



Road King Infrastructure Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 1098)

2013 Annual Report



CORPORATE PROFILE

ROAD KING INFRASTRUCTURE LIMITED

Road King Infrastructure Limited (“Road King”) is a prominent property developer in the People’s Republic of China (the “PRC”) and focuses on developing quality residential apartments at affordable prices. Road King’s existing asset portfolio of property business amounts to approximately HK\$34 billion, comprising a land reserve of over 5,600,000 square metres which is primarily located in the Yangtze River Delta and Bohai Rim regions. Road King is also a leading toll road investor and operator in the PRC with over 20 years of experience in the industry. Road King’s current toll road portfolio comprises four expressways spanning over 300 kilometres in the PRC.





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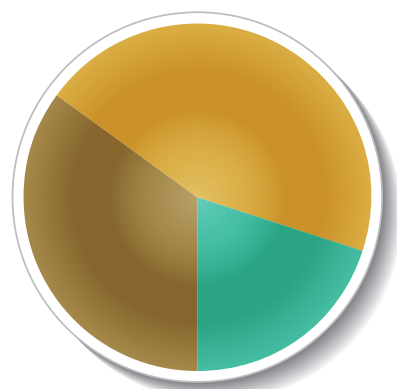
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Financial Highlights

(HK\$'million)	For the year ended 31 December*				
	2013	2012	2011 (restated)*	2010 (restated)*	2009
Revenue from property development	11,456	9,344	6,833	4,942	4,600
Group's share of toll revenue	893	839	844	803	1,083
Proceeds received from property development	14,047	11,388	6,817	7,475	5,600
Cash received from toll road projects	512	523	658	751	539
Profit attributable to owners of the Company	1,002	818	735	581	728
Equity attributable to owners of the Company	12,672	11,793	11,072	10,244	9,852
Total assets	43,429	37,275	31,732	27,686	22,223
Dividend per Share (HK\$)	0.58	0.46	0.46	0.43	0.50
Net gearing ratio (%)	52	51	61	32	34

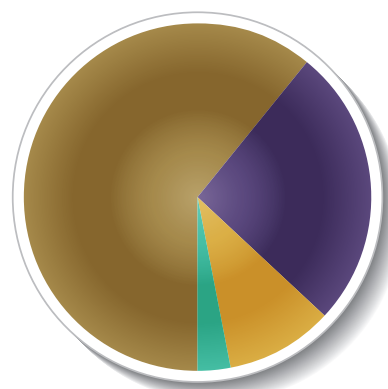
* The figures of 2011 and 2010 have been restated pursuant to the amendments made to HKAS 12 effective from 1 January 2012 for comparison purposes but no retrospective amendments are made prior to 2010.

Revenue contribution of property projects in 2013 by location



- **35%** Yangtze River Delta Region
- **45%** Bohai Rim Region
- **20%** Other Major Regions

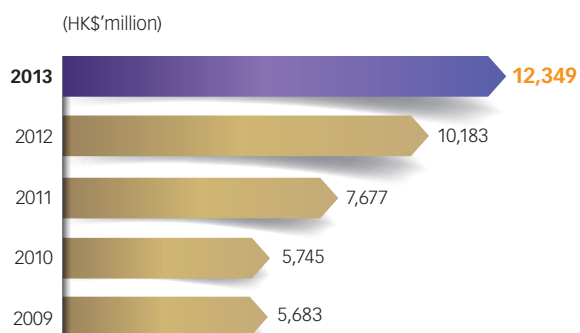
Revenue contribution of toll road projects in 2013 by location



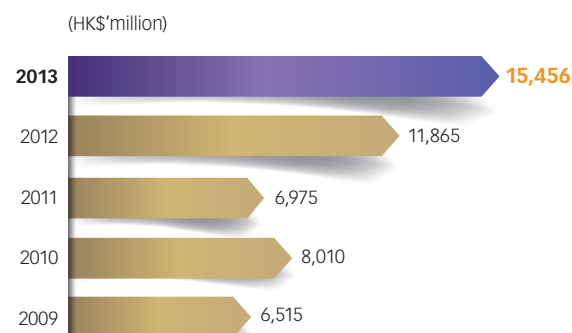
- **61%** Hebei Province
- **26%** Hunan Province
- **10%** Shanxi Province
- **3%** Other Locations

Financial Highlights (continued)

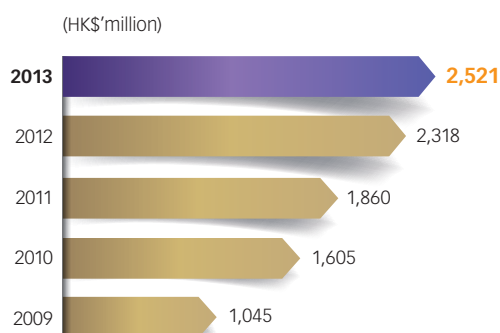
Revenue from property development and Group's share of toll revenue



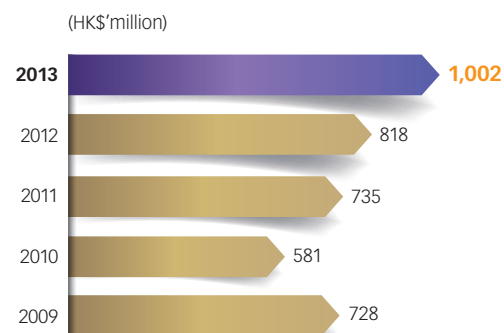
Contracted sales from property development (including a joint venture project)



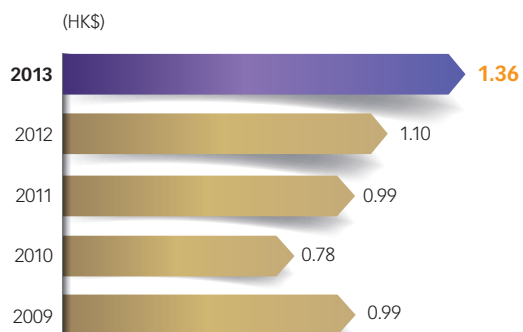
Profit before taxation



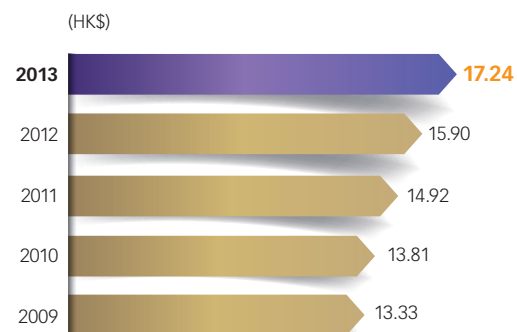
Profit attributable to owners of the Company*



Earnings per Share*



Net assets per Share*



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

Chairman's Statement



Zen Wei Pao, William
Chairman

Dear Shareholders,

Road King commenced the toll road business in 1993. During the past two decades, apart from maintaining a focus on the toll road business, Road King has been cautiously active in exploring other appropriate businesses opportunities. To date, the Group's property development business in the PRC has established a solid foundation, and has been growing favourably in terms of geographical presence and market penetration.

The Group was listed in 1996. Thanks to the support of customers and business partners, combined with the efforts of the shareholders and our staff, the profit attributable to the owners of the Company has increased from HK\$90 million in 1996 to HK\$1,002 million in 2013, and the Group's total assets has grown from HK\$1,433 million to HK\$43,429 million, representing an increase of 11.13 times and 30.31 times respectively.

The profit attributable to the owners of the Company for 2013 was HK\$1,002 million. The Board recommended a final dividend of HK\$0.40 per share. Together with the interim dividend of HK\$0.18 per share, the total dividend for 2013 will be HK\$0.58 per share (2012: HK\$0.46 per share).

In 2013, the PRC property market continued to demonstrate strong performance despite the impact of government policies. By adopting an effective and practicable strategy, the Group completed contracted sales (including a joint venture project) of RMB12,210 million for the year, representing a growth of 28% compared with RMB9,563 million in 2012. Proceeds from sales and profit also increased 21% and 17% to RMB11,097 million and HK\$849 million respectively. During the year, the Group acquired nine pieces of new land with an aggregate floor area of about 1,700,000 sqm in 2013.

Chairman's Statement (continued)

The toll road business continued to generate stable cash flow for the Group in 2013. In January 2014, the Group received the notice of being successfully tendered for 49% equity interest in Machao Expressway in Anhui Province, an expressway which had just commenced operation recently. As the Group's entitlement in the distribution of Baojin Expressway in Hebei Province has increased to 40% in the second half of 2013, and Longcheng Expressway in Shanxi Province becomes increasingly developed, coupled with the inclusion of Machao Expressway in Anhui Province, the toll road business is expected to show stronger performance in the future.

The Group has achieved excellent results in the past two decades and will continue to accelerate its development and growth through enthusiastic and determined actions in 2014 and beyond. I am confident that the Group will accomplish greater achievements.

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

Zen Wei Pao, William

Chairman

Hong Kong, 7 March 2014

Chief Executive Officer's Report



Ko Yuk Bing
Chief Executive Officer

Dear Shareholders,

RESULTS FOR 2013

The profit attributable to the owners of the Company for 2013 was HK\$1,002 million, and earnings per Share was HK\$1.36, representing an increase of 24% compared with HK\$1.10 per Share for 2012. The contracted sales of the property business (including a joint venture project) for the year amounted to RMB12,210 million (approximately HK\$15,456 million), representing a growth of 28% compared with RMB9,563 million in 2012. In addition, the Group had outstanding subscribed sales of about RMB700 million (approximately HK\$886 million) at the end of December 2013. The total revenue of toll road projects for the year amounted to RMB1,895 million (approximately HK\$2,399 million).

PROPERTY BUSINESS

In 2013, the Group achieved remarkable results in operation and development through the implementation of strategies of deeper exploitation and balancing high turnover and profitability. Contracted sales and sales proceeds in 2013 increased 28% and 21% respectively as compared with those of 2012, while the average selling price was approximately RMB11,060 per sqm (approximately HK\$14,000 per sqm), representing a rise of 18% over that of 2012.

With a view to replenishing its land reserve, the Group acquired nine pieces of new land in Shanghai, Changzhou and Zhenjiang (both in Jiangsu Province) and Luoyang in Henan Province, with an aggregate floor area of about 1,700,000 sqm. In January 2014, the Group secured additional new pieces of land in Suzhou, Wuxi and Changzhou with an aggregate floor area of 452,000 sqm.

Chief Executive Officer's Report (continued)

TOLL ROAD BUSINESS

The total traffic volume and toll revenue of the Group's toll road projects was 68 million vehicles and RMB1,895 million (approximately HK\$2,399 million) respectively in 2013. Toll revenue contributed by expressway projects represented approximately 94% of that of the Group's toll road business.

In 2013, in line with the Group's strategy to withdraw from Class I/II highway projects and expand the expressway portfolio, the Group disposed of Hehuai Highway and Hefei section of Heye Highway in Anhui Province, and cooperated with the local government to withdraw from the Xiushui toll station of Yulin Highway in Guangxi Zhuang Autonomous Region in exchange for government compensation. In January 2014, the Group received the notice of being successfully tendered for 49% equity interest in Machao Expressway in Anhui Province which had just commenced operation recently. The 35.77-kilometre-long Machao Expressway runs from east to west, connecting Lima Expressway in Jiangsu Province to Hechaowu Expressway in Anhui Province and forming an important part of Anhui Province Yan Jiang Bei An Expressway (安徽省沿江北岸高速公路). The toll collection period granted is 30 years. Approvals for relevant documentations of the project are being obtained and the whole process is expected to be completed within this year.

As the Group's entitlement in the distribution of Baojin Expressway in Hebei Province has increased to 40% in the second half of 2013, and Longcheng Expressway in Shanxi Province becomes increasingly developed, coupled with the inclusion of Machao Expressway in Anhui Province, the toll road business is expected to show stronger performance in the future.

PROSPECT

The Group believes that the property industry is a livelihood industry in the PRC. It still has substantial growth potential on the back of China's economic development and is worth for the Group to continue developing and expanding in this industry. After years of implementation and efforts, the Group will continue to adopt the strategy that balances deeper exploitation and profitability. On one hand, the Group is going to enhance the strategic cooperation with its partners and on the other hand, the Group will further refine and implement the products categorisation and standardisation, and optimise product quality and cost structure. In doing so, the Group aims to expand its size, establish long-standing brand recognition and increase return on operation.

The Group believes that the toll road business can provide steady cash flows and returns over the long term. While continuing to dispose of the remaining highway projects, the Group will seek appropriate expressway projects by leveraging its reputation in the industry and management experience obtained over the past two decades, with a view to expanding its expressway portfolio further and creating solid returns for Shareholders continuously.

ACKNOWLEDGEMENT

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

Ko Yuk Bing

Chief Executive Officer

Hong Kong, 7 March 2014

Major Awards



Road King Infrastructure Limited

Top 5 Listed Real Estate Companies in Risk Management and Control in China 2013

RK Properties Holdings Limited

Top Foreign-owned Property Developer in China 2013

Top 35 Property Developers in China 2013

Top 10 Stable Operation Property Developers in China 2013

Most Influential Real Estate Brand in China 2013

Major Awards (continued)



Property Business

- | | |
|------------------|---|
| Changzhou | Top 20 Comprehensive Strength Enterprise |
| Beijing | Best Purchase Value Project Award - RK World City |
| Guangzhou | Top Landscape Design Project 2012 - Banyan Riverside |
| Tianjin | Regional Leading Landmark Residence 2012 - Sunny Town |
| Jinan | Most Suitable for Living Residence - Royal Panorama |

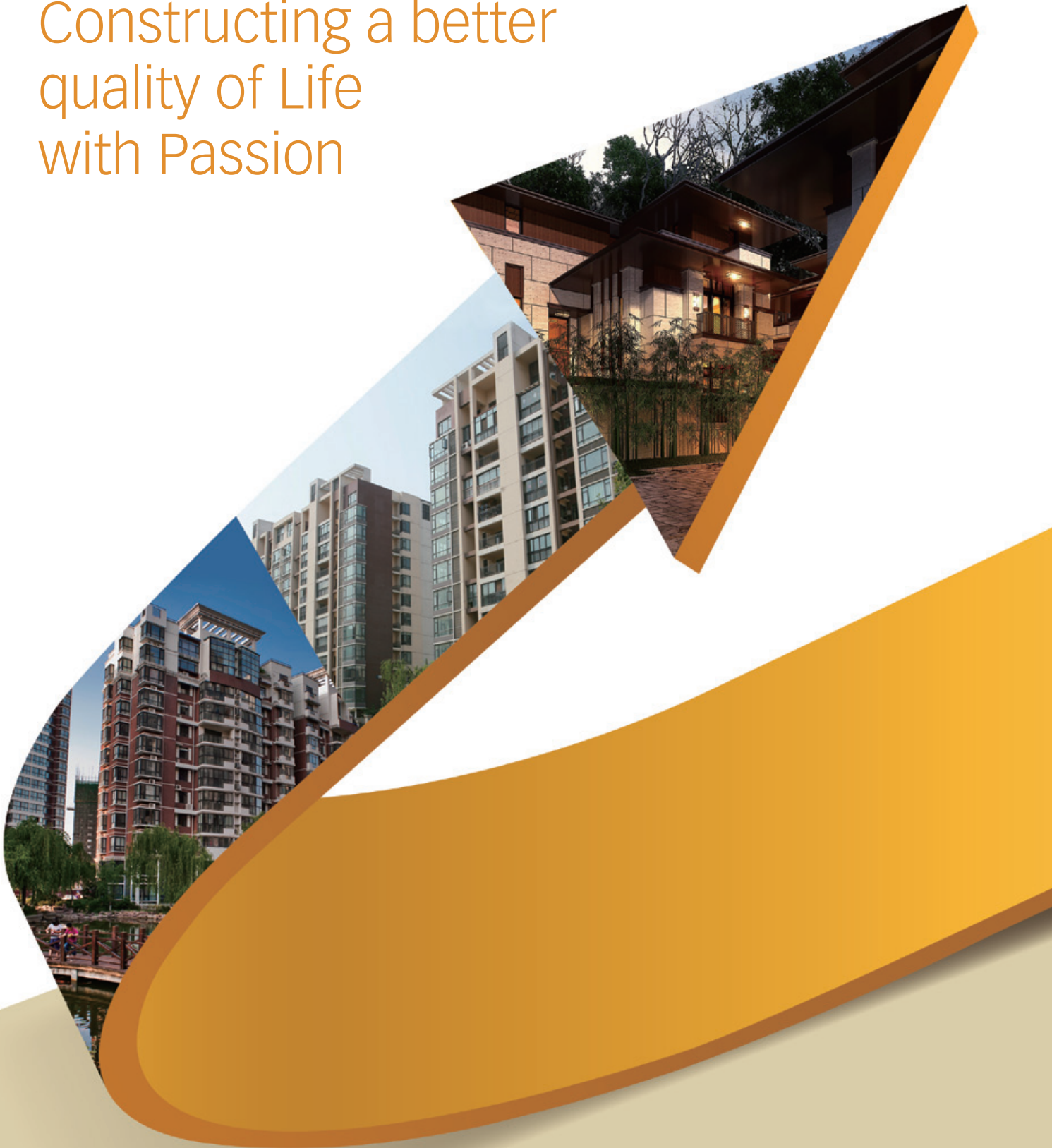
Toll Road Business

- | | |
|---------------------------|--|
| Changyi Expressway | 2013 National Award for Excellence in Corporate Culture in the Transportation Industry |
| | 2013 Provincial Award for Excellence in Management and Operation of Expressway |

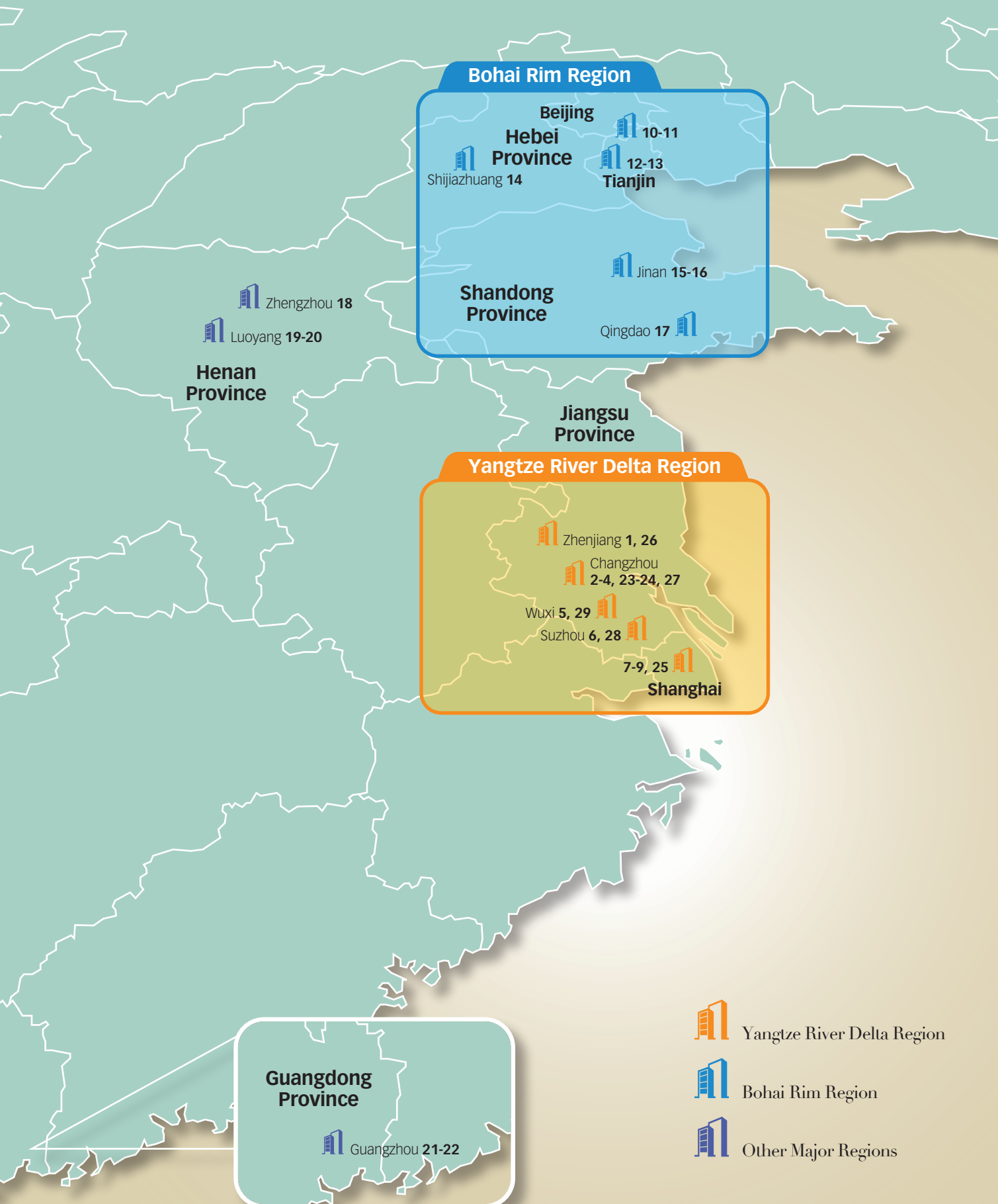
Management Discussion and Analysis

Property Projects

Constructing a better
quality of Life
with Passion



Management Discussion and Analysis (continued)



-  Yangtze River Delta Region
-  Bohai Rim Region
-  Other Major Regions

Management Discussion and Analysis (continued)

Major Projects Information

PROPERTIES FOR SALE

As at 31 December 2013

Yangtze River Delta Region

P1 Notting Hill (formerly known as Zhenjiang Dingmao Project)								
	Floor area (sqm)	126,000	Nature	Residential	Stage of completion (note)	M/P/F	Land area (sqm)	98,000
	Approximate attributable interest	100.00%	Target completion	2016	Location	Zhenjiang, Jiangsu Province		
	Zhenjiang RK Properties Developments Ltd.							
P2 Changzhou RK City								
	Floor area (sqm)	705,000	Nature	Residential	Stage of completion (note)	M/P/F/S	Land area (sqm)	280,000
	Approximate attributable interest	100.00%	Target completion	2019	Location	Changzhou, Jiangsu Province		
	Changzhou RK Properties Developments Ltd.							
P3 RK Urban Home Court (formerly known as Changzhou Xilin Project)								
	Floor area (sqm)	233,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	95,000
	Approximate attributable interest	100.00%	Target completion	2016	Location	Changzhou, Jiangsu Province		
	Changzhou RK Hongcheng Properties Developments Ltd.							
P4 Changzhou RK Royal City								
	Floor area (sqm)	302,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	487,000
	Approximate attributable interest	100.00%	Target completion	2016	Location	Changzhou, Jiangsu Province		
	Changzhou Great Gallop Properties Developments Ltd.							
P5 The Providence								
	Floor area (sqm)	210,000	Nature	Residential	Stage of completion (note)	P/F/S	Land area (sqm)	88,000
	Approximate attributable interest	100.00%	Target completion	2016	Location	Wuxi, Jiangsu Province		
	Wuxi RK Liyuan Properties Limited							

Management Discussion and Analysis (continued)

Major Projects Information

PROPERTIES FOR SALE

As at 31 December 2013

Yangtze River Delta Region

P6 Phoenix City								
	Floor area (sqm)	774,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	847,000
	Approximate attributable interest	100.00%	Target completion	2018	Location	Suzhou, Jiangsu Province		
Suzhou Junyu Properties Ltd.								
P7 Shanghai Villa								
	Floor area (sqm)	130,000	Nature	Residential	Stage of completion (note)	P/F/S	Land area (sqm)	136,000
	Approximate attributable interest	55.00%	Target completion	2017	Location	Shanghai		
Shanghai Juncheng Real Estate Ltd.								
P8 Shanghai Anting Project								
	Floor area (sqm)	121,000	Nature	Residential	Stage of completion (note)	M/P/F	Land area (sqm)	61,000
	Approximate attributable interest	75.00%	Target completion	2016	Location	Shanghai		
Shanghai Junan Real Estate Ltd.								
P9 Shanghai Manor (formerly known as Château du Nord)								
	Floor area (sqm)	130,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	133,000
	Approximate attributable interest	55.00%	Target completion	2016	Location	Shanghai		
Shanghai Juncheng Real Estate Ltd.								

Management Discussion and Analysis (continued)

Major Projects Information

PROPERTIES FOR SALE

As at 31 December 2013

Bohai Rim Region

P10 Jianguomen Project								
	Floor area (sqm)	31,000	Nature	Commercial	Stage of completion (note)	M	Land area (sqm)	11,000
	Approximate attributable interest	100.00%	Target completion	2018	Location	Beijing		
	Beijing Wuyuetian Properties Development Co., Ltd.							
P11 RK World City								
	Floor area (sqm)	156,000	Nature	Residential and Commercial	Stage of completion (note)	F/S/C	Land area (sqm)	108,000
	Approximate attributable interest	100.00%	Target completion	2016	Location	Beijing		
	Beijing RK Junyu Properties Developments Ltd.							
P12 Sunny Town								
	Floor area (sqm)	353,000	Nature	Residential	Stage of completion (note)	P/F/S/C	Land area (sqm)	811,000
	Approximate attributable interest	94.74%	Target completion	2017	Location	Tianjin		
	Tianjin Sunco Xindi Property Co., Ltd.							
P13 Leader of Life								
	Floor area (sqm)	130,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	327,000
	Approximate attributable interest	94.74%	Target completion	2015	Location	Tianjin		
	Tianjin Sunco Rongxin Land Co., Ltd. and Tianjin RK Junyao Properties Investment Co., Ltd.							
P14 International City								
	Floor area (sqm)	119,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	80,000
	Approximate attributable interest	100.00%	Target completion	2014	Location	Shijiazhuang, Hebei Province		
	Hebei RK Properties Developments Ltd.							


