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The attached offering circular is not a prospectus for the purposes of the European Union’s Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the “EU Prospectus Directive”). The attached offering circular has been prepared on the basis that all offers of the securities made to persons in the European Economic Area will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the securities.

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the issuer of the securities, the Joint Bookrunners or any person who controls any of them or any of their respective directors, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

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You are reminded that you have accessed the attached offering circular on the basis that you are a person into whose possession the offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

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**SUBJECT TO COMPLETION
PRELIMINARY OFFERING CIRCULAR DATED JANUARY 13, 2016**

CONFIDENTIAL



Hsin Chong Construction Group Ltd. **新昌營造集團有限公司**

(incorporated with limited liability under the laws of Bermuda)

(Stock Code: 404)

**US\$[•]
[•]% Senior Notes due 20[•]**

We will pay interest on the Notes on [•] and [•] of each year, commencing [•], 2016. The Notes will mature on [•], 20[•]. At any time prior to [•], 20[•], we may at our option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes plus a premium as set forth in this offering circular, and accrued and unpaid interest. For a more detailed description of the redemption of the Notes, see "Description of the Notes – Optional Redemption."

Upon the occurrence of a Change of Control Triggering Event, we must make an offer to repurchase all Notes outstanding at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

The Notes are senior obligations of Hsin Chong Construction Group Ltd. (the "Issuer"), guaranteed by our existing subsidiaries (the "Subsidiary Guarantors") (the "Subsidiary Guarantees") and excluding certain subsidiaries specified in "Description of the Notes" and those organized under the laws of the People's Republic of China (the "PRC") (the "Non-Guarantor Subsidiaries").

The Notes will (1) rank at least *pari passu* with all our other unsecured, unsubordinated indebtedness (subject to any priority rights pursuant to applicable law), (2) be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries, and (3) be effectively subordinated to our secured obligations and those of the Subsidiary Guarantors, to the extent of the assets serving as security therefor. See "Risk Factors – Risks Relating to the Subsidiary Guarantees."

For a more detailed description of the Notes, see "Description of the Notes" beginning on page 100.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 14.

Application will be made to The Stock Exchange of Hong Kong Limited (the "SEHK") for listing of, and permission to deal in, the Notes by way of debt issue to professional investors only and such permission is expected to become effective on or about January [•], 2016. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. The listing and quotation of the Notes on the SEHK is not to be taken as an indication of the merits of the Issuer, the Subsidiary Guarantors, their associated companies or the Notes.

Offering Price: [•]%

The Offering Price set forth above does not include accrued interest, if any. Interest on the Notes will accrue from [•], 2016.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold outside the United States in an offshore transaction in compliance with Regulation S under the Securities Act ("Regulation S"). For a description of certain restrictions on resale or transfer, see the section entitled "Transfer Restrictions."

It is expected that delivery of the Notes will be made on or about [•], 2016 through the book-facilities of Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme, Luxembourg ("Clearstream") against payment therefor in immediately available funds.

Joint Bookrunners



Offering Circular dated January [•], 2016

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NOTICE TO INVESTORS

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. The distribution of this offering circular is limited to (a) “professional investors” only, as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); or (b) for a person outside Hong Kong, a person to whom securities may be sold in accordance with a relevant exemption from public offer regulations in that jurisdiction.

This offering circular does not constitute an offer to sell or a solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this offering circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this offering circular or that the information contained in this offering circular is correct as of any time after that date.

This offering circular is not a prospectus for the purposes of the European Union’s Directive 2003/71/EC (and any amendments thereto) as implemented in member states of the European Economic Area (the “EU Prospectus Directive”). This offering circular has been prepared on the basis that all offers of the Notes made to persons in the European Economic Area will be made pursuant to an exemption under the EU Prospectus Directive from the requirement to produce a prospectus in connection with offers of the Notes.

