursday, 16th May, 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 14th May, 2013.

SEGMENT INFORMATION

Details of the segment information are set out in note 6 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 59.

FINANCIAL SUMMARY

A summary of the results and of the financial position of the Group for the past five financial years is set out on page 147.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company are set out in notes 39 and 41 to the consolidated financial statements respectively.

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

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Zen Wei Pao, William *(Chairman)*
Zen Wei Peu, Derek *(Vice Chairman)*
Chiu Wai Yee, Anriena

Non-executive Directors:

Lam Wai Hon, Patrick	
Cheng Chi Ming, Brian	(appointed on 15th February, 2013)
Cheng Chi Pang, Leslie	
Chu Tat Chi	(resigned on 15th February, 2013)

Independent Non-executive Directors:

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

In accordance with Bye-laws 86(2) and 87 of the Company's Bye-laws, Mr. Lam Wai Hon, Patrick, Mr. Cheng Chi Ming, Brian, Dr. Cheng Chi Pang, Leslie and Dr. Wong Che Ming, Steve shall retire from office at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

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

The Company received confirmation of independence from Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel and Mr. Wong Man Chung, Francis, being the Independent Non-executive Directors in respect of the year ended 31st December, 2012, pursuant to Rule 3.13 of the Listing Rules. The Company considers all the Independent Non-executive Directors to be independent.

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 31st December, 2012, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

(I) The Company

Interests in shares

Name of Directors	Capacity/ Nature of interest	Number of shares held Long position *(note)*	Number of shares held Short position	Percentage of the issued ordinary share capital
				(%)
Zen Wei Pao, William	Personal	192,381,843	–	24.26
Zen Wei Peu, Derek	Personal	185,557,078	–	23.40
Lam Wai Hon, Patrick	Personal	300,000	–	0.04
Wong Che Ming, Steve	Personal	900,000	–	0.11

Note:

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

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations

Interests in shares

Name of Directors	Name of company	Capacity/ Nature of interest	Number of shares held Long position		Short position	Percentage of the issued ordinary share capital (%)	
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000	*(note 1)*	–	0.11	*(note 3)*
	Road King Infrastructure Limited	Personal	1,400,000	*(note 2)*	–	0.19	
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000	*(note 1)*	–	10.00	
	Wai Luen Stone Products Limited	Personal	30,000	*(note 1)*	–	37.50	
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	115,245,228	*(note 1)*	–	9.28	
	Road King Infrastructure Limited	Personal	8,992,000	*(note 1)*	–	1.21	
		Personal	850,000	*(note 2)*	–	0.11	
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000	*(note 1)*	–	10.00	
	Wai Luen Stone Products Limited	Personal	30,000	*(note 1)*	–	37.50	

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

Interests in shares (Cont'd)

Name of Directors	Name of company	Capacity/ Nature of interest	Number of shares held Long position		Short position	Percentage of the issued ordinary share capital
						(%)
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000	*(note 1)*	–	0.09
	Road King Infrastructure Limited	Personal	205,000	*(note 1)*	–	0.03
Lam Wai Hon, Patrick	Build King Holdings Limited	Personal	186,666	*(note 1)*	–	0.02
Chu Tat Chi	Road King Infrastructure Limited	Personal	515,000	*(note 1)*	–	0.07
Cheng Chi Pang, Leslie	Build King Holdings Limited	Personal	1,170,000	*(note 1)*	–	0.09
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448	*(note 1)*	–	0.03

Notes:

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

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

3. As at 31st December, 2012, the issued share capital of Build King was 1,241,877,992 shares. Accordingly, the percentage has been adjusted.

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

Interests in debentures

Name of Director	Name of company	Capacity/Nature of interest	Type of debenture	Principal amount held
Zen Wei Peu, Derek	Road King Infrastructure Limited	Personal	US$350 million 9.5% Guaranteed Senior Notes due 2015	US$1,850,000 *(notes 1 & 2)*
		Personal	US$350 million 9.875% Guaranteed Senior Notes due 2017	US$4,300,000 *(note 1)*

Notes:

1. Long position.

2. Included in the balance of the debentures in the principal amount of US$350,000 is held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

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

SHARE OPTIONS

(I) The Company

The share option scheme of the Company adopted on 18th September, 2002 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted by the Company at the annual general meeting held on 15th May, 2012. As a result, the Company may no longer grant further options under the Old Share Option Scheme. No options were granted under the Old Share Option Scheme or the New Share Option Scheme during the year.

SHARE OPTIONS (Cont'd)

(II) Associated Corporation

The share option scheme was adopted by Road King at the annual general meeting held on 12th May, 2003 (the "Road King Share Option Scheme"). As at 31st December, 2012, Road King has granted 22,200,000 share options under the Road King Share Option Scheme to three Directors of the Company, 12,145,000 share options have been exercised and 7,805,000 share options have expired.

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

				Number of share options				
Name of Directors	**Date of grant**	**Exercisable period**	**Exercise price**	**Balance at 1.1.2012**	**Granted during the year**	**Exercised during the year**	**Expired during the year**	**Balance at 31.12.2012**
			HK$					
Zen Wei Pao, William	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	2,500,000	–	–	(2,500,000)	–
	9th April, 2010	9th April, 2010 to 8th April, 2015	6.79	1,400,000	–	–	–	1,400,000
Zen Wei Peu, Derek	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	1,500,000	–	–	(1,500,000)	–
	9th April, 2010	9th April, 2010 to 8th April, 2015	6.79	850,000	–	–	–	850,000
Chiu Wai Yee, Anriena	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	100,000	–	–	(100,000)	–
Total				**6,350,000**	**–**	**–**	**(4,100,000)**	**2,250,000**

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

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

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

COMPETING INTERESTS

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

Name of Directors	Name of entity	Competing business	Nature of interest
Zen Wei Pao, William	CMP Investment Group Limited	Property development in the PRC	Sole director and sole shareholder
Lam Wai Hon, Patrick	NWS Holdings Limited group of companies	Construction, toll road, infrastructure and sale of general merchandised goods	Director
Chu Tat Chi	NWS Service Management Limited group of companies	Building construction, civil engineering and sale of general merchandised goods	Director

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2012, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholders	Capacity/ Nature of interest	Number of shares held Long position *(note 1)*	Number of shares held Short position	Percentage of the issued ordinary share capital (%)
Cheng Yu Tung Family (Holdings) Limited *(note 2)*	Corporate	213,868,000	–	26.97
Cheng Yu Tung Family (Holdings II) Limited *(note 3)*	Corporate	213,868,000	–	26.97
Chow Tai Fook Capital Limited *(note 4)*	Corporate	213,868,000	–	26.97
Chow Tai Fook (Holding) Limited *(note 5)*	Corporate	213,868,000	–	26.97
Chow Tai Fook Enterprises Limited *(note 6)*	Corporate	213,868,000	–	26.97
New World Development Company Limited *(note 7)*	Corporate	213,868,000	–	26.97
NWS Holdings Limited *(note 8)*	Corporate	213,868,000	–	26.97
NWS Service Management Limited (incorporated in the Cayman Islands) *(note 9)*	Corporate	213,868,000	–	26.97
NWS Service Management Limited (incorporated in the British Virgin Islands) *(note 10)*	Corporate	213,868,000	–	26.97
Vast Earn Group Limited *(note 11)*	Personal/ Beneficiary	213,868,000	–	26.97

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

Notes:

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

2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.

3. Cheng Yu Tung Family (Holdings II) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.

4. Chow Tai Fook Capital Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Chow Tai Fook (Holding) Limited.

5. Chow Tai Fook (Holding) Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.

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

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

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

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

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

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

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

DISCLOSURES PURSUANT TO RULES 13.17 AND 13.21 OF THE LISTING RULES

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

Mr. Zen agreed to charge his 11,000,000 shares of the Company (the "Share Charge", representing approximately 1.39% of the issued share capital of the Company) in favour of HSBC. The Share Charge is the security to secure the personal guarantee of HK$12.5 million provided by Mr. Zen in favour of HSBC in relation to the banking facilities in the amount of HK$62.3 million for a period up to 15th October, 2010 provided by HSBC to the Borrowers. Subsequently, the banking facilities were renewed and revised to HK$112 million, as well as extended to 15th October, 2013.

Save as disclosed above, as at 31st December, 2012, the Company did not have other disclosure obligations under Rules 13.17 and 13.21 of the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Upon 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
Zen Wei Pao, William	His annual salary has been revised from HK$330,900 to HK$347,400 with effect from 1st April, 2013.
Zen Wei Peu, Derek	His annual salary has been revised from HK$5,650,600 to HK$5,933,200 with effect from 1st April, 2013.
Chiu Wai Yee, Anriena	Her annual salary has been revised from HK$1,677,500 to HK$1,778,200 with effect from 1st April, 2013.

CONNECTED TRANSACTION

As announced on 27th November, 2012, a non-wholly owned subsidiary of the Company entered into a letter of acceptance (the "Letter of Acceptance") with Hip Seng Construction Company Limited ("Hip Seng") in respect of the execution of the remedial works to existing seawall of New World Centre (the "Sub-contract Works") at a contract price of HK$2,500,000. As Hip Seng is an indirect wholly owned subsidiary of NWS Holdings Limited, a substantial shareholder of the Company and Hip Seng is therefore a connected person of the Company and the transactions contemplated under the Letter of Acceptance constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As each of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules (other than the profits ratio) is less than 5%, the transactions contemplated under the Letter of Acceptance are only subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2012.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

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

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$130,000.

EMPLOYEES AND REMUNERATION POLICIES

At 31st December, 2012, the Group had 1,037 employees (2011: 1,033 employees), of which 915 (2011: 810) were located in Hong Kong, 108 (2011: 113) were located in the PRC and 14 (2011: 110) were located in UAE. For the year ended 31st December, 2012, the Group's total staff costs were about HK$287 million (2011: HK$256 million).