Management Discussion and Analysis (continued)

Major Projects Information


PROPERTIES FOR SALE

As at 31 December 2013


Bohai Rim Region


P15 Jinan University Project								
	Floor area (sqm)	129,000	Nature	Residential and Commercial	Stage of completion (note)	M	Land area (sqm)	53,000
	Approximate attributable interest	100.00%	Target completion	2017	Location	Jinan, Shandong Province		
	Shandong Yudi Properties Development Co., Ltd.							

P16 Royal Panorama								
	Floor area (sqm)	81,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	177,000
	Approximate attributable interest	94.74%	Target completion	2015	Location	Jinan, Shandong Province		
	Jinan Shuncheng Real Estate Development Co., Ltd.							

P17 Unusual Landscape								
	Floor area (sqm)	85,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	249,000
	Approximate attributable interest	94.74%	Target completion	2016	Location	Qingdao, Shandong Province		
	Shandong Sunco Rongsheng Land Co., Ltd.							

Other Major Regions

P18 Central Special Zone								
	Floor area (sqm)	30,000	Nature	Residential and Commercial	Stage of completion (note)	C	Land area (sqm)	210,000
	Approximate attributable interest	94.74%	Target completion	Not applicable	Location	Zhengzhou, Henan Province		
	Zhengzhou Keshu Real Estate Co., Ltd.							

P19 Sunco Town								
	Floor area (sqm)	40,000	Nature	Residential	Stage of completion (note)	C	Land area (sqm)	111,000
	Approximate attributable interest	94.74%	Target completion	Not applicable	Location	Luoyang, Henan Province		
	Luoyang Sunco Real Estate Development Co., Ltd.							




Management Discussion and Analysis (continued)

Major Projects Information

PROPERTIES FOR SALE

As at 31 December 2013

Other Major Regions





P20	Luoyang RK Royal City							
	Floor area (sqm)	393,000	Nature	Residential	Stage of completion (note)	M/P/F	Land area (sqm)	147,000
	Approximate attributable interest	100.00%	Target completion	2018	Location	Luoyang, Henan Province		
Luoyang RK Properties Developments Ltd.								
P21	Banyan Riverside							
	Floor area (sqm)	60,000	Nature	Residential	Stage of completion (note)	S/C	Land area (sqm)	35,000
	Approximate attributable interest	100.00%	Target completion	2014	Location	Guangzhou, Guangdong Province		
Guangzhou Junhua Real Estate Limited								
P22	J-o-Y Heights							
	Floor area (sqm)	262,000	Nature	Residential	Stage of completion (note)	F/S/C	Land area (sqm)	103,000
	Approximate attributable interest	100.00%	Target completion	2016	Location	Guangzhou, Guangdong Province		
Guangzhou Junyue Real Estate Limited								

Management Discussion and Analysis (continued)

Major Projects Information

INVESTMENT PROPERTIES

As at 31 December 2013

P23 Grand Metropolis								
	Floor area (sqm)	120,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	67,000
	Approximate attributable interest	100.00%	Target completion	Not applicable	Location	Changzhou, Jiangsu Province		
Changzhou Greatmind Properties Developments Ltd.								
P6 Phoenix City								
	Floor area (sqm)	16,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	13,000
	Approximate attributable interest	100.00%	Target completion	Not applicable	Location	Suzhou, Jiangsu Province		
Suzhou Junyu Properties Ltd.								
P12 Joy Park								
	Floor area (sqm)	16,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	9,000
	Approximate attributable interest	94.74%	Target completion	Not applicable	Location	Tianjin		
Tianjin Sunco Xindi Property Co., Ltd.								
P18 Central Special Zone								
	Floor area (sqm)	25,000	Nature	Commercial	Stage of completion (note)	C	Land area (sqm)	9,000
	Approximate attributable interest	94.74%	Target completion	Not applicable	Location	Zhengzhou, Henan Province		
Zhengzhou Keshu Real Estate Co., Ltd.								
P22 J·O·Y Heights								
	Floor area (sqm)	9,000	Nature	Commercial	Stage of completion (note)	S/C	Land area (sqm)	4,000
	Approximate attributable interest	100.00%	Target completion	2014	Location	Guangzhou, Guangdong Province		
Guangzhou Junyue Real Estate Limited								

Management Discussion and Analysis (continued)

Major Projects Information

PROJECTS ACQUIRED IN THE SECOND HALF OF 2013

Yangtze River Delta Region

P24 Zhonglou Yanan Project							
Floor area (sqm)	221,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	89,000
Approximate attributable interest	100.00%	Target completion	2016	Location	Changzhou, Jiangsu Province		
Changzhou RK Hongyuan Properties Developments Ltd.							
P25 Shanghai Anting Changji Road South Project							
Floor area (sqm)	80,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	42,000
Approximate attributable interest	75.00%	Target completion	2017	Location	Shanghai		
Shanghai Junan Real Estate Ltd.							
P26 Zhenjiang Dagang Project							
Floor area (sqm)	522,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	257,000
Approximate attributable interest	100.00%	Target completion	2019	Location	Zhenjiang, Jiangsu Province		
Zhenjiang RK Dagang Properties Developments Co., Ltd.							

Management Discussion and Analysis (continued)

Major Projects Information

LAND PARCELS ACQUIRED IN 2014

Yangtze River Delta Region

P27 Land Parcel in Lingjiatang, Zhonglou District							
Floor area (sqm)	276,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	110,000
Approximate attributable interest	100.00%	Target completion	2017	Location	Changzhou, Jiangsu Province		
Changzhou RK Hongrun Properties Developments Ltd.							
P28 Land Parcel in Changhong, Gaoxin District							
Floor area (sqm)	84,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	46,000
Approximate attributable interest	100.00%	Target completion	2016	Location	Suzhou, Jiangsu Province		
Suzhou RK Properties Co., Ltd.							
P29 Land Parcel on Zhongnan West Road, Binhu District							
Floor area (sqm)	92,000	Nature	Residential	Stage of completion (note)	M	Land area (sqm)	26,000
Approximate attributable interest	100.00%	Target completion	2016	Location	Wuxi, Jiangsu Province		
Wuxi RK Binhu Properties Co., Ltd.							

Notes:

"M" denotes "Master planning"
"F" denotes "Foundation"

"R" denotes "Relocation"
"S" denotes "Superstructure"

"P" denotes "Planning and design"
"C" denotes "Completed"

Management Discussion and Analysis (continued)

Toll Road Projects

Paving a better journey
with Passion



Management Discussion and Analysis (continued)



Expressway 

Highway 

Machao Expressway 

Management Discussion and Analysis (continued)

Major Projects Information

TOLL ROAD BUSINESS

As at 31 December 2013

Expressways

T1 Baojin Expressway						
	Location	Hebei Province	Length	105 km	Equity interest	40%
	Route	National Expressway G18 Baoding-Tianjin ~ 4-lane		Road Rise Investments Limited		
T2 Tangjin Expressway						
	Location	Hebei Province	Length	58 km	Equity interest	45%
	Route	National Expressway G25 Tangshan-Tianjin ~ 4/6-lane		Ontex Investments Limited Road Base Investments Limited Road Bond Investments Limited		
T3 Changyi Expressway						
	Location	Hunan Province	Length	69 km	Equity interest	43%
	Route	National Expressway G5513 Changsha-Yiyang ~ 4-lane		Road Crown Investments Limited Road Express Investments Limited Road Famous Investments Limited Road Glorious Investments Limited Road Grand Investments Limited Road Link Investments Limited		
T4 Longcheng Expressway						
	Location	Shanxi Province	Length	72 km	Equity interest	45%
	Route	Provincial Expressway S60 Yuci Longbai Village-Chengzhao, Qixian ~ 6-lane		Intersafe Investments Limited		

Machao Expressway

In January 2014, the Group was notified of its successful bid of 49% equity interests in Machao Expressway and is now finalising and seeking approval for follow-up documents.

Management Discussion and Analysis (continued)

Major Projects Information

TOLL ROAD BUSINESS

As at 31 December 2013

Highways

T5 Shijin Highway						
	Location	Hebei Province	Length	40 km	Equity interest	60%
	Route	National Highway 307 Shijiazhuang-Jinzhou ~ Class I/II Highway ~ 2/4-lane		Road Fly Investments Limited Road Sincere Investments Limited		
T6 Dongguan Highway						
	Location	Shanxi Province	Length	38 km	Equity interest	65%
	Route	National Highway 108 Yuci Dongchangshou-Qixian Dongguan ~ Class I Highway ~ 4-lane		Pondtai Investments Limited		
T7 Yuci City Bypass						
	Location	Shanxi Province	Length	17 km	Equity interest	65%
	Route	National Highway 108 Yuci City Bypass ~ Class I Highway ~ 4-lane		Road Gain Investments Limited		
T8 Heye Highway						
	Location	Anhui Province	Length	55 km	Equity interest	50%
	Route	National Highway 312 Hefei-Yeji ~ Class I Highway ~ 4/6-lane		Road Mass Investments Limited Road Team Investments Limited		
T9 Suzhou Shanghai Airport Highway						
	Location	Jiangsu Province	Length	53 km	Equity interest	50%
	Route	Provincial Highway 343 Suzhou-Shanghai Hongqiao Airport (Suzhou Section) ~ Super Class II Highway ~ 4-lane		Anwell Investment Limited		
T10 Yulin Highway						
	Location	Guangxi Zhuang Autonomous Region	Length	11 km	Equity interest	70%
	Route	National Highway 324 Yulin Section ~ Class I Highway ~ 4/6-lane		Tonston Investments Limited		

Management Discussion and Analysis (continued)

BUSINESS REVIEW

The profit attributable to the owners of the Company for 2013 was HK\$1,002 million, and earnings per share was HK\$1.36, representing an increase of 24% compared with HK\$1.10 per share for 2012. The contracted sales of the property business (including a joint venture project) for the year amounted to RMB12,210 million, representing a growth of 28% compared with RMB9,563 million in 2012. In addition, the Group had outstanding subscribed sales of about RMB700 million at the end of December 2013. The total revenue of toll road projects for the year amounted to RMB1,895 million.

PROPERTY BUSINESS

In 2013, the PRC property market continued to demonstrate a strong performance despite the impact of government policies. By implementing the strategy of deeper exploitation and balancing high turnover and profitability, the Group achieved remarkable results in operation and development. Contracted sales in 2013 increased 28% as compared with those of 2012, while the average selling price was approximately RMB11,060 per sqm, representing a rise of 18% over that of 2012.

During 2013, both property prices and sales volume in first- and second-tier cities' markets had shown robust growth with booming supply and demand. In light of the uncertainties as to government policies and the liberalisation of interest rates, the Group focused on the mass market and targeted first-time home buyers and first-time home upgraders.

Financial Review

Set out below is an analysis of the performance of the Group's property business for 2013 and 2012:

	For the year ended 31 December	
	2013	2012
	HK\$'million	HK\$'million
Revenue	11,456	9,344
Gross Profit	2,933	2,718
Sales and operating expenses	(833)	(761)
Profit after taxation	849	725

The Group utilised resources effectively and enhanced its management continuously, driving up the Group's sales. In the meantime, the increase in operating expenses remained at a relatively low level, further contributing to the Group's profitability. Revenue which mainly derived from the delivery of properties was HK\$11,456 million in 2013, representing a growth of 23% from the previous year, and was mainly contributed by the projects in the Yangtze River Delta and the Bohai Rim regions. The total area delivered in 2013 was 913,000 sqm, and the average price was approximately RMB10,430 per sqm, representing a growth of 17% as compared with that in 2012. Given the increase in the delivery of properties and strict control over expenses, the segment profit of the property business increased to HK\$849 million.

Management Discussion and Analysis (continued)

Set out below is an analysis of the Group's property sales and delivery by region for 2013:

Regions (Notes)	Sales		Delivery	
	Amount RMB'million	Area sqm	Amount RMB'million	Area sqm
Yangtze River Delta region	3,943	397,000	3,375	392,000
Bohai Rim region	4,972	448,000	4,274	354,000
Other major regions	2,932	228,000	1,878	167,000
Subtotal	11,847	1,073,000	9,527	913,000
Joint venture project	363	31,000	81	6,000
Total	12,210	1,104,000	9,608	919,000

Notes:

Yangtze River Delta region comprises Shanghai and Jiangsu Province.

Bohai Rim region comprises Beijing, Tianjin, Hebei Province and Shandong Province.

Other major regions comprise Guangdong Province and Henan Province.

In 2013, the Group continued its predetermined plan and implemented the strategy that deeper exploits the existing markets and the operational approach that balances high turnover rate and profitability, and strived to increase its regional market share. It also spent further effort to improve project quality and enhance project management, as well as acquired new land at reasonable prices. The Group recorded property contracted sales (including a joint venture project) of RMB12,210 million in 2013, representing a rise of 28% as compared with RMB9,563 million in 2012, with an average selling price of approximately RMB11,060 per sqm.

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

Management Discussion and Analysis (continued)

Land Reserve

For land reserve replenishment, the Group acquired nine pieces of new land in Shanghai, Jiangsu Province and Henan Province in 2013, with an aggregate floor area of approximately 1,700,000 sqm. In January 2014, the Group secured additional new pieces of land in Suzhou, Wuxi and Changzhou with an aggregate floor area of about 452,000 sqm.

The Group's land reserve includes properties under planning and construction, properties held for sale and properties held for investment. As at 31 December 2013, the Group's land reserve was over 5,600,000 sqm and was mainly located in the following regions:

Provinces/Municipalities	Number of projects units	Area sqm
Yangtze River Delta region		
Shanghai	4	461,000
Jiangsu Province	9	3,229,000
Bohai Rim region		
Beijing	2	187,000
Tianjin	2	499,000
Hebei Province	1	119,000
Shandong Province	3	295,000
Other major regions		
Henan Province	3	488,000
Guangdong Province	2	331,000

In 2013, the Group's new construction area was 1,212,000 sqm while the area of completed projects was 1,274,000 sqm. New construction area and the area of completed projects in 2014 are expected to be 1,434,000 sqm and 1,278,000 sqm, respectively.

Management Discussion and Analysis (continued)

Overview of Major Projects

Yangtze River Delta Region



Changzhou RK City, Changzhou

Changzhou RK City is located in Hutang Town, a town centre of Wujin District, and enjoys well-established amenities. It has an aggregated site area and a floor area of 280,000 sqm and 705,000 sqm, respectively. The project is developed in eight phases, with a focus on high-rise and low-rise residential buildings.

In 2013, sales of Changzhou RK City was RMB121 million, with an average selling price of more than RMB6,400 per sqm.



RK Urban Home Court (formerly known as Changzhou Xilin Project), Changzhou

RK Urban Home Court is located in the area where the commercial centre crosses with the logistics cluster in the Zhonglou District of Changzhou, which is a key area of development according to government plans. The Group intends to develop the project into a quality residential community and an icon in Zhonglou District. With a site area of 95,000 sqm and a floor area of 233,000 sqm, the project is planned to be developed in two phases and is expected to be launched in the third quarter of 2014.



Changzhou RK Royal City, Changzhou

Located in Wujin District, Changzhou, Changzhou RK Royal City is an eight-phase project with a site area and a floor area of 487,000 sqm and 842,000 sqm, respectively. The project comprises villas and low-rise and high-rise residential buildings. The Group has positioned the project as a “sports neighbourhood” with a clubhouse consisting of a swimming pool and tennis courts. The project also includes 14,000 sqm of shops and one kindergarten.

In 2013, sales of Changzhou RK Royal City’s villas and high-rise residential buildings was RMB897 million, with an average selling price of approximately RMB7,300 per sqm. In 2013, the value and area of properties delivered were RMB1,045 million and 166,000 sqm, respectively. It is expected that a total area of 110,000 sqm will be delivered in 2014, of which 65,000 sqm had already been pre-sold as of 31 December 2013.



Phoenix City, Suzhou

The project is located in Suzhou Industrial Park, Suzhou with a site area and a floor area of 860,000 sqm and 1,560,000 sqm, respectively. The project comprises three major developments, namely Phoenix City Garden, i-Zone and Forest & Valley Villa. i-Zone focuses on high-rise residential buildings, targeting the middle-class customers within the district. Forest & Valley Villa comprises semi-detached villas and high-rise residential buildings. The Group plans to develop it as a high-end residential area. With Xietang River on its south, Forest & Valley Villa enjoys a 788-metre riverside. Phoenix City is designed to develop 100,000 sqm of commercial street, a 10,000-sqm clubhouse, one primary school and three kindergartens.

In 2013, sales of the residential buildings of i-Zone was RMB905 million, with an average selling price of more than RMB9,700 per sqm. Sales of Forest & Valley Villa was RMB751 million, with an average selling price of approximately RMB13,700 per sqm. In 2013, the value and area of properties delivered were RMB948 million and 118,000 sqm, respectively, for the residential buildings of i-Zone, and RMB386 million and 29,000 sqm, respectively, for Forest & Valley Villa. It is expected that a total area of 127,000 sqm of Phase 4 of i-Zone will be delivered in 2014, of which 83,000 sqm had already been pre-sold as of 31 December 2013. A total area of 87,000 sqm of Phase 3 of Forest & Valley Villa will be delivered, of which 49,000 sqm had already been pre-sold as of 31 December 2013.

Management Discussion and Analysis (continued)



Shanghai Villa, Shanghai

Located in Waigang Town, Jiading District, Shanghai Villa lies on the south of the Group's Shanghai Manor and is adjacent to the centre of Waigang Town, enjoying convenient access. It has a site area and a floor area of 136,000 sqm and 130,000 sqm, respectively. The project is developed in three phases, with a focus on semi-detached villas.

In 2013, sales of Shanghai Villa was RMB384 million, with an average selling price of approximately RMB21,100 per sqm for villas. It is expected that a total area of 28,000 sqm will be delivered in 2014, of which 18,000 sqm had already been pre-sold as of 31 December 2013.



Shanghai Anting Project, Shanghai

Shanghai Anting Project comprises two pieces of adjoining land and is located in Anting Town, Jiading District, Shanghai mainly for residential developments. With an aggregated site area of 61,000 sqm and an aggregated floor area of 121,000 sqm, the two pieces of land are located at the intersection of the commercial centre and the logistics cluster, which is a key area of development according to government plans. The Group intends to develop the two pieces of land into a quality residential project that cater for the first-time home buyers. The project is expected to be developed in two phases and launched in the fourth quarter of 2014.



Shanghai Manor (formerly known as Château du Nord), Shanghai

Located in Jiading District, Shanghai, Shanghai Manor lies in close proximity to the south of The Riverside, a joint venture property project of the Group. The Group owns 55% interests in the project. The project has a site area of 133,000 sqm and a floor area of 133,000 sqm and is developed in three phases. The project is a low-density residential project with a focus on villas.

In 2013, sales of Shanghai Manor was RMB122 million, with an average selling price of approximately RMB16,600 per sqm for villas. It is expected that a total area of 25,000 sqm will be delivered in 2014, of which 9,000 sqm had already been pre-sold as of 31 December 2013.



Notting Hill (formerly known as Zhenjiang Dingmao Project), Zhenjiang

Notting Hill is located on a piece of land in Dingmao District, Zhenjiang, Jiangsu Province mainly for residential development. The Group intends to develop the project into a low-density residential community in Dingmao District. With a site area of 98,000 sqm and a floor area of 126,000 sqm, the project is planned to be developed in two phases and is expected to be launched in the second quarter of 2014.

Bohai Rim Region

RK World City, Beijing

Located in the centre of Changping District, Beijing, RK World City is an urban complex comprising boutique apartments, SOHO (i.e. Small Office/Home Office) and commercial properties. In 2013, sales of RK World City Phases 1 and 2 was RMB1,412 million in aggregate, with an average selling price of approximately RMB16,300 per sqm. It is expected that a total area of 73,000 sqm of Phase 2 of the project will be delivered in 2014, of which 17,000 sqm had already been pre-sold as of 31 December 2013.



Management Discussion and Analysis (continued)



Sunny Town, Tianjin

Located in Tianjin Hedong District, Tianjin Sunny Town is adjacent to the Tianjin Metro line. The project has a site area of 820,000 sqm with a floor area of 1,153,000 sqm and is planned to comprise nine phases of low-rise and high-rise residential buildings, coupled with 30,000 sqm of commercial complex, an 8,000-sqm clubhouse as well as one primary school and one kindergarten.

In 2013, sales of the Sunny Town residential project was RMB1,581 million, with an average selling price of approximately RMB13,500 per sqm. It is expected that a total area of 85,000 sqm will be delivered in 2014, of which 64,000 sqm had already been pre-sold as of 31 December 2013.

Joy Park, the commercial project of Sunny Town with an area of approximately 20,000 sqm, currently has an occupancy rate of approximately 83%, and its tenants include a number of renowned international restaurant and retail shops.



Leader of Life, Tianjin

In 2013, sales of Leader of Life was RMB401 million, with an average selling price of more than RMB8,300 per sqm. It is expected that a total area of 71,000 sqm will be delivered in 2014, of which 47,000 sqm had already been pre-sold as of 31 December 2013.



Royal Panorama, Jinan

Royal Panorama, which comprises five phases, is located in Huaiyin District, Jinan with a site area and a floor area of 177,000 sqm and 318,000 sqm, respectively. The project comprises high-rise residential buildings and serviced apartments, coupled with 16,000 sqm of street retail shops, a 20,000-sqm scenic forest garden and one kindergarten.

In 2013, sales of Royal Panorama was RMB583 million, with an average selling price of approximately RMB7,500 per sqm. In 2013, the value and area of properties delivered were RMB229 million and 37,000 sqm, respectively. The residential and commercial properties of Phase 4 are expected to be launched in 2014.

Other Major Regions



Central Special Zone, Zhengzhou

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

In 2013, sales of Central Special Zone was RMB544 million, with an average selling price of more than RMB7,800 per sqm, RMB13,000 per sqm and RMB19,600 per sqm for residential buildings, office buildings and commercial buildings, respectively. In 2013, the value and area of properties delivered were RMB683 million and 51,000 sqm, respectively. It is expected that a total area of 31,000 sqm will be delivered in 2014, of which 12,000 sqm had already been pre-sold as of 31 December 2013.

Management Discussion and Analysis (continued)



Banyan Riverside, Guangzhou

Located in Liwan District, Guangzhou, the project has a site area of 35,000 sqm and a floor area of 106,000 sqm, and is developed in two phases. The eastern and northern sides of the land face the Gehua River while the Kuilian Ecological Zone is just across the River. The project enjoys a beautiful environment and convenient access.

In 2013, sales of the project was RMB857 million, with an average selling price of more than RMB16,200 per sqm for residential buildings. It is expected that a total area of 65,000 sqm will be delivered in 2014, of which 24,000 sqm had already been pre-sold as of 31 December 2013.



J-o-Y Heights, Guangzhou

Located in the centre of the planned future CBD of Huadu District, Guangzhou, J-o-Y Heights has a site area and a floor area of 107,000 sqm and 271,000 sqm, respectively, and is developed in three phases. The project comprises villas, high-rise apartments and scenic apartments.

In 2013, sales of J-o-Y Heights was RMB672 million, with average selling prices of approximately RMB8,900 per sqm for residential buildings and more than RMB21,700 per sqm for commercial properties. It is expected that a total area of 167,000 sqm will be delivered in 2014, of which 111,000 sqm had already been pre-sold as of 31 December 2013.



Luoyang RK Royal City, Luoyang

Luoyang RK Royal City is located on a piece of land in Gaoxin District, Luoyang mainly for residential development. With a site area of 147,000 sqm and a floor area of 393,000 sqm, the project is developed in three phases and will be launched in late March 2014.

Investment Property

Grand Metropolis, Changzhou



The project is located in Wujin District, Changzhou next to the Vista Panorama Project, with a site area and a floor area of 67,000 sqm and 131,000 sqm, respectively. The project is developed in two phases. Phase 1 with a total area of 26,000 sqm is operated by a well-known supermarket chain. Phase 2, with an area of 105,000 sqm, comprises a commercial complex, commercial street and an office building. It had an occupancy rate of 90% in 2013, and its tenants included major chain business, cinema and fitness centre.

New Projects

Second Half of 2013:

Zhonglou Yanan Project, Changzhou

In December 2013, the Group acquired a piece of land which lies on North of Qingtan Xi Road and West of Chechang Road in Zhonglou District, Changzhou, Jiangsu Province mainly for residential development through listing-for-sale. Located at the commercial and trade hub of Longjiang Road in Zhonglou New Town, which is a key area of development according to government plans, the land is well-served with various amenities and the Group plans to developed it into a quality and eco-friendly community. With a site area of 89,000 sqm and a floor area of 221,000 sqm, the project is planned to be developed in two phases and Phase 1 is expected to be launched in the fourth quarter of 2014. The land use right certificate for the project is expected to be obtained in the second quarter of 2014.

Management Discussion and Analysis (continued)

Shanghai Anting Changji Road South Project, Shanghai

In December 2013, the Group joined hands with a partner in Shanghai to acquire a piece of land in Anting Town, Jiading District, Shanghai mainly for residential development through land auction. The land has an aggregated site area of 42,000 sqm and a floor area of 80,000 sqm, and the Group intends to develop it into a quality residential project catering for the first-time home buyers. The project is expected to be launched in the second quarter of 2015. The land use right certificate for the project is expected to be obtained in the second quarter of 2014.

Zhenjiang Dagang Project, Zhenjiang

In July 2013, the Group acquired two pieces of land in Dagang Town, Zhejiang, Jiangsu Province mainly for residential development through listing-for-sale. The Group intends to develop the project into an international community of a national medium-grade eco-industrial park. With site areas of 119,000 sqm and 138,000 sqm and floor areas of 178,000 sqm and 344,000 sqm, respectively, the project is planned to be developed in six phases. The land use right certificate for the project is expected to be obtained in the second quarter of 2014.

2014:

Land parcel in Lingjiatang, Zhonglou District, Changzhou

In January 2014, the Group acquired a piece of land which lies on East of Longjiang Road and North of Zijing Xi Road in Zhonglou District, Changzhou, Jiangsu Province mainly for residential development through listing-for-sale. This area has mature commercial, medical and education facilities and enjoys great transport access to South Street, Changzhou's busiest business district. With a site area of 110,000 sqm and a floor area of 276,000 sqm, the project is planned to be developed in two phases and launched in the second quarter of 2015. The land use right certificate for the project is expected to be obtained in the third quarter of 2014.