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE (HONG KONG) LIMITED, AS THE STABILIZING MANAGER, OR ANY PERSON OR ENTITY ACTING ON ITS BEHALF, MAY OVER-ALLOT NOTES OR EFFECT PURCHASES AND SALES OF THE NOTES IN THE OPEN MARKET. THESE TRANSACTIONS MAY, TO THE EXTENT PERMITTED BY APPLICABLE LAWS AND REGULATIONS, INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. THESE ACTIVITIES MAY STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE MARKET PRICE OF THE NOTES. AS A RESULT, THE PRICE OF THE NOTES MAY BE HIGHER THAN THE PRICE THAT OTHERWISE MIGHT EXIST IN THE OPEN MARKET. IF THESE ACTIVITIES ARE COMMENCED, THEY WILL BE CONDUCTED IN ACCORDANCE WITH APPLICABLE LAWS AND REGULATIONS AND MAY BE ENDED AT ANY TIME, BUT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE BONDS AND 60 DAYS AFTER THE ALLOTMENT OF THE BONDS. THESE ACTIVITIES WILL BE UNDERTAKEN SOLELY FOR THE ACCOUNT OF CREDIT SUISSE (HONG KONG) LIMITED, AS THE STABILIZING MANAGER (OR ANY PERSON OR ENTITY ACTING ON ITS BEHALF) AND NOT FOR THE ISSUER OR ON ITS BEHALF.

We, having made all reasonable inquiries, confirm that: (i) this offering circular contains all information with respect to us, our subsidiaries, and the Notes and the Subsidiary Guarantees that is material in the context of the issue and offering of the Notes; (ii) the statements contained in this offering circular relating to us and our subsidiaries are in every material respect true and accurate and not misleading; (iii) the opinions and intentions expressed in this offering circular with regard to us and our subsidiaries are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to us, our subsidiaries, the Notes and the Subsidiary Guarantees, the omission of which would, in the context of the issue and offering of the Notes, make this offering circular, as a whole, misleading in any material respect; and (v) we have made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. We accept responsibility accordingly.

This offering circular is highly confidential. We are providing it solely for the purpose of enabling you to consider a purchase of the Notes. You should read this offering circular before making a decision whether to purchase the Notes. You must not use this offering circular for any other purpose, or disclose any information in this offering circular to any other person.

Notwithstanding anything to the contrary contained herein, a prospective investor (and each employee, representative, or other agent of a prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions described in this offering circular and all materials of any kind that are provided to the prospective investor relating to such tax treatment and tax structure (as such terms are defined in United States Treasury Regulation section 1.6011-4). This authorization of tax disclosure is retroactively effective to the commencement of discussions with prospective investors regarding the transactions contemplated herein.

We have prepared this offering circular, and we are solely responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes. By purchasing the Notes, you will be deemed to have acknowledged that you have made certain acknowledgements, representations and agreements as set forth under the section headed "Transfer Restrictions" below.

No representation or warranty, express or implied, is made by any of the Initial Purchasers (as defined in the section headed "Plan of Distribution"), Citicorp International Limited (the "Trustee") and Citibank, N.A., London Branch (the "Paying Agent," the "Transfer Agent" and the "Registrar," and collectively, the "Agents") or any of their respective affiliates or advisors as to the accuracy or completeness of the information set forth herein, and nothing contained in this offering circular is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Neither the Trustee nor the Agents have independently verified all of such information and they assume no responsibility for its accuracy or completeness.

Prospective investors in the Notes should rely only on the information contained in this offering circular. Neither we nor any of the Initial Purchasers, the Trustee or the Agents have authorized the provision of information different from that contained in this offering circular. The information contained in this offering circular is accurate in all material respects only as of the date of this offering circular, regardless of the time of delivery of this offering circular or of any sale of the Notes. Neither the delivery of this offering circular nor any sale made hereunder shall under any circumstances imply that there has been no change in our affairs or those of each of our respective subsidiaries and joint ventures or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof.

Each person receiving this offering circular acknowledges that: (i) such person has been afforded an opportunity to request from us and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of, or to supplement, the information contained herein; (ii) such person has not relied on the Initial Purchasers, the Trustee, the Agents or any person affiliated with the Initial Purchasers, the Trustee or the Agents in connection with any investigation of the accuracy of such information or its investment decision; and (iii) no person has been authorized to give any information or to make any representation concerning us, our subsidiaries, joint ventures and affiliates, the Notes or the Subsidiary Guarantees (other than as contained herein and information given by our duly authorized officers and employees in connection with investors' examination of us and the terms of the offering of the Notes) and, if given or made, any such other information or representation should not be relied upon as having been authorized by us, the Initial Purchasers, the Trustee or the Agents.

The Notes and the Subsidiary Guarantees have not been approved or disapproved by the United States Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other United States regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy or adequacy of this offering circular. Any representation to the contrary is a criminal offense in the United States.