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

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

AUDITOR

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

On behalf of the Board

Zen Wei Pao, William
Chairman

1st March, 2013

Deloitte.
德勤

TO THE SHAREHOLDERS OF WAI KEE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Wai Kee Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 55 to 146, which comprise the consolidated statement of financial position as at 31st 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 ("HKICPA") 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 HKICPA. 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 31st 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
1st March, 2013

	Notes	2012 HK$'000	2011 (Restated) HK$'000
Revenue	5	**1,958,069**	1,248,340
Cost of sales		**(1,781,314)**	(1,135,337)
Gross profit		**176,755**	113,003
Other income	7	**42,826**	51,367
Investment income, gains and losses	8	**20,864**	(16,369)
Selling and distribution costs		**(56,057)**	(25,624)
Administrative expenses		**(181,923)**	(185,198)
Other expenses		**(14,838)**	–
Finance costs	9	**(5,469)**	(4,461)
Share of results of associates	21	**310,002**	292,050
Share of results of jointly controlled entities	22	**8,071**	3,261
Other gains and losses	10	**36,360**	78,270
Profit before tax	11	**336,591**	306,299
Income tax expense	14	**(261)**	(5,074)
Profit for the year		**336,330**	301,225
Profit for the year attributable to:			
Owners of the Company		**326,692**	290,735
Non-controlling interests		**9,638**	10,490
		336,330	301,225
		HK cents	*HK cents*
Earnings per share	16		
– Basic		**41.19**	36.66
– Diluted		**41.19**	36.66

	Note	2012 HK$'000	2011 (Restated) HK$'000
Profit for the year		**336,330**	301,225
Other comprehensive income			
Exchange difference arising on translation of foreign operations		**886**	2,542
Reclassification adjustment for translation reserve upon liquidation of an associate		**(3,138)**	–
Share of translation reserve of associates	21	**76,765**	162,067
Other comprehensive income for the year		**74,513**	164,609
Total comprehensive income for the year		**410,843**	465,834
Total comprehensive income for the year attributable to:			
Owners of the Company		**400,769**	454,131
Non-controlling interests		**10,074**	11,703
		410,843	465,834

	Notes	31st December, 2012 HK$'000	31st December, 2011 (Restated) HK$'000	1st January, 2011 (Restated) HK$'000
Non-current assets				
Property, plant and equipment	17	**113,430**	130,882	76,093
Intangible assets	18	**65,095**	65,996	65,826
Goodwill	19	**29,838**	29,838	29,838
Interests in associates	21	**4,497,169**	4,245,484	3,919,555
Interests in jointly controlled entities	22	**26,156**	38,815	59,465
Available-for-sale investments	23	**–**	–	–
Other financial asset	24	**52,295**	53,400	52,381
Loan and other receivables	25	**12,830**	16,767	–
		4,796,813	4,581,182	4,203,158
Current assets				
Prepaid royalties	25	**–**	–	1,274
Inventories	26	**11,223**	5,227	3,055
Amounts due from customers for contract work	27	**138,152**	98,761	66,493
Debtors, deposits and prepayments	28	**652,182**	401,721	305,449
Amounts due from associates	29	**10,427**	7,218	7,180
Amounts due from jointly controlled entities	29	**82,573**	41,741	17,456
Held-for-trading investments	30	**61,416**	45,443	36,618
Pledged bank deposit	31	**10**	21	19
Bank balances and cash	31	**75,185**	124,450	58,623
		1,031,168	724,582	496,167
Current liabilities				
Amounts due to customers for contract work	27	**125,957**	65,549	30,373
Creditors and accrued charges	32	**580,414**	440,927	298,262
Amount due to an associate	33	**11,052**	9,947	8,842
Amounts due to jointly controlled entities	33	**12,465**	6,418	2,782
Amount due to a related company		**–**	–	611
Amounts due to non-controlling shareholders	33	**3,359**	3,357	3,359
Tax liabilities		**2,039**	2,767	193
Other borrowings	34	**–**	25	44
Bank loans	35	**178,706**	183,033	126,600
Structured borrowing		**–**	–	12,561
		913,992	712,023	483,627
Net current assets		**117,176**	12,559	12,540
Total assets less current liabilities		**4,913,989**	4,593,741	4,215,698

		31st December,		1st January,
		2012	2011	2011
			(Restated)	(Restated)
	Notes	***HK$'000***	*HK$'000*	*HK$'000*
Non-current liabilities				
Deferred tax liabilities	*36*	**5,750**	5,750	5,750
Obligations in excess of interests in associates	*21*	**17,795**	18,235	18,932
Amount due to an associate	*37*	**6,713**	7,172	8,172
Amount due to a jointly controlled entity	*38*	**–**	4,067	4,067
Other borrowings	*34*	**–**	5	30
Bank loans	*35*	**–**	13,750	26,345
		30,258	48,979	63,296
Net assets		**4,883,731**	4,544,762	4,152,402
Capital and reserves				
Share capital	*39*	**79,312**	79,312	79,312
Share premium and reserves		**4,669,208**	4,340,613	3,969,760
Equity attributable to owners of the Company		**4,748,520**	4,419,925	4,049,072
Non-controlling interests	*40*	**135,211**	124,837	103,330
Total equity		**4,883,731**	4,544,762	4,152,402

The consolidated financial statements on pages 55 to 146 were approved and authorised for issue by the Board of Directors on 1st March, 2013 and are signed on its behalf by:

Zen Wei Pao, William
Chairman

Zen Wei Peu, Derek
Vice Chairman

	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000 (note 40)	Special reserve HK$'000 (note a)	Share option reserve HK$'000	Assets revaluation reserve HK$'000	Other reserve HK$'000 (note b)	Retained profits HK$'000	Total equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000 (note 40)	Total equity HK$'000
At 1st January, 2011											
As previously stated	79,312	731,906	567,330	(29,530)	3,073	2,319	(8,336)	2,719,786	4,065,860	103,330	4,169,190
Prior year adjustment *(note 2)*	–	–	–	–	–	–	–	(16,788)	(16,788)	–	(16,788)
As restated	79,312	731,906	567,330	(29,530)	3,073	2,319	(8,336)	2,702,998	4,049,072	103,330	4,152,402
Profit for the year	–	–	–	–	–	–	–	290,735	290,735	10,490	301,225
Other comprehensive income for the year	–	–	163,396	–	–	–	–	–	163,396	1,213	164,609
Total comprehensive income for the year	–	–	163,396	–	–	–	–	290,735	454,131	11,703	465,834
Sub-total	79,312	731,906	730,726	(29,530)	3,073	2,319	(8,336)	2,993,733	4,503,203	115,033	4,618,236
Expiry of share options	–	–	–	–	(3,073)	–	–	3,073	–	–	–
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	9,804	9,804
Dividends paid *(note 15)*	–	–	–	–	–	–	–	(83,278)	(83,278)	–	(83,278)
At 31st December, 2011 (restated)	79,312	731,906	730,726	(29,530)	–	2,319	(8,336)	2,913,528	4,419,925	124,837	4,544,762
Profit for the year	–	–	–	–	–	–	–	326,692	326,692	9,638	336,330
Other comprehensive income for the year	–	–	74,077	–	–	–	–	–	74,077	436	74,513
Total comprehensive income for the year	–	–	74,077	–	–	–	–	326,692	400,769	10,074	410,843
Sub-total	79,312	731,906	804,803	(29,530)	–	2,319	(8,336)	3,240,220	4,820,694	134,911	4,955,605
Capital contribution from a non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	300	300
Dividends paid *(note 15)*	–	–	–	–	–	–	–	(72,174)	(72,174)	–	(72,174)
At 31st December, 2012	**79,312**	**731,906**	**804,803**	**(29,530)**	**–**	**2,319**	**(8,336)**	**3,168,046**	**4,748,520**	**135,211**	**4,883,731**

Notes:

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

(b) The other reserve of the Group represents the change in net assets attributable to the Group in relation to the increase in ownership interests in subsidiaries in 2010.

	2012 HK$'000	2011 (Restated) HK$'000
Operating activities		
Profit before tax	**336,591**	306,299
Adjustments for:		
Finance costs	**5,469**	4,461
Share of results of associates	**(310,002)**	(292,050)
Share of results of jointly controlled entities	**(8,071)**	(3,261)
Depreciation of property, plant and equipment	**34,651**	31,729
Amortisation of intangible assets	**1,264**	1,250
Interest on bank deposits	**(242)**	(218)
Interest on other financial asset	**(1,439)**	(1,468)
Imputed interest on loan and other receivables	**(785)**	(692)
Interest income from held-for-trading investments	**(2,936)**	(778)
(Gain) loss on change in fair value and disposal of held-for-trading investments, net	**(16,371)**	18,601
(Gain) loss on disposal of property, plant and equipment, net	**(13,791)**	1,374
Gain on liquidation of an associate	**(18,489)**	–
Gain on disposal of a subsidiary	**(4,080)**	–
Change in fair value of structured borrowing	**–**	(81)
Reversal of allowance of prepared royalties	**–**	(34,000)
Change in fair value of loan and other receivables upon initial recognition	**–**	2,988
Bad debts written off	**57**	119
Operating cash flows before movements in working capital	**1,826**	34,273
Decrease (increase) in other financial asset	**1,105**	(1,019)
Increase in inventories	**(5,996)**	(2,172)
Increase in amounts due from customers for contract work	**(39,390)**	(32,268)
Increase in debtors, deposits and prepayments and prepaid royalties	**(252,620)**	(138,691)
Decrease (increase) in held-for-trading investments	**398**	(27,426)
Increase in amounts due to customers for contract work	**60,408**	35,176
Increase in creditors and accrued charges	**139,487**	142,665
Cash (used in) from operations	**(94,782)**	10,538
Income taxes paid	**(989)**	(2,500)
Net cash (used in) from operating activities	**(95,771)**	8,038

	Note	2012 HK$'000	2011 (Restated) HK$'000
Investing activities			
Interest received		**4,588**	1,686
Distribution of profits from jointly controlled entities		**8,418**	23,911
Dividends received from an associate		**113,327**	127,491
Final distribution upon liquidation of an associate		**36,706**	–
Advances to associates		**(2,959)**	(288)
Advances to jointly controlled entities		**(34,785)**	(20,649)
Proceeds from disposal of a subsidiary	*42*	**12,325**	–
Proceeds from disposal of property, plant and equipment		**16,323**	762
Decrease (placement) in pledged bank deposit		**11**	(2)
Purchase of property, plant and equipment		**(19,726)**	(81,646)
Decrease in loan and other receivables		**6,853**	59,289
Acquisition of interest in an associate		**(40)**	–
Net cash from investing activities		**141,041**	110,554
Financing activities			
Interest paid		**(5,073)**	(4,106)
Capital contribution from non-controlling shareholders of subsidiaries		**300**	2,800
New bank loans raised		**59,690**	116,489
Repayment of bank loans		**(77,767)**	(72,651)
Repayment of other borrowings		**(30)**	(44)
Repayment of structured borrowing		**–**	(12,480)
Repayment to a related company		**–**	(611)
Advance from (repayment to) non-controlling shareholders of a subsidiary		**2**	(2)
Dividends paid		**(72,174)**	(83,278)
Net cash used in financing activities		**(95,052)**	(53,883)
Net (decrease) increase in cash and cash equivalents		**(49,782)**	64,709
Cash and cash equivalents at the beginning of the year		**124,450**	58,623
Effect of foreign exchange rate changes, net		**517**	1,118
Cash and cash equivalents at the end of the year		**75,185**	124,450
Analysis of the balance of cash and cash equivalents			
Bank balances and cash		**75,185**	124,450

1. GENERAL

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

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

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, associates and jointly controlled entities are set out in notes 50, 21 and 22 respectively.

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

In the current year, the Group has applied the following new and revised HKFRSs 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	Presentation of Financial Statements (as part of the Annual Improvements to HKFRSs 2009-2011 Cycle issued in June 2012)

The application of the amendments to HKFRS 7 has had no material effect on the amounts reported and/or disclosures set out in the Group's consolidated financial statements.

In the current year, the Group has applied the amendments to HKAS 12 retrospectively and the impact on the Group's consolidated financial statements is described below.

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

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

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

Road King Infrastructure Limited ("Road King"), an associate of 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 of Road King reviewed the investment property portfolios and concluded that for certain of the Road King's investment properties, their carrying amounts will be recovered through sale, and that for the other investment properties of Road King, 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 that the presumption set out in the amendments to HKAS 12 is rebutted by Road King in respect of these properties.