Land Parcel in Changhong, Gaoxin District, Suzhou

In January 2014, the Group acquired a piece of land in Gaoxin District, Suzhou, Jiangsu Province mainly for residential development through listing-for-sale. The surrounding area is supported by developed commercial and quality education amenities as well as rail transport. The Group plans to develop the project into a quality community in Shishan Quarter. With a site area of 46,000 sqm and a floor area of 84,000 sqm, the project is planned to be launched in the fourth quarter of 2014. The land use right certificate for the project is expected to be obtained in the second quarter of 2014.

Land parcel on Zhongnan West Road, Binhu District, Wuxi

In January 2014, the Group acquired a piece of land in Binhu District, Wuxi, Jiangsu Province mainly for residential development through listing-for-sale. With a site area of 26,000 sqm and a floor area of 92,000 sqm, the project is planned to be launched in the fourth quarter of 2014. The land use right certificate for the project is expected to be obtained in the second quarter of 2014.

Management Discussion and Analysis (continued)

TOLL ROAD BUSINESS

The 2013 China GDP growth was 7.7%, which was coupled with moderate increases in export and import. The year on year rise in household income will continue to stimulate automobile and travel spending. Together with the ongoing relocation of manufacturing industries to inland regions as well as continual urbanisation, it is believed that passenger and cargo traffic will grow steadily and procure the revenue growth of the Group's toll roads in the next couples of years.

To cope with the Group's strategy in enhancing the investment portfolio and the national plan for implementing a "dual" road system (i.e. fees charging for expressways and toll free for highways for public benefit), the Group continued to accelerate its divestment from certain Class I/II highway projects. In 2013, the Group realised the disposals of the Hehuai Highway in Anhui Province and the Hefei toll station of its Heye project as well as the closure of the Xiushui toll station of its Yulin project in the Guangxi Autonomous Region.

Financial Review

In 2013, the Group received cash distribution of HK\$512 million from the toll road joint ventures. The Group's share of results of toll road joint ventures for 2013 and 2012 are as follows:

	2013 HK\$'million	2012 HK\$'million
Share of results of joint ventures before amortisation and taxation	486	575
Less: Share of amortisation of toll road operation rights and taxation	(290)	(303)
Withholding tax	(16)	(13)
Share of operating profits of joint ventures	180	259

The Group's share of operating profits of toll road joint ventures declined from HK\$259 million in 2012 to HK\$180 million in 2013. This was mainly due to the commencement of interest payment by Longcheng Expressway on a full-year basis, coupled with a decrease in the traffic volume of Tangjin Expressway due to the impact of a downturn in local industries in Hebei Province.

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

	2013 RMB'million	2012 RMB'million	Increase (Decrease) %
Share of toll revenue			
Expressways	659	567	16
Highways	56	118	(53)
Share of expenses (excluding amortisation and taxation)			
Expressways	218	134	63
Highways	55	85	(35)

Management Discussion and Analysis (continued)

The traffic volume and toll revenue of the existing toll roads for 2013 are as follows:

Project	2013 Average Daily Traffic Vehicles	Increase (Decrease) %	2013 Toll Revenue RMB'million	Increase (Decrease) %
Expressways				
Baojin Expressway	45,000	16	653	(4)
Tangjin Expressway	36,000	(3)	472	(11)
Changyi Expressway	44,000	27	487	27
Longcheng Expressway	14,000	17	162	118
	139,000	14	1,774	6
Highways	46,000	(7)	111	(20)
Projects disposed	18,000	(13)	10	(26)
	203,000	6	1,895	4

The total traffic volume reached 68 million vehicles and toll revenue was RMB1,895 million in 2013. Toll revenue from expressway projects further increased from 87% of the entire toll road portfolio in 2012 to 94% in 2013. Since Longcheng Expressway in Shanxi Province commenced operation in mid-July 2012, the Group has increased the publicity efforts for the route through joint venture and improved the service facilities (including service stations) along the expressway, driving up the revenue from the project steadily. The distribution percentage of Baojin Expressway in Hebei Province increased to 40% in the second half of the year.

In 2013, in line with the Group's strategy to withdraw from Class I/II highway projects and expand the expressway portfolio, the Group disposed of Hehuai Highway and Hefei section of Heye Highway in Anhui Province, and cooperated with the local government to discontinue the Xiushui toll station of Yulin Highway in Guangxi Zhuang Autonomous Region in exchange for government compensation. In January 2014, the Group received the notice of being successfully tendered for 49% equity interest in Machao Expressway in Anhui Province which had just commenced operation recently. The 35.77-kilometre-long Machao Expressway runs from east to west, connecting Lima Expressway in Jiangsu Province to Hechaowu Expressway in Anhui Province and forming an important part of Anhui Province Yan Jiang Bei An Expressway (安徽省沿江北岸高速公路). The toll collection period granted is 30 years. Approvals for relevant documentations of the project are being obtained and the whole process is expected to be completed within this year.

Management Discussion and Analysis (continued)

Review of Expressway Projects



Baojin Expressway

In 2013, the traffic volume of Baojin Expressway increased by 16% while its toll revenue dropped by 4%. These were mainly due to the closure of the connecting Beijing-Shijiazhuang Expressway and the traffic diversion measures implemented for the reconstruction and expansion works of Shijiazhuang-Anyang Expressway, which had a combined effect of a surge in short-haul traffic and a drop in average distance traveled by each vehicle through Baojin Expressway. Furthermore, the overall toll revenue of Baojin Expressway was also impacted by the decrease in the demand for heavy truck transportation from the steel and cement industries resulted from the austerity measures and industrial restructuring policies adopted by the government.

Looking forward, the project will evolve into one of the major east-west transportation corridors following the completion of the expansion of Beijing-Shijiazhuang Expressway from having four lanes to eight lanes and the gradual opening of the western section of G18 Rongcheng-Wuhai Expressway that connects Shandong Province and the Inner Mongolia Autonomous Region.



Tangjin Expressway

As the route passing through Tangjin Expressway is an important national corridor, the Tianjin Municipal Government commenced expansion works of Tangjin Expressway (Tianjin section) that joins with the Group's project in 2012. Traffic diversion measures have been implemented in the Tianjin section during the expansion works, which is expected to be completed in the second half of 2014. Moreover, the demand for the transportation of ore, coal and steel in the Tangshan region was persistently weak. As a result, the traffic volume and revenue for the year decreased by 3% and 11%, respectively, over last year.



Changyi Expressway

The road condition and the environment of Changyi Expressway have significantly improved following the completion of road surface improvement works in August 2012. In addition, driven by the persistent increase in long-haul freight traffic brought by the newly connected Changsha-Chongqing Expressway, coupled with the adoption of weight-based tolling scheme, the traffic volume and toll revenue of Changyi Expressway for the year increased by 27%.

Benefiting from the unceasing development of the west bank area in Changsha as well as the promotion and growth of the cultural tourism in Western Hunan Province, it is strongly believed that this project will prosper in the future.

Management Discussion and Analysis (continued)



Longcheng Expressway

The joint venture operating this project stepped up the promotion of this expressway and improved the road signs during the year. Service facilities (including service stations) along the expressway were launched one by one in October 2013. With an increase in average daily traffic of 17% and the successive openings of western and northern extensions of the expressway in the coming years, the project is expected to bring revenue to the Group in the coming future.



Machao Expressway

In January 2014, the Group was notified of its successful bid for 49% equity interests in Machao Expressway, Anhui Province, at a consideration of RMB271 million. The Group is now finalising and seeking approval for the follow-up documents and expects the transaction to be completed during the year.

Machao Expressway is a 35.77 km dual three-lane expressway which was completed and commenced toll operation at the end of 2013. The concession and operation period of this expressway is 30 years. It starts from Hefei, connects with Hefei-Chaohu-Wuhu Expressway to the west and with Ma'anshan Yangtze River Bridge and Lima Expressway to the east, and finally reaches Ma'anshan City and Nanjing Airport. It then joins with Nanjing-Changzhou Expressway. It has become the fastest route connecting Hefei to other coastal developed cities such as Changzhou, Wuxi, Suzhou and Shanghai. This project is also an important part of the coastal expressway network in Northern Anhui Province that connects various major cities such as Nanjing, Yangzhou, Anqing and Wuhan. The prospects and potential return of this expressway are promising.

Management Discussion and Analysis (continued)

FINANCIAL REVIEW

Consolidated Statement of Profit or Loss

The table below extracted major items from the consolidated statement of profit or loss of the Group for each of the two years ended 31 December 2013 and 2012.

	2013 HK\$'million	2012 HK\$'million
Revenue	11,456	9,344
Gross profit	2,933	2,718
Interest and other income, net	566	374
Selling and operating expenses	(923)	(836)
Share of results of joint ventures	202	287
Finance costs	(257)	(225)
Profit before taxation	2,521	2,318
Income tax expenses	(1,497)	(1,465)
Profit after taxation	1,024	853
Non-controlling Interests	(22)	(35)
Profit after taxation and non-controlling interests	1,002	818

Revenue and Gross Profit

The details of revenue and gross profit for 2013 and 2012 are included in the subsection headed "Financial Review" under "Property Business".

Interest and Other Income, Net

The increase in net other income was mainly due to the increase in exchange gains and fair value gains on the financial assets recorded in 2013.

Selling and Operating Expenses

The increase in selling and operating expenses was mainly due to more promotional and advertising activities stimulating the property sales as well as additional operating expenses incurred for new property development projects.

Share of Results of Joint Ventures

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

Finance Costs

The higher finance costs was mainly attributable to the increase in borrowings in the second half of 2013 and higher interest expenses incurred since the issue of US\$350 million 9.875% guaranteed senior notes in September 2012.

Income Tax Expenses

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

Management Discussion and Analysis (continued)

Consolidated Statement of Financial Position

The table below summarised the major items of the consolidated statement of financial position of the Group as at 31 December 2013 and 2012.

	2013 HK\$'million	2012 HK\$'million
Non-current assets		
– Interests in joint ventures	3,567	4,021
– Investments in investment properties	2,174	2,210
– Other non-current assets	384	469
	6,125	6,700
Current assets		
– Inventory of properties (including prepayment for land leases)	28,308	24,078
– Bank balances and cash (including pledged bank deposits)	6,828	5,337
– Other current assets	2,168	1,160
	37,304	30,575
Current liabilities		
– Creditors and accrued charges	(5,551)	(4,763)
– Deposits from pre-sale of properties	(8,209)	(6,544)
– Bank and other borrowings – due within one year	(5,897)	(3,370)
– Other current liabilities	(1,898)	(1,645)
	(21,555)	(16,322)
Non-current liabilities	(8,511)	(8,730)
Total equity	13,363	12,223

Interests in Joint Ventures

Interests in joint ventures mainly represented our interests in the joint ventures relating to our toll road business. The drop in balance was mainly attributable to the disposal of our interests in Hehuai highway project and one section of Heye highway project, but was partially offset by cash distribution made by the joint ventures.

Investments in Investment Properties

This comprised carrying value of the investment properties, details of which were set out in note 18 of the consolidated financial statements. The decrease of the balance was mainly due to the disposal of the investment properties located at Guangzhou, but was partly offset by the inclusion of the completed commercial properties located at Zhengzhou. As of 31 December 2013, the total area of the investment properties of the Group was around 186,000 sqm.

Inventory of Properties (including Prepayment for Land Leases)

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

Management Discussion and Analysis (continued)

Bank Balances and Cash (including Pledged Bank Deposits)

The increase of the bank balances was mainly attributable to the increase in proceeds from pre-sale of properties (including the disposal of investment properties) as well as the issue of RMB2,200 million 6% guaranteed senior notes in December 2013. The details of the increase of the balance could be referred to the section headed "Consolidated Statement of Cash Flows" of "Financial Review".

Other Non-current and Current Assets

The increase of other assets mainly represented the increase in tender deposits paid for acquisition of lands and 49% equity interests in Anhui Machao Expressway Co., Ltd.

Creditors and Accrued Charges

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

Deposits from Pre-sale of Properties

The surge of deposits from pre-sale of properties was mainly attributable to the increase of about 28% in pre-sale of properties during the year. At 31 December 2013, the total area pre-sold but yet to be delivered was 803,000 sqm.

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

They represented mainly the guaranteed senior notes that the Group issued in the past few years and the project development loans.

Details of the Group's loan profile are set out as follows:–

	At 31 December	
	2013	2012
	HK\$'million	HK\$'million
Repayable:		
Within one year	5,897	3,370
After one year but within two years	1,617	2,728
After two years but within five years	5,497	5,262
More than five years	403	–
Total Borrowings	13,414	11,360

	At 31 December	
	2013	2012
Gearing ratio*:		
Gross gearing ratio	106%	96%
Net gearing ratio	52%	51%

* Gross gearing ratio represents interest bearing borrowings (but excluding loans from non-controlling interests of subsidiaries) to the equity attributable to the owners of the Company, whereas net gearing ratio represents the difference of Group's total interest bearing borrowings (but excluding loans from non-controlling interests of subsidiaries) and the bank balances and cash (including pledged bank deposits) to the owners' equity of the Company.

Management Discussion and Analysis (continued)

Source of Borrowings

	2013	2012
Short term loans	44%	30%
Long term loans	56%	70%
	100%	100%

Nature of Debts

	2013	2012
Unsecured loans	75%	76%
Secured loans	25%	24%
	100%	100%

Currency Profile of Borrowings

	2013	2012
HKD	7%	7%
RMB	57%	40%
USD	36%	53%
	100%	100%

Interest Rates Basis

	2013	2012
Floating rate	13%	16%
Fixed rate	87%	84%
	100%	100%

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

- RMB1,300 million (outstanding principal amount of RMB1,272 million as at 31 December 2013) 6% guaranteed senior notes due in 2014, which were redeemed in full in February 2014;
- US\$350 million (outstanding principal amount of US\$163.58 million as at 31 December 2013) 9.5% guaranteed senior notes due in 2015;
- RMB2,200 million 6% guaranteed senior notes due in 2016; and
- US\$350 million 9.875% guaranteed senior notes due in 2017.

In January 2014, the Group obtained a facility of US\$230 million offered by a group of banks. Majority of this facility was subsequently utilised for the redemption of the RMB1,300 million 6% guaranteed senior notes due in February 2014.

Interest coverage for the year under review was 11.98 times (2012: 12.72 times).

Management Discussion and Analysis (continued)

Consolidated Statement of Cash Flows

The table below summarised the major items of the consolidated statement of cash flows of the Group for the years ended 31 December 2013 and 2012.

	2013 HK\$'million	2012 HK\$'million
Payment for land leases	(3,710)	(1,279)
Net cash from operating activities, other than payment for land leases	2,934	2,926
Net cash from (used in) investing activities	1,279	(786)
Net cash from financing activities	1,002	194
Effect of change in exchange rates	76	59
Cash and cash equivalents at 1 January	3,755	2,641
Cash and cash equivalents at 31 December	5,336	3,755

Payment for Land Leases

The payment in 2013 represented the land premiums of the new projects located in Shanghai, Changzhou, Zhenjiang and Luoyang.

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

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

Net Cash from (used in) Investing Activities

The net cash from investing activities for the year represented mainly the proceeds received from disposal of the investment properties located at Guangzhou and the cash distributed or dividends received from the joint venture infrastructure projects.

Last year, the cash distributed or dividends received from the joint venture infrastructure projects were offset by the loans granted to the joint venture infrastructure projects for financing their operations as well as the development costs incurred for the investment properties in Changzhou and higher restricted bank balances.

Net Cash from Financing Activities

The net cash from financing activities for the year was mainly attributable to the issue of RMB2,200 million 6% guaranteed senior notes and draw down of several offshore bank loans in Hong Kong as well as project loans in the PRC amounting to HK\$4,702 million equivalent in aggregate. These new borrowings were partly offset by the repayment of certain bank loans and redemption of guaranteed notes.

Management Discussion and Analysis (continued)

Liquidity and Financial Resources

As at 31 December 2013, the equity attributable to the owners of the Company increased to HK\$12,672 million (2012: HK\$11,793 million). The increase was mainly attributable to the profit generated during the year. Net assets per Share attributable to the owners of the Company increased to HK\$17.24 (2012: HK\$15.90).

As at 31 December 2013, the Group's total assets were HK\$43,429 million (2012: HK\$37,275 million) and bank balances and cash were HK\$6,677 million (2012: HK\$5,168 million), of which 94% was denominated in Renminbi and the remaining 6% was mainly denominated in US dollars or HK dollars.

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

Charges on Assets

As at 31 December 2013, bank balances of HK\$151 million (2012: HK\$169 million) were pledged as security in favour of banks for certain mortgage facilities granted to customers of the Group's property projects and short-term credit facilities granted to the Group. In addition to these charged bank deposits, properties with carrying value of HK\$3,400 million (2012: HK\$2,639 million) were pledged as securities for certain loan facilities.

Exposure on Foreign Exchange Fluctuations and Interest Rates

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

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

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

Contingent Liabilities

As at 31 December 2013, the Group had provided guarantees of HK\$5,328 million (2012: HK\$4,214 million) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for purchase of the Group's properties. The guarantees would be released after the customers have pledged their property certificates as securities to the banks for the mortgage loans granted.

Management Discussion and Analysis (continued)

Employees

Excluding the staff of joint ventures, the Group had 2,176 employees as at 31 December 2013 (2012: 1,949). Expenditure on staff (excluding Directors' emoluments and share-based payment) amounted to HK\$479 million (2012: HK\$386 million). Employees are remunerated according to their performance and contribution. Other employee benefits include provident fund, insurance, medical cover and training programs, as well as share option schemes. During the year, 17,400,000 share options were granted to and accepted by the Directors and employees under the Company's share option scheme adopted in May 2013.

PROSPECT

The Group believes that the property business is a livelihood industry in the PRC. It still has substantial growth potential on the back of China's economic development, and is worth for the Group to continue developing and expanding in this industry. After years of implementation and efforts, the Group will continue to adopt the strategy that balances deeper exploitation and profitability. On one hand, the Group is going to enhance the strategic cooperation with its partners and on the other hand, the Group will further refine and implement the products categorisation and standardisation, and optimise product quality and cost structure. In doing so, the Group aims to expand its size, establish long-standing brand recognition and increase return on operation.

The Group believes that the toll road business can provide steady cash flows and returns over the long term. While continuing to dispose of the remaining highway projects, the Group will seek appropriate expressway projects by leveraging its reputation in the industry and management experience obtained over the past two decades, with a view to expanding its expressway portfolio further and creating solid returns for shareholders continuously.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zen Wei Pao, William

(aged 66, Chairman)

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

Mr. Ko Yuk Bing

*(aged 58, Deputy Chairman,
Managing Director and
Chief Executive Officer)*

Mr. Ko joined the Company in early 1995. He holds a Master of Science degree in Engineering. He is a Chartered Engineer and a fellow of the Institution of Civil Engineers, the United Kingdom, The Institution of Structural Engineers, the United Kingdom and The Hong Kong Institution of Engineers. Mr. Ko has extensive experience in infrastructure development in Hong Kong and the PRC, and has over 24 years of experience in business development and operation in the PRC. He is the spouse of Ms. Chuk Wing Suet, Josephine.

Mr. Chan Kam Hung

(aged 55, Chief Operating Officer)

Mr. Chan has been appointed as an Executive Director of the Company since July 2002. He was an Independent Non-executive Director of China Metal Recycling (Holdings) Limited (HK stock code: 773) from 22 May 2009 up to his resignation on 7 August 2013. He holds a Bachelor of Economics degree from the University of Sydney. He is a Chartered Accountant of Australia and a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over 30 years of auditing, accounting and corporate management experience. Prior to joining the Company, he held senior corporate management positions in several multi-national companies and listed companies in Hong Kong.

Mr. Fong Shiu Leung, Keter

(aged 51, Finance Director)

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

Directors and Senior Management (continued)

EXECUTIVE DIRECTORS

Mr. Zen Wei Peu, Derek

(aged 61)

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

Mr. Xu Ruxin

(aged 60)

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

Directors and Senior Management (continued)

NON-EXECUTIVE DIRECTORS

Mr. Lu Hua

(aged 50)

Mr. Lu was appointed as a Non-executive Director of the Company in June 2012. He is the Chairman of 深業集團有限公司, Shum Yip Holdings Company Limited and Shenzhen Investment Limited (HK stock code: 604). He is also a Non-executive Director of Ping An Insurance (Group) Company of China, Ltd. (HK stock code: 2318). He was a Non-executive Director of Coastal Greenland Limited (HK stock code: 1124) from 18 July 2011 up to his resignation on 2 May 2012. Mr. Lu had served successively as the Senior Vice President and President of 深業集團有限公司, Shum Yip Holdings Company Limited and Shenzhen Investment Limited, the Chairman of Shahe Industrial Co., Ltd. (Shenzhen stock code: SZ000014), the Chairman and Secretary of Party Committee of Shenzhen Shahe Industry (Group) Co., Ltd. and the General Manager of Shenzhen Property Development Company Ltd. Mr. Lu holds a Doctorate degree in Political Economics from Nankai University and a Master degree in Finance from University of Reading in the United Kingdom. He has over 20 years of experience in property development, corporate governance and administrative management.

Mr. Lam Wai Hon, Patrick

(aged 51)

Mr. Lam has been appointed as a Non-executive Director of the Company since May 2010. He is the Assistant General Manager of New World Development Company Limited (HK stock code: 17), an Executive Director of NWS Holdings Limited (HK stock code: 659), the Vice Chairman and Non-executive Director of Newton Resources Ltd (HK stock code: 1231) and a Non-executive Director of Wai Kee Holdings Limited (HK stock code: 610). Moreover, he was a Non-executive Director of Haitong International Securities Group Limited (formerly known as Taifook Securities Group Limited) (HK stock code: 665) and a Director of Guangdong Baolihua New Energy Stock Co., Ltd. (Shenzhen stock code: 000690). Mr. Lam is a Chartered Accountant by training and holds a Master of Business Administration degree from The University of Edinburgh and a Bachelor degree from The University of Essex, the United Kingdom. He is a fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales, and a member of the Institute of Chartered Accountants of Ontario, Canada. Mr. Lam is a Governor of the Canadian Chamber of Commerce in Hong Kong and a member of the Asian advisory board of Richard Ivey School of Business, the Western University, Canada.

Directors and Senior Management (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Sai Yung

(aged 66)

Mr. Lau has been appointed as an Independent Non-executive Director of the Company since August 2004. He is the sole-proprietor of Lau SY & Co., Certified Public Accountants, the Executive Chairman of Union Alpha CPA Limited, the Managing Director of Union Alpha CAAP Certified Public Accountants Limited, a Non-executive Director of Xinjiang Tianshan Wool Textile Co., Ltd. (Shenzhen stock code: SZ000813), an Honorary Fellow of The Chinese University of Hong Kong and an Affiliated Fellow of Wu Yee Sun College, CUHK. He also holds honorary positions in various schools, charitable and non-profit-making organisations. He holds a Bachelor degree in Business Administration from The Chinese University of Hong Kong. He is a Certified Public Accountant (Practising), a fellow of the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, an associate member of the Institute of Chartered Accountants in England and Wales, The Taxation Institute of Hong Kong, The Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators of the United Kingdom, Certified Tax Adviser, and a member of The Society of Chinese Accountants and Auditors, Hong Kong. Mr. Lau has over 35 years of experience in the profession of accounting.

Dr. Chow Ming Kuen, Joseph

(aged 72)

Dr. Chow, OBE, JP, has been appointed as an Independent Non-executive Director since April 2008. He is the Chairman of Joseph Chow & Partners Limited, a firm of independent civil and structural consulting engineers. He is also an Independent Non-executive Director of Chevalier International Holdings Limited (HK stock code: 25), Harbour Centre Development Limited (HK stock code: 51), Build King Holdings Limited (HK stock code: 240) and Hsin Chong Construction Group Ltd. (HK stock code: 404). He was the Chairman and an Independent Non-executive Director of PYI Corporation Limited (HK stock code: 498). Dr. Chow is a civil and structural engineer by profession. He is a fellow of The Hong Kong Institution of Engineers, the Institution of Civil Engineers and The Institution of Structural Engineers. Dr. Chow is the Chairman of the Hong Kong Construction Workers Registration Authority and an Hon. Senior Superintendent of the Hong Kong Auxiliary Police Force. Dr. Chow previously served as the President of the Hong Kong Institution of Engineers, the Chairman of Hong Kong Engineers' Registration Board, Hong Kong Examinations and Assessment Authority, Pamela Youde Nethersole Eastern Hospital Governing Committee as well as a member of the Hong Kong Housing Authority and Hospital Authority.

Directors and Senior Management (continued)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Nie Meisheng

(aged 73)

Ms. Nie was appointed as an Independent Non-executive Director of the Company in October 2012. She is the Chairwoman of China Real Estate Chamber of Commerce since 2004 and an Independent Non-executive Director of Future Land Development Holdings Limited (HK stock code: 1030), Powerlong Real Estate Holdings Limited (HK stock code: 1238) and Ground Properties Company Limited (formerly known as China Motion Telecom International Limited) (HK stock code: 989). She was an Independent Non-executive Director of Shanghai Industrial Urban Development Group Limited (formerly known as Neo-China Land Group (Holdings) Limited) (HK stock code: 563) up to her resignation on 26 July 2010. Ms. Nie graduated from civil engineering department of Tsinghua University specialising in water supply and drainage. She has more than 18 years of experience working in Southwest Municipal Engineering Design Institute of China.

Mr. Tse Chee On, Raymond

(aged 63)

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

Directors and Senior Management (continued)

SENIOR MANAGEMENT

Mr. Yu Kam Fat, James

(aged 58)

Mr. Yu, joined the Group in 1998, is the Chief Operating Officer – Toll Road Division of the Group overseeing the toll road operations. He holds a Bachelor and a Master of Science degree in Civil Engineering. He is a Chartered Engineer, the United Kingdom, a member of The Association of Professional Engineers of Ontario, Canada, the Institution of Civil Engineers, the United Kingdom, The Institution of Structural Engineers, the United Kingdom, The Chartered Institution of Highways and Transportation, the United Kingdom and a fellow of The Hong Kong Institution of Engineers. Mr. Yu is also a Registered Structural Engineer, Hong Kong and a Registered Professional Engineer, Hong Kong. He has over 34 years of experience in civil engineering and project management.