Prospective purchasers are hereby notified that sellers of the securities (the Notes and the Subsidiary Guarantees) may be relying on the exemption from the provisions of Section 5 of the Securities Act. We are not, and none of the Initial Purchasers is, making an offer to sell the Notes in any jurisdiction except where an offer or sale is permitted. The distribution of this offering circular and the offering of the Notes may in certain jurisdictions be restricted by law. Persons into whose possession this offering circular comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. For a description of the restrictions on offers, sales and resales of the Notes and distribution of this offering circular, see the sections headed “Transfer Restrictions” and “Plan of Distribution” below.

This offering circular summarizes certain material documents and other information, and we refer you to them for a more complete understanding of what we discuss in this offering circular. In making an investment decision, you must rely on your own examination of us and the terms of the offering, including the merits and risks involved. None of us, the Initial Purchasers, the Trustee, the Agents, or any of our or their respective affiliates or representatives is or are making any representation to you regarding the legality of an investment in the Notes by you under any legal, investment or similar laws or regulations. You should not consider any information in this offering circular to be legal, business or tax advice. You should consult your own attorney, business adviser and tax adviser for legal, business and tax advice regarding an investment in the Notes.

We reserve the right to withdraw the offering of Notes at any time, and the Initial Purchasers reserve the right to reject any commitment to subscribe for the Notes in whole or in part and to allot to any prospective purchaser less than the full amount of the Notes sought by such purchaser. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Notes.

CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATION

We have prepared this offering circular using a number of conventions, which you should consider when reading the information contained herein. When we use the terms “we,” “us,” “our,” the “Issuer,” the “Company,” the “Group” and words of similar import, we are referring to Hsin Chong Construction Group Ltd. itself, or to Hsin Chong Construction Group Ltd. and its subsidiaries, as the context requires.

Market data and certain industry forecast and statistics in this offering circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers or our or their directors and advisors, and neither us or the Initial Purchasers nor our or their directors and advisors make any representation as to the accuracy or completeness of that information. Such information may not be consistent with other information compiled within or outside the PRC. Due to possibly inconsistent collection methods and other problems, the statistics herein may be inaccurate and should not be unduly relied upon. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. This offering circular summarizes certain documents and other information, and investors should refer to them for a more complete understanding of what is discussed in those documents. In making an investment decision, each investor must rely on its own examination of us and the terms of the offering and the Notes, including the merits and risks involved.

In this offering circular, all references to “US\$” and “U.S. dollars” are to United States dollars, the official currency of the United States; all references to “HK\$” and “H.K. dollars” are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the PRC (“Hong Kong” or “HK”); all references to “RMB” or “Renminbi” are to the Renminbi, the official currency of the People’s Republic of China.

We record and publish our financial statements in H.K. dollars. Unless otherwise stated in this offering circular, all translations from H.K. dollars into U.S. dollars were made at the rate of HK\$7.7513 to US\$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on June 30, 2015. All such translations in this offering circular are provided solely for your convenience and no representation is made that the H.K. dollar amounts referred to herein have been, could have been or could be converted into U.S. dollars, or vice versa, at any particular rate or at all. For further information relating to the exchange rates, see “Exchange Rate Information.”

References to “the PRC” and “China” are to the People’s Republic of China and, for the purposes of this offering circular, except where the context requires, do not include Hong Kong, Macau Special Administrative Region of the PRC (“Macau”), or Taiwan. “PRC government” or the “State” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them. References to “BVI” are to the British Virgin Islands.

References to the “2018 Notes” are to our US\$300 million 8.75% Senior Notes due 2018.

In this offering circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to rounding.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purpose only. In the event of any inconsistency, the Chinese name prevails.