As a result of the application of the amendments to HKAS 12, Road King recognised additional deferred taxes in respect of those investment properties situated in the People's Republic of China (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 as well as enterprise income tax on disposal of these investment properties. Previously, Road King 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 were recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's interests in associates being decreased by HK$48,480,000 and HK$16,788,000 at 31st December, 2011 and 1st January, 2011 respectively, with the corresponding adjustment being recognised in retained profits. In addition, the application of the amendments has resulted in the Group's profit for the year ended 31st December, 2012 and 31st December, 2011 being decreased by HK$6,200,000 and HK$31,692,000 respectively.

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

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" (Cont'd)

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

The effect of the adoption of amendments to HKAS 12 by Road King described above on the Group's consolidated income statement for the current and prior years is as follows:

	2012	2011
	HK$'000	*HK$'000*
Decrease in share of results of associates	**6,200**	31,692

The effect of the adoption of amendments to HKAS 12 by Road King described above on the Group's consolidated statement of financial position at 1st January, 2011 and 31st December, 2011 is as follows:

	At 1st January, 2011 (Originally stated)	Amendments to HKAS 12 adjustments	At 1st January, 2011 (Restated)	At 31st December, 2011 (Originally stated)	Amendments to HKAS 12 adjustments	At 31st December, 2011 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interests in associates	3,936,343	(16,788)	3,919,555	4,293,964	(48,480)	4,245,484
Retained profits	2,719,786	(16,788)	2,702,998	2,962,008	(48,480)	2,913,528

Effects on net assets and equity at 31st December, 2012

	At 31st December, 2012
	HK$'000
Decrease in interests in associates and total effect on net assets	**54,680**
Decrease in retained profits and total effect on equity	**54,680**

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

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" (Cont'd)

Summary of the effects of the adoption of amendments to HKAS 12 (Cont'd)

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

	Basic earnings per share		Diluted earnings per share	
	2012	2011	**2012**	2011
	HK cents	*HK cents*	***HK cents***	*HK cents*
Figures before adjustments	**41.97**	40.65	**41.97**	40.65
Amendments to HKAS 12 adjustments	**(0.78)**	(3.99)	**(0.78)**	(3.99)
Figures after adjustments	**41.19**	36.66	**41.19**	36.66

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 1st 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 1st 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 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.

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 an effect on the information in the consolidated statement of financial position at 1st January, 2011. In accordance with the amendments to HKAS 1, the Group has therefore presented a third statement of financial position at 1st January, 2011 without the related notes.

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

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

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

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

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 and HK(SIC)-Int 12 "Consolidation – Special Purpose Entities". 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.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK(SIC)-Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. 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 accounting.

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 1st January, 2013. Earlier application is permitted provided that all of these five standards are applied at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning on 1st January, 2013. The Group is in the process of quantifying the potential financial impact on the application of these standards.

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

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 1st January, 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning on 1st January, 2013 and that the application of the new standard may affect certain amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1st July, 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretation will have no material impact on the Group's consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

All intra-group transactions, balances, income and expenses are eliminated in full 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 (effective from 1st January, 2010 onwards).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Business combinations (Cont'd)

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

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

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently whenever there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

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

Revenue recognition

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

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

Construction contract

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Revenue recognition (Cont'd)

Others

Revenue from sale of goods is recognised when goods are delivered and title has been passed. It is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer 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.

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

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's policy of recognition of revenue from operating lease is set out in "Leasing" below.

Dividend income from investments is recognised when the shareholder's rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment

Property, plant and equipment (other than plant under construction) are stated at cost less 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 (other than plant under construction) 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.

Plant in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date which is regarded as their cost.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Intangible assets (Cont'd)

Service concession arrangements

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The intangible asset is carried at cost (which equals to fair value at initial recognition) less accumulated amortisation and any accumulated impairment losses. Amortisation commences when the intangible asset is available for use.

Investments in associates

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

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting 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 associates 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 associate. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investments in associates (Cont'd)

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 an associate. 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.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

Where a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Interests in jointly controlled entities

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Interests in jointly controlled entities (Cont'd)

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 accounting 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. 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.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the jointly controlled entity at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Interests in jointly controlled entities (Cont'd)

Upon disposal of a jointly controlled entity that results in the Group losing joint control over that jointly controlled entity, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the jointly controlled entity attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the jointly controlled entity. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that jointly controlled entity on the same basis as would be required if that jointly controlled entity had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that jointly controlled entity would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses joint control over that jointly controlled entity.

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

Inventories

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

Construction contracts

Where the outcome of a construction contract including construction or upgrade services of the infrastructure under a service concession arrangement can be estimated reliably, contract costs are recognised in the consolidated income statement by reference to the stage of completion of the contract activity at the end of the reporting period, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Construction contracts (Cont'd)

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

Service concession arrangements

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

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

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition (see accounting policy on intangible assets above).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

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

Effective interest method

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Financial assets at fair value through profit or loss

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

A financial asset is classified as held for trading if:

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

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

Loans and receivables

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

Available-for-sale financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment loss on financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are 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 affected.

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

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

- significant financial difficulty of the issuer or counterparty;
- breach of contract, such as default or delinquency in interest or principal payments;
- 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 asset, such as trade 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 trade debtors, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade debt is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment loss on financial assets (Cont'd)

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period in which the impairment takes place.

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.

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

Financial liabilities and equity instruments

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

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

Financial liabilities at fair value through profit or loss

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity instruments (Cont'd)

Other financial liabilities

Other financial liabilities (including creditors, amounts due to jointly controlled entities, associates and non-controlling shareholders, bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Equity instruments

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

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 other than those financial liabilities classified as at FVTPL, of which interest expense is included in net gains or losses.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the leases or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Foreign currencies

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

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 foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollar) at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax 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 temporary 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 differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Retirement benefit costs

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

Share-based payment transactions

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

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to 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 after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 in the profit or loss immediately.

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

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

Determining the recoverable amounts of the intangible assets (i.e. construction licenses with indefinite useful lives) arising from the acquisition of a subsidiary, which is included in the consolidated statement of financial position at 31st December, 2012 at HK$32,858,000 (2011: HK$32,858,000) requires an estimation of the revenue to be generated in future periods from the acquired construction licenses (see note 18). The construction projects successfully secured by the Group have reconfirmed management's previous estimates of anticipated revenues generated from the acquired construction licenses. However, increased market competition has caused the management to reconsider its assumptions regarding future market share and anticipated margins on these construction projects. Detailed sensitivity analysis has been carried out and the management is confident that the carrying amount of the intangible assets will be recovered in full, even if returns are reduced. This situation will be closely monitored, and adjustments will be made in future periods if future market activities indicate such adjustments are appropriate.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. At 31st December, 2012, the carrying amount of goodwill is HK$29,838,000 (2011: HK$29,838,000). Details of the recoverable amount calculation are disclosed in note 20.

Income tax

At 31st December, 2012, no deferred tax asset has been recognised in the Group's consolidated statement of financial position in relation to unused tax losses of HK$501,072,000 (2011: HK$553,577,000) due to unpredictability of future profit streams (see note 36). The realisability of the unrecognised deferred tax asset mainly depends on whether sufficient future profit or taxable temporary differences will be available in the future.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Construction contracts

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

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

5. REVENUE

	2012 ***HK$'000***	2011 *HK$'000*
Group revenue	**1,958,069**	1,248,340
Share of revenue of jointly controlled entities	**481,729**	578,218
Group revenue and share of revenue of jointly controlled entities	**2,439,798**	1,826,558
Group revenue analysed by revenue from:		
Construction	**1,661,195**	1,152,639
Construction materials	**277,400**	91,383
Quarrying	**19,474**	4,318
	1,958,069	1,248,340

6. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. This is also the basis upon which the Group is organised. The Group's reportable and operating segments under HKFRS 8 are summarised as follows:

Construction
– construction of civil engineering and building projects

Construction materials
– production and sale of concrete

Quarrying
– production and sale of quarry products

Toll road and property development
– strategic investment in Road King, an associate of the Group

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

Note: CNT was dissolved during the year ended 31st December, 2012.

6. SEGMENT INFORMATION (Cont'd)

Segment revenue and results

The following is an analysis of the segment revenue and profit (loss) for each reportable and operating segment:

Year ended 31st December, 2012

	Segment revenue			
	Gross	**Inter-segment elimination**	**External**	**Segment profit (loss)**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Construction	**2,142,924**	**–**	**2,142,924**	**10,577**
Construction materials	**308,714**	**(31,314)**	**277,400**	**7,368**
Quarrying	**70,278**	**(50,804)**	**19,474**	**(8,953)**
Toll road and property development	**–**	**–**	**–**	**312,432**
North American ginseng				
Share of results of CNT	**–**	**–**	**–**	**(2,837)**
Gain on liquidation of CNT	**–**	**–**	**–**	**18,489**
Total	**2,521,916**	**(82,118)**	**2,439,798**	**337,076**

Year ended 31st December, 2011

	Segment revenue			
	Gross	Inter-segment elimination	External	Segment profit (loss) (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Construction	1,730,857	–	1,730,857	13,117
Construction materials	96,568	(5,185)	91,383	(49,073)
Quarrying	21,176	(16,858)	4,318	56,382
Toll road and property development	–	–	–	280,672
North American ginseng	–	–	–	10,709
Total	1,848,601	(22,043)	1,826,558	311,807

6. SEGMENT INFORMATION (Cont'd)

Segment revenue and results (Cont'd)

Segment revenue includes share of revenue of jointly controlled entities. Reconciliation between the total segment revenue and the Group revenue is disclosed in note 5.