Ms. Chuk Wing Suet, Josephine

(aged 42)

Ms. Chuk, joined the Group in 1994, is the Deputy Chief Operating Officer of the Group and a Director of RK Properties Holdings Limited. In addition, Ms. Chuk is responsible for property development projects in Shanghai and Changzhou. She holds a Bachelor of Social Science degree and a Master of Business Administration degree. Ms. Chuk has over 20 years of experience in business investment, operation, development and promotion in Hong Kong and the PRC. She is the spouse of Mr. Ko Yuk Bing.

Mr. Zen Chung Hei, Hayley

(aged 39)

Mr. Zen, joined the Group in 2006, is the Deputy Chief Operating Officer of the Group and a Director of RK Properties Holdings Limited. Mr. Zen is responsible for the property development projects in Shijiazhuang, Zhengzhou, Luoyang and Zhenjiang. Prior to that, Mr. Zen was the Chief Financial Officer of the Property Division. He holds a Bachelor of Commerce degree in Accounting, a Bachelor of Science degree in Computer Science and a Master of Business Administration degree. He is a member of both the Hong Kong Institute of Certified Public Accountants and the New Zealand Institute of Chartered Accountants. Mr. Zen has 18 years of experience in finance, accounting, business investment and development in the United States, Hong Kong and the PRC. He is the son of Mr. Zen Wei Pao, William and the nephew of Mr. Zen Wei Peu, Derek.

Mr. Zhang Nan

(aged 41)

Mr. Zhang, joined the Group in 2007, is the Director-in-charge of the property development projects in Suzhou and Wuxi. Mr. Zhang was the general manager of several property development projects and was responsible for overseeing their operations. He holds a Bachelor of Engineering Management degree and an Executive Master of Business Administration degree, and is a Registered Costing Engineer in the PRC. Mr. Zhang has over 18 years of experience in property development and management in the PRC involving more than 20 property projects in the PRC including residential and commercial office buildings. He was the General Manager of the property projects in Zhengzhou and Luoyang of the Sunco Property group.

Directors and Senior Management (continued)

SENIOR MANAGEMENT

Mr. Leung Chin Wan

(aged 59)

Mr. Leung, joined the Group in 1997, is the Technical and Quality Assurance Director of the Property Division responsible for resolving major technical matters of the property projects and assessment of projects quality and procurement. He holds a Master of Science degree in Engineering and is a member of The Hong Kong Institution of Engineers. Mr. Leung has over 35 years of experience in civil engineering with more than 25 years of experience in the PRC project management.

Ms. Diao Lu, Amy

(aged 39)

Ms. Diao, joined the Group in 2007, is the Associate Director of the Group overseeing the human resources and corporate communication functions. She is also the Deputy Director-in-charge of the property development projects in Shandong. She holds a Bachelor of International Finance degree and an Executive Master of Business Administration degree. Ms. Diao has over 16 years of experience in human resources management, corporate communication and public affairs, including experience in managerial positions for Fortune 500 multi-national companies. She was the General Manager of Human Resources and External Affairs of the Sunco Property group.

Mr. Ho Ting Fung, Albert

(aged 60)

Mr. Ho, joined the Group in 2011, is the Associate Director of the Property Division overseeing the Design Department. He holds a Bachelor of Architecture degree and a Bachelor of Arts in Architectural Studies degree. He is an Authorised Person (List of Architect), a Registered Architect in Hong Kong and a fellow of the Hong Kong Institute of Architects. He has over 34 years of experience in the property development industry including experience in managerial positions. Prior to joining the Group, Mr. Ho worked in a renowned international architectural firm for 14 years and in well-known property development companies for 17 years.

Mr. Zhao Min

(aged 44)

Mr. Zhao, joined the Group in 2011, is the Deputy Director-in-charge of the property development projects in Tianjin. Prior to that, Mr. Zhao was in-charge of the engineering and costing department. He holds a Bachelor degree in Industrial and Civil Engineering and is a registered engineer in the PRC. He has 22 years of engineering and project management experience in the PRC and Singapore. He worked for several renowned property developers before joining the Group.

Directors and Senior Management (continued)

SENIOR MANAGEMENT

Mr. Lee Tak Fai, Kennedy

(aged 48)

Mr. Lee, joined the Group in 2007, is the Financial Controller of the Group. He holds a Bachelor of Social Science degree and a Master of Science degree in Finance. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He has over 22 years of experience in accounting, assurance and business advisory services. Prior to joining the Group, Mr. Lee worked for a number of international accounting firms and was previously the financial controller and the assistant general manager of the corporate finance department of several companies listed on the main board of the Stock Exchange.

Mr. Ng Fun Hung

(aged 41)

Mr. Ng, joined the Group in 2011, is the Financial Controller of the Property Division. He holds a Bachelor of Business Administration degree and a Master of Applied Finance degree. He is a fellow of both the Association of Chartered Certified Accountants of the United Kingdom and the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst of the United States, a Certified Information System Auditor of the United States and a member of the Institute of Chartered Secretaries and Administrators of the United Kingdom. Mr. Ng has over 17 years of experience in accounting, assurance and financial management. Prior to joining the Group, Mr. Ng worked for an international accounting firm and was previously the financial controller of a listed company in Hong Kong.

Mr. Li Jian Jun

(aged 46)

Mr. Li, joined the Group in 1999, is the General Manager of the Toll Road Division. He holds a Bachelor of Financial Accountancy degree and a Master of Business Administration degree. Mr. Li is a Registered Accountant in the PRC and has over 14 years of experience in toll road operation in the PRC. Prior to joining the Group, he has over 7 years of experience in financial and accounting management both in the PRC and overseas.

Directors' Report

The Directors present herewith the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of the Group, including the infrastructure joint ventures, are the investment in, development, operation and management of property projects and toll roads in the PRC. Details of the Group's principal subsidiaries and joint ventures are set out in notes 42 and 19 to the consolidated financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages F-3 and F-4 respectively.

An interim dividend of HK\$0.18 per Share amounting to HK\$133 million was paid to the Shareholders in September 2013.

The Directors recommend the payment of a final dividend of HK\$0.40 per Share to the Shareholders whose names appear on the register of members of the Company on Monday, 19 May 2014 amounting to approximately HK\$294 million subject to the approval of the Shareholders at the forthcoming annual general meeting (the "AGM"). It is expected that the final dividend will be paid on or before Friday, 30 May 2014, if approved.

CLOSURES OF REGISTER OF MEMBERS

To be eligible to attend and vote in the forthcoming AGM

The register of members of the Company will be closed from Wednesday, 7 May 2014 to Friday, 9 May 2014, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the forthcoming AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (to be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Monday, 31 March 2014) not later than 4:00 p.m. on Monday, 5 May 2014 for registration.

To qualify for the proposed final dividend

The register of members of the Company will also be closed from Friday, 16 May 2014 to Monday, 19 May 2014, both dates inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong (to be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from Monday, 31 March 2014) not later than 4:00 p.m. on Thursday, 15 May 2014 for registration.

SHARE CAPITAL AND SHARE OPTIONS

Details of the movements in the share capital and share options of the Company during the year are set out in notes 26 and 27 to the consolidated financial statements respectively.

RESERVES

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

Directors' Report (continued)

DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the accumulated profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution to the Shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than its liabilities.

The reserves of the Company which were available for distribution to the Shareholders as at 31 December 2013 were approximately HK\$2,354,324,000.

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.

INVESTMENT PROPERTIES AND PROPERTIES FOR SALE

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

SENIOR NOTES

RKI Finance (2013) Limited, a wholly-owned subsidiary of the Company, issued RMB2,200 million 6% guaranteed senior notes due 2016 (the "2016 Notes") in December 2013. The net proceeds of the issue of the 2016 Notes were used for the refinancing of existing indebtedness.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group are set out in note 28 to the consolidated financial statements.

RETIREMENT BENEFIT PLANS

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page F-84 of this annual report.

MAJOR SUPPLIERS AND CUSTOMERS

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

Directors' Report (continued)

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors:

Zen Wei Pao, William (*Chairman*)

Ko Yuk Bing (*Deputy Chairman, Managing Director and Chief Executive Officer*)

Chan Kam Hung (*Chief Operating Officer*)

Fong Shiu Leung, Keter (*Finance Director*)

Zen Wei Peu, Derek

Xu Ruxin

Non-executive Directors:

Lu Hua

Lam Wai Hon, Patrick

Independent Non-executive Directors:

Chow Shiu Kee, Stephen (retired on 8 May 2013)

Lau Sai Yung

Chow Ming Kuen, Joseph

Nie Meisheng

Tse Chee On, Raymond

In accordance with Bye-law 87 of the Company's Bye-laws (the "Bye-laws"), Messrs. Zen Wei Pao, William, Ko Yuk Bing, Zen Wei Peu, Derek and Lau Sai Yung will retire from office by rotation at the forthcoming AGM. All the retiring Directors, being eligible, will offer themselves for re-election at the forthcoming AGM.

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

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

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

Directors' Report (continued)

DISCLOSURE OF INTERESTS

Directors' Interests and Short Positions

As at 31 December 2013, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(I) Shares

Name of Directors	Nature of interest	Notes	Number of Shares held		Percentage of holding % (Note 4)
			Long position	Short position	
Zen Wei Pao, William	Personal	2	3,400,000	–	0.46
Ko Yuk Bing	Personal	1 & 3	1,070,000	–	0.15
		2 & 3	4,700,000	–	0.64
Chan Kam Hung	Personal	1	620,000	–	0.08
		2	2,300,000	–	0.31
Fong Shiu Leung, Keter	Personal	1	500,000	–	0.07
		2	2,300,000	–	0.31
Zen Wei Peu, Derek	Personal	1	9,096,000	–	1.24
		2	2,350,000	–	0.32
Xu Ruxin	Personal	2	950,000	–	0.13
Lam Wai Hon, Patrick	Personal	2	150,000	–	0.02
Lau Sai Yung	Personal	1	305,000	–	0.04
		2	300,000	–	0.04
Chow Ming Kuen, Joseph	Personal	2	300,000	–	0.04
Nie Meisheng	Personal	2	100,000	–	0.01
Tse Chee On, Raymond	Personal	2	100,000	–	0.01

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying Shares pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to the Directors are included in this category, the particulars of which are set out in (II) below.
3. Included in the balances are 160,000 Shares and 1,600,000 share options of the Company held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.
4. The percentage was calculated based on 735,178,566 Shares in issue as at 31 December 2013.

Directors' Report (continued)

DISCLOSURE OF INTERESTS (continued) Directors' Interests and Short Positions (continued)

(II) Underlying Shares – Share Options

The share option schemes were adopted by the Company on 12 May 2003 and 8 May 2013. Particulars of the share option schemes are set out in note 27 to the consolidated financial statements.

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

Name	Notes	Number of share option				Balance at 31.12.2013	Weighted average closing price HK\$ (Note 5)
		Balance at 01.01.2013	Granted during the year	Exercised during the year	Lapsed during the year		
Directors							
Zen Wei Pao, William	1	1,400,000	–	–	–	1,400,000	–
	2	–	2,000,000	–	–	2,000,000	–
Ko Yuk Bing	1 & 3	2,100,000	–	–	–	2,100,000	–
	2 & 3	–	2,600,000	–	–	2,600,000	–
Chan Kam Hung	1	900,000	–	–	–	900,000	–
	2	–	1,400,000	–	–	1,400,000	–
Fong Shiu Leung, Keter	1	900,000	–	–	–	900,000	–
	2	–	1,400,000	–	–	1,400,000	–
Zen Wei Peu, Derek	1	850,000	–	–	–	850,000	–
	2	–	1,500,000	–	–	1,500,000	–
Xu Ruxin	1	150,000	–	–	–	150,000	–
	2	–	800,000	–	–	800,000	–
Lam Wai Hon, Patrick	2	–	150,000	–	–	150,000	–
Chow Shiu Kee, Stephen	1 & 4	150,000	–	–	(150,000)	–	–
Lau Sai Yung	1	150,000	–	–	–	150,000	–
	2	–	150,000	–	–	150,000	–
Chow Ming Kuen, Joseph	1	150,000	–	–	–	150,000	–
	2	–	150,000	–	–	150,000	–
Nie Meisheng	2	–	100,000	–	–	100,000	–
Tse Chee On, Raymond	2	–	100,000	–	–	100,000	–
Total		6,750,000	10,350,000	–	(150,000)	16,950,000	

Directors' Report (continued)

DISCLOSURE OF INTERESTS (continued) Directors' Interests and Short Positions (continued) (II) Underlying Shares – Share Options (continued)

Name	Notes	Number of share option				Balance at 31.12.2013	Weighted average closing price HK\$ (Note 5)
		Balance at 01.01.2013	Granted during the year	Exercised during the year	Lapsed during the year		
Others							
Employees	1	6,828,000	–	(648,000)	(305,000)	5,875,000	7.78
	2	–	7,050,000	–	–	7,050,000	–
		6,828,000	7,050,000	(648,000)	(305,000)	12,925,000	
Grand Total		13,578,000	17,400,000	(648,000)	(455,000)	29,875,000	

Notes:

- The share options under this issue were granted on 9 April 2010 with an exercisable period from 9 April 2010 to 8 April 2015 and an exercise price of HK\$6.79 pursuant to the share option scheme adopted on 12 May 2003.
- The share options under this issue were granted on 28 May 2013 with an exercisable period from 29 May 2013 to 28 May 2018 and an exercise price of HK\$7.13 pursuant to the share option scheme adopted on 8 May 2013. The closing price of the Shares immediately before the date on which the share options were granted is HK\$6.94.

The equity-settled share based payments are the deemed share option benefits, which are calculated in accordance with the requirement as stipulated in HKFRS 2 "Share-based payment". The fair value equity-settled share based payments of individual Directors regarding the share options granted in 2013 are set out below:

	HK\$'000
Zen Wei Pao, William	1,100
Ko Yuk Bing	1,432
Chan Kam Hung	771
Fong Shiu Leung, Keter	771
Zen Wei Peu, Derek	826
Xu Ruxin	441
Lam Wai Hon, Patrick	83
Lau Sai Yung	83
Chow Ming Kuen, Joseph	83
Nie Meisheng	55
Tse Chee On, Raymond	55
	<u>5,700</u>

Directors' Report (continued)

DISCLOSURE OF INTERESTS (continued) Directors' Interests and Short Positions (continued)

(II) Underlying Shares – Share Options (continued)

Notes: (continued)

- Included in the balances are 800,000 share options at the exercise price of HK\$6.79 and 800,000 share options at the exercise price of HK\$7.13 of the Company held by Ms. Chuk Wing Suet, Josephine, the spouse of Mr. Ko Yuk Bing.
- Mr. Chow Shiu Kee, Stephen retired as an Independent Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 8 May 2013. The Board approved to extend the exercisable period of his share options for six months from the date of his retirement. The extension of the exercisable period to Mr. Chow Shiu Kee, Stephen expired on 7 November 2013.
- This represents the weighted average closing price of the Shares immediately before the dates on which the share options were exercised.

(III) Debentures of the Company

Name of Director	Nature of interest	Type of debenture	Principal amount held
Zen Wei Peu, Derek	Personal	US\$350 million 9.5% guaranteed senior notes due 2015	US\$907,188* (long position)
	Personal	US\$350 million 9.875% guaranteed senior notes due 2017	US\$4,300,000 (long position)

- * Included in the balance is a principal amount of US\$171,630 of US\$350 million 9.5% guaranteed senior notes due 2015 held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

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

Save as disclosed herein, none of the Directors or their spouses or children under 18 years of age was granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporation.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option 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 to acquire benefits by means of the acquisition of the Shares in, or debenture of, the Company or any other body corporate.

Directors' Report (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2013, the interests or short positions of every person, other than a Director, in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interest	Number of Shares held		Percentage of holding % (Note 24)
		Long position (Note 1)	Short position	
Wai Kee (Note 2)	Interest in controlled corporation	288,472,428	–	39.24
Wai Kee (Zens) Holding Limited (Note 3)	Interest in controlled corporation	288,472,428	–	39.24
Groove Trading Limited (Note 4)	Beneficial Owner	65,918,000	–	8.97
Wai Kee China Investments (BVI) Company Limited (Note 4)	Interest in controlled corporation	219,554,428	–	29.86
Wai Kee China Investments Company Limited (Note 5)	Interest in controlled corporation	219,554,428	–	29.86
ZWP Investments Limited (Note 6)	Beneficial Owner	219,554,428	–	29.86
深業集團有限公司 (Shum Yip Group Company Limited*) (Note 7)	Interest in controlled corporation	202,334,142	–	27.52
Shum Yip Holdings Company Limited (Note 8)	Interest in controlled corporation	202,334,142	–	27.52
Shenzhen Investment Limited (Note 9)	Interest in controlled corporation	202,334,142	–	27.52
Hover Limited (Note 10)	Beneficial Owner	202,334,142	–	27.52
Jacqueline Desmarais (Note 11)	Trustee/Beneficiary of a Trust	47,000,000	–	6.40
Andre Desmarais (Note 12)	Trustee	47,000,000	–	6.40

Directors' Report (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Name of Shareholders	Nature of interest	Number of Shares held		Percentage of holding % (Note 24)
		Long position (Note 1)	Short position	
Guy Fortin (Note 13)	Trustee	47,000,000	–	6.40
Michel Plessis-Belair (Note 14)	Trustee	47,000,000	–	6.40
Paul Desmarais Jr. (Note 15)	Trustee	47,000,000	–	6.40
Nordex Inc. (Note 16)	Interest in controlled corporation	47,000,000	–	6.40
Gelco Enterprises Ltd. (Note 17)	Interest in controlled corporation	47,000,000	–	6.40
Power Corporation of Canada (Note 18)	Interest in controlled corporation	47,000,000	–	6.40
171263 Canada Inc. (Note 19)	Interest in controlled corporation	47,000,000	–	6.40
Power Financial Corporation (Note 20)	Interest in controlled corporation	47,000,000	–	6.40
IGM Financial Inc. (Note 21)	Interest in controlled corporation	47,000,000	–	6.40
Mackenzie Inc. (Note 22)	Interest in controlled corporation	47,000,000	–	6.40
Mackenzie Financial Corporation (Note 23)	Beneficial owner	47,000,000	–	6.40

Directors' Report (continued)

SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Wai Kee is deemed to be interested in the Shares through its interests in (i) its wholly-owned subsidiaries, namely Wai Kee (Zens) Holding Limited, Groove Trading Limited, Wai Kee China Investments (BVI) Company Limited, Wai Kee China Investments Company Limited, ZWP Investments Limited and Top Horizon Holdings Limited; and (ii) its subsidiaries, namely Build King Holdings Limited, Top Tactic Holdings Limited, Amazing Reward Group Limited, Leader Construction Company Limited and Leader Civil Engineering Corporation Limited, which beneficially held 3,000,000 Shares.
3. Wai Kee (Zens) Holding Limited is a direct wholly-owned subsidiary of Wai Kee. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee (Zens) Holding Limited.
4. Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited are direct wholly-owned subsidiaries of Wai Kee (Zens) Holding Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Groove Trading Limited and Wai Kee China Investments (BVI) Company Limited.
5. Wai Kee China Investments Company Limited is a direct wholly-owned subsidiary of Wai Kee China Investments (BVI) Company Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of Wai Kee China Investments Company Limited.
6. ZWP Investments Limited is a direct wholly-owned subsidiary of Wai Kee China Investments Company Limited. Both Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are directors of ZWP Investments Limited.
7. 深業集團有限公司 (Shum Yip Group Company Limited*) (incorporated in the PRC) is deemed to be interested in the Shares through its 100% interest in Shum Yip Holdings Company Limited (incorporated in Hong Kong).
8. Shum Yip Holdings Company Limited (incorporated in Hong Kong) is deemed to be interested in the Shares through its 60.59% interest in Shenzhen Investment Limited.
9. Shenzhen Investment Limited is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Hover Limited.
10. Hover Limited is a direct wholly-owned subsidiary of Shenzhen Investment Limited. Mr. Lu Hua is a director of Hover Limited.
11. Jacqueline Desmarais, as trustee and beneficiary of the Desmarais Family Residuary Trust, is deemed to be interested in the Shares through its 68% voting interest in Nordex Inc.
12. Andre Desmarais, as trustee of the Desmarais Family Residuary Trust, is deemed to be interested in the Shares through its 68% voting interest in Nordex Inc.
13. Guy Fortin, as trustee of the Desmarais Family Residuary Trust, is deemed to be interested in the Shares through its 68% voting interest in Nordex Inc.
14. Michel Plessis-Belair, as trustee of the Desmarais Family Residuary Trust, is deemed to be interested in the Shares through its 68% voting interest in Nordex Inc.
15. Paul Desmarais Jr., as trustee of the Desmarais Family Residuary Trust, is deemed to be interested in the Shares through its 68% voting interest in Nordex Inc.
16. Nordex Inc. is deemed to be interested in the Shares through its 94.95% interests in Gelco Enterprises Ltd.
17. Gelco Enterprises Ltd. is deemed to be interested in the Shares through its 53.61% interests in Power Corporation of Canada.
18. Power Corporation of Canada is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely 171263 Canada Inc.
19. 171263 Canada Inc. is deemed to be interested in the Shares through its 65.78% interests in Power Financial Corporation.
20. Power Financial Corporation is deemed to be interested in the Shares through its 58.70% interests in IGM Financial Inc.
21. IGM Financial Inc. is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Mackenzie Inc.
22. Mackenzie Inc. is deemed to be interested in the Shares through its interests in its wholly-owned subsidiary, namely Mackenzie Financial Corporation.
23. Mackenzie Financial Corporation is a direct wholly-owned subsidiary of Mackenzie Inc.
24. The percentage was calculated based on 735,178,566 Shares in issue as at 31 December 2013.

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

* For identification purposes only

Directors' Report (continued)

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP

(I) Repurchase of Shares

During the year, the Company repurchased a total of 8,715,000 Shares on the Stock Exchange at an aggregate consideration of HK\$64,498,910. Details of the repurchases are as follows:

Month of repurchases	Total number of Shares repurchased	Price per Share		Aggregate consideration HK\$
		Highest	Lowest	
		HK\$	HK\$	
June	2,588,000	7.25	6.77	17,945,500
July	1,463,000	7.56	7.08	10,726,480
August	580,000	7.70	7.40	4,402,030
September	2,773,000	8.10	7.48	21,630,430
November	627,000 (Note)	7.50	7.37	4,675,320
December	684,000 (Note)	7.60	7.36	5,119,150
	<u>8,715,000</u>			<u>64,498,910</u>

Up to the date of this annual report, all of the abovementioned Shares repurchased were cancelled.

Note: cancelled in 2014.

The repurchases were made for the purpose of enhancing the net asset value per Share and earnings per Share and was pursuant to a general mandate granted to the Board at the annual general meeting of 2013 of the Company to repurchase the Shares of HK\$0.10 each in the share capital of the Company.

(II) Repurchase of Notes

RKI Finance (2011) Limited, a wholly-owned subsidiary of the Company, repurchased certain amount of RMB1,300 million 6% guaranteed senior notes due 2014 during the year. Details of the repurchases are as follows:

Month of repurchases	Total principal amount of notes repurchased RMB	Method of repurchases
June	27,000,000	Over the counter
July	<u>1,000,000</u>	
	<u>28,000,000</u>	

All the abovementioned notes repurchased were cancelled in 2013.

Directors' Report (continued)

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE GROUP (continued)

(III) Redemption of Notes

During the year, RKI Finance (2010) Limited, a wholly-owned subsidiary of the Company, partially redeemed US\$170 million in principal amount of US\$350 million 9.5% guaranteed senior notes due 2015 (the "Redeemed Notes") on 30 December 2013 at the redemption price equal to 104.75% of the principal amount of the abovementioned notes plus accrued and unpaid interest.

Subsequent to the redemption, the Redeemed Notes were cancelled and delisted from the official list of the Singapore Exchange Securities Trading Limited.

Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Group's listed securities during the year ended 31 December 2013.

Subsequent to the reporting period and up to the date of this annual report, RKI Finance (2011) Limited, a wholly-owned subsidiary of the Company, redeemed all the outstanding principal amount of RMB1,272 million of RMB1,300 million 6% guaranteed senior notes due 2014 (the "2014 Notes") on 25 February 2014 at the redemption price equal to 100% of the principal amount of the 2014 Notes plus accrued and unpaid interest.

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

DONATIONS

During the year, donations made by the Group were HK\$2,729,000.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

EMOLUMENT POLICY

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

The emoluments of all Executive Directors of the Company are decided by the Remuneration Committee, having regard to the Company's performance, individual performance and comparable market statistics.

The Company has adopted two share option schemes as an incentive to the Directors and eligible employees, details of the schemes are set out in note 27 to the consolidated financial statements.

CONTINUING DISCLOSURE OF THE LISTING RULES

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

1. Pursuant to Rule 13.18 of the Listing Rules:

Notes

The Company is obliged to make an offer to repurchase US\$350 million 9.5% guaranteed senior notes due 2015, US\$350 million 9.875% guaranteed senior notes due 2017 and RMB2,200 million 6% guaranteed senior notes due 2016 (the "Notes") then outstanding at a purchase price equal to 101% of the principal amount, plus unpaid interest accrued, if any, up to (but not including) the date of repurchase in the occurrence of a change of control triggering event and a decline in the rating of the Notes.

Loan Facility

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

On 10 January 2014, RKP Overseas Finance 2013 (A) Limited ("RKP Overseas"), a wholly-owned subsidiary of the Company, was granted a US\$230 million term loan facility with final maturity date of 36 months from the first utilisation date of the loan facility (the "US\$230 million Loan Facility"). For so long as the US\$230 million Loan Facility is made available to RKP Overseas, Wai Kee is required to own at least 30% of beneficial shareholding interest in the issued share capital of the Company and to maintain as the single largest Shareholder.