FORWARD-LOOKING STATEMENTS

This offering circular includes “forward-looking statements”. All statements other than statements of historical fact contained in this offering circular, including, without limitation, those regarding our future financial position and results of operations, strategies, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include, the words “believe”, “expect”, “aim”, “intend”, “will”, “may”, “anticipate”, “seek”, “should”, “estimate” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- the performance of the construction industry and property market in places in which we operate;
- future developments in the construction industry and property market in places in which we operate, or places in which we may expand into;
- the global economic environment and industry outlook generally;
- the availability of and changes to bank loans and other forms of financing;
- changes in political, economic, legal and social conditions in the places in which we operate or may expand into, including government policies concerning publicly-funded property and infrastructure projects, land supply, the availability and cost of project financing and the pricing and volume of our construction projects and property developments;
- changes in competitive conditions and our ability to compete under these conditions;
- our ability to complete our construction projects on time and within budget;
- our ability to continue to obtain future construction business, including from the Hong Kong government and public institutions in Hong Kong;
- the Hong Kong government’s expenditure on public housing and infrastructure projects;
- our ability to manage our growth and our geographically diversified business;
- cost and supply of construction materials and labor;
- the performance of the obligations and undertakings of the independent contractors under various construction, building, interior decoration and installation contracts;
- the performance of the obligations and commitments of our joint venture partners under the existing and future joint venture agreements;
- changes in currency exchange rates;
- delay in obtaining proper legal titles for our properties or necessary government approvals for our operations;
- future developments, trends and competition in the real estate industry in the PRC;
- general economic conditions in the PRC;
- changes in the general operating environment of the PRC real estate industry; and
- other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “Risk Factors” and elsewhere in this offering circular. We caution you not to place undue reliance on these forward-looking statements, which speak only as of the date of this offering circular. Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this offering circular might not occur in the way we expect, or at all.

SUMMARY

This summary does not contain all the information that may be important to you in deciding to invest in the Notes. You should read the entire offering circular, including the section entitled “Risk Factors” and the financial statements and related notes thereto, before making an investment decision.

Overview

The Company is an investment holding company incorporated in Bermuda with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. It has been listed on the main board of the SEHK since 1991.

The Group is a leading integrated construction and property group in Hong Kong and one of Asia’s longest-standing construction and property groups, providing comprehensive construction and property related services. The Company has dedicated itself to becoming the leader in the market and firmly upheld its principle of (i) creating value for its customers and delivering quality services at world-class standards and (ii) delivering value to its shareholders through maximizing market share and returns. The Group constantly strives for perfection and emphasizes its “can-do attitude and commitment to quality” in providing service to its clients, earning their respect and loyalty.

The Group has received a variety of accolades. The Group has received MTR Corporation’s prestigious Gold Stakeholder Engagement Award and the Hong Kong Occupational Safety and Health Council’s top safety awards, among others. In December 2014, the Group won two awards at the Hong Kong Green Awards 2014 in recognition of its safety and environmentally friendly practices. Hsin Chong Construction Company Limited (“HCC”), a wholly owned subsidiary of the Company, won the bronze-level Environmental, Health and Safety Award, and HCC’s joint venture with Samsung earned the gold-level Green Management Award for project management. In 2015, the Group received numerous awards in recognition of its efforts in health, safety, quality and environmental protection, including the Gold Award for Non-public Works (New Works Group A) in the 21st Considerate Contractors Site Award Scheme by the Development Bureau & Construction Industry Council, the Gold Stakeholder Engagement Award by MTR Corporation, the Grand Safety Award, Best Safety Award-Gold and Lowest RAFR Award in Quality, Safety and Environmental Award by MTR Corporation, the Gold Award for Civil Projects Category in the Construction Industry Safety Award Scheme by the Labour Department in Hong Kong and the Institutional Winner of FuturArc Green Leadership Award 2015 by FuturArc. In particular, for the Grand Safety Award by MTR Corporation, the Company’s Samsung – Hsin Chong joint venture team for the Shatin to Central Link site was recognized for being the best performer among all extension project contractors based on a set of objective criteria (i.e. accident rates, site conditions, safety audit results).

In the past, the Group has mainly engaged in the construction and management services businesses. Currently, the Group also focuses on developing new business lines and markets. Since 2011, the Group has strategically extended its business into property investment and development in the PRC through successful acquisitions of property investment and development projects, including (i) La Viva – Tieling in Tieling, Liaoning Province; (ii) New Times Plaza in Beijing; (iii) La Viva – Foshan in Foshan, Guangdong Province; (iv) Retail Outlet Mall in Taian, Shandong Province; (v) Shopping Mall in Guangzhou, Guangdong Province; and (vi) Moon Island Complex in Tianjin. The Group envisages that the extension of its business into property investment and development in the PRC will broaden its income base, sustain its growth and enable the Group to enhance its position as a leading integrated construction and property group.

The Group mainly operates in Hong Kong, Macau and the PRC, and has been expanding its construction business and other related businesses such as management services into South Korea and South East Asian countries. It engages in a wide range of businesses including building construction, civil engineering, electrical and mechanical installation, interiors and special projects, property development and investment and provision of property and facility management services.

Principal business segments

The Group's principal business segments include:

- Construction;
- Management services;
- Property investment; and
- Property development.