Segment profit (loss) represents profit (loss) after tax and non-controlling interests for each reportable and operating segment and includes certain other income, investment income, gains and losses, share of results of certain associates, share of results of jointly controlled entities and certain other gains and losses, but excluding corporate income and expenses (including staff costs, other administrative expenses, finance costs and income tax expense), share of loss of an associate, certain gain on disposal of property, plant and equipment and change in fair value of structured borrowing which are not attributable to any of the reportable and operating segments. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

	2012	2011 (Restated)
	HK$'000	*HK$'000*
Total segment profit	**337,076**	311,807
Unallocated items		
Other income	**9,359**	8,569
Investment income, gains and losses	**6,163**	(6,694)
Administrative expenses	**(22,695)**	(20,857)
Finance costs	**(3,196)**	(2,138)
Share of loss of an associate	**(33)**	(28)
Gain on disposal of property, plant and equipment	**19**	20
Change in fair value of structured borrowing	**–**	81
Income tax expense	**(1)**	(25)
Profit attributable to owners of the Company	**326,692**	290,735

Segment assets and liabilities

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

6. SEGMENT INFORMATION (Cont'd)

Other segment information

Amounts included in the measure of segment profit (loss):

Year ended 31st December, 2012

	Construction HK$'000	Construction materials HK$'000	Quarrying HK$'000	Toll road and property development HK$'000	North American ginseng HK$'000	Segment total HK$'000	Adjustments HK$'000 (note)	Intra-group elimination HK$'000	Total HK$'000
Depreciation of property, plant and equipment	(10,059)	(20,770)	(3,267)	–	–	(34,096)	(555)	–	(34,651)
Gain on disposal of property, plant and equipment, net	12,929	–	843	–	–	13,772	19	–	13,791
Interest income	1,657	–	809	–	–	2,466	5,859	(5,859)	2,466
Finance costs	(1,977)	(6,155)	–	–	–	(8,132)	(3,196)	5,859	(5,469)
Share of results of associates	440	–	–	312,432	(2,837)	310,035	(33)	–	310,002
Share of results of jointly controlled entities	8,071	–	–	–	–	8,071	–	–	8,071
Income tax (expense) credit	(1,822)	–	1,562	–	–	(260)	(1)	–	(261)

6. SEGMENT INFORMATION (Cont'd)

Other segment information (Cont'd)

Year ended 31st December, 2011

	Construction	Construction materials	Quarrying	Toll road and property development (Restated)	North American ginseng	Segment total (Restated)	Adjustments	Intra-group elimination	Total (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (note)	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	(14,462)	(15,087)	(1,584)	–	–	(31,133)	(596)	–	(31,729)
Gain (loss) on disposal of property, plant and equipment, net	39	(2,058)	625	–	–	(1,394)	20	–	(1,374)
Interest income	1,574	–	804	–	–	2,378	3,470	(3,470)	2,378
Income on settlement of prepaid royalties	–	–	45,563	–	–	45,563	–	–	45,563
Reversal of allowance on prepaid royalties	–	–	34,000	–	–	34,000	–	–	34,000
Finance costs	(2,122)	(3,671)	–	–	–	(5,793)	(2,138)	3,470	(4,461)
Share of results of associates	697	–	–	280,672	10,709	292,078	(28)	–	292,050
Share of results of jointly controlled entities	3,261	–	–	–	–	3,261	–	–	3,261
Income tax expense	(332)	–	(4,717)	–	–	(5,049)	(25)	–	(5,074)

Note: Adjustments represent unallocated amounts related to head office and other minor operations.

6. SEGMENT INFORMATION (Cont'd)

Geographical information

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

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

	Revenue from external customers		Non-current assets (note)	
	2012	2011	**2012**	2011 (Restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**1,916,450**	1,196,727	**4,674,548**	4,398,859
Other regions in the PRC	**37,335**	16,490	**46,783**	61,601
Middle East	**4,284**	35,123	**10,357**	26,981
Others	**–**	–	**–**	23,574
	1,958,069	1,248,340	**4,731,688**	4,511,015

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

Information about customers

Three (2011: two) customers of the construction segment located in Hong Kong individually contributing over 10% of the Group's revenue.

	2012	2011
	HK$'000	*HK$'000*
Customer A	**793,066**	611,186
Customer B	**247,096**	–[1]
Customer C	**216,298**	–[1]
Customer D	**–[1]**	154,556
	1,256,460	765,742

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

7. OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Other income includes:		
Interest on bank deposits	**242**	218
Interest on other financial asset	**1,439**	1,468
Imputed interest on loan and other receivables	**785**	692
Exchange gain, net	**–**	89
Operation fee income	**22,459**	11,130
Rental income from buildings	**206**	192
Rental income from plant and machinery	**3,000**	2,375
Service income from associates	**174**	696
Service income from jointly controlled entities	**8,472**	28,707

8. INVESTMENT INCOME, GAINS AND LOSSES

	2012	2011
	HK$'000	*HK$'000*
Gain (loss) on change in fair value and disposal of held-for-trading investments, net	**16,371**	(18,601)
Dividend income from held-for-trading investments	**1,557**	1,454
Interest income from held-for-trading investments	**2,936**	778
	20,864	(16,369)

9. FINANCE COSTS

	2012 HK$'000	2011 HK$'000
Interest on bank and other borrowings wholly repayable within five years	**5,073**	4,106
Imputed interest on non-current interest-free amount due to an associate	**396**	355
	5,469	4,461

10. OTHER GAINS AND LOSSES

	2012 HK$'000	2011 HK$'000
Gain (loss) on disposal of property, plant and equipment, net	**13,791**	(1,374)
Income on settlement of prepaid royalties *(note 25)*	**–**	45,563
Reversal of allowance on prepaid royalties *(note 25)*	**–**	34,000
Gain on liquidation of an associate *(note)*	**18,489**	–
Gain on disposal of a subsidiary *(note 42)*	**4,080**	–
Change in fair value of structured borrowing	**–**	81
	36,360	78,270

Note: On 26th September, 2012, CNT completed the process of voluntary liquidation through realisation of all non-cash assets and making final liquidating distribution to its shareholders. As a result, the Group received a final distribution from CNT of HK$36,706,000 and recorded a gain of HK$18,489,000 on liquidation of CNT.

11. PROFIT BEFORE TAX

	2012 HK$'000	2011 (Restated) HK$'000
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	**2,421**	2,506
Amortisation of intangible assets	**1,264**	1,250
Bad debts written off	**57**	119
Depreciation of property, plant and equipment:		
Owned assets	**34,645**	31,702
Assets held under finance lease arrangement	**7**	27
	34,652	31,729
Less: Amount attributable to construction contracts	**(1)**	–
	34,651	31,729
Expenses incurred in towing certain vessels from Middle East to Hong Kong (included in other expenses)	**14,838**	–
Exchange loss, net	**177**	–
Hire charges for plant and machinery	**23,956**	23,675
Less: Amount attributable to construction contracts	**(23,956)**	(23,675)
	–	–
Operating lease rentals in respect of land and buildings	**45,820**	43,670
Less: Amount attributable to construction contracts	**(3,943)**	(1,276)
	41,877	42,394
Share of income tax expense of associates (included in share of results of associates)	**559,441**	426,500
Share of income tax credit of jointly controlled entities (included in share of results of jointly controlled entities)	**–**	(53)
Staff costs:		
Directors' remuneration *(note 12)*	**15,236**	14,402
Other staff costs	**258,611**	228,983
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK$438,000 (2011: HK$185,000)	**12,691**	12,899
	286,538	256,284
Less: Amount attributable to construction contracts	**(153,203)**	(132,223)
	133,335	124,061

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to each of the nine (2011: nine) directors included the chief executive were as follows:

Year ended 31st December, 2012

	Fee	Salary and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:					
Zen Wei Pao, William	–	327	327	33	687
Zen Wei Peu, Derek	–	1,799	8,406	545	10,750
Chiu Wai Yee, Anriena	–	1,677	254	165	2,096
	–	3,803	8,987	743	13,533
Non-executive directors:					
Lam Wai Hon, Patrick	189	–	–	–	189
Chu Tat Chi	189	–	–	–	189
Cheng Chi Pang, Leslie *(note)*	340	–	–	–	340
	718	–	–	–	718
Independent non-executive directors:					
Wong Che Ming, Steve	321	–	–	–	321
Wan Siu Kau, Samuel	332	–	–	–	332
Wong Man Chung, Francis	332	–	–	–	332
	985	–	–	–	985
	1,703	3,803	8,987	743	15,236

Note: Included HK$151,000 fee as a director of Build King Holdings Limited ("Build King").

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Cont'd)

Year ended 31st December, 2011

	Fee	Salary and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:					
Zen Wei Pao, William	–	311	323	31	665
Zen Wei Peu, Derek	–	1,760	7,993	520	10,273
Chiu Wai Yee, Anriena	–	1,590	112	157	1,859
	–	3,661	8,428	708	12,797
Non-executive directors:					
Lam Wai Hon, Patrick	180	–	–	–	180
Chu Tat Chi	180	–	–	–	180
Cheng Chi Pang, Leslie *(note)*	325	–	–	–	325
	685	–	–	–	685
Independent non-executive directors:					
Wong Che Ming, Steve	300	–	–	–	300
Wan Siu Kau, Samuel	310	–	–	–	310
Wong Man Chung, Francis	310	–	–	–	310
	920	–	–	–	920
	1,605	3,661	8,428	708	14,402

Note: Included HK$145,000 fee as a director of Build King.

12. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Cont'd)

The Vice Chairman, Mr. Zen Wei Peu, Derek, is also carrying out the duties of the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive.

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

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

13. EMPLOYEES' EMOLUMENTS

Details of the emoluments of the five highest paid individuals included two directors (2011: one director) set out in note 12. The emoluments of the remaining three (2011: four) highest paid individuals are as follows:

	2012	2011
	HK$'000	*HK$'000*
Salary and other benefits	**5,800**	8,336
Retirement benefits scheme contributions	**507**	430
	6,307	8,766

The emoluments were within the following bands:

	Number of employees	
	2012	2011
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**1**	3

14. INCOME TAX EXPENSE

	2012 HK$'000	2011 HK$'000
Income tax for the year		
The PRC	**900**	5,078
Under(over)provision in prior years		
Hong Kong	**923**	(12)
The PRC	**(1,562)**	8
	(639)	(4)
	261	5,074

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years. No tax is payable on the profit for both years arising in Hong Kong since the assessable profits is wholly offset by tax losses brought forward from prior years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25% for both years.

14. INCOME TAX EXPENSE (Cont'd)

Income tax expense can be reconciled to the profit before tax as follows:

	2012	2011 (Restated)
	HK$'000	*HK$'000*
Profit before tax	**336,591**	306,299
Income tax expense at the applicable rate of 16.5% (2011: 16.5%)	**55,538**	50,539
Tax effect of expenses not deductible for tax purpose	**6,821**	11,079
Tax effect of income not taxable for tax purpose	**(7,513)**	(20,089)
Overprovision in prior years	**(639)**	(4)
Tax effect of tax losses not recognised	**9,228**	19,763
Tax effect of utilisation of tax losses previously not recognised	**(10,048)**	(13,336)
Tax effect of share of results of associates	**(51,150)**	(48,188)
Tax effect of share of results of jointly controlled entities	**(1,332)**	(538)
Effect of different rates for subsidiaries operating in other jurisdictions	**(114)**	1,604
Others	**(530)**	4,244
Income tax expense	**261**	5,074

15. DIVIDENDS

	2012 HK$'000	2011 HK$'000
Dividends paid and recognised as distributions during the year:		
2011 final dividend – HK5.6 cents per share (2011: 2010 final dividend – HK5 cents per share)	**44,415**	39,656
2012 interim dividend – HK3.5 cents per share (2011: 2011 interim dividend – HK5.5 cents per share)	**27,759**	43,622
	72,174	83,278

A final dividend for the year ended 31st December, 2012 of HK7.7 cents (2011: HK5.6 cents) per ordinary share amounting to HK$61,071,000 (2011: HK$44,415,000) has been proposed by the board of directors (the "Board") of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting. This final dividend has not been included as a liability in the consolidated financial statements.

16. EARNINGS PER SHARE

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

	2012	2011
		(Restated)
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**326,692**	290,735
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from assumed exercise of share options issued by that associate *(note)*	**–**	(2)
Earnings for the purpose of diluted earnings per share	**326,692**	290,733

	Number of shares	
	2012	2011
Number of ordinary shares for the purposes of basic and diluted earnings per share	**793,124,034**	793,124,034

Note: The outstanding share options of Road King during the year were anti-dilutive because the exercise prices of the share options were higher than the average market price of the shares of Road King during the year.