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

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

Name of Directors	Details of changes
Mr. Zen Wei Pao, William	He entered into a service contract commencing from 1 April 2014 to 31 March 2017 with the Company. He is entitled to receive under his service contract an annual salary of HK\$6,511,050 plus bonus subject to the performance of the Company and the individual.
Mr. Ko Yuk Bing	He entered into a service contract commencing from 1 April 2014 to 31 March 2017 with the Company. He is entitled to receive under his service contract an annual salary of HK\$5,565,000 plus monthly housing allowance and bonus subject to the performance of the Company and the individual.
Mr. Chan Kam Hung	His annual basic salary will be revised from HK\$3,728,550 to HK\$3,914,980 with effect from 1 April 2014. He entered into a service contract commencing from 1 April 2014 to 31 March 2017 with the Company. He is entitled to receive under his service contract an annual salary of HK\$3,914,980 plus bonus subject to the performance of the Company and the individual.

Directors' Report (continued)

CONTINUING DISCLOSURE OF THE LISTING RULES (continued)

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

Name of Directors	Details of changes
Mr. Fong Shiu Leung, Keter	<p>His annual basic salary will be revised from HK\$3,061,800 to HK\$3,245,520 with effect from 1 April 2014.</p> <p>He entered into a service contract commencing from 1 April 2014 to 31 March 2017 with the Company. He is entitled to receive under his service contract an annual salary of HK\$3,245,520 plus bonus subject to the performance of the Company and the individual.</p>
Mr. Zen Wei Peu, Derek	<p>His discretionary bonus for the year ended 31 December 2013 is HK\$1,807,021.</p> <p>He entered into a service contract commencing from 1 April 2014 to 31 March 2017 with the Company. He is entitled to receive under his service contract an annual salary of HK\$4,118,100 and an annual bonus will be determined on a discretionary basis.</p>
Mr. Xu Ruxin	<p>His annual basic salary will be revised from HK\$1,890,000 to HK\$1,984,500 with effect from 1 April 2014.</p> <p>He entered into a service contract commencing from 1 April 2014 to 31 March 2017 with the Company. He is entitled to receive under his service contract an annual salary of HK\$1,984,500 and an annual bonus will be determined on a discretionary basis.</p>
Ms. Nie Meisheng	<p>She was appointed as an independent non-executive director of Ground Properties Company Limited (formerly known as China Motion Telecom International Limited) with effect from 29 November 2013.</p>

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

AUDITOR

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

On behalf of the Board
Zen Wei Pao, William
Chairman

Hong Kong, 7 March 2014

Corporate Governance Report

CORPORATE GOVERNANCE CODE

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

Throughout the year of 2013, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules.

THE BOARD Composition

The Board has a balanced composition of members to ensure independent viewpoints in all discussions. As at the date of this report, the Board comprises twelve Directors including six Executive Directors, two Non-executive Directors and four 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 (<i>Chairman</i>)	Lu Hua	Lau Sai Yung
Ko Yuk Bing (<i>Deputy Chairman, Managing Director and Chief Executive Officer</i>)	Lam Wai Hon, Patrick	Chow Ming Kuen, Joseph Nie Meisheng
Chan Kam Hung (<i>Chief Operating Officer</i>)		Tse Chee On, Raymond
Fong Shiu Leung, Keter (<i>Finance Director</i>)		
Zen Wei Peu, Derek		
Xu Ruxin		

Corporate Governance Report (continued)

THE BOARD (continued)

Composition (continued)

With the expertise contributed by each of the Directors, the Board has a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Biographical details are set out in the section headed "Directors and Senior Management" of this annual report. An updated list of the 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 Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek being brothers, and between the Chairman and the Chief Executive Officer.

Appointment and Re-election

Pursuant to the Bye-laws, the Board may appoint a director either to fill a casual 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 casual 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 Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election. In addition, at each annual general meeting, at least one-third of the Directors for the time being shall retire from office by rotation and are eligible for re-election.

Non-executive Directors

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific terms, subject to re-election. All the Non-executive Directors and Independent Non-executive Directors entered into letters of appointments separately with the Company for a specific term with a range of not more than three years, subject to re-election at the general meeting.

Independence of Independent Non-executive Directors

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

Corporate Governance Report (continued)

THE BOARD (continued)

Role and Delegation

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

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

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

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

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

During the year ended 31 December 2013 and up to the date of this report, the Board has adopted a Board Diversity Policy to comply with a new code provision on board diversity effective from 1 September 2013 and approved the amendments to the terms of reference of the Nomination Committee to align the board diversity. It also reviewed the Company's compliance with the Code for the years ended 31 December 2012 and 2013 together with six months ended 30 June 2013, and the Company's disclosures in the Corporate Governance Reports for the years ended 31 December 2012 and 2013.

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

Corporate Governance Report (continued)

THE BOARD (continued)

Board Meetings

The Board meets regularly at least four times each year. In addition, ad hoc Board meetings are held for major and important matters in which Board resolutions are required. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance records of individual Directors at the Board meetings, the meetings of three Board Committees, namely Audit, Nomination and Remuneration Committees, and the annual general meeting held on 8 May 2013 are set out below:

Name of Directors	Meetings attended/held				
	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting held on 8 May 2013
Executive Directors					
Zen Wei Pao, William	4/4	–	1/1	3/3	1/1
Ko Yuk Bing	4/4	–	–	–	1/1
Chan Kam Hung	4/4	–	–	–	1/1
Fong Shiu Leung, Keter	4/4	–	–	–	1/1
Zen Wei Peu, Derek	4/4	–	–	–	1/1
Xu Ruxin	4/4	–	–	–	1/1
Non-executive Directors					
Lu Hua	2/4	–	–	–	0/1
Lam Wai Hon, Patrick (appointed as a member of Audit Committee on 8 May 2013)	4/4	1/1	–	–	1/1
Independent Non-executive Directors					
Chow Shiu Kee, Stephen (retired on 8 May 2013)	2/2	1/1	1/1	1/2	0/1
Lau Sai Yung	4/4	2/2	1/1	3/3	1/1
Chow Ming Kuen, Joseph	4/4	2/2	1/1	3/3	1/1
Nie Meisheng	3/4	–	–	–	0/1
Tse Chee On, Raymond	4/4	–	–	–	1/1

Note:

"–": Not Applicable

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

Corporate Governance Report (continued)

THE BOARD (continued)

Board Meetings (continued)

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

All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking the minutes of the Board and Board Committees' meetings. Such minutes are open for inspection by the 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 the 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 associate) is materially interested nor shall he/she be counted in the quorum present at the meeting.

Induction and Continuous Professional Development

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

During the year, the Group provided seminars, training courses and site visits to the Directors and management.

Corporate Governance Report (continued)

THE BOARD (continued)

Induction and Continuous Professional Development (continued)

All Directors are requested to provide the Company with their respective training records pursuant to the Code. According to the training records maintained by the Company, the trainings received by each of the Directors during the period from 1 January 2013 to 31 December 2013 are summarised as follows:

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

A: giving talks at seminars and/or conferences and/or forums

B: attending seminars and/or conferences and/or forums and/or site visits

C: reading newspapers, newsletters, journals and updates relating to the economy, general business, real estate, laws, rules and regulations, etc.

Directors' and Officers' Liability Insurance and Indemnity

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

Chairman and Chief Executive Officer

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

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

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

Corporate Governance Report (continued)

THE BOARD (continued)

Chairman and Chief Executive Officer (continued)

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

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

Board Diversity Policy

The Board has adopted a Board Diversity Policy to comply with a new code provision on board diversity effective from 1 September 2013. The Policy aims to set out the approach to achieve diversity in the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the year, there were no additions to the Board.

BOARD COMMITTEES

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

Audit Committee

Composition

The Audit Committee currently comprises three members, namely Mr. Lau Sai Yung (Chairman of the Audit Committee), Mr. Lam Wai Hon, Patrick and Dr. Chow Ming Kuen, Joseph. Except for Mr. Lam Wai Hon, Patrick, a Non-executive Director, all other members 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 system and internal and external audit functions. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31 December 2013 and up to the date of this report:

- Approval of remuneration and terms of engagement of the external auditor;
- Review of the annual results of the Group for the years ended 31 December 2012 and 2013, and the interim results of the Group for the six months ended 30 June 2013;
- Review of the Group's financial information, financial reporting procedures, internal control system, risk management, and financial and accounting policies and practices;
- Review of external auditor's independence and objectivity and the effectiveness of the audit process, and review of policy on engaging the external auditor to supply non-audit services;
- Review of the audit plan for financial year ended 31 December 2013;

Corporate Governance Report (continued)

BOARD COMMITTEES (continued)

Audit Committee (continued)

Summary of Work Done (continued)

- Review of adequacy of resources, qualifications, and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget;
- Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
- Recommendation to the Board to re-appoint the external auditor at the 2013 and 2014 annual general meetings;
- Review of the effectiveness of the internal audit function of the Company;
- Approval of the 2014 internal audit plan;
- Review of the findings in the internal control report;
- 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 the Executive Directors and Management.

Nomination Committee

Composition

The Nomination Committee currently comprises three members, namely Mr. Zen Wei Pao, William (Chairman of the Nomination Committee), Mr. Lau Sai Yung and Dr. Chow Ming Kuen, Joseph. Except for Mr. Zen Wei Pao, William, an Executive Director, 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 diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) 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. In identifying suitable candidates, the Committee shall consider candidates on merit and against the objective criteria, with due regard for benefits of diversity of the Board.

Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31 December 2013 and up to the date of this report:

- Review of the structure, size and diversity (including without limitation, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service) of the Board;
- Assessment of the independence of the Independent Non-executive Director;
- Review of the Company's policy on nomination of the Directors;
- Review of the Board Diversity Policy and the measurable objectives for implementing diversity on the Board; and
- Determination the rotation of the Directors for the forthcoming AGM.

Nomination Procedures

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

Corporate Governance Report (continued)

BOARD COMMITTEES (continued)

Remuneration Committee

Composition

The Remuneration Committee currently comprises three members, namely Dr. Chow Ming Kuen, Joseph (Chairman of the Remuneration Committee), Mr. Zen Wei Pao, William and Mr. Lau Sai Yung. Except for Mr. Zen Wei Pao, William, an Executive Director, 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 all Directors' and senior management. This Committee is responsible for making recommendation to the Board on the Company's policy and structuring for all Directors' and senior management's remuneration, and reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives. It also determines, with delegated responsibility, the remuneration packages of individual Executive Directors and senior management, and makes recommendations on the remuneration of Non-executive Directors and Independent Non-executive Directors.

Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 December 2013 and up to the date of this report:

- Review and approval of the Company's remuneration policy for 2013 and 2014;
- Approval of the emoluments of the Executive Directors (where Mr. Zen Wei Pao, William abstained from voting in determining his own remuneration) and senior management;
- Approval of year end bonus of the Executive Directors and senior management;
- Recommendation to the Board on the adoption of a new share option scheme;
- Recommendation to the Board on the grant of share options under the Share Option Scheme of the Company adopted on 8 May 2013; and
- Review of a consultant's report on the remuneration of the Executive Directors.

Remuneration Policy

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

The remuneration of a Director is determined with reference to his/her duties and responsibilities with the Company and the prevailing market situation. Details of the emoluments of the Directors during the year ended 31 December 2013 are set out in note 13 to the consolidated financial statements of this annual report. The emoluments paid to senior management during the year ended 31 December 2013 were within the following bands:

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

Corporate Governance Report (continued)

BOARD COMMITTEES (continued)

Management Committees

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

To oversee the expanding property business, a separate Management Committee at the divisional level was also established to supervise and monitor major matters arising from the daily operations of the property development business in various cities in the PRC.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code. All the Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2013.

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

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

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

Messrs. Deloitte Touche Tohmatsu has been re-appointed as the Company's external auditor at the annual general meeting of 2013 until the conclusion of the next annual general meeting.

The fees paid to external auditor for audit and non-audit services for the year ended 31 December 2013 are as follows:

Type of Services	Fee paid/payable HK\$
Audit fee	3,800,000
Non-audit services	
Interim review fee	1,200,000
Other services	910,000
Total	5,910,000

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

Corporate Governance Report (continued)

INTERNAL CONTROL

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

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

The Audit Committee, which was delegated by the Board, has reviewed and evaluated, via the internal audit team, the effectiveness of the Group's internal control system put in place by management covering all material controls, including financial, operational and compliance controls as well as risk management functions of the Company and its subsidiaries for the year ended 31 December 2013. The Audit Committee considered the internal control system of the Company and its subsidiaries was effective and adequate.

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

SHAREHOLDERS' RIGHTS

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

Any vote of the 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 the Bye-laws. The updated versions of the memorandum of association of the Company and the 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.

Corporate Governance Report (continued)

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 pursues a proactive policy of promoting investor relations and communications with the Shareholders. To this end, the Company maintains an open dialogue with the Shareholders and investors through the Company's financial reports, press releases, road shows, conferences and general meetings that may be convened, as well as making available all the disclosures submitted to the Stock Exchange to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

In 2013, the Company started to issue newsletter on a quarterly basis. These newsletters set out the latest developments of the Group's projects, and the quarterly performance of property sales and toll road projects. The Company had also revamped its website at www.roadking.com.hk to improve its readability and content. All the newsletters and publications of the Company issued in 2013 can be retrieved from this new website. Going forward, the Company will continue to improve its transparency to ensure the Shareholders and investors are kept abreast of the Company's latest development on a timely basis.

During the year, the Company's investor relations team arranged an analyst meeting and regular meetings and interviews with the Shareholders, investors and analysts. In addition, the Company had also hosted roadshows in Hong Kong and Singapore.

GENERAL TERMS

“Board”	the board of directors of the Company
“BVI”	British Virgin Islands
“Company” or “Road King”	Road King Infrastructure Limited, a company incorporated in Bermuda with limited liability
“Directors”	the directors of the Company
“GDP”	gross domestic product
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Infrastructure joint ventures”	the sino-foreign co-operative joint ventures registered in the PRC which develop, construct, operate and manage the toll road projects in which the Group has an interest
“km”	kilometre(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) HK\$0.10 each in the share capital of the Company
“Shareholders”	Shareholder(s) of the Company
“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

Glossary (continued)

“subsidiary”	a company in which the Company directly or indirectly controls more than 50% of the voting rights or issued share capital or otherwise controls the composition of a majority of the board of directors
“United States” or “US”	The United States of America
“US\$”	United States dollar(s), the lawful currency of the United States
“Wai Kee”	Wai Kee Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“%”	per cent

FINANCIAL TERMS

“Earnings per Share” or “EPS”	$\frac{\text{Profit attributable to owners of the Company}}{\text{Weighted average number of Shares in issue during the year}}$
“Interest coverage”	$\frac{\text{Earnings before interest, taxation, depreciation and amortisation}}{\text{The aggregate of interest and finance costs}}$
“Net assets per Share attributable to owners of the Company”	$\frac{\text{Total equity attributable to owners of the Company}}{\text{Number of Shares in issue as at 31 December 2013}}$

TOLL ROAD PROJECTS

Anhui Province

“Heye Highway” National Highway 312 Hefei-Yeji Highway

Guangxi Zhuang Autonomous Region

“Yulin Highway” National Highway 324 Yulin Section

Hebei Province

“Baojin Expressway” National Expressway G18 Baoding-Tianjin Expressway

“Shijin Highway” National Highway 307 Shijiazhuang-Jinzhou Highway

“Tangjin Expressway” National Expressway G25 Tangshan-Tianjin Expressway

Hunan Province

“Changyi Expressway” National Expressway G5513 Changsha-Yiyang Expressway

Jiangsu Province

“Suzhou Shanghai Airport Highway” Provincial Highway 343 Suzhou-Shanghai Hongqiao Airport Highway (Suzhou Section)

Shanxi Province

“Dongguan Highway” National Highway 108 Yuci Dongchangshou-Qixian Dongguan Highway

“Longcheng Expressway” Provincial Expressway S60 Yuci Longbai Village-Chengzhao, Qixian Expressway

“Yuci City Bypass” National Highway 108 Yuci City Bypass

Glossary (continued)

PROPERTY PROJECTS

“Banyan Riverside”	The project locates at Jiulongxi Road, Liwan District, Guangzhou, Guangdong Province, the PRC
“Central Special Zone”	The project locates at junction of Shangding Road and Nongye Dong Road, Zhengdong New District, Zhengzhou, Henan Province, the PRC
“Changzhou RK City”	The project locates at East of Huoju Bei Road and North of Guangdian Xi Road, Gaoxin Zone, Hutang Town, Wujin District, Changzhou, Jiangsu Province, the PRC
“Changzhou RK Royal City”	The project locates at No. 88, Yanzheng Dong Road, Wujin District, Changzhou, Jiangsu Province, the PRC
“Grand Metropolis”	The project locates at No. 33, Huayuan Street, Wujin District, Changzhou, Jiangsu Province, the PRC
“International City”	The project locates at No. 473, Huaibei Road, Yuhua District, Shijiazhuang, Hebei Province, the PRC
“Jianguomen Project”	The project locates at Courtyard No. 13 & Courtyard Side, Waijiaobu Street, Dongcheng District, Beijing, the PRC
“Jinan University Project”	The project locates at North of University Road, West of Ziwei Road (No. 3), University Technology Zone, Changqing District, Jinan, Shandong Province, the PRC
“J·o·Y Heights”	The project locates at North of Sandong Da Road and East of Guangqing Expressway, Xinhua Town, Huadu District, Guangzhou, Guangdong Province, the PRC
“Joy Park”	The project locates at junction of Longshan Road and Tianshan Bei Road, Hedong District, Tianjin, the PRC
“Land Parcel in Changhong, Gaoxin District”	The land parcel locates at West of Fenhu Road, North of Xiangyang Road, Gaoxin District, Suzhou, Jiangsu Province, the PRC

Glossary (continued)

“Land Parcel in Lingjiatang, Zhonglou District”	The land parcel locates at East of Longjiang Road, North of Zijing Xi Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC
“Land Parcel on Zhongnan West Road, Binhu District”	The land parcel locates at Southeast of the junction of Zhongnan Xi Road and Hubin Road, Binhu District, Wuxi, Jiangsu Province, the PRC
“Leader of Life”	The project locates at Chengguan Town, Ji County, Tianjin, the PRC
“Luoyang RK Royal City”	The project locates at Huaxia Road, Gaoxin District, Luoyang, Henan Province, the PRC
“Notting Hill”	The project locates at Chuqiao Road, Dingmao District, Zhenjiang, Jiangsu Province, the PRC
“Phoenix City”	The project locates at junction of Zhongxin Da Road East and Xieyu Road South, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC
“RK Urban Home Court”	The project locates at West of Dongxi Lin Road and North of Hualin Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC
“RK World City”	The project locates at West of Heying Road, East of Heying Xi Road, North of Changhuai Road Southern Line and South of Changhuai Road, Nanshao Town, Changping District, Beijing, the PRC
“Royal Panorama”	The project locates at No. 9, Weishier Road, Huaiyin District, Jinan, Shandong Province, the PRC
“Shanghai Anting Project”	The project locates at Caike Road and West of Kangsu Road and South of Baián Highway, Anting Town, Jiading District, Shanghai, the PRC
“Shanghai Anting Changji Road South Project”	The project locates at East of Yutang Road and South of Changji Road, Anting Town, Jiading District, Shanghai, the PRC
“Shanghai Manor”	The project locates at Lane 589, Hengrong Road, Waigang Town, Jiading District, Shanghai, the PRC
“Shanghai Villa”	The project locates at West of Baián Highway, North of Miaoqing River, Waigang Town, Jiading District, Shanghai, the PRC
“Sunco Town”	The project locates at South of Nanchang Road, Jianxi District, Luoyang, Henan Province, the PRC
“Sunny Town”	The project locates at junction of Lushan Road and Helan Road, Hedong District, Tianjin, the PRC

Glossary (continued)

“The Providence”	The project locates at Southwest of the junction of Zhongnan Xi Road and Lixi Road, Binhu District, Wuxi, Jiangsu Province, the PRC
“Unusual Landscape”	The project locates at No. 207, Haier Da Road, Jiaozhou District, Shandong Province, the PRC
“Zhenjiang Dagang Project”	The project locates at South of Yihou Road and West of Yandun Shan Road, Dagang Town, Zhenjiang, Jiangsu Province, the PRC
“Zhonglou Yanan Project”	The project locates at North of Qingtan Xi Road and West of Chechang Road, Zhonglou District, Changzhou, Jiangsu Province, the PRC

Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

Lu Hua
Lam Wai Hon, Patrick

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

Lau Sai Yung (*Chairman*)
Lam Wai Hon, Patrick
Chow Ming Kuen, Joseph

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

MANAGEMENT COMMITTEE

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

COMPANY SECRETARY

Fong Shiu Leung, Keter

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

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

PRINCIPAL BANKERS

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

Hong Kong
China CITIC Bank International Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Hong Kong
(to be relocated to Level 22, Hopewell Centre,
183 Queen's Road East, Hong Kong with effect from
Monday, 31 March 2014)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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

Corporate Information (continued)

SHARE LISTING

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

NOTES LISTING

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

- US\$350 million 9.5% guaranteed senior notes due 2015

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

- US\$350 million 9.875% guaranteed senior notes due 2017 (Stock Code: 4565)
- RMB2,200 million 6% guaranteed senior notes due 2016 (Stock Code: 85935)

INVESTOR RELATIONS

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

WEBSITES

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

Independent Auditor's Report

TO THE SHAREHOLDERS OF ROAD KING INFRASTRUCTURE LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Road King Infrastructure Limited and its subsidiaries (collectively referred to as the "Group") set out on pages F-3 to F-83, which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of 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.

Independent Auditor's Report (continued)

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2013, 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

7 March 2014

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013

	NOTES	2013 HK\$'000	2012 HK\$'000
Revenue	7	11,456,048	9,344,130
Cost of sales		(8,523,007)	(6,625,755)
Gross profit		2,933,041	2,718,375
Interest income		72,407	50,141
Other income		26,317	21,815
Other gains and losses	9	467,230	301,517
Selling expenses		(405,400)	(342,195)
Operating expenses		(517,467)	(494,001)
Share of results of joint ventures	10	201,762	286,636
Finance costs	11	(257,128)	(224,551)
Profit before taxation	12	2,520,762	2,317,737
Income tax expenses	14	(1,497,395)	(1,465,003)
Profit for the year		1,023,367	852,734
Profit attributable to:			
Owners of the Company		1,001,618	818,179
Non-controlling interests		21,749	34,555
		1,023,367	852,734
Earnings per share	16		
– Basic		HK\$1.36	HK\$1.10
– Diluted		HK\$1.35	HK\$1.10

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	2013 HK\$'000	2012 HK\$'000
Profit for the year	1,023,367	852,734
Other comprehensive income		
<i>Item that will not be reclassified to profit or loss:</i>		
Exchange differences arising on translation to presentation currency	290,954	206,023
Total comprehensive income for the year	1,314,321	1,058,757
Total comprehensive income attributable to:		
Owners of the Company	1,283,593	1,017,589
Non-controlling interests	30,728	41,168
	1,314,321	1,058,757

Consolidated Statement of Financial Position

At 31 December 2013

	NOTES	2013 HK\$'000	2012 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	43,993	56,983
Investment properties	18	2,173,729	2,210,338
Interests in joint ventures	19	3,567,466	4,021,241
Deferred tax assets	30	31,474	36,575
Loans to a joint venture	20	308,924	302,792
Other receivables	21	–	72,517
		6,125,586	6,700,446
Current assets			
Inventory of properties	22	26,382,519	23,175,850
Prepayment for land leases	23	1,925,815	902,580
Loan to a joint venture	20	88,608	86,849
Other receivables	21	34,221	–
Debtors, deposits and prepayments	24	1,609,859	806,961
Prepaid income tax		387,764	265,392
Other financial assets	32	46,785	–
Pledged bank deposits	25	151,091	168,828
Bank balances and cash	25	6,677,215	5,168,435
		37,303,877	30,574,895
Total assets		43,429,463	37,275,341
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	26	73,518	74,193
Reserves		12,598,251	11,718,938
		12,671,769	11,793,131
Non-controlling interests		691,483	429,742
Total equity		13,363,252	12,222,873

Consolidated Statement of Financial Position (continued)

At 31 December 2013

	NOTES	2013 HK\$'000	2012 HK\$'000
Non-current liabilities			
Bank and other borrowings – due after one year	28	7,516,859	7,990,404
Loans from non-controlling interests of subsidiaries	29	410,791	97,882
Deferred tax liabilities	30	583,292	641,634
		8,510,942	8,729,920
Current liabilities			
Creditors and accrued charges	31	5,551,299	4,762,500
Deposits from pre-sale of properties		8,208,965	6,543,789
Income tax payable		1,630,564	1,323,643
Bank and other borrowings – due within one year	28	5,896,689	3,369,967
Loans from non-controlling interests of subsidiaries	29	267,752	274,690
Other financial liabilities	32	–	47,959
		21,555,269	16,322,548
Total equity and liabilities		43,429,463	37,275,341

The consolidated financial statements on pages F-3 to F-83 were approved and authorised for issue by the Board of Directors on 7 March 2014 and are signed on its behalf by:

Zen Wei Pao, William
DIRECTOR

Ko Yuk Bing
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Attributable to owners of the Company										
	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Special reserve HK\$'000 (Note a)	Share option reserve HK\$'000	Statutory reserve HK\$'000 (Note b)	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2012	74,193	3,159,965	1,761,762	1,260,000	72,937	45,063	-	4,698,396	11,072,316	276,912	11,349,228
Profit for the year	-	-	-	-	-	-	-	818,179	818,179	34,555	852,734
Exchange differences arising on translation to presentation currency	-	-	199,410	-	-	-	-	-	199,410	6,613	206,023
Total comprehensive income for the year	-	-	199,410	-	-	-	-	818,179	1,017,589	41,168	1,058,757
Sub-total	74,193	3,159,965	1,961,172	1,260,000	72,937	45,063	-	5,516,575	12,089,905	318,080	12,407,985
Lapse or cancellation of share options	-	-	-	-	(54,975)	-	-	54,975	-	-	-
Transfer upon strike-off of subsidiaries	-	-	86,439	-	-	-	-	(86,439)	-	-	-
Capital contributions from non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	111,662	111,662
Dividends	-	-	-	-	-	-	-	(296,774)	(296,774)	-	(296,774)
Appropriation	-	-	-	-	-	288,442	-	(288,442)	-	-	-
Balance at 31 December 2012	74,193	3,159,965	2,047,611	1,260,000	17,962	333,505	-	4,899,895	11,793,131	429,742	12,222,873
Profit for the year	-	-	-	-	-	-	-	1,001,618	1,001,618	21,749	1,023,367
Exchange differences arising on translation to presentation currency	-	-	281,975	-	-	-	-	-	281,975	8,979	290,954
Total comprehensive income for the year	-	-	281,975	-	-	-	-	1,001,618	1,283,593	30,728	1,314,321
Sub-total	74,193	3,159,965	2,329,586	1,260,000	17,962	333,505	-	5,901,513	13,076,724	460,470	13,537,194
Issue of ordinary shares upon exercise of share options	65	5,193	-	-	(858)	-	-	-	4,400	-	4,400
Lapse or cancellation of share options	-	-	-	-	(592)	-	-	592	-	-	-
Released upon disposal of interests in joint ventures	-	-	(71,371)	-	-	-	-	71,371	-	-	-
Recognition of equity-settled share-based payments	-	-	-	-	10,600	-	-	-	10,600	-	10,600
Shares repurchased and cancelled (Note c)	(740)	(53,964)	-	-	-	-	-	-	(54,704)	-	(54,704)
Shares repurchased and not yet cancelled (Note c)	-	-	-	-	-	-	(9,794)	-	(9,794)	-	(9,794)
Capital contributions from non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	231,013	231,013
Dividends	-	-	-	-	-	-	-	(355,457)	(355,457)	-	(355,457)
Appropriation	-	-	-	-	-	282,832	-	(282,832)	-	-	-
Balance at 31 December 2013	73,518	3,111,194	2,258,215	1,260,000	27,112	616,337	(9,794)	5,335,187	12,671,769	691,483	13,363,252

Notes:

- (a) Special reserve was arisen on group reorganisation and represents the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital of a subsidiary, which was acquired by the Company pursuant to the then group reorganisation.
- (b) The statutory reserve of the Group represents reserve required by relevant laws of the People's Republic of China ("PRC") applicable to the Company's PRC subsidiaries.
- (c) During the year, a subsidiary of the Company repurchased 8,715,000 ordinary shares (2012: nil) of HK\$0.1 each of the Company through The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of HK\$64,498,000. At 31 December 2013, 7,404,000 ordinary shares repurchased with consideration of HK\$54,704,000 were cancelled and the remaining 1,311,000 ordinary shares repurchased with consideration of HK\$9,794,000 are cancelled in February 2014.