For the year ended December 31, 2014, the Group recorded total revenue of approximately HK\$14,010 million as compared to approximately HK\$11,506 million for the year ended December 31, 2013, representing an increase of 22%. For the six months ended June 30, 2015, the Group recorded total revenue of approximately HK\$7,980 million as compared to approximately HK\$6,315 million for the six months ended June 30, 2014, representing an increase of 26%. Profit attributable to shareholders of the Group was HK\$388 million for the year ended December 31, 2014, representing an increase of 110% compared to the year ended December 31, 2013. Profit attributable to shareholders of the Group was HK\$2,073 million for the six months ended June 30, 2015, representing an increase of 3,190% compared to the six months ended June 30, 2014.

As of December 31, 2012, 2013 and 2014, total assets of the Group were approximately HK\$7,211 million, HK\$11,143 million and HK\$13,193 million respectively, representing a compounded annual growth rate of approximately 35% from 2012 to 2014. As of June 30, 2015, total assets of the Group were approximately HK\$36,146 million.

Consolidated net assets of the Group as of December 31, 2012, 2013 and 2014 reached approximately HK\$2,154 million, HK\$4,242 million and HK\$4,658 million respectively, representing a compounded annual growth rate of approximately 47% from 2012 to 2014. As of June 30, 2015, consolidated net assets of the Group were approximately HK\$14,445 million.

New orders (excluding nominated sub-contractors ("NSC")) awarded in 2015 was approximately HK\$14.9 billion. As of December 31, 2015, the Group recorded an outstanding workload (excluding NSC) of approximately HK\$18.3 billion, representing an increase of HK\$3.7 billion from the end of 2014.

Competitive Strengths

The Group believes that its historical success and future prospects are attributable to the following competitive strengths:

- One of the largest construction-focused groups in Hong Kong with a proven track record and a long operating history;
- Strong construction order book from high-quality clients;

- Strong cash generating capability coupled with strategic and prudent diversification of income;
- Strong financial performance and position with excellent operational efficiency;
- Favorable industry dynamics and competitiveness in Hong Kong's construction industry; and
- Experienced management with proven expertise and track record.

Business Strategies

The Group intends to implement the following strategies to enhance its reputation and position as a leading integrated construction and property group:

- Maintain the Group's competitiveness in the construction sector;
- Focus on achieving a balanced revenue portfolio from both public and private sectors and aim to increase profit margin;
- Expand into urbanization projects in the second- and third-tier cities in the PRC in order to avoid fierce competition in major PRC cities;
- Focus on investing in commercial properties which can benefit from substantial growth in the urbanizations in the PRC; and
- Maintain adequate land reserves to support future growth.

Recent Developments

Issuance of 6% Convertible Bonds

On November 3, 2015, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with China Merchants Securities (HK) Co., Limited (the “**CMS**”) pursuant to which the Company agreed to issue, and CMS agreed to subscribe and pay for the 6% convertible bonds in the aggregate principal amount of US\$100 million. In addition, the Company granted CMS an option to subscribe for up to an additional US\$30 million in aggregate principal amount of convertible bonds at any time on or before the 14th day following November 20, 2015 which has not been exercised.

The convertible bonds were issued on November 20, 2015. The approval for the listing of, and permission to deal in, the conversion shares upon conversion of the convertible bonds has been granted by the SEHK and permission for the listing of, and dealing in, the convertible bonds became effective on November 23, 2015. See “Description of Other Material Indebtedness”.

Partnership with Richfield Property Investment Limited

On October 5, 2015, the Company announced that Hsin Chong Strategic Investment Limited (“**Hsin Chong Strategic Investment**”), a subsidiary of the Company, has signed a memorandum of understanding (the “**Richfield MoU**”) with Richfield Property Investment Limited (“**Richfield Property Investment**”), a subsidiary of Richfield Group Holdings Limited (“**Richfield Group**”). The signing of the Richfield MoU forges a strategic alliance for both companies to expand into property development and aged care markets in Hong Kong and Southeast Asia.

Under the framework of the Richfield MoU, Hsin Chong Strategic Investment and Richfield Property Investment will jointly form a new company to enter into property development and aged care markets in Hong Kong and Southeast Asia. The new company will enter into cooperation arrangements with land owners to jointly develop real estate projects. Hsin Chong Strategic Investment will provide construction and relevant services while Richfield Property Investment will identify suitable projects.