17. PROPERTY, PLANT AND EQUIPMENT

	Plant under construction HK$'000	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Total HK$'000
COST								
At 1st January, 2011	33,158	22,109	12,780	139,054	27,211	17,809	86,550	338,671
Exchange realignment	–	–	–	–	31	40	–	71
Additions	26,639	133	4,167	26,802	1,916	21,063	7,927	88,647
Transfers	(46,186)	–	–	46,186	–	–	–	–
Disposals	–	(2,243)	(8,408)	(5,681)	(61)	(359)	(116)	(16,868)
At 31st December, 2011	13,611	19,999	8,539	206,361	29,097	38,553	94,361	410,521
Exchange realignment	–	–	–	1	11	27	–	39
Additions	3,614	–	1,444	10,532	529	833	2,774	19,726
Transfers	(17,225)	–	–	1,735	–	–	15,490	–
Disposals	–	–	–	(2,161)	(584)	(618)	(49,068)	(52,431)
At 31st December, 2012	–	19,999	9,983	216,468	29,053	38,795	63,557	377,855
DEPRECIATION AND IMPAIRMENT								
At 1st January, 2011	–	21,542	12,553	127,631	25,198	8,200	67,454	262,578
Exchange realignment	–	–	–	–	25	39	–	64
Provided for the year	–	189	812	17,191	794	4,854	7,889	31,729
Eliminated on disposals	–	(2,243)	(8,408)	(3,624)	(55)	(359)	(43)	(14,732)
At 31st December, 2011	–	19,488	4,957	141,198	25,962	12,734	75,300	279,639
Exchange realignment	–	–	–	–	6	27	–	33
Provided for the year	–	196	1,601	21,516	961	5,590	4,788	34,652
Eliminated on disposals	–	–	–	(2,161)	(484)	(522)	(46,732)	(49,899)
At 31st December, 2012	–	19,684	6,558	160,553	26,445	17,829	33,356	264,425
CARRYING VALUES								
At 31st December, 2012	**–**	**315**	**3,425**	**55,915**	**2,608**	**20,966**	**30,201**	**113,430**
At 31st December, 2011	13,611	511	3,582	65,163	3,135	25,819	19,061	130,882

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

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

Buildings	Over the shorter of the terms of the relevant leases or 20 - 30 years
Leasehold improvements	Over the shorter of the terms of the relevant leases or $33^1/_3$%
Plant and machinery	Over 8 months - 10 years
Furniture, fixtures and equipment	20% - 25%
Motor vehicles	$16^2/_3$% - 25%
Vessels	10% - 15%

The buildings are located in the PRC and held under lease term of 6 to 49 years.

At 31st December, 2011, the carrying value of property, plant and equipment held under finance lease arrangement was HK$7,000.

The Group has pledged certain motor vehicles with an aggregate carrying value of HK$18,499,000 (2011: HK$23,093,000) to secure a bank loan.

During the year ended 31st December, 2011, a non-controlling shareholder had injected property, plant and equipment of HK$7,000,000 as part of the capital injection upon the formation of a new subsidiary.

18. INTANGIBLE ASSETS

	Construction licenses *HK$'000* *(note a)*	Service concession arrangement *HK$'000* *(note b)*	Total *HK$'000*
COST			
At 1st January, 2011	32,858	33,567	66,425
Exchange realignment	–	1,446	1,446
At 31st December, 2011	32,858	35,013	67,871
Exchange realignment	–	383	383
At 31st December, 2012	32,858	35,396	68,254
AMORTISATION			
At 1st January, 2011	–	599	599
Exchange realignment	–	26	26
Charge for the year	–	1,250	1,250
At 31st December, 2011	–	1,875	1,875
Exchange realignment	–	20	20
Charge for the year	–	1,264	1,264
At 31st December, 2012	–	3,159	3,159
CARRYING VALUES			
At 31st December, 2012	**32,858**	**32,237**	**65,095**
At 31st December, 2011	32,858	33,138	65,996

18. INTANGIBLE ASSETS (Cont'd)

Notes:

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

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

Various studies including sensitivity analysis and market trends have been carried out by the management of the Group, which supports that the construction licenses have no foreseeable limit to the period over which the construction licenses are expected to generate net cash inflow for the Group. As a result, the construction licenses are considered by the management of the Group as having indefinite useful lives because they are expected to contribute net cash inflow indefinitely. The construction licenses will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired. Particulars regarding the impairment testing on construction licenses are disclosed in note 20.

(b) A subsidiary of the Company, Wuxi Qianhui Sewage Treatment Co., Ltd. ("Wuxi Qianhui"), entered into a service concession arrangement with the local government whereby Wuxi Qianhui is required to build the infrastructure of a sewage treatment plant phase II (see note 24 for details of sewage treatment plant phase I) and is granted an exclusive operating right for provision of sewage treatment services to the industrial and domestic users in Qian Qiao Zhen, Hui Shan District, Wu Xi City, Jiang Su Province of the PRC for a term of 30 years.

Pursuant to the service concession arrangement contract, Wuxi Qianhui is responsible for the construction of sewage treatment plant phase II and entitled to operate the sewage treatment plant phase II upon completion for a specified concession period by charging users of the public service, which amounts are contingent on the extent that the public uses the service. At the end of the operating period, Wuxi Qianhui is required to transfer the sewage treatment plant phase II to the local government. As such, the arrangement is accounted for as a service concession arrangement and the right to charge the users of the public service is recognised as intangible asset. Amortisation of the intangible asset will be provided for over the operation period of 30 years on a straight-line basis when the sewage treatment commences its operation.

The sewage treatment plant phase II had been put into operation in 2010.

19. GOODWILL

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

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

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

For the purpose of impairment testing, intangible assets with indefinite useful lives set out in note 18(a) have been allocated to a CGU, a subsidiary acquired in 2005, which is included in construction segment and holds the construction licenses granted by the Works Branch, Development Bureau of Hong Kong and through which it is eligible to undertake government construction contracts for all five categories of public works with no limitation in contract sum.

At the end of the reporting period, the management of the Group determined that there are no impairments of any of its CGUs containing goodwill and intangible assets.

The recoverable amounts of the above CGUs have been determined on the basis of value in use calculations. Their recoverable amounts are based on certain key assumptions. For impairment testing purpose, all value in use calculations use cash flow projections based on latest financial budgets approved by the Group's management covering a period of 5 years, and a discount rate of 10% (2011: 10%). Cash flow projections during the budget period for the CGUs are based on the expected gross margins during the budget period. Budgeted gross margins have been determined based on past performance and management's expectations for the market development.

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

	2012 HK$'000	2011 (Restated) HK$'000
Cost of investment in associates		
Listed in Hong Kong *(note a)*	**1,543,877**	1,543,877
Quoted on National Association of Securities Dealers Automated Quotation's Over the Counter Bulletin Board in the United States of America ("OTCBB")	**–**	37,907
Unlisted	**44**	4
	1,543,921	1,581,788
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	**2,935,453**	2,645,461
	4,479,374	4,227,249
Represented by:		
Interests in associates	**4,497,169**	4,245,484
Obligations in excess of interests in associates *(note b)*	**(17,795)**	(18,235)
	4,479,374	4,227,249
Fair value of listed investments	**1,918,059**	1,260,763
Quoted value of investments on OTCBB	**–**	25,001

Notes:

(a) Included in the cost of investment in the associate is goodwill of HK$30,964,000 (2011: HK$30,964,000) arising on acquisition of additional interests in the associate during the year ended 31st December, 2007.

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

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

Details of the Group's principal associates at 31st December, 2012 and 2011 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Effective interest held by the Company		Principal activities
			2012	2011	
			%	%	
Chai-Na-Ta Corp. *(note a)*	Incorporated	Canada	**–**	46.188	Production and sales of North American ginseng
Hong Kong Landfill Restoration Group Limited	Incorporated	Hong Kong	**17.654** *(note b)*	17.654 *(note b)*	Civil engineering
Road King Infrastructure Limited *(note c)*	Incorporated	Bermuda	**38.186**	38.186	Investment in and development, operation and management of toll road, and property development

Notes:

(a) The shares of CNT had been quoted on OTCBB. CNT was dissolved during the year ended 31st December, 2012.

(b) The Company holds the effective interest in the associate through Build King, the Company's 51.17% (2011: 51.17%) subsidiary whose shares are listed on the Main Board of the Stock Exchange.

(c) The shares of Road King are listed on the Main Board of the Stock Exchange.

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

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

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

Results:

	2012	2011
		(Restated)
	HK$'000	HK$'000
Revenue	9,397,306	6,920,115
Profit for the year	846,999	767,223
Profit for the year attributable to the Group	310,002	292,050
Other comprehensive income attributable to the Group	76,765	162,067

Financial position:

	2012	2011
		(Restated)
	HK$'000	HK$'000
Non-current assets	6,746,546	6,804,752
Current assets	30,623,983	25,094,015
Current liabilities	(16,439,226)	(13,021,484)
Non-current liabilities	(8,729,920)	(7,466,922)
Net assets	12,201,383	11,410,361
Net assets attributable to the Group	4,448,410	4,196,285

At 31st December, 2012, the carrying amount of the Group's interest in Road King of HK$4,497,083,000 (2011: HK$4,221,831,000 (restated)) was more than its fair value of HK$1,918,059,000 (2011: HK$1,260,763,000). The management of the Group carried out impairment review on the entire carrying amount of its interest in Road King (including goodwill) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its entire carrying amount. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flows expected to arise from the operations of Road King and the proceeds on the ultimate disposal of the investment. The key assumptions included growth rate and use of 10% (2011: 10%) to discount the cash flow projections to net present values. Based on the assessments, the recoverable amount of the Group's interest in Road King exceeded its entire carrying amount. Hence, no impairment against the Group's interest in Road King is considered necessary.

22. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2012 **HK$'000**	2011 HK$'000
Cost of investment in unlisted jointly controlled entities	**3**	20,067
Share of post-acquisition profits and other comprehensive income, net of distributions received	**26,153**	18,748
	26,156	38,815

At 31st December, 2012 and 2011, the Group had interests in the following principal jointly controlled entities:

Name of jointly controlled entity	**Form of business structure**	**Place of incorporation or registration/ operation**	**Effective interest held by the Company**		**Principal activities**
			2012 %	2011 %	
ACC-Leader Joint Venture	Unincorporated	Middle East	**25.59** *(note a)*	25.59 *(note a)*	Civil engineering
Chun Wo-Leader Joint Venture	Unincorporated	Hong Kong	**26.10** *(note a)*	26.10 *(note a)*	Civil engineering
Kaden-VSL Joint Venture	Unincorporated	Hong Kong	**28.14** *(note a)*	28.14 *(note a)*	Civil engineering
Kier-Kaden-OSSA Joint Venture	Unincorporated	Hong Kong	**17.91** *(note a)*	17.91 *(note a)*	Civil engineering
Kier-Laing O'Rourke-Kaden Joint Venture	Unincorporated	Hong Kong	**7.68** *(note a)*	7.68 *(note a)*	Civil engineering
Shanxi Jin Ya Road and Bridge Construction Co., Ltd. *(note b)*	Incorporated	The PRC	**–**	26.10 *(note a)*	Road construction

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

Notes:

(a) The Company holds the effective interest in the jointly controlled entity through Build King. Under the joint venture agreement, the entity is jointly controlled by Build King and the other joint venture partners of the entity. Therefore, the entity is classified as a jointly controlled entity.