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	2013 HK\$'000	2012 HK\$'000
Operating activities		
Profit before taxation	2,520,762	2,317,737
Adjustments for:		
Depreciation of property, plant and equipment	11,536	10,174
Impairment losses on interests in joint ventures	–	49,019
Fair value gains on transfer of completed properties held for sale to investment properties	(170,688)	(63,726)
Change in fair value of investment properties	(27,493)	(136,029)
Change in fair value of other financial assets/liabilities	(118,000)	(14,921)
Reversal of impairment losses on other receivables	(25,000)	–
Interest income	(72,407)	(50,141)
Finance costs	257,128	224,551
Losses on disposal of interests in joint ventures	54,599	–
Share of results of joint ventures	(201,762)	(286,636)
Equity-settled share-based payments	10,600	–
Gains on disposal of property, plant and equipment, net	(900)	(164)
Operating cash flows before movements in working capital	2,238,375	2,049,864
Increase in debtors, deposits and prepayments	(582,024)	(210,089)
Increase in completed properties held for sale	(2,931,502)	(356,302)
Decrease (increase) in properties under development for sale	3,386,976	(205,499)
Increase in creditors and accrued charges	717,504	1,341,677
Increase in deposits from pre-sale of properties	1,532,644	1,493,619
Payment for land leases	(3,709,764)	(1,278,640)
Cash generated from operations	652,209	2,834,630
Income tax paid	(1,428,327)	(1,187,450)
Net cash (used in) from operating activities	(776,118)	1,647,180

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2013

	NOTES	2013 HK\$'000	2012 HK\$'000
Investing activities			
Cash distributions/dividends received from joint ventures		561,162	523,008
Additions to investment properties		(45,898)	(252,800)
Decrease in pledged bank deposits		21,156	73,343
Interest received		72,472	49,826
Proceeds on disposal of property, plant and equipment		2,340	1,170
Proceeds on disposal of investment properties		558,800	49,164
Repayment of other receivables		39,765	24,154
Purchases of property, plant and equipment		(28,570)	(12,360)
Net proceeds on disposal of interests in joint ventures	35	65,570	–
Net cash received from (paid) for other financial assets/liabilities		21,151	(19,205)
Decrease (increase) in restricted bank balances		100,860	(857,614)
Capital contributions to infrastructure joint ventures		(89,330)	(22,015)
Loans to infrastructure joint ventures		–	(342,532)
Net cash from (used in) investing activities		1,279,478	(785,861)
Financing activities			
New borrowings raised		7,458,644	6,005,977
Repayment of borrowings		(5,534,990)	(4,946,394)
Capital contributions from non-controlling interests of subsidiaries		231,013	111,662
Loans from non-controlling interests of subsidiaries		529,646	97,882
Repayment of loans from non-controlling interests of subsidiaries		(231,222)	–
Issue of ordinary shares		4,400	–
Repurchase of ordinary shares		(64,498)	–
Dividends paid		(355,457)	(296,774)
Interest paid		(1,035,933)	(777,780)
Net cash from financing activities		1,001,603	194,573
Net increase in cash and cash equivalents		1,504,963	1,055,892
Cash and cash equivalents at beginning of the year		3,755,365	2,640,504
Effect of foreign exchange rate changes		76,058	58,969
Cash and cash equivalents at end of the year, represented by bank balances and cash	33	5,336,386	3,755,365

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

1. GENERAL

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

The Company acts as an investment holding company. The principal activities of the Group are the development, operation and management of toll roads through the infrastructure joint ventures and operation of property development and investment business in the PRC. The principal activities of the major subsidiaries and joint ventures are detailed in notes 42 and 19 respectively.

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

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

New and revised standards on consolidation, joint arrangements, associates and disclosures and amendments to HKFRS 10, HKFRS 11 and HKFRS 12

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below:

Impact of the application of HKFRS 10 “Consolidated Financial Statements”

HKFRS 10 replaces 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 changes the definition of control such that an investor has control over an investee when (a) it has power over the investee, (b) it is exposed, or has rights, to variable returns from its involvement with the investee and (c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The adoption of HKFRS 10 does not change any of the control conclusions reached by the Group in respect of its involvement with the investees as at 1 January 2013.

Impact of the application of HKFRS 11 “Joint Arrangements”

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures”, and the guidance contained in a related interpretation, HK(SIC) – Int 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

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

New and revised standards on consolidation, joint arrangements, associates and disclosures and amendments to HKFRS 10, HKFRS 11 and HKFRS 12 (continued)

Impact of the application of HKFRS 11 “Joint Arrangements” (continued)

As a result of the adoption of HKFRS 11, the Directors reviewed and assessed the classification of the Group’s investments in joint arrangements in accordance with the requirements of HKFRS 11. The Directors concluded that the Group’s investments in joint arrangements should be classified as joint ventures under HKFRS 11 and continue to be accounted for using the equity method and therefore the adoption of HKFRS 11 does not have any material impact on the financial position and the financial results of the Group.

Impact of the application of HKFRS 12 “Disclosure of Interests in Other Entities”

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see notes 19 for details). The Directors consider that none of the Group’s non-wholly owned subsidiaries has material non-controlling interests to the Group.

HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply 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, subject to a few exceptions.

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period (see notes 6(c) and 18 for the 2013 disclosures). Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

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

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss”. 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 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 do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The application of the other new and revised HKFRSs in the current year has had no material impact on the amounts reported and/or disclosures set out in these consolidated financial statements.

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

HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁵
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle ²
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities ¹
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ²
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities ¹
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets ¹
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting ¹
HK(IFRIC) – Int 21	Levies ¹

¹ Effective for annual periods beginning on or after 1 January 2014.

² Effective for annual periods beginning on or after 1 July 2014.

³ Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.

⁴ Effective for annual periods beginning on or after 1 July 2014, with limited exception.

⁵ Effective for annual periods beginning on or after 1 January 2016.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The principal accounting policies are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Revenue recognition

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of properties

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

Property rentals

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

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

Others

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

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

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

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

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

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

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures (continued)

When the Group's share of losses of a joint venture equals or exceeds its interest in that joint venture (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 joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee 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 and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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 joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

Toll road operation right of joint ventures

When applying the equity method of accounting, the concession intangible assets, which are the toll road operation rights of the Group's infrastructure joint ventures, are amortised to write off their cost over their expected useful lives or the remaining concession period, whichever is shorter, commencing from the date of commencement of operation of the underlying toll roads using an amortisation method which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed. The annual amortisation is calculated by applying the ratio of actual traffic volume of the underlying toll roads compared to the total expected traffic volume of the underlying toll roads over the respective remaining concession periods to the net carrying value of the assets. The expected useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

Inventory of properties

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

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

Borrowing costs

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

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

Foreign currencies

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's entities and its joint ventures are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Leasing

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

The Group as lessor

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

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis.

Leasehold land and buildings

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefit costs

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

Taxation

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

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

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

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

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.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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

Financial instruments

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

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

Financial assets

The Group's financial assets are classified as financial assets at fair value through profit or loss ("FVTPL") and loans and receivables.

Effective interest method

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial assets.

Loans and receivables

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

Impairment loss on financial assets

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

Objective evidence of impairment could include:

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment loss on financial assets (continued)

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

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

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

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

Other financial liabilities

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial guarantee contract issued by the Group and not designated as at FVTPL is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derivative financial instruments

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Share-based payment transactions

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

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Amortisation of toll road operation rights

Amortisation of toll road operation rights of the Group's infrastructure joint ventures is calculated based on the traffic volume for a particular year to the projected total traffic volume throughout the operating years of the respective toll roads. Adjustments may need to be made to the Group's share of amortisation of toll road operation rights of infrastructure joint ventures should there be a material difference between the projected total traffic volume and the actual volume. The carrying amount of interests in infrastructure joint ventures at 31 December 2013 was HK\$3,537,847,000 (2012: HK\$3,948,682,000).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Impairment of interests in infrastructure joint ventures

The assessment of the recoverable amount of the interests in infrastructure joint ventures was based on estimated net cash inflows derived from these infrastructure joint ventures from the development, operation and management of toll roads in the PRC over the remaining joint venture periods discounted by a suitable discount rate per annum to arrive at their present value. Should the actual net cash inflows be less than that projected as a result of a reduction of toll road usage and/or toll fees, an impairment loss may arise. During the year ended 31 December 2012, an impairment loss of HK\$49,019,000 was recognised in profit or loss. The carrying amount of interests in infrastructure joint ventures at 31 December 2013 was HK\$3,537,847,000 (2012: HK\$3,948,682,000).

Net realisable values of properties under development for sale

The assessment of the net realisable values of the properties under development for sale involves, inter-alia, considerable analyses of current market price of properties of a comparable standard and location, construction costs to be incurred to complete the development based on existing asset structure and construction material price lists and a forecast of future sales based on zero growth rate of property price. If the actual net realisable values of the underlying properties under development for sale are more or less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material reversal of or provision for impairment losses may result. The carrying amount of properties under development for sale at 31 December 2013 was HK\$22,309,764,000 (2012: HK\$21,752,371,000).

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The Directors are responsible in determining the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The Directors work closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model. The Directors regularly assess the impact and the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments and investment properties. Notes 6(c) and 18 provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which includes the borrowings and loans from non-controlling interests of subsidiaries disclosed in notes 28 and 29 respectively, and equity attributable to owners of the Company, comprising issued capital and reserves.

The management of the Group reviews the capital structure periodically. As part of this review, the management of the Group assesses the annual budget which incorporates the planned construction projects and takes into account of the provision of funding. Based on the proposed annual budget, the management of the Group considers the cost of capital and the risks associated with the capital. The management of the Group also balances its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

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

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2013 HK\$'000	2012 HK\$'000
Financial assets		
Loans and receivables at amortised cost (including cash and cash equivalents)	8,469,378	6,243,679
Other financial assets	46,785	–
Financial liabilities		
Liabilities at amortised cost	19,643,390	16,495,443
Other financial liabilities	–	47,959

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

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

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

(i) Market risk

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

Foreign currency risk management

Certain transactions of the Group are denominated in foreign currencies which are different from the functional currency of the respective group entities and therefore the Group is exposed to foreign currency risk. The Group currently does not have a formal foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise. The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
United States dollars	403,023	276,156	4,890,701	6,209,539
Hong Kong dollars	17,095	61,444	922,871	856,037

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (continued)

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

(i) Market risk (continued)

Foreign currency risk management (continued)

Foreign currency sensitivity analysis

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

	Profit or loss	
	2013	2012
	HK\$'000	HK\$'000
United States dollars	224,384	296,669
Hong Kong dollars	45,289	39,730

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR"), London Interbank Offered Rate (LIBOR) and People's Bank of China ("PBOC") prescribed interest rate on other receivables and bank and other borrowings respectively.

The Group's fair value interest rate risk relates primarily to loans to a joint venture, bank and other borrowings and loans from non-controlling interests in subsidiaries which carry interest at fixed interest rates. The Group currently does not have an interest rate hedging policy. However, the management will consider hedging significant interest rate exposure should the need arise.

Interest rate sensitivity

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

If the interest rate had been 100 basis points higher and all other variables were held constant, the Group's profit for the year ended 31 December 2013 would decrease by HK\$4,144,000 (2012: HK\$4,480,000) after capitalisation of additional finance costs in properties under development for sale of HK\$13,122,000 (2012: HK\$13,440,000). No sensitivity analysis on the decrease in interest rates is presented because the Directors consider that the future decrease in interest rates will not have a significant impact on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (continued)

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

(i) Market risk (continued)

Interest rate risk management (continued)

Interest rate sensitivity (continued)

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

Other price risk

The Group had entered into cross-currency swap contracts with certain financial institutions. The Group is exposed to the price risk of the financial derivatives. The Group's profit for the year will increase/decrease by approximately HK\$221,519,000 (2012: HK\$82,000,000) where Renminbi strengthens/weakens by 5% against United States dollars.

(ii) Credit risk management

As at 31 December 2013, the Group's maximum exposure to credit risk which would cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 38.

In order to minimise the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each debtor at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

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

Other than the loans to joint ventures, other receivables and deferred consideration on disposal of interests in joint ventures as mentioned in notes 20, 21 and 24 respectively, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties having similar characteristics. Included in other receivables as disclosed in note 21 are receivables of HK\$34,221,000 (2012: HK\$72,517,000) due from an independent third party, which is engaged in the property development business in the PRC. The Directors considered that the credit risk exposure is satisfactory because the independent third party has made repayments continuously prior to the maturity date and it possess certain land and property projects which generate operating cash continuously.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (continued)

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

(ii) Credit risk management (continued)

For the loans to joint ventures as disclosed in note 20, the management of the Group closely monitors the financial position and repayment status of the joint venture, and considers that the credit risk exposure is satisfactory.

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

(iii) Liquidity risk management

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

Ultimate responsibility for liquidity risk management rests with the management of the Group which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate working capital and available banking facilities and continuously monitors the forecast and actual cash flows.

Liquidity and interest risk tables

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (continued)

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

(iii) Liquidity risk management (continued)

Liquidity and interest risk tables (continued)

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

	Weighted average effective interest rate %	On demand or less than 6 months HK\$'000	6-12 months HK\$'000	1-2 years HK\$'000	2-5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
2013							
Creditors and accrued charges	-	5,551,299	-	-	-	5,551,299	5,551,299
Bank and other borrowings							
– fixed rate	7.50	2,261,301	3,583,705	1,841,561	6,232,096	13,918,663	11,686,985
– variable rate	4.59	328,518	597,227	521,291	391,576	1,838,612	1,726,563
Loans from non-controlling interests of subsidiaries	7.31	88,167	215,219	425,001	-	728,387	678,543
Financial guarantee contracts	-	5,328,244	-	-	-	5,328,244	-
		13,557,529	4,396,151	2,787,853	6,623,672	27,365,205	19,643,390
Cross-currency swap contracts							
– gross settlement							
– inflows		(1,709,617)	(223,451)	(167,089)	(2,952,357)	(5,052,514)	N/A
– outflows		1,631,164	203,632	137,653	2,960,630	4,933,079	N/A
		(78,453)	(19,819)	(29,436)	8,273	(119,435)	(46,785)
2012							
Creditors and accrued charges	-	4,762,500	-	-	-	4,762,500	4,762,500
Bank and other borrowings							
– fixed rate	8.33	769,020	2,715,947	2,186,314	6,403,284	12,074,565	9,568,352
– variable rate	3.73	223,326	522,384	1,140,491	-	1,886,201	1,792,019
Loans from non-controlling interests of a subsidiary	7.22	171,274	123,099	102,848	-	397,221	372,572
Financial guarantee contracts	-	4,214,361	-	-	-	4,214,361	-
		10,140,481	3,361,430	3,429,653	6,403,284	23,334,848	16,495,443
Cross-currency swap contracts							
– gross settlement							
– inflows		(51,758)	(69,218)	(1,828,942)	-	(1,949,918)	N/A
– outflows		61,191	78,309	1,815,046	-	1,954,546	N/A
		9,433	9,091	(13,896)	-	4,628	47,959

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (continued)

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

(iii) Liquidity risk management (continued)

Liquidity and interest risk tables (continued)

Bank loan with a repayment on demand clause is included in the "on demand or less than 6 months" time band in the above maturity analysis. The table below summarises the maturity analysis of bank loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include principal and interest payments computed using contractual rates. Taking into account the Group's financial position, the Directors did not believe that it is probable that the banks would exercise their discretionary rights to demand immediate repayment. The Directors believe that these bank loans would be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Less than 6 months	6-12 months	1-2 years	Total undiscounted cash flows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December 2013	120,039	175,879	–	295,918	291,786
At 31 December 2012	88,445	233,334	32,067	353,846	332,048

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial instruments

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

- the fair value of financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis;
- the fair value of financial guarantee contracts at initial recognition is determined to be insignificant, using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default; and
- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, fair value determined based on the discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives.

Fair value measurements

(i) *Financial assets/liabilities measured at fair value on a recurring basis*

The other financial assets comprising cross-currency interest rate swap contracts of HK\$46,785,000 (31 December 2012: other financial liabilities of HK\$47,959,000) are measured subsequent to initial recognition at fair value at the end of each reporting period, which are grouped into Level 2 fair value measurements. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The fair value of the swap contracts are determined based on valuation provided by the counterparty financial institutions, which is measured using discounted cash flow analysis based on, inter alia, the applicable exchange rate and yield curves of relevant interest rates and contracted interest rates, discounted at a rate that reflects the credit risk of the Group.

The swap contracts require gross settlement.

During the years ended 31 December 2013 and 2012, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

6. FINANCIAL INSTRUMENTS (continued)

(c) Fair value of financial instruments (continued)

Fair value measurements (continued)

(ii) *Financial assets and financial liabilities not measured at fair value on a recurring basis*

The Directors consider that the carrying amounts of the Group's financial assets and financial liabilities carried at amortised cost in the consolidated financial statements approximate their fair values as at 31 December 2013 and 2012 except for the following financial liabilities, for which their carrying amounts and fair values (based on the quoted ask price) are disclosed below:

	31 December 2013		31 December 2012	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
2010 Guaranteed senior notes	1,255,896	1,344,505	2,571,714	2,790,563
2011 Guaranteed senior notes	1,608,834	1,619,787	1,604,230	1,625,000
2012 Guaranteed senior notes	2,674,364	3,047,363	2,690,101	2,968,875
2013 Guaranteed senior notes	2,757,676	2,798,734	–	–

7. REVENUE

	2013 HK\$'000	2012 HK\$'000
Revenue of the Group		
Sale of completed properties held for sale	11,248,631	9,166,133
Gross rental income from properties	49,095	42,278
Others	158,322	135,719
	11,456,048	9,344,130
Group's share of toll revenue of infrastructure joint ventures	893,301	839,496
Revenue of the Group and Group's share of toll revenue of infrastructure joint ventures	12,349,349	10,183,626

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

8. SEGMENT INFORMATION

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

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

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

	2013			2012		
	Toll road HK\$'000	Property development and investment HK\$'000	Total HK\$'000	Toll road HK\$'000	Property development and investment HK\$'000	Total HK\$'000
Segment revenue	–	11,456,048	11,456,048	–	9,344,130	9,344,130
Segment profit	91,006	849,352	940,358	166,354	725,063	891,417
Segment assets (including interests in joint ventures)	4,363,342	34,043,399	38,406,741	4,344,976	29,267,108	33,612,084
Segment liabilities	(36,584)	(26,847,917)	(26,884,501)	(31,248)	(22,167,646)	(22,198,894)
Other segment information						
Amounts included in the measure of segment profit or segment assets:						
Interest income	24,175	47,451	71,626	14,498	33,371	47,869
Impairment losses on interests in joint ventures	–	–	–	(49,019)	–	(49,019)
Losses on disposal of interests in joint ventures	(54,599)	–	(54,599)	–	–	–
Fair value gains on transfer of completed properties held for sale to investment properties	–	170,688	170,688	–	63,726	63,726
Change in fair value of investment properties	–	27,493	27,493	–	136,029	136,029
Depreciation	(158)	(10,516)	(10,674)	(167)	(9,324)	(9,491)
Finance costs	(4,490)	(175,206)	(179,696)	(3,506)	(150,707)	(154,213)
Income tax expenses	(15,790)	(1,481,605)	(1,497,395)	(12,950)	(1,452,053)	(1,465,003)
Share of results of joint ventures	196,026	5,736	201,762	271,152	15,484	286,636
Interests in joint ventures	3,537,847	29,619	3,567,466	3,948,682	72,559	4,021,241
Additions to non-current assets during the year	89,383	74,415	163,798	22,644	263,650	286,294

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

8. SEGMENT INFORMATION (continued)

(a) Measurement

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

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

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

Segment assets include property, plant and equipment, investment properties, interests in joint ventures, other receivables, inventory of properties, prepayment for land leases, loans to joint ventures, debtors, deposits and prepayments, prepaid income tax, pledged bank deposits, bank balances and cash and deferred tax assets which are directly attributable to the relevant reportable segment.

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

8. SEGMENT INFORMATION (continued)

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

	2013 HK\$'000	2012 HK\$'000
Total segment profit	940,358	891,417
Unallocated items:		
Interest income	781	2,272
Corporate income	175,553	51,543
Corporate expenses	(15,893)	(22,160)
Finance costs	(77,432)	(70,338)
Consolidated profit for the year	1,023,367	852,734
Total segment assets	38,406,741	33,612,084
Unallocated assets:		
Property, plant and equipment	1,540	2,364
Deposits and prepayments	42,091	41,631
Other financial assets	46,785	–
Bank balances and cash	4,932,306	3,619,262
Consolidated total assets	43,429,463	37,275,341
Total segment liabilities	(26,884,501)	(22,198,894)
Unallocated liabilities:		
Accrued charges	(179,684)	(190,938)
Bank and other borrowings	(3,002,026)	(2,614,677)
Other financial liabilities	–	(47,959)
Consolidated total liabilities	(30,066,211)	(25,052,468)

(c) Revenue from major products and services

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

(d) Information about geographical areas

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

(e) Information about major customers

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

9. OTHER GAINS AND LOSSES

	2013 HK\$'000	2012 HK\$'000
Impairment losses on interests in joint ventures	–	(49,019)
Losses on disposal of interests in joint ventures	(54,599)	–
Reversal of impairment losses on other receivables	25,000	–
Gains on disposal of property, plant and equipment	900	164
Fair value gains on transfer of completed properties held for sale to investment properties	170,688	63,726
Change in fair value of investment properties	27,493	136,029
Change in fair value of other financial assets/liabilities	118,000	14,921
Net exchange gains	179,748	135,696
	467,230	301,517

10. SHARE OF RESULTS OF JOINT VENTURES

	2013 HK\$'000	2012 HK\$'000
Share of profits of infrastructure joint ventures before amortisation and taxation	485,739	574,516
Less share of: Amortisation of toll road operation rights	(184,362)	(189,985)
Income tax expenses	(105,351)	(113,379)
	196,026	271,152
Share of profit of other joint venture	5,736	15,484
	201,762	286,636

11. FINANCE COSTS

	2013 HK\$'000	2012 HK\$'000
Interest on borrowings		
– wholly repayable within five years	922,024	773,891
– not wholly repayable within five years	13,602	–
Other finance costs	132,111	124,303
	1,067,737	898,194
Less: Capitalised in properties under development for sale	(810,609)	(673,643)
	257,128	224,551

Borrowing costs capitalised during the year are calculated by applying an average capitalisation rate of 8.70% (2012: 7.33%) per annum to expenditure on qualifying assets.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

12. PROFIT BEFORE TAXATION

	2013 HK\$'000	2012 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	13,072	11,561
Less: Capitalised in properties under development for sale	(1,536)	(1,387)
	11,536	10,174
Minimum lease payments paid under operating lease rentals in respect of land and buildings	17,316	15,620
Less: Capitalised in properties under development for sale	(508)	(1,432)
	16,808	14,188
Salaries and other benefits	409,978	335,187
Equity-settled share-based payments	4,900	–
Provident fund scheme contributions, net of forfeited contributions of HK\$472,000 (2012: HK\$366,000)	68,641	51,264
Less: Capitalised in properties under development for sale	(122,008)	(116,472)
	361,511	269,979
Audit fee	3,800	3,800
Cost of inventory of properties recognised as an expense	8,363,855	6,494,483
and after crediting:		
Bank interest income	47,795	33,402
Rental income in respect of investment properties	49,095	42,278

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

	Notes	Directors' fees HK\$'000	Salaries and allowances HK\$'000	Performance related bonus HK\$'000	Retirement scheme contributions HK\$'000	2013 Total HK\$'000
Executive Directors						
Zen Wei Pao, William		–	6,434	12,370	643	19,447
Ko Yuk Bing	(1)	–	6,804	10,016	550	17,370
Chan Kam Hung		–	3,684	3,506	368	7,558
Fong Shiu Leung, Keter		–	3,025	3,005	303	6,333
Zen Wei Peu, Derek		–	4,069	1,808	15	5,892
Xu Ruxin		–	1,868	700	93	2,661
Non-executive Directors						
Lam Wai Hon, Patrick		291	–	–	–	291
Lu Hua		220	–	–	–	220
Independent Non-executive Directors						
Chow Shiu Kee, Stephen	(2)	161	–	–	–	161
Lau Sai Yung		452	–	–	–	452
Chow Ming Kuen, Joseph		439	–	–	–	439
Nie Meisheng		238	–	–	–	238
Tse Chee On, Raymond		238	–	–	–	238
		2,039	25,884	31,405	1,972	61,300

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

Directors' emoluments (continued)

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

Notes:

- (1) Mr. Ko Yuk Bing is also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.
- (2) Mr. Chow Shiu Kee, Stephen retired as an Independent Non-Executive Director of the Company on 8 May 2013.
- (3) Mr. Xu Ruxin has been redesignated from a Non-Executive Director to an Executive Director of the Company since 1 January 2012.
- (4) Mr. Guo Limin resigned as a Non-Executive Director of the Company on 22 June 2012.
- (5) Mr. Lu Hua was appointed as a Non-Executive Director of the Company on 22 June 2012.
- (6) Each of Ms. Nie Meisheng and Mr. Tse Chee On, Raymond was appointed as an Independent Non-Executive Director of the Company on 26 October 2012.