Partnership with Sapphire Holdings Group

On September 24, 2015, the Company signed a memorandum of understanding (the “**Sapphire MoU**”) with Sapphire Holdings Group (“**Sapphire**”), a renowned healthcare group from Australia. The signing of the Sapphire MoU forges a strategic alliance for both companies to expand into the aged care markets in Asia.

Under the Sapphire MoU, the Company and Sapphire will engage in a strategic cooperation. In view of the immense opportunities and advantages in the aged care market in Asia, the cooperation is to develop aged care residential areas and introduce Sapphire’s international health management know-hows. The cooperation also aims to provide superior care and nursing care services covering medical, leisure and health management for senior citizens.

Acquisition of Property in Tianjin

On September 14, 2015, Hsin Chong Property Holdings Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, and Mr. Leung Wing Sing (the “**Vendor**”) entered into a sale and purchase agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, 65% of the share capital of L&X Investment Industrial Limited (the “**Target Company**”) for a consideration of HK\$927,801,568. The completion of the acquisition took place on the same day. Upon completion, the Target Company became an indirectly non-wholly-owned subsidiary of the Company. The principal asset acquired is a property located in Tianjin, the PRC (the “**Property**”).

As of September 30, 2015, construction of the Property, which consists of a parcel of land, for which development approval has been obtained for car park, commercial, office and residential use, had not commenced.

THE OFFERING

Terms used in this summary and not otherwise defined shall have the meanings given to them in “Description of the Notes”

Issuer	Hsin Chong Construction Group Ltd..
Notes Offered	US\$[•] aggregate principal amount of [•]% Senior Notes due [•] (the “Notes”).
Offering Price	[•]% of the principal amount of the Notes plus accrued interest, if any.
Maturity Date	The Notes will mature on [•].
Interest	The Notes will bear interest from and including [•] at the rate of [•]% per annum, payable semi-annually in arrears.
Interest payment Dates	[•] and [•] of each year, commencing [•].
Ranking of the Notes	The Notes will: • be general obligations of the Issuer; • rank senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes; • rank at least <i>pari passu</i> in right of payment with all other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law); • be guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations described below under the caption “– The Subsidiary Guarantees” and in “Risk Factors – Risks Relating to the Subsidiary Guarantees”; • be effectively subordinated to the secured obligations (if any) of the Issuer and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and • be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Subsidiary Guarantees Each of the Subsidiary Guarantors will, jointly and severally, guarantee the due and punctual payment of the principal of, premium, if any, interest on, and all other amounts payable under, the Notes.

A Subsidiary Guarantee may be released in certain circumstances. See “Description of the Notes – The Subsidiary Guarantees – Release of the Subsidiary Guarantees.”

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will be Add Profit Limited, Aotelaishi Renowned Brand Outlet Discount Store (China) Limited, Aotelaishi Renowned Brand Outlet Discount Store Investment Limited, Aotelaishi Renowned Brand Outlet Discount Store Properties Limited, Crown Aim Corporation Limited, Crown Grace Trading Limited, Far Vision Limited, Goleman International Limited, HCCG China Facility Management Limited, HCCG China Holdings Limited, Hsin Chong (Corporate Services) Limited, Hsin Chong Aster Building Services (Asia) Limited, Hsin Chong Aster Building Services Limited, Hsin Chong Civil Engineering Company Limited, Hsin Chong Construction (Asia) Limited, Hsin Chong Construction (BVI) Ltd., Hsin Chong Construction (Overseas) Limited, Hsin Chong Construction Holdings (Overseas) Limited, Hsin Chong Construction (Macau) Limited, Hsin Chong Construction (Property Development) Limited, Hsin Chong Construction Company Limited, Hsin Chong Construction Management Limited, Hsin Chong Construction Management Services Limited, Hsin Chong Construction Property Development Holdings (China) Limited, Hsin Chong Development (China) Limited, Hsin Chong Property Development Limited, Hsin Chong Property Holdings Limited, Joy Power Corporation Limited, Joy Zone Limited, Novel Season Investments Limited, Renowned Brand Outlet Store (China) Limited, Renowned Brand Outlet Store Investment Limited, Renowned Brand Outlet Store Properties Limited, Renowned Outlet Store Asia Limited, Rosy State Investments Limited, Sight Star Limited, Sorano Investments Limited, Spring Height Holdings Limited, Top Pursuit Limited, Vast Charm Limited, Wealth Circle Investments Limited and World Famous Brand Discount Store (China) Company Limited. These Subsidiary