(b) The company is an equity joint venture registered in the PRC and was disposed of during the year ended 31st December, 2012 (see note 42).

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

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

Share of results attributable to the Group:

	2012	2011
	HK$'000	*HK$'000*
Revenue	**481,729**	578,218
Expenses	**(473,658)**	(575,010)
Profit before tax	**8,071**	3,208
Income tax credit	**–**	53
Profit for the year	**8,071**	3,261

Share of assets and liabilities attributable to the Group:

	2012	2011
	HK$'000	*HK$'000*
Non-current assets	**21,739**	21,245
Current assets	**434,490**	382,296
Current liabilities	**(430,073)**	(364,726)
Net assets	**26,156**	38,815

23. AVAILABLE-FOR-SALE INVESTMENTS

	2012	2011
	HK$'000	*HK$'000*
Unlisted equity securities, at cost	**3,368**	3,368
Less: Impairment loss recognised	**(3,368)**	(3,368)
	–	–

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

24. OTHER FINANCIAL ASSET

Wuxi Qianhui entered into a service concession arrangement with the local government whereby Wuxi Qianhui is required to build the infrastructure of a sewage treatment plant phase I (see note 18(b) for details of sewage treatment plant phase II) and is granted an exclusive operating right for provision of sewage treatment services to the industrial and domestic users in Qian Qiao Zhen, Hui Shan District, Wu Xi City, Jiang Su Province of the PRC for a term of 30 years.

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

Under the service concession arrangement, the local government of Qian Qiao Zhen guarantees a minimum volume of sewage to be treated by the plant with a fixed predetermined rate per ton of sewage. The agreed price will be reviewed annually. Therefore, the service concession arrangement is classified as financial asset. The fair value of the consideration receivable for the construction services rendered under the service concession arrangement is recognised as other financial asset carrying effective interest rate of 2.61% (2011: 2.61%) per annum and recoverable over the service concession period of 30 years.

25. LOAN AND OTHER RECEIVABLES/PREPAID ROYALTIES

The prepaid royalties at 1st January, 2011 represented the advances to and the cost of construction work to be recoverable from the local government of Wanshan in the PRC ("Wanshan Government"), which would be settled by a waiver of royalty fees arising from the sale of quarry products from a quarry of the Group in the PRC. In 2004, the directors of the Company re-considered the prospects of the quarry industry and reassessed the likelihood of the recovery of the outstanding amount in full through the wavier of royalty fees arising from the sale of quarry products. Based on the anticipated sales of quarry products, the directors of the Company were of the opinion that the prepaid royalties would not be recoverable in full, and accordingly an allowance of HK$34,000,000 was recognised in profit or loss for the year ended 31st December, 2004. At 1st January, 2011, the net carrying amount of prepaid royalties, net of allowance, was HK$1,274,000.

On 23rd March, 2011, the Group entered into an agreement with Wanshan Government and a PRC entity wholly-owned by Wanshan Government whereby the Group agreed to relocate the operation from the aforesaid quarry to the other location, and that the outstanding amount of the advances and the cost of construction work of HK$41,817,000 and interest of HK$42,604,000, with a total amount of HK$84,421,000, would be settled by cash instead of the waiver of royalty fees arising from the sale of quarry products from the quarry of the Group. Out of the total amount of HK$84,421,000, HK$59,289,000 was received during the year ended 31st December, 2011 and the remaining balance of HK$25,132,000 will be settled by cash instalments semi-annually up to December 2016. The remaining consideration stated above has been classified as loan and other receivables which is carried at amortised cost using effective interest rate of 4% per annum and such impact is HK$2,988,000 upon initial recognition. At the date of the agreement, the gross carrying amount of prepaid royalties stated in the consolidated financial statements was HK$35,870,000, of which an allowance of HK$34,000,000 was recognised in 2004. Accordingly, the allowance of prepaid royalties previously made had been reversed and an additional income of HK$45,563,000 had been recognised in profit or loss during the year ended 31st December, 2011 (see note 10).

At 31st December, 2012, the amount of HK$12,830,000 (2011: HK$16,767,000) to be settled after twelve months from the end of the reporting period is shown under non-current assets while the amount of HK$3,938,000 (2011: HK$6,069,000) to be settled within twelve months from the end of the reporting period is shown under current assets and included in "Debtors, deposits and prepayments" in note 28.

26. INVENTORIES

	2012	2011
	HK$'000	*HK$'000*
Raw materials	**1,528**	2,095
Work-in-progress	**6,117**	57
Consumables	**2,896**	2,496
Finished goods	**682**	579
	11,223	5,227

The cost of inventories recognised as an expense during the year is HK$208,815,000 (2011: HK$106,525,000).

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

	2012	2011
	HK$'000	*HK$'000*
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**5,726,792**	4,105,065
Less: Progress billings	**(5,714,597)**	(4,071,853)
	12,195	33,212
Represented by:		
Due from customers shown under current assets	**138,152**	98,761
Due to customers shown under current liabilities	**(125,957)**	(65,549)
	12,195	33,212

28. DEBTORS, DEPOSITS AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade debtors	**430,278**	251,579
Less: Allowance for doubtful debts	**(623)**	(623)
	429,655	250,956
Retention receivables	**94,527**	62,022
Other debtors	**30,469**	21,856
Deposits and prepayments	**93,593**	60,818
Loan and other receivables *(note 25)*	**3,938**	6,069
	652,182	401,721

The Group's trade and other debtors included an aggregate carrying amount of HK$4,095,000 (2011: HK$2,592,000) which is denominated in Renminbi that is the currency other than the functional currencies of the respective group entities.

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

	2012	2011
	HK$'000	*HK$'000*
0 to 60 days	**423,857**	248,679
61 to 90 days	**5,655**	2,069
Over 90 days	**143**	208
	429,655	250,956
Retention receivables		
Due within one year	**44,763**	52,888
Due after one year	**49,764**	9,134
	94,527	62,022

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

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limit by customer. Limits and scores attributed to customers are reviewed periodically. 99% (2011: 99%) of the trade debtors that are neither past due nor impaired have good settlement repayment history. The Group has assessed the creditworthiness and historical default rates of these customers. Trade debtors that are past due but not impaired have the good quality with reference to respective settlement history.

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

At 31st December, 2012, the Group's trade debtors included a receivable amount of HK$2,000,000 from a related company which is an indirect wholly owned subsidiary of a substantial shareholder of the Company.

The Group's trade debtors included an aggregate carrying amount of HK$5,798,000 (2011: HK$2,277,000) which is past due at the end of the reporting period for which the Group has not provided for impairment loss as there has not been any significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these receivables.

Ageing of trade debtors past due but not impaired

	2012	2011
	HK$'000	*HK$'000*
Overdue by:		
1 to 30 days	**5,655**	2,069
Over 30 days	**143**	208
	5,798	2,277

Included in the allowance for doubtful debts are individually impaired receivables due from certain trade debtors with an aggregate amount of HK$623,000 (2011: HK$623,000) which have either been placed under liquidation or are in financial difficulties. The Group does not hold any collateral over these receivables.

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

Movement in the allowance for doubtful debts

	2012	2011
	HK$'000	*HK$'000*
Balance at the beginning of the year	**623**	1,732
Written off against debtors during the year	**–**	(1,109)
Balance at the end of the year	**623**	623

During the year, the Group has written off bad debts of HK$57,000 (2011: HK$119,000) which the Group considers the debtors are in severe financial difficulties.

29. AMOUNTS DUE FROM ASSOCIATES/JOINTLY CONTROLLED ENTITIES

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

30. HELD-FOR-TRADING INVESTMENTS

	2012	2011
	HK$'000	*HK$'000*
Held-for-trading investments at fair value		
Equity securities listed in Hong Kong	**28,290**	17,431
Equity securities quoted on OTCBB	**–**	270
Debt securities listed in Singapore	**33,126**	27,742
	61,416	45,443

At 31st December, 2012, certain listed equity securities with market value of HK$20,310,000 (2011: HK$13,350,000) were pledged to a bank to secure certain general banking facilities granted to the Group.

In relation to the pledge of equity securities, the bank requires certain subsidiaries of the Company that are entitled to the banking facilities, to provide cross guarantees to the bank. Although these equity securities were pledged to the bank, the Group is allowed to trade the pledged securities upon the repayment of respective bank borrowings.

31. PLEDGED BANK DEPOSIT AND BANK BALANCES

A bank deposit of the Group amounting to HK$10,000 (2011: HK$21,000) was pledged to a bank for securing certain banking facilities granted to the Group. The pledged bank deposit carries fixed interest rate at 0.01% (2011: 0.01%) per annum.

Bank balances with original maturity less than three months carry market interest rate ranging from 0.00% to 0.50% (2011: 0.00% to 0.50%) per annum.

The Group's bank balances included an aggregate carrying amount of HK$3,363,000 (2011: HK$8,497,000) which is denominated in Renminbi and United States dollar that are the currencies other than the functional currencies of the respective group entities.

32. CREDITORS AND ACCRUED CHARGES

	2012	2011
	HK$'000	*HK$'000*
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	**109,037**	94,834
61 to 90 days	**4,399**	1,071
Over 90 days	**3,821**	4,421
	117,257	100,326
Retention payables	**102,447**	58,084
Accrued project costs	**295,435**	203,307
Other creditors and accrued charges	**65,275**	79,210
	580,414	440,927
Retention payables		
Due within one year	**43,006**	46,348
Due after one year	**59,441**	11,736
	102,447	58,084

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

The Group's creditors and accrued charges included a carrying amount of HK$3,695,000 (2011: HK$4,570,000) which is denominated in Renminbi that is the currency other than the functional currencies of the respective group entities.

33. AMOUNTS DUE TO AN ASSOCIATE/JOINTLY CONTROLLED ENTITIES/NON-CONTROLLING SHAREHOLDERS

The amounts due to an associate, jointly controlled entities and non-controlling shareholders are unsecured, interest-free and repayable on demand.

34. OTHER BORROWINGS

The maturity of other borrowings, being obligations under finance lease arrangement, is as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**–**	26	**–**	25
In the second to fifth year inclusive	**–**	5	**–**	5
	–	31	**–**	30
Less: Future finance charges	**–**	(1)	**N/A**	N/A
Present value of lease obligations	**–**	30	**–**	30
Less: Amount due within one year shown under current liabilities			**–**	(25)
Amount due after one year			**–**	5

At 31st December, 2011, the lease terms ranged from 4.5 to 5 years. Interest rates underlying all of the obligations under finance lease arrangement were fixed at respective contract dates at 5.7% per annum.

35. BANK LOANS

	2012 HK$'000	2011 HK$'000
The maturity of the bank loans is as follows:		
Within one year	**99,028**	54,587
In the second year	**–**	13,750
	99,028	68,337
Carrying amount of term loans which contain a repayment on demand clause (shown under current liabilities)		
– repayable within one year	**53,851**	68,768
– repayable in the second year	**15,718**	33,226
– repayable in the third to fifth year inclusive	**10,109**	26,452
	79,678	128,446
Total	**178,706**	196,783
Less: Amount shown under current liabilities	**(178,706)**	(183,033)
Amount shown under non-current liabilities	**–**	13,750
Secured	**78,069**	38,403
Unsecured	**100,637**	158,380
	178,706	196,783

At 31st December, 2012, all bank loans are variable-rate borrowings which carry interest ranging from 2.26% to 3.59% (2011: 2.00% to 3.75%) per annum. Interest is repriced every one, two, three or six months.