In addition to the above Directors' emoluments, certain share options (with a fair value of HK\$5,700,000) were granted to the Directors during the year ended 31 December 2013. The details of share options held by individual Directors at 31 December 2013 and 2012 are shown in the Directors' report.

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

14. INCOME TAX EXPENSES

	2013 HK\$'000	2012 HK\$'000
Current tax:		
PRC enterprise income tax ("EIT")	843,333	670,595
PRC land appreciation tax ("LAT")	671,099	665,925
PRC withholding tax	57,118	79,835
	1,571,550	1,416,355
Deferred tax (note 30):		
LAT	(82,983)	21,649
Other	8,828	26,999
	1,497,395	1,465,003

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

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

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations which is charged at progressive rates ranging from 30% to 60% of the appreciation value, with certain allowable deductions.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

14. INCOME TAX EXPENSES (continued)

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

	2013 HK\$'000	2012 HK\$'000
Profit before taxation	2,520,762	2,317,737
Tax at the applicable income tax rate of 25% (2012: 25%) (note)	630,191	579,434
LAT provision	588,116	687,574
Tax effect of LAT	(147,029)	(171,894)
Tax effect of expenses not deductible for tax purpose	393,646	359,057
Tax effect of income not taxable for tax purpose	(43,292)	(47,218)
Tax effect of share of results of joint ventures	(50,441)	(71,659)
Tax effect of tax losses not recognised	19,420	14,475
Tax effect of temporary differences not recognised	14,063	19,085
Tax effect of utilisation of tax losses previously not recognised	(20,058)	(10,350)
Deferred tax on undistributed earnings of PRC subsidiaries and joint ventures	344	9,095
PRC withholding tax	57,118	79,835
Others	55,317	17,569
Income tax for the year	1,497,395	1,465,003

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

15. DIVIDENDS PAID

	2013 HK\$'000	2012 HK\$'000
2012 final dividend paid of HK\$0.30 (2012: 2011 final dividend of HK\$0.24) per share	222,614	178,064
2013 interim dividend paid of HK\$0.18 (2012: 2012 interim dividend of HK\$0.16) per share	132,843	118,710
	355,457	296,774

Subsequent to the end of the reporting period, a final dividend in respect of 2013 of HK\$0.40 per share amounting to a total of approximately HK\$294 million has been proposed by the Board on 7 March 2014. The amount has not been included as a liability in the consolidated financial statements as it was not declared before the end of the reporting period.

The amount of the proposed final dividend has been calculated on the basis of 733,867,566 shares in issue as at 7 March 2014.

16. EARNINGS PER SHARE

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

	2013 HK\$'000	2012 HK\$'000
Earnings for the purposes of basic and diluted earnings per share attributable to owners of the Company	1,001,618	818,179

	2013 Number of shares '000	2012 Number of shares '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	738,942	741,935
Effect of dilutive potential ordinary shares: Share options	1,633	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	740,575	741,935

The computation of diluted earnings per share for the year ended 31 December 2012 did not assume the exercise of the Company's share options because the exercise prices of the share options were higher than the average market prices of the shares.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 January 2012	38,642	18,499	31,066	28,863	117,070
Additions	2	–	5,831	6,527	12,360
Disposals	(28)	(215)	(2,878)	(2,664)	(5,785)
Exchange adjustments	863	410	775	720	2,768
At 31 December 2012	39,479	18,694	34,794	33,446	126,413
Additions	–	10,694	8,093	9,783	28,570
Disposals	–	–	(3,030)	(6,187)	(9,217)
Transfer to completed properties held for sale	(38,935)	–	–	–	(38,935)
Exchange adjustments	307	378	930	689	2,304
At 31 December 2013	851	29,766	40,787	37,731	109,135
Depreciation					
At 1 January 2012	8,876	18,492	20,124	13,485	60,977
Charge for the year	1,908	7	4,572	5,074	11,561
Eliminated on disposals	(28)	(215)	(2,814)	(1,722)	(4,779)
Exchange adjustments	222	410	588	451	1,671
At 31 December 2012	10,978	18,694	22,470	17,288	69,430
Charge for the year	1,047	352	6,051	5,622	13,072
Eliminated on disposals	–	–	(2,878)	(4,899)	(7,777)
Eliminated on transfer	(11,267)	–	–	–	(11,267)
Exchange adjustments	93	383	759	449	1,684
At 31 December 2013	851	19,429	26,402	18,460	65,142
Carrying values					
At 31 December 2013	–	10,337	14,385	19,271	43,993
At 31 December 2012	28,501	–	12,324	16,158	56,983

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

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

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

18. INVESTMENT PROPERTIES

	2013 HK\$'000	2012 HK\$'000
Completed properties, at fair value		
At 1 January	2,075,900	980,121
Transfer from completed properties held for sale (note)	230,838	69,090
Transfer from investment properties under construction	110,863	852,971
Disposal during the year	(558,800)	(49,164)
Fair value gains on transfer of completed properties held for sale to investment properties	170,688	63,726
Change in fair value recognised in profit or loss	21,243	134,804
Exchange difference arising on translation to presentation currency	44,472	24,352
	<hr/>	<hr/>
At 31 December	2,095,204	2,075,900
Properties under construction, at fair value		
At 1 January	134,438	717,349
Additions	45,898	252,800
Transfer to completed investment properties	(110,863)	(852,971)
Change in fair value recognised in profit or loss	6,250	1,225
Exchange difference arising on translation to presentation currency	2,802	16,035
	<hr/>	<hr/>
At 31 December	78,525	134,438
	<hr/>	<hr/>
Total	2,173,729	2,210,338

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

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

The fair values of investment properties under construction and completed investment properties at the date of transfer, 31 December 2013 and 2012 were determined by reference to valuations carried out by an independent firm of professional valuers not connected with the Group, who had recognised and relevant qualifications. The valuation report on these properties was signed by directors of the firm of professional valuers who are members of The Hong Kong Institute of Surveyors.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

18. INVESTMENT PROPERTIES (continued)

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Investment properties held by the Group	Fair value at 31 December 2013 HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)
Completed properties	1,972,949	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential	<ol style="list-style-type: none"> Term yield (the higher the term yield, the lower the fair value) Reversionary yield (the higher the reversionary yield, the lower the fair value) Market monthly rental rate (RMB/sqm) (the higher the market monthly rental rate, the higher the fair value) 	5.0% – 6.5% (6.2%) 6.0% – 7.0% (6.7%) RMB60 – RMB138 (RMB106)
Completed properties	122,255	Level 2	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property	N/A	N/A

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group	Fair value at 31 December 2013 HK\$'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)
Properties under construction	78,525	Level 3	Residual method – based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development	<ol style="list-style-type: none"> Contingency (the higher the contingency, the lower the fair value) Developer's profit (the higher the developer's profit, the lower the fair value) Marketing costs (the higher the marketing costs, the lower the fair value) Construction costs (the higher the construction costs, the lower the fair value) 	<p>5% (N/A)</p> <p>10% (N/A)</p> <p>2% (N/A)</p> <p>N/A</p>
	2,173,729				

The movement during the year in the balance of completed investment properties under Level 3 fair value measurements is as follows:

	HK\$'000
At 1 January 2013	2,075,900
Transfer from completed properties held for sale	230,838
Disposal during the year	(558,800)
Fair value gains on transfer of completed properties held for sale to investment properties	170,688
Change in fair value recognised in profit or loss	9,993
Exchange difference arising on translation to presentation currency	44,330
At 31 December 2013	1,972,949

The movement during the year in the balance of investment properties under construction under Level 3 fair value measurements is set out on page F-48.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES

	2013 HK\$'000	2012 HK\$'000
Interests in infrastructure joint ventures		
Cost of investments	4,623,485	4,973,329
Share of post-acquisition profits and other comprehensive income, net of dividends received	2,519,933	3,219,863
Return of cost of investments (note a)	(3,284,430)	(3,842,524)
Impairment losses on cost of investments (note b)	(321,141)	(401,986)
	3,537,847	3,948,682
Interests in other joint venture		
Cost of investment	16,123	16,123
Share of post-acquisition profit and other comprehensive income, net of dividend received	13,496	56,436
	29,619	72,559
	3,567,466	4,021,241

Notes:

- (a) The infrastructure joint ventures distribute the cash surplus to the Group and the other venturers including a return of total investment costs to the Group. The amount of cash distribution varies from time to time and depends on the toll road performance, the amount of operating expenses and capital expenditure incurred by the joint ventures.
- (b) During the year ended 31 December 2012, the Group conducted a review on the performance of the toll road infrastructure projects and recognised an impairment loss of HK\$49,019,000 which was recognised as other gains and losses in profit or loss. The recoverable amounts of interests in infrastructure joint ventures were determined based on value-in-use calculations, which were determined by the present value of the estimated future returns on investments from the joint ventures.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures

All infrastructure joint ventures are co-operative joint ventures established and operating in the PRC, details of the Company's principal infrastructure joint ventures at 31 December 2013 and 2012 are as follows:

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hebei Baofa Expressway Co., Ltd. 河北保發高速公路有限公司	RMB96,287,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Dong Section) in Hebei, the PRC
Hebei Baofeng Expressway Co., Ltd. 河北保豐高速公路有限公司	RMB95,700,000	40%	Investment in and operation and management of Hebei Baojin Expressway (Rongcheng – Xiongqian Section) in Hebei, the PRC
Hebei Baohui Expressway Co., Ltd. 河北保惠高速公路有限公司	RMB96,007,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou Zhong Section) in Hebei, the PRC
Hebei Baojie Expressway Co., Ltd. 河北保捷高速公路有限公司	RMB97,262,000	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongqian – Bazhou Section) in Hebei, the PRC
Hebei Baojin Expressway Co., Ltd. 河北保津高速公路有限公司	RMB96,843,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xushui – Rongcheng Section) in Hebei, the PRC
Hebei Baoli Expressway Co., Ltd. 河北保利高速公路有限公司	RMB97,359,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongqian East Section) in Hebei, the PRC
Hebei Baoming Expressway Co., Ltd. 河北保明高速公路有限公司	RMB90,030,400	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou – Tianjinjie Section) in Hebei, the PRC
Hebei Baosheng Expressway Co., Ltd. 河北保昇高速公路有限公司	RMB96,507,600	40%	Investment in and operation and management of Hebei Baojin Expressway (Xiongqian Section) in Hebei, the PRC

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued) Infrastructure joint ventures (continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hebei Baoyi Expressway Co., Ltd. 河北保怡高速公路有限公司	RMB96,575,200	40%	Investment in and operation and management of Hebei Baojin Expressway (Rongcheng Section) in Hebei, the PRC
Hebei Baoyu Expressway Co., Ltd. 河北保裕高速公路有限公司	RMB97,426,400	40%	Investment in and operation and management of Hebei Baojin Expressway (Bazhou West Section) in Hebei, the PRC
Hebei Tanghui Expressway Company Limited 河北唐惠高速公路有限公司	RMB287,324,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Chenzhuang – Fengnan Section) in Hebei, the PRC
Hebei Tangjin Expressway Company Limited 河北唐津高速公路有限公司	RMB250,300,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Fengnan – Jijinjie Section) in Hebei, the PRC
Hebei Tangrun Expressway Company Limited 河北唐潤高速公路有限公司	RMB172,524,000	45%	Investment in and operation and management of Hebei Tangjin Expressway (Shuangmiao – Chenzhuang Section) in Hebei, the PRC
Hunan Changyi (Baining) Expressway Co., Ltd. 湖南長益(白寧)高速公路有限公司	RMB97,011,500	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Baining Section) in Hunan, the PRC
Hunan Changyi (Cangyi) Expressway Co., Ltd. 湖南長益(滄益)高速公路有限公司	RMB98,985,400	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Cangyi Section) in Hunan, the PRC
Hunan Changyi Expressway Co., Ltd. 湖南長益高速公路有限公司	RMB98,553,500	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Changbai Section) in Hunan, the PRC

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued) Infrastructure joint ventures (continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hunan Changyi (Hengchang) Expressway Co., Ltd. 湖南長益(衡滄)高速公路有限公司	RMB101,695,200	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Hengchang Section) in Hunan, the PRC
Hunan Changyi (Ningheng) Expressway Co., Ltd. 湖南長益(寧衡)高速公路有限公司	RMB98,458,100	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Ningheng Section) in Hunan, the PRC
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd. 湖南長益(資江二橋)高速公路有限公司	RMB78,328,300	43.17%	Investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (Zijiang No. 2 Bridge) in Hunan, the PRC
Jinzhong Longcheng Expressway Co., Ltd. 晉中龍城高速公路有限責任公司	RMB1,467,000,000 (2012: RMB1,000,000,000)	45%#	Investment in and development, operation and management of Longcheng Expressway in Shanxi, the PRC

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

The above table lists the joint ventures of the Group which, in opinion of the Directors, principally affected the results of the year or form a substantial portion of the net assets of the Group. To give details of other joint ventures would, in the opinion of the Directors, result in particulars of excessive length.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Summarised financial information of material infrastructure joint ventures

Summarised financial information in respect of the Group's material infrastructure joint ventures is set out below.

The summarised financial information below represents amounts shown in the infrastructure joint ventures' financial statements prepared in accordance with HKFRSs. The infrastructure joint ventures are accounted for using the equity method in these consolidated financial statements.

- (i) *Infrastructure joint ventures engaged in investment in and operation and management of Hebei Baojin Expressway*

	2013 HK\$'000	2012 HK\$'000
Current assets	1,827,751	1,675,617
Non-current assets	2,634,115	2,687,595
Current liabilities	(48,943)	(98,665)
Non-current liabilities	(235,000)	(215,000)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	275,374	183,194
	2013 HK\$'000	2012 HK\$'000
Revenue	788,778	806,032
Profit and total comprehensive income for the year	393,600	439,633
Dividends received during the year	105,711	113,528
The above profit for the year includes the following:		
Depreciation and amortisation	(121,127)	(105,479)
Interest income	1,977	2,760
Income tax expense	(139,832)	(160,007)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Summarised financial information of material infrastructure joint ventures (continued)

(i) *Infrastructure joint ventures engaged in investment in and operation and management of Hebei Baojin Expressway (continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interests in the infrastructure joint ventures (excluding return of cost of investments) recognised in the consolidated financial statements:

	2013 HK\$'000	2012 HK\$'000
Net assets of the infrastructure joint ventures	4,177,923	4,049,547
Proportion of the Group's ownership interests in the infrastructure joint ventures	40%	40%
Adjustment on sharing basis	222,530	222,949
Carrying amount of the Group's interests in the infrastructure joint ventures	1,893,699	1,842,768

(ii) *Infrastructure joint ventures engaged in investment in and operation and management of Hebei Tangjin Expressway*

	2013 HK\$'000	2012 HK\$'000
Current assets	1,401,243	1,274,629
Non-current assets	1,457,175	1,522,358
Current liabilities	(95,227)	(38,065)
Non-current liabilities	(20,000)	(17,778)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	313,933	303,093

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Summarised financial information of material infrastructure joint ventures (continued)

(ii) Infrastructure joint ventures engaged in investment in and operation and management of Hebei Tangjin Expressway (continued)

	2013 HK\$'000	2012 HK\$'000
Revenue	570,184	624,669
Profit and total comprehensive income for the year	232,435	293,426
Dividends received during the year	123,503	125,527
The above profit for the year includes the following:		
Depreciation and amortisation	(145,573)	(132,812)
Interest income	2,494	3,286
Income tax expense	(80,057)	(97,544)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the infrastructure joint ventures (excluding return of cost of investments) recognised in the consolidated financial statements:

	2013 HK\$'000	2012 HK\$'000
Net assets of the infrastructure joint ventures	2,743,191	2,741,144
Proportion of the Group's ownership interests in the infrastructure joint ventures	45%	45%
Adjustment on sharing basis	6,494	53,483
Carrying amount of the Group's interests in the infrastructure joint ventures	1,240,930	1,286,998

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Summarised financial information of material infrastructure joint ventures (continued)

(iii) Infrastructure joint ventures engaged in investment in and development, operation and management of Hunan Changsha – Yiyang Expressway

	2013 HK\$'000	2012 HK\$'000
Current assets	1,850,766	2,492,528
Non-current assets	1,916,071	2,047,126
Current liabilities	(173,026)	(123,234)
Non-current liabilities	(758,624)	(795,530)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	99,726	98,314
Current financial liabilities (excluding trade and other payables and provisions)	(51,487)	–
Non-current financial liabilities (excluding trade and other payables and provisions)	(566,361)	(605,583)
	2013 HK\$'000	2012 HK\$'000
Revenue	587,766	454,267
Profit and total comprehensive income for the year	208,750	186,606
Dividends received during the year	449,132	–
The above profit for the year includes the following:		
Depreciation and amortisation	(176,641)	(80,947)
Interest income	414	430
Interest expense	(44,912)	(14,150)
Income tax expense	(78,685)	(81,253)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Summarised financial information of material infrastructure joint ventures (continued)

(iii) *Infrastructure joint ventures engaged in investment in and development, operation and management of Hunan Changsha – Yiyang Expressway (continued)*

Reconciliation of the above summarised financial information to the carrying amount of the interests in the infrastructure joint ventures (excluding return of cost of investments) recognised in the consolidated financial statements:

	2013 HK\$'000	2012 HK\$'000
Net assets of the infrastructure joint ventures	2,835,187	3,620,890
Proportion of the Group's ownership interests in the infrastructure joint ventures	43.17%	43.17%
Capitalised interest	39,579	41,766
Adjustment on sharing basis	308,786	270,373
Carrying amount of the Group's interests in the infrastructure joint ventures	1,572,315	1,875,277

(iv) *Infrastructure joint venture engaged in investment in and development, operation and management of Longcheng Expressway*

	2013 HK\$'000	2012 HK\$'000
Current assets	877,827	990,564
Non-current assets	5,136,422	5,059,362
Current liabilities	(1,128,330)	(1,208,700)
Non-current liabilities	(3,508,467)	(3,530,196)
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	325,627	515,930
Current financial liabilities (excluding trade and other payables and provisions)	(126,582)	(74,442)
Non-current financial liabilities (excluding trade and other payables and provisions)	(3,452,912)	(3,514,640)

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Summarised financial information of material infrastructure joint ventures (continued)

(iv) Infrastructure joint venture engaged in investment in and development, operation and management of Longcheng Expressway (continued)

	2013 HK\$'000	2012 HK\$'000
Revenue	194,817	86,821
Loss and total comprehensive expense for the year	(161,441)	(50,000)
The above loss for the year includes the following:		
Depreciation and amortisation	(31,015)	(11,263)
Interest income	93	93
Interest expense	(234,904)	(100,219)
Income tax expense	(40,000)	(15,556)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the infrastructure joint venture recognised in the consolidated financial statements:

	2013 HK\$'000	2012 HK\$'000
Net assets of the infrastructure joint venture	1,377,452	1,311,030
Proportion of the Group's ownership interest in the infrastructure joint venture	45%	45%
Carrying amount of the Group's interest in the infrastructure joint venture	619,853	589,964

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

19. INTERESTS IN JOINT VENTURES (continued)

Infrastructure joint ventures (continued)

Aggregate information of infrastructure joint ventures that are not individually material

	2013 HK\$'000	2012 HK\$'000
The Group's share of loss from continuing operations	(7,379)	(9,441)
The Group's share of loss from discontinuing operations	(15,401)	(13,501)
The Group's share of loss and total comprehensive expenses	(22,780)	(22,942)
Aggregate carrying amounts of the Group's interests in infrastructure joint ventures (excluding return of cost of investments)	1,495,480	2,196,199

Property development joint venture

Particulars of the Group's interest in a property development joint venture as at 31 December 2013 and 2012 are as follows:

Name of entity	Place of establishment	Principal place of business	Registered capital	Attributable interest to the Group	Principal activity
上海順馳方城置業有限公司	PRC	PRC	RMB50,000,000	31.5%	Property development
				2013 HK\$'000	2012 HK\$'000
The Group's share of profit and total comprehensive income				5,736	15,484

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

20. LOANS TO JOINT VENTURES

At 31 December 2013, the loans to a joint venture of HK\$308,924,000 (2012: HK\$302,792,000) included in non-current assets represent loans to Hunan Changyi Expressway Co., Ltd., which are unsecured, carry interest at a fixed rate of 7.205% to 7.755% (2012: 7.205% to 7.755%) per annum and due in October 2019.

At 31 December 2013, the loan to a joint venture of HK\$88,608,000 (2012: HK\$86,849,000) included in current assets represent a loan to Jinzhong Longcheng Expressway Co., Ltd., which is unsecured, interest free and due within one year.

21. OTHER RECEIVABLES

The amount represented the cash advance to Huge Rise Investments Limited and its subsidiaries ("Huge Rise Group"), which are independent third parties of the Group. Based on the cash advance agreement dated 4 January 2010, the cash advance will be fully repaid before December 2014 and it is interest bearing at 1% per annum over 3 month HIBOR. The outstanding amount is reclassified to current assets in current year. The credit risk on amount due from Huge Rise Group is disclosed in note 6(b)(ii).

22. INVENTORY OF PROPERTIES

	2013 HK\$'000	2012 HK\$'000
Completed properties held for sale	4,072,755	1,423,479
Properties under development for sale (note)	22,309,764	21,752,371
	26,382,519	23,175,850

Note: Included in the amount are properties under development for sale of HK\$14,383,102,000 (2012: HK\$14,461,421,000) which are expected to be completed and available for sale to the customers more than twelve months from the end of the reporting period.

23. PREPAYMENT FOR LAND LEASES

As at 31 December 2013, the total consideration prepaid in full of HK\$1,925,815,000 (2012: HK\$902,580,000) according to the sale and purchase agreement entered into with the PRC local government for the acquisition of certain pieces of land in the PRC for property development for sale and such prepayment is classified as current assets. Upon the delivery of relevant land title document to the Group, the prepaid amount which represents the land purchase costs of those pieces of land will be recognised as "properties under development for sale" under "inventory of properties".

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

24. DEBTORS, DEPOSITS AND PREPAYMENTS

	2013 HK\$'000	2012 HK\$'000
Aged analysis of trade debtors, presented based on invoice dates (note):		
Within 60 days	3,982	3,362
60 to 90 days	49	15
More than 90 days	3,368	7,638
	7,399	11,015
Deferred consideration on disposal of interests in joint ventures (note 35)	181,875	–
Refundable tender deposits for acquisition of land and toll road project	540,798	24,814
Prepayment of business tax and other taxes	371,421	336,309
Other receivables, deposits and prepayments	508,366	434,823
	1,609,859	806,961

Note: The debtors are mainly arisen from sale of properties. Consideration in respect of properties sold is paid in accordance with the terms of the related sale and purchase agreements, normally within 60 days from the agreements. Consideration will be fully received prior to the delivery of the properties to the purchasers.

The Group has insignificant trade receivable balances which are past due but not impaired at the end of the reporting period. The remaining trade debtor balance is neither past due nor impaired and has been substantially settled subsequent to the end of the reporting period.

In determining the recoverability of trade debtors, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited because the customer base is large and unrelated. Accordingly, the Directors believe that there is no credit provision required at the end of the reporting period.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

25. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits of HK\$151,091,000 (2012: HK\$168,828,000) in total are pledged as securities in favour of banks for mortgage facilities granted to the buyers of properties developed by the Group and short-term facilities granted to the Group.

Included in bank balances and cash, bank balances amounting to HK\$1,744,909,000 (2012: HK\$1,549,172,000) in total were limited to be used in the development of certain property projects. These bank balances comprised the proceeds received from pre-sale of properties of certain property projects deposited into designated bank accounts of the Group of HK\$1,340,829,000 (2012: HK\$1,413,070,000) according to the relevant requirements of the PRC local government and the cash received mainly from bank loans of HK\$404,080,000 (2012: HK\$136,102,000) for property development.

Bank balances carried interest at market rates which range from 0.01% to 2.35% (2012: 0.01% to 3.00%) per annum.