At 31st December, 2011, bank loans included a carrying amount of HK$3,837,000 which was denominated in United States dollar that is the currency other than the functional currencies of the respective group entities.

The share of a Company's subsidiary and certain motor vehicles are pledged to secure certain bank loans of the Group.

The bank loans granted to certain subsidiaries of Build King by a bank are secured by a personal guarantee given by Mr. Zen Wei Peu, Derek, a director of the Company.

36. DEFERRED TAX LIABILITIES

The deferred tax liabilities recognised by the Group represent tax effect of fair value of intangible assets arising from the acquisition of a subsidiary during the year ended 31st December, 2005. There is no movement of balance during each of the two years ended 31st December, 2012.

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

	2012	2011
	HK$'000	*HK$'000*
Tax losses to expire in:		
2012	**–**	2,927
2013	**4,298**	4,298
2014	**1,584**	1,584
Carried forward indefinitely	**495,190**	544,768
	501,072	553,577

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

37. AMOUNT DUE TO AN ASSOCIATE

The amount is unsecured, interest-free and has no fixed repayment terms. The associate has agreed not to demand repayment within twelve months from the end of the reporting period and the balance is therefore shown under non-current liabilities. The amount is carried at amortised cost using effective interest rate of 5.4% (2011: 5.4%) per annum.

38. AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

At 31st December, 2011, the amount was unsecured, interest-free and had no fixed repayment terms. The jointly controlled entity had agreed not to demand repayment within twelve months from the end of the reporting period and the balance was therefore shown under non-current liabilities. The amount was included in the net assets of a subsidiary being disposed of during the year ended 31st December, 2012 (see note 42).

39. SHARE CAPITAL

	Number of shares		Share capital	
	2012	2011	**2012**	2011
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
Ordinary shares of HK$0.10 each	**1,000,000**	1,000,000	**100,000**	100,000
Issued and fully paid:				
At the beginning and end of the year	**793,124**	793,124	**79,312**	79,312

40. TRANSLATION RESERVE AND NON-CONTROLLING INTERESTS

	Translation reserve	**Non-controlling interests**
	HK$'000	***HK$'000***
At 1st January, 2011	567,330	103,330
Profit for the year	–	10,490
Capital contribution from non-controlling shareholders of subsidiaries	–	9,804
Exchange difference arising on translation of foreign operations	1,329	1,213
Share of reserve of associates	162,067	–
At 31st December, 2011	730,726	124,837
Profit for the year	–	9,638
Capital contribution from a non-controlling shareholder of a subsidiary	–	300
Exchange difference arising on translation of foreign operations	450	436
Reclassification adjustment for translation reserve upon liquidation of an associate	(3,138)	–
Share of reserve of associates	76,765	–
At 31st December, 2012	**804,803**	**135,211**

41. SHARE OPTION SCHEME

The share option scheme of the Company adopted on 18th September, 2002 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted by the Company at the annual general meeting held on 15th May, 2012.

A summary of the New Share Option Scheme is set out as follows:

(a) Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company and the shares of the Company for the benefit of the Company and its shareholders as a whole.

(b) Participants of the New Share Option Scheme

The participants include any executive or non-executive directors of the Group, any executives or officers and full-time employees of the Group who the Board or a committee thereof appointed for the purpose of administering the New Share Option Scheme considers, in its sole discretion, have contributed or will contribute to the Group.

(c) Total number of shares available for issue under the New Share Option Scheme and percentage of the issued share capital at the date of this annual report

As the Old Share Option Scheme was terminated, the Company may no longer grant further options under the Old Share Option Scheme and no options granted under the Old Share Option Scheme remained outstanding.

No share option of the Company has been granted under the New Share Option Scheme since its adoption and up to the date of this annual report.

The total number of shares available for issue under the New Share Scheme is 79,312,403 shares representing 10% of the Company's issued share capital at the date of this annual report.

(d) Maximum entitlement of each participant under the New Share Option Scheme

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue unless the same is approved by the shareholders of the Company.

41. SHARE OPTION SCHEME (Cont'd)

(e) The period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the period commencing on the 1st anniversary of the date of its commencement (being the date upon which the option is deemed to be accepted pursuant to the New Share Option Scheme) and expiring on the 4th anniversary of such date of commencement.

(f) The minimum period for which an option must be held before it can be exercised

An option must be held for a year before it can be exercised.

(g) The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

HK$1 is to be paid as consideration for the grant of option on or before the date of acceptance (being a date not later than 30 days after the date of grant).

(h) The basis of determining the exercise price

The exercise price shall be determined by the Board in its absolute discretion but in any event shall be at least the highest of:

(i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant which must be a business day;

(ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and

(iii) the nominal value of the shares of the Company.

(i) The remaining life of the New Share Option Scheme

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 15th May, 2012.

42. DISPOSAL OF A SUBSIDIARY

On 5th March, 2012, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in a subsidiary incorporated in Hong Kong, Leader Construction Overseas Limited ("Leader Overseas") which holds 51% equity interest in a jointly controlled entity, Shanxi Jin Ya Road and Bridge Construction Co., Ltd., an entity registered in the PRC, to an independent third party at a consideration of RMB10,000,000 (equivalent to HK$12,325,000). The disposal enables the Group to realise its investment in the PRC construction business, so that it may focus on its civil engineering business in Hong Kong. The disposal was completed upon receipt of the full consideration, on which date the Group's control of Leader Overseas has passed.

The loss from Leader Overseas for the current and prior years is analysed as follows:

	2012 ***HK$'000***	2011 *HK$'000*
Administrative expenses and loss for the year	**6,134**	1

The net assets of Leader Overseas at the date of disposal were as follows:

	2012 ***HK$'000***
Interest in a jointly controlled entity	**12,312**
Amount due to a jointly controlled entity	**(4,067)**
Net assets disposed of	**8,245**
Gain on disposal	**4,080**
Total cash consideration received	**12,325**

Net cash inflow arising on disposal:

	2012 ***HK$'000***
Total cash consideration received	**12,325**
Bank balances and cash disposed of	**–**
	12,325

Leader Overseas does not contribute any significant cash flows to the Group during the current and prior years.

43. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debts, which include other borrowings and bank loans as disclosed in notes 34 and 35 and equity attributable to owners of the Company, comprising issued capital and reserves.

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

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

44. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2012	2011
	HK$'000	*HK$'000*
Financial assets		
Held-for-trading investments	**61,416**	45,443
Loans and receivables (including cash and cash equivalents)	**791,909**	589,106
	853,325	634,549
Financial liabilities		
Amortised cost	**759,541**	639,001

44. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies

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

Market risk

(i) Currency risk

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

The carrying amounts of the Group's monetary assets and liabilities denominated in foreign currencies 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 dollar	**3**	3	**–**	3,837
Renminbi	**7,455**	11,086	**3,695**	4,570

Sensitivity analysis

The Group is mainly exposed to the currency risks for fluctuation in exchange rates of United States dollar and Renminbi.

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

44. FINANCIAL INSTRUMENTS (Cont'd)

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

Market risk (Cont'd)

(i) Currency risk (Cont'd)

Sensitivity analysis (Cont'd)

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

(ii) Interest rate risk

Variable-rate bank borrowings (see note 35) expose the Group to cash flow interest rate risk. All of the bank borrowings are at variable-rate and determined by reference to the prevailing market rate.

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

The Group's exposure to interest rate risk for financial liabilities is detailed in the liquidity risk section of this note.

Sensitivity analysis

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

For non-derivative financial liabilities including variable-rate bank borrowings, the analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points (2011: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2011: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31st December, 2012 would decrease/increase by HK$1,492,000 (2011: decrease/increase by HK$1,643,000). This is mainly attributable to the Group's exposure to fluctuation in interest rates on its variable-rate bank borrowings.

44. FINANCIAL INSTRUMENTS (Cont'd)

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

Market risk (Cont'd)

(iii) Other price risk

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

Sensitivity analysis

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

If the prices of the respective instruments had been 10% (2011: 10%) higher/lower while all other variables were held constant, the Group's post-tax profit for the year ended 31st December, 2012 would increase/decrease by HK$5,128,000 (2011: HK$3,794,000) as a result of the changes in fair value of held-for-trading investments.

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

Credit risk

At 31st December, 2012, the Group's maximum exposure to credit risk will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group's credit risk is primarily attributable to its trade debtors and loan and other receivables. The Group is exposed to concentration of credit risk as the major customer of the Group is the Government of Hong Kong.

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

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

44. FINANCIAL INSTRUMENTS (Cont'd)

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

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At 31st December, 2012, the Group has available unutilised bank and other borrowings facilities of approximately HK$175,833,000 (2011: HK$127,063,000) and HK$25,114,000 (2011: HK$16,508,000) respectively.

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities and obligations under finance lease arrangement. The tables have 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 financial liabilities are based on the agreed repayment dates.

The tables include both interest and principal cash flows. To the extent that interest cash flows are at floating rates, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

At 31st December, 2012

	Weighted average effective interest rate	Repayable on demand or 3 months or less	4–6 months	7–12 months	2–3 years	Over 3 years	Total undiscounted cash flows	Carrying amount at 31.12.2012
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities								
– Non-interest bearing		491,739	21,982	75	60,926	14,875	589,597	580,835
– Variable interest rate	2.92	165,025	13,931	–	–	–	178,956	178,706
		656,764	35,913	75	60,926	14,875	768,553	759,541

44. FINANCIAL INSTRUMENTS (Cont'd)

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

Liquidity risk (Cont'd)

Liquidity tables (Cont'd)

At 31st December, 2011

	Weighted average effective interest rate	Repayable on demand or 3 months or less	4–6 months	7–12 months	2–3 years	Over 3 years	Total undiscounted cash flows	Carrying amount at 31.12.2011
	%	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial liabilities								
– Non-interest bearing		382,245	18,309	18,689	14,213	18,170	451,626	442,218
– Variable interest rate	2.62	170,612	4,034	9,632	14,034	–	198,312	196,783
Obligations under finance lease arrangement	5.70	12	5	10	5	–	32	30
		552,869	22,348	28,331	28,252	18,170	649,970	639,031

Term loans with a repayment on demand clause are included in the "repayable on demand or 3 months or less" time band in the above tables. At 31st December, 2012, the aggregate undiscounted principal amount of these bank loans amounted to HK$79,678,000 (2011: HK$128,446,000). Taking into account the Group's financial position, the directors do not believe that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates as set out in respective loan agreements as detailed below:

	3 months or less	4–6 months	7–12 months	2–3 years	Over 3 years	Total undiscounted cash flows	Carrying amount
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31st December, 2012	**5,065**	**20,039**	**30,386**	**25,797**	**629**	**81,916**	**79,678**
At 31st December, 2011	30,075	5,044	35,724	51,060	10,244	132,147	128,446

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

44. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value

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

- the fair values of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;
- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis; and
- the fair values of financial liabilities at FVTPL are estimated with reference to the valuations provided by the counterparty bank.

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

Fair value measurements recognised in the consolidated statement of financial position

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.
- Level 2 fair value 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).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	2012			
	Level 1	Level 2	Level 3	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets at FVTPL				
Equity securities, listed	**28,290**	–	–	**28,290**
Debt securities, listed	**33,126**	–	–	**33,126**

44. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value (Cont'd)

Fair value measurements recognised in the consolidated statement of financial position (Cont'd)

	2011			
	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Total *HK$'000*
Financial assets at FVTPL				
Equity securities, listed	17,701	–	–	17,701
Debt securities, listed	27,742	–	–	27,742

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

Reconciliation of Level 3 fair value measurements of financial liability

	2012 ***HK$'000***	2011 *HK$'000*
Structured borrowing		
At the beginning of the year	**–**	12,561
Settlements	**–**	(12,480)
Change in fair value recognised in profit or loss	**–**	(81)
At the end of the year	**–**	–

45. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment:

	2012 ***HK$'000***	2011 *HK$'000*
Contracted for but not provided in the consolidated financial statements	**–**	4,343
Authorised but not contracted for	**–**	699
	–	5,042

46. OPERATING LEASE COMMITMENTS

The Group as lessor

At the end of the reporting period, the Group has the following future minimum lease receipts under non-cancellable operating leases:

	Buildings		Plant and machinery	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Within one year	**168**	213	**3,000**	3,000
In the second to fifth year inclusive	**128**	298	**3,625**	6,625
	296	511	**6,625**	9,625

The Group as lessee

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

	2012	2011
	HK$'000	*HK$'000*
Within one year	**44,800**	46,425
In the second to fifth year inclusive	**47,506**	86,460
Over five years	**–**	165
	92,306	133,050

Leases are negotiated/tendered for terms ranging from 1 to 5 years and rentals are fixed at the time of entering respective leases.

47. CONTINGENT LIABILITIES

	2012	2011
	HK$'000	*HK$'000*
Outstanding tender/performance/retention bonds in respect of construction contracts	**242,799**	153,854

48. RETIREMENT BENEFITS SCHEMES

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

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

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

The employees of the Company'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.

During the year, the amount charged to profit or loss of HK$13,434,000 (2011: HK$13,607,000) represents the aggregate retirement benefits scheme contributions for the Group's employees, net of forfeited contributions.

49. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

	2012 ***HK$'000***	2011 *HK$'000*
Associates		
Service income	**174**	696
Jointly controlled entities		
Construction contract revenue	**–**	32,070
Sales of concrete	**20,924**	1,345
Management fee income	**8,472**	28,707
Plant hire income	**2,700**	–
Purchase of property, plant and equipment	**–**	3,800
A related company *(note)*		
Construction contract revenue	**2,000**	–

Note: The related company is an indirect wholly owned subsidiary of a substantial shareholder of the Company.

49. RELATED PARTY TRANSACTIONS (Cont'd)

At 31st December, 2012, Mr. Zen Wei Peu, Derek, a director of the Company, provided a personal guarantee amounting to HK$12,500,000 (2011: HK$12,500,000) to a bank to secure the general banking facilities granted to certain subsidiaries of Build King.

The amounts due from/to related parties are set out in the consolidated statement of financial position and notes 29, 33, 37 and 38.

Compensation of key management personnel

	2012 *HK$'000*	2011 *HK$'000*
Short-term employee benefits	**30,899**	30,694
Post-employment benefits	**1,968**	1,783
	32,867	32,477

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

50. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st December, 2012 and 2011 are as follows:

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital*	Effective interest held by the Company %	Principal activities
Archibuild Limited	Hong Kong	HK$6,000 Ordinary shares	**51.17** *(note b)*	Supply and provision of installation works of stone products
		HK$4,000 Preferred shares *(note c)*	–	
Build King Holdings Limited *(note a)*	Bermuda/ Hong Kong	HK$124,187,799	**51.17**	Investment holding
Champ Foundation Limited	Hong Kong	HK$20,000,000	**26.10** *(note b)*	Civil engineering
Excel Concrete Limited	Hong Kong	HK$10,000,000	**94.05** *(note d)*	Manufacturing and trading, and delivery of concrete

50. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital*	Effective interest held by the Company %	Principal activities
Grandeur Building Material (Holdings) Limited	Hong Kong	HK$2	**100**	Trading of construction materials
Kaden Construction Limited	United Kingdom/ Hong Kong	GBP16,072,500	**51.17** *(note b)*	Construction and civil engineering
Leader Civil Engineering Corporation Limited	Hong Kong	HK$25,200,000 Ordinary shares HK$24,000,000 Non-voting deferred shares	**51.17** *(note b)* **51.17** *(note b)*	Civil engineering
Leader Marine Contractors Limited	Hong Kong	HK$200,000	**51.17** *(note b)*	Marine engineering and provision of transportation services
Leader Marine L.L.C.	Sharjah, United Arab Emirates ("U.A.E.")	Dh300,000	**51.17** *(note b)*	Ships and boats rental and shipping services
Leader Marine Cont. L.L.C.	Sharjah, U.A.E.	Dh300,000	**51.17** *(note b)*	First class contracting/ specialised in marine construction
Mega Yield International Holdings Limited ("Mega Yield")	Hong Kong	HK$105,000,000	**94.05**	Investment holding
Wai Hing Quarries (China) Limited	Hong Kong/The PRC	HK$2 Ordinary shares HK$1,200,000 Non-voting deferred shares	**100** **100**	Production of construction materials
Wai Kee China Construction Company Limited	Hong Kong/The PRC	HK$10,000,000	**51.17** *(note b)*	Civil engineering
Wai Kee Quarry Asia Limited	Hong Kong	HK$2	**100**	Investment holding

50. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital/ registered capital*	Effective interest held by the Company	Principal activities
			%	
Wai Kee (Zens) Construction & Transportation Company Limited	Hong Kong	HK$25,000,002 Ordinary shares HK$14,800,000 Non-voting deferred shares HK$5,200,000 Non-voting deferred shares *(note e)*	**51.17** *(note b)* **51.17** *(note b)* –	Civil engineering
Wai Kee (Zens) Holding Limited	British Virgin Islands	US$50,000	**100**	Investment holding
Wuxi Qianhui Sewage Treatment Co., Ltd. *(note f)*	The PRC	US$5,400,000*	**48.92** *(note b)*	Sewage treatment
Zhuhai Guishan Seawall Construction Company *(note f)*	The PRC	HK$47,000,000*	**80**	Seawall construction and production of construction materials
惠記環保工程(上海)有限公司 *(note g)*	The PRC	US$800,000*	**51.17** *(note b)*	Environmental engineering

Notes:

(a) The shares of Build King are listed on the Main Board of the Stock Exchange.

(b) The Company holds the effective interest in the subsidiary through Build King.

(c) These preferred shares, which are not held by the Group, practically carry rights to dividends and rights to receive notice of or to attend or vote at any general meeting of the company. On winding up, both the holders of the ordinary shares and the holders of the preferred shares are entitled to a distribution out of the remaining assets of the company on a pro rata basis in proportion to the number of shares held by them respectively.

(d) The Company holds the effective interest in the subsidiary through Mega Yield.

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

(f) The company is a co-operative joint venture registered in the PRC.

(g) The company is a foreign owned enterprise registered in the PRC.

50. PRINCIPAL SUBSIDIARIES (Cont'd)

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

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

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

51. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2012	2011
	HK$'000	*HK$'000*
Investments in subsidiaries	**123,915**	123,915
Amounts due from subsidiaries	**2,011,481**	1,941,236
Other current assets	**3,231**	8,583
Amounts due to subsidiaries	**(869,241)**	(811,184)
Other current liabilities	**(147)**	(233)
Bank loans	**(40,000)**	(87,000)
	1,229,239	1,175,317
Share capital *(note 39)*	**79,312**	79,312
Reserves	**1,149,927**	1,096,005
	1,229,239	1,175,317

51. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY (Cont'd)

Statement of changes in equity

	Share capital HK$'000	Share premium HK$'000	Contribution surplus HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1st January, 2011	79,312	731,906	93,995	3,073	249,922	1,158,208
Profit for the year	–	–	–	–	100,387	100,387
Sub-total	79,312	731,906	93,995	3,073	350,309	1,258,595
Expiry of share options	–	–	–	(3,073)	3,073	–
Dividends paid	–	–	–	–	(83,278)	(83,278)
At 31st December, 2011	79,312	731,906	93,995	–	270,104	1,175,317
Profit for the year	–	–	–	–	126,096	126,096
Sub-total	79,312	731,906	93,995	–	396,200	1,301,413
Dividends paid	–	–	–	–	(72,174)	(72,174)
At 31st December, 2012	**79,312**	**731,906**	**93,995**	**–**	**324,026**	**1,229,239**

RESULTS

	Year ended 31st December,				
	2008	2009	2010 (Restated)	2011 (Restated)	**2012**
	HK$'000 (*note*)	*HK$'000* (*note*)	*HK$'000*	*HK$'000*	***HK$'000***
Group revenue	837,434	844,313	734,273	1,248,340	**1,958,069**
Share of revenue of jointly controlled entities	214,412	213,071	192,572	578,218	**481,729**
Group revenue and share of revenue of jointly controlled entities	1,051,846	1,057,384	926,845	1,826,558	**2,439,798**
Profit (loss) before tax from operations:					
Company and subsidiaries	(139,295)	32,647	(61,756)	10,988	**18,518**
Share of results of associates	230,743	280,586	224,231	292,050	**310,002**
Share of results of jointly controlled entities	26,572	37,869	30,039	3,261	**8,071**
Profit before tax	118,020	351,102	192,514	306,299	**336,591**
Income tax (expense) credit	113	(4,182)	(322)	(5,074)	**(261)**
Profit for the year	118,133	346,920	192,192	301,225	**336,330**
Profit for the year attributable to:					
Owners of the Company	161,392	315,821	188,800	290,735	**326,692**
Non-controlling interests	(43,259)	31,099	3,392	10,490	**9,638**
	118,133	346,920	192,192	301,225	**336,330**

FINANCIAL POSITION

	At 31st December,				
	2008	2009	2010 (Restated)	2011 (Restated)	**2012**
	HK$'000 (*note*)	*HK$'000* (*note*)	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	4,445,447	4,515,006	4,699,325	5,305,764	**5,827,981**
Total liabilities	(822,394)	(526,520)	(546,923)	(761,002)	**(944,250)**
Net assets	3,623,053	3,988,486	4,152,402	4,544,762	**4,883,731**
Equity attributable to owners of the Company	3,586,076	3,920,668	4,049,072	4,419,925	**4,748,520**
Non-controlling interests	36,977	67,818	103,330	124,837	**135,211**
Total equity	3,623,053	3,988,486	4,152,402	4,544,762	**4,883,731**

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

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

LAM Wai Hon, Patrick
CHENG Chi Ming, Brian
CHENG Chi Pang, Leslie

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

CHIU Wai Yee, Anriena

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Reed Smith Richards Butler
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
China CITIC Bank International Limited
The Bank of East Asia, Limited

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