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

	2013	2012
	HK\$'000	HK\$'000
United States dollars	374,862	247,995
Hong Kong dollars	13,366	58,864

26. SHARE CAPITAL

	2013	2012	2013	2012
	Number of	Number of	HK\$'000	HK\$'000
	shares	shares		
Authorised:				
Ordinary shares of HK\$0.1 each	20,000,000,000	20,000,000,000	2,000,000	2,000,000
7.5% convertible preference shares of HK\$0.1 each	518,380	518,380	52	52
Issued and fully paid:				
Ordinary shares				
At 1 January	741,934,566	741,934,566	74,193	74,193
Issue of shares upon exercise of share options	648,000	–	65	–
Shares repurchased and cancelled	(7,404,000)	–	(740)	–
At 31 December	735,178,566	741,934,566	73,518	74,193

No convertible preference shares are issued in both years.

No share options were exercised in 2012.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

26. SHARE CAPITAL (continued)

During the year, the Company repurchased its own shares through the Stock Exchange as follows:

Month of repurchases	Number of ordinary shares of HK\$0.1 each	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
June	2,588,000	7.25	6.77	17,946
July	1,463,000	7.56	7.08	10,726
August	580,000	7.70	7.40	4,402
September	2,773,000	8.10	7.48	21,630
November	627,000 (Note)	7.50	7.37	4,675
December	684,000 (Note)	7.60	7.36	5,119
	<u>8,715,000</u>			<u>64,498</u>

Note: 627,000 shares and 684,000 shares repurchased in November 2013 and December 2013 respectively were cancelled in February 2014.

All of the above mentioned shares repurchased were cancelled up to the date of issuance of these consolidated financial statements. Save as disclosed above, neither the Company nor any of its subsidiaries repurchased, sold or redeemed any of the Company's listed shares in both years.

27. SHARE OPTION SCHEME

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

The total number of shares which may be issued under the Old Scheme and any other schemes of the Company must not in aggregate exceed 10% (the "10% Limit") of the shares in issue as at the date of adoption of the Old Scheme less the aggregate of exercised, cancelled and outstanding options. On 15 May 2007, renewal of the 10% Old Scheme mandate limit was approved by the shareholders and the total number of options available for grant at 31 December 2012 under the Old Scheme was 39,540,156. The 10% Limit may be refreshed with the approval of shareholders of the Company. The maximum number of shares that may be issued upon exercise of all outstanding options granted and are yet to be exercised under the Old Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, lapsed/cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by the shareholders.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

27. SHARE OPTION SCHEME (continued)

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

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

The Old Scheme, which was valid and effective for a period of 10 years commencing on the adoption date, expired on 11 May 2013.

No share options under the Old Scheme were granted by the Group during the year ended 31 December 2012 and up to the expiry date.

During the year, the Company adopted another share option scheme (the "New Scheme") on 8 May 2013. The purpose of the New Scheme is to provide 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 for the benefit of the Company and the shareholders as a whole.

The participants of the New Scheme include any executive or non-executive directors of the Group, any executives, officers, consultants or full-time employees of the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company and/or any subsidiary shall not in aggregate exceed 10% (the "10% Limit") in nominal amount of the aggregate of the shares in issue on the adoption date. Options lapsed or cancelled in accordance with the terms of the New Scheme and such other share option schemes of the Company and/or any subsidiary shall not be counted for the purpose of calculating the 10% Limit. The 10% limit may be refreshed with the approval of the shareholders of the Company. The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Scheme, together with all outstanding options granted and yet to be exercised under any other share option schemes of the Company and/or any subsidiary, must not exceed 30% of the number of issued shares from time to time.

The total number of shares issued and to be issued upon exercise of all options granted and to be granted to each participant under the New Scheme and any other share option schemes of the Company and/or any subsidiary (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the number of shares in issue as at the proposed grant date unless the same is approved by the shareholders.

The option exercisable period commences on the commencement date (the date upon which the options are granted and accepted) of such options and ends on the fifth anniversary of the commencement date. Each participant must pay HK\$1 as consideration for the grant of options not later than 30 days after the grant date.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

27. SHARE OPTION SCHEME (continued)

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

The New Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 8 May 2013.

On 28 May 2013, 17,400,000 share options under the New Scheme were granted to and accepted by the directors and employees of the Group for an aggregate consideration of HK\$25 and the share options are fully vested at the date of grant. The estimated fair values of the options granted of HK\$10,600,000 (of which HK\$5,700,000 was the fair value of the options granted to the Directors, the details of the fair value of the options granted to the individual Directors are shown in Directors' report) was recognised in profit or loss. The fair value of the options was calculated using the Hull White Trinomial pricing model. The inputs into the model were as follows:

Share price at date of grant	HK\$7.13
Exercise price	HK\$7.13
Expected volatility	26.37%
Expected life	5 years
Risk-free rate	0.65%
Expected dividend yield	8.92%

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

The variables and assumptions used in computing the fair value of the New Scheme are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions.

At the date of issuance of these consolidated financial statements, the number of shares in respect of which options had been granted and remained outstanding under the Old Scheme and New Scheme were 12,440,000 and 17,400,000, representing approximately 1.70% and 2.37% respectively of the Company's issued share capital at that date.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

27. SHARE OPTION SCHEME (continued)

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

2013

Date of grant	Exercisable period	Exercise price HK\$	Balance at 1.1.2013	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	Balance at 31.12.2013
Directors							
9 April 2010	9 April 2010 to 8 April 2015	6.79	6,750,000	-	-	(150,000)	6,600,000
28 May 2013	29 May 2013 to 28 May 2018	7.13	-	10,350,000	-	-	10,350,000
			6,750,000	10,350,000	-	(150,000)	16,950,000
Employees							
9 April 2010	9 April 2010 to 8 April 2015	6.79	6,828,000	-	(648,000)	(305,000)	5,875,000
28 May 2013	29 May 2013 to 28 May 2018	7.13	-	7,050,000	-	-	7,050,000
			6,828,000	7,050,000	(648,000)	(305,000)	12,925,000
			13,578,000	17,400,000	(648,000)	(455,000)	29,875,000
Weighted average exercise price			6.79	7.13	6.79	6.79	6.99

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

27. SHARE OPTION SCHEME (continued)

2012

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

28. BANK AND OTHER BORROWINGS

	2013 HK\$'000	2012 HK\$'000
2010 Guaranteed senior notes (note a)	1,255,896	2,571,714
2011 Guaranteed senior notes (note b)	1,608,834	1,604,230
2012 Guaranteed senior notes (note c)	2,674,364	2,690,101
2013 Guaranteed senior notes (note d)	2,757,676	–
Bank loans (note e)	5,116,778	4,494,326
	13,413,548	11,360,371

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

28. BANK AND OTHER BORROWINGS (continued)

The maturity of the above loans is as follows:

	2013 HK\$'000	2012 HK\$'000
Unsecured borrowings repayable*:		
Within one year	2,695,054	590,156
More than one year but not exceeding two years	1,604,453	2,728,589
More than two years but not exceeding five years	5,432,040	5,261,815
	9,731,547	8,580,560
Secured borrowings repayable*:		
Within one year	2,909,849	2,447,763
More than one year but not exceeding two years	12,660	–
More than two years but not exceeding five years	64,873	–
More than five years	402,833	–
	3,390,215	2,447,763
Carrying amount of bank loan that is repayable within one year and contains a repayable on demand clause		
– unsecured	291,786	77,505
– secured	–	223,526
Carrying amount of secured bank loan that is repayable more than one year but not exceeding two years but contains a repayable on demand clause (shown under current liabilities)	–	31,017
Total borrowings	13,413,548	11,360,371
Less: Amounts classified as current liabilities	(5,896,689)	(3,369,967)
Amount due over one year shown and classified as non-current liabilities	7,516,859	7,990,404

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

28. BANK AND OTHER BORROWINGS (continued)

Notes:

- (a) The 2010 Guaranteed senior notes with an outstanding principal amounting to US\$163,580,000 (2012: US\$333,580,000) are listed on the Singapore Exchange Securities Trading Limited ("SGX") and were issued in September 2010. The notes, bearing interest at a fixed rate of 9.5% per annum, will mature in September 2015.
- (b) The 2011 Guaranteed senior notes with an outstanding principal amounting to RMB1,272,000,000 (2012: RMB1,300,000,000) are listed on the SGX and were issued in February 2011. The notes, bearing interest at a fixed rate of 6% per annum, have matured and were fully redeemed in late February 2014.
- (c) The 2012 Guaranteed senior notes with an outstanding principal amounting to US\$350,000,000 (2012: US\$350,000,000) are listed on the Stock Exchange and were issued in September 2012. The notes, bearing interest at a fixed rate of 9.875% per annum, will mature in September 2017.
- (d) The 2013 Guaranteed senior notes with an outstanding principal amounting to RMB2,200,000,000 are listed on the Stock Exchange and were issued in December 2013. The notes, bearing interest at a fixed rate of 6% per annum, will mature in December 2016.
- (e) Bank loans with carrying amount of HK\$3,390,215,000 (2012: HK\$2,702,307,000) bear interest at a fixed rate of 6.15% to 7.38% (2012: 6.15% to 8.00%) per annum. Interest rates on the remaining bank loans, which carry at floating interest rates based on either HIBOR or LIBOR plus a specified margin, range from 2.50% to 5.00% (2012: 2.76% to 4.55%) per annum.

Details on the fair value disclosures of the guaranteed senior notes are set out in note 6(c)(ii).

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

	2013	2012
	HK\$'000	HK\$'000
United States dollars	4,779,157	6,063,173
Hong Kong dollars	877,666	813,305

29. LOANS FROM NON-CONTROLLING INTERESTS OF SUBSIDIARIES

At the end of the reporting period, the amounts of HK\$267,752,000 (2012: HK\$274,690,000) are unsecured, interest bearing at fixed rate of 6.72% to 7.38% (2012: 7.38%) per annum and the entire balance will be repayable within one year.

At the end of the reporting period, loans of HK\$410,791,000 (2012: HK\$97,882,000), which were advanced to a subsidiary of the Group, are unsecured and interest bearing at a fixed rate of 7.38% (2012: 6.765%) per annum. Such amounts are with two years' term, and are classified as non-current liabilities.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

30. DEFERRED TAXATION

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

	Tax losses	Fair value adjustment on properties under development	Undistributed earnings of subsidiaries and joint ventures in the PRC	Change in fair value of investment properties	Interest capitalised on properties under development	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2012	(18,165)	15,021	120,811	301,106	124,893	543,666
Charge (credit) for the year	(32,951)	-	9,095	66,176	6,328	48,648
Exchange adjustments	(815)	335	2,811	7,546	2,868	12,745
At 31 December 2012	(51,931)	15,356	132,717	374,828	134,089	605,059
Charge (credit) for the year	5,769	-	344	(108,826)	28,558	(74,155)
Disposal of joint ventures	-	-	9,430	-	-	9,430
Exchange adjustments	(979)	311	2,692	6,213	3,247	11,484
At 31 December 2013	(47,141)	15,667	145,183	272,215	165,894	551,818

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

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

	2013 HK\$'000	2012 HK\$'000
Deferred tax assets	(31,474)	(36,575)
Deferred tax liabilities	583,292	641,634
	551,818	605,059

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

30. DEFERRED TAXATION (continued)

Deferred tax assets has not been recognised in the consolidated financial statements in respect of deductible temporary differences amounting to HK\$506,086,000 (2012: HK\$562,338,000) due to the unpredictability of future taxable profit streams.

At 31 December 2013, the Group has estimated unused tax losses of HK\$390,825,000 (2012: HK\$650,675,000) available to offset against future profits. A deferred tax asset has been recognised in respect of HK\$188,565,000 (2012: HK\$207,724,000) of such losses. No deferred tax asset has been recognised in respect of the remaining losses of HK\$202,260,000 (2012: HK\$442,951,000) due to the unpredictability of future taxable profit streams. Such remaining unrecognised tax losses of HK\$202,260,000 (2012: HK\$442,951,000) will expire within five years from the end of the reporting period.

31. CREDITORS AND ACCRUED CHARGES

	2013 HK\$'000	2012 HK\$'000
Aged analysis of creditors presented based on invoice date:		
Trade payables		
Within 60 days	186,187	56,357
60 to 90 days	17,755	17,813
More than 90 days	269,908	156,126
	473,850	230,296
Bills payables		
Within 60 days	8,861	14,268
60 to 90 days	–	13,275
More than 90 days	11,392	27,357
	20,253	54,900
Accrued construction costs	4,082,009	3,565,433
Interest payable	4,576,112	3,850,629
Accrued taxes (other than EIT and LAT)	161,974	183,420
Other payables and accrued charges	47,021	87,851
	766,192	640,600
	5,551,299	4,762,500

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

32. OTHER FINANCIAL ASSETS/LIABILITIES

The other financial assets represent the fair value of cross-currency swap contracts of HK\$46,785,000 (2012: other financial liabilities of HK\$47,959,000). The Group has three (2012: two) outstanding cross-currency swap contracts. The Group will pay United States dollars and receive Renminbi on gross settlement basis at the date specified in the terms of contracts.

During the year, the Group entered into a new cross-currency swap contract, which will be matured in 2016, with a financial institution. The principal amount of RMB2,200,000,000 with 6% per annum was swapped to a fixed rate of 4.81% per annum on principal amount of US\$361,872,000. The contract rates was RMB6.0795: US\$1.

At 31 December 2013, the total principal amount of the another two swap contracts, which will be matured in 2014, amounted to RMB1,445,000,000 (2012: RMB1,445,000,000). There is no change on the contracts' terms carried forward from 2012. The contract rates were RMB6.37:US\$1 for both contracts. A principal amount of RMB1,300,000,000 with the 6% per annum was swapped to a fixed rate of 7.2% per annum on principal amount of US\$204,082,000. For another contract, a principal amount of RMB145,000,000 with the fixed rate of 3.6% per annum was swapped to a three month floating rate LIBOR plus 3% on principal amount of US\$22,763,000.

Details on the fair value measurement of the swap contracts are set out in note 6(c)(i).

33. CASH AND CASH EQUIVALENTS

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

	2013 HK\$'000	2012 HK\$'000
Bank balances and cash	6,677,215	5,168,435
Less: restricted bank balances – proceeds from pre-sale of certain property projects (note 25)	(1,340,829)	(1,413,070)
	5,336,386	3,755,365

34. RETIREMENT BENEFIT PLANS

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

35. DISPOSAL OF INTERESTS IN JOINT VENTURES

During the year, the Group entered into sale and purchase agreements to dispose of its 50% equity interest in Anhui Road Universe Hefei Highway Development Co., Ltd., and 60% equity interests in Anhui Road Universe Hehuai Highway Yangjin Section Development Company Limited and Anhui Road Universe Hehuai Highway Dayang Section Development Company Limited to the PRC joint venture partner at a cash consideration of HK\$256,875,000 in aggregate. The loss on disposal of the infrastructure joint ventures was recognised in profit or loss.

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

	HK\$'000
Cost of investments	435,723
Share of post-acquisition profits and other comprehensive income, net of dividend received	296,237
Reduction of cost of investment	(349,071)
Impairment losses on cost of investments	(80,845)
	<hr/>
Carrying amount of interest in the joint ventures disposed of	302,044
Expenses in connection with the disposal	9,430
Loss on disposal	(54,599)
	<hr/>
Total consideration	256,875
	<hr/>
Satisfied by:	
Cash consideration	75,000
Deferred consideration (note)	181,875
	<hr/>
	256,875
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration	75,000
Expenses in connection with the disposal	(9,430)
	<hr/>
	65,570
	<hr/>

Note: Pursuant to the sale and purchase agreements and supplementary agreements, the deferred consideration is fully repayable in late March 2014. Accordingly, such deferred consideration is classified as current assets and included in other receivables (see note 24).

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

36. OPERATING LEASE COMMITMENTS

As lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases:

	2013	2012
	HK\$'000	HK\$'000
Within one year	68,221	60,172
In the second to fifth year inclusive	302,511	264,653
Over five years	1,070,625	1,068,132
	1,441,357	1,392,957

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

As lessee

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

	2013	2012
	HK\$'000	HK\$'000
Within one year	13,792	11,559
In the second to fifth year inclusive	15,585	6,721
	29,377	18,280

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

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

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

37. CAPITAL COMMITMENTS

	2013 HK\$'000	2012 HK\$'000
Capital expenditure in respect of the development of investment properties contracted for but not provided in the consolidated financial statements	12,797	5,546
Capital expenditure in respect of the development of investment properties authorised but not contracted for	2,797	36,313
Capital injection into infrastructure joint ventures contracted for but not provide in the consolidated financial statements	174,873	–

38. CONTINGENT LIABILITIES

At 31 December 2013, the Group provided guarantees of HK\$5,328,244,000 (2012: HK\$4,214,361,000) to banks in favour of its customers in respect of the mortgage loans provided by the banks to such customers for the purchase of the Group's properties. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective property by the banks from the customers as a pledge for security to the mortgage loan granted. The Directors considered that the fair value of such guarantees on initial recognition was insignificant.

39. PLEDGE OF ASSETS

At the end of the reporting period, other than the pledged bank deposits as disclosed in note 25, the Group's inventory of properties of HK\$3,400,356,000 (2012: HK\$2,639,094,000) were pledged to secure the banking facilities granted to the Group.

40. RELATED PARTY TRANSACTIONS

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

Related parties	Nature	2013 HK\$'000	2012 HK\$'000
Joint ventures	Interest income	22,634	12,400
Non-controlling interests of subsidiaries	Interest expenses	36,407	22,992

Above transactions did not constitute a connected transaction as defined under the Listing Rules.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

40. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel

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

	2013 HK\$'000	2012 HK\$'000
Short-term employment benefits	117,531	107,418
Post-employment benefits	5,492	5,010
Equity-settled share-based payments	10,279	–
	133,302	112,428

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

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

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

	2013 HK\$'000	2012 HK\$'000
Unlisted investments in subsidiaries	13,751,537	13,266,503
Deposits and prepayments	478	586
Amounts due from subsidiaries	1,032,709	823,143
Bank balances and cash	553,959	112,705
Total assets	15,338,683	14,202,937
Creditors and accrued charges	74	75
Amounts due to subsidiaries	8,412,091	6,826,846
Share capital (see note 26)	73,518	74,193
Reserves	6,853,000	7,301,823
Total equity and liabilities	15,338,683	14,202,937

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

42. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2013 and 2012 are as follows:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of nominal value of issued ordinary shares capital/registered capital held by the Company		Principal activities
				Directly	Indirectly	
				%	%	
Incorporated in the British Virgin Islands ("BVI")/Hong Kong						
Intersafe Investments Limited	BVI	Hong Kong	US\$16,000,000	–	100	Investment holding
Ontex Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road King Infrastructure Finance (2012) Limited	BVI	#	US\$1	100	–	Provision of financial services
RK Properties Holdings Limited	BVI	#	US\$1	–	100	Investment holding
RK Properties Management Limited	Hong Kong	Hong Kong	HK\$1	–	100	Provision of management services
RKI Finance (2010) Limited	BVI	#	US\$1	100	–	Provision of financial services
RKI Finance (2011) Limited	BVI	#	US\$1	100	–	Provision of financial services
RKI Finance (2013) Limited®	BVI	#	US\$1	100	–	Provision of financial services
RKP Overseas Finance 2013 (A) Limited®	BVI	#	US\$1	–	100	Provision of financial services
Road Base Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road Bond Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road Crown Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road Express Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road Famous Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road Glorious Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road Grand Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road King (China) Infrastructure Limited	BVI	PRC	HK\$2,000,000,000	100	–	Investment holding

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

42. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of nominal value of issued ordinary shares capital/registered capital held by the Company		Principal activities
				Directly %	Indirectly %	
Incorporated in the British Virgin Islands ("BVI")/Hong Kong (continued)						
Road King Infrastructure Management Limited	Hong Kong	Hong Kong	HK\$2	–	100	Provision of management services
Road Link Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Road Rise Investments Limited	BVI	Hong Kong	US\$1	–	100	Investment holding
Sunco Property Holdings Company Limited	BVI	#	US\$250	–	94.74	Investment holding
Registered as wholly foreign owned enterprises in the PRC						
Changzhou Great Gallop Properties Developments Ltd.	PRC	PRC	US\$143,245,300 (2012: US\$91,745,300)	–	100	Development and sale of properties
Changzhou Great Superior Properties Developments Ltd.	PRC	PRC	RMB612,220,000 (2012: RMB123,500,000)	–	100	Development and sale of properties
Guangzhou Junde Real Estate Limited	PRC	PRC	RMB60,000,000	–	100	Development and sale of properties
Guangzhou Junya Real Estate Limited	PRC	PRC	RMB60,220,000	–	100	Development and sale of properties
Guangzhou Junyue Real Estate Limited	PRC	PRC	RMB538,000,000	–	100	Development and sale of properties
Tianjin Kingsvalue Real Estate Investment Management Limited	PRC	PRC	RMB678,500,000	–	94.74	Investment holding
Tianjin Sunco Binhai Land Co., Ltd.	PRC	PRC	RMB600,000,000	–	94.74	Investment holding
Tianjin Sunco Binhai Real Estate Investment Management Limited	PRC	PRC	RMB760,000,000	–	94.74	Investment holding

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

42. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/registered capital	Proportion of nominal value of issued ordinary shares capital/registered capital held by the Company		Principal activities
				Directly	Indirectly	
				%	%	
Registered as wholly foreign owned enterprises in the PRC (continued)						
河北路勁房地產開發有限公司	PRC	PRC	RMB51,500,000 (2012: RMB41,500,000)	–	100	Development and sale of properties
無錫路勁蠡苑房地產有限公司	PRC	PRC	RMB960,000,000	–	100	Development and sale of properties
常州路勁宏遠房地產開發有限公司 [®]	PRC	PRC	US\$50,000,000	–	100	Development and sale of properties
常州路勁宏承房地產開發有限公司 [®]	PRC	PRC	US\$25,500,000	–	100	Development and sale of properties
Registered as sino-foreign equity joint venture enterprises in the PRC						
Zhengzhou Keshu Real Estate Co., Ltd.	PRC	PRC	RMB235,000,000	–	94.74	Development and sale of properties
常州宏智房地產開發有限公司	PRC	PRC	RMB100,000,000	–	100	Development and sale of properties
蘇州雋御地產有限公司	PRC	PRC	RMB1,008,600,000	–	100	Development and sale of properties
Registered as limited liability companies in the PRC						
Guangzhou Junhua Real Estate Limited	PRC	PRC	RMB400,000,000 (2012: RMB200,000,000)	–	100	Development and sale of properties
上海雋安置業有限公司	PRC	PRC	RMB550,000,000	–	75	Development and sale of properties
上海雋城置業有限公司	PRC	PRC	RMB600,000,000 (2012: RMB300,000,000)	–	55	Development and sale of properties
天津順馳新地置業有限公司	PRC	PRC	RMB700,000,000	–	94.74	Development and sale of properties

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

42. PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid ordinary share capital/paid registered capital	Proportion of nominal value of issued ordinary shares capital/registered capital held by the Company		Principal activities
				Directly	Indirectly	
				%	%	
Registered as limited liability companies in the PRC (continued)						
北京路勁馬御房地產開發有限公司	PRC	PRC	RMB1,385,000,000 (2012: RMB1,250,000,000)	–	100	Development and sale of properties
洛陽路勁房地產開發有限公司	PRC	PRC	RMB100,000,000	–	100	Development and sale of properties
常州路勁房地產開發有限公司	PRC	PRC	RMB480,000,000	–	100	Development and sale of properties
濟南順成房地產開發有限公司	PRC	PRC	RMB130,000,000	–	94.74	Development and sale of properties
鎮江路勁大港房地產開發有限公司 [®]	PRC	PRC	RMB917,450,000	–	100	Development and sale of properties
鎮江路勁房地產開發有限公司 [®]	PRC	PRC	RMB185,000,000	–	100	Development and sale of properties

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

® Incorporated in 2013.

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

In the opinion of the Directors, none of the Group's non-wholly owned subsidiaries have material non-controlling interests to the Group.

Notes to the Consolidated Financial Statements (continued)

For the year ended 31 December 2013

42. PRINCIPAL SUBSIDIARIES (continued)

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

	2013	2012
	HK\$'000	HK\$'000
RKI Finance (2010) Limited	1,255,896	2,571,714
RKI Finance (2011) Limited	1,608,834	1,604,230
Road King Infrastructure Finance (2012) Limited	2,674,364	2,690,101
RKI Finance (2013) Limited	2,757,676	–
	8,296,770	6,866,045

43. TOTAL ASSETS LESS CURRENT LIABILITIES/NET CURRENT ASSETS

The Group's total assets less current liabilities at 31 December 2013 amounted to HK\$21,874,194,000 (2012: HK\$20,952,793,000). The Group's net current assets at 31 December 2013 amounted to HK\$15,748,608,000 (2012: HK\$14,252,347,000).

Financial Summary

RESULTS

	For the year ended 31 December				
	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000 (restated)	2010 HK\$'000 (restated)	2009 HK\$'000 (Note)
Revenue	11,456,048	9,344,130	6,832,508	4,942,028	4,600,424
Profit before taxation	2,520,762	2,317,737	1,859,586	1,604,511	1,045,458
Income tax expenses	(1,497,395)	(1,465,003)	(1,116,873)	(1,015,753)	(302,281)
Profit for the year	1,023,367	852,734	742,713	588,758	743,177
Attributable to:					
Owners of the Company	1,001,618	818,179	735,007	581,045	728,080
Non-controlling interests	21,749	34,555	7,706	7,713	15,097
	1,023,367	852,734	742,713	588,758	743,177

ASSETS AND LIABILITIES

	As at 31 December				
	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000 (restated)	2010 HK\$'000 (restated)	2009 HK\$'000 (Note)
Total assets	43,429,463	37,275,341	31,732,189	27,686,375	22,222,589
Total liabilities	(30,066,211)	(25,052,468)	(20,382,961)	(17,326,540)	(12,190,246)
	13,363,252	12,222,873	11,349,228	10,359,835	10,032,343
Attributable to:					
Owners of the Company	12,671,769	11,793,131	11,072,316	10,244,172	9,851,565
Non-controlling interests	691,483	429,742	276,912	115,663	180,778
	13,363,252	12,222,873	11,349,228	10,359,835	10,032,343

Note: Restatement regarding the adoption of amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" has not been performed for the year ended 31 December 2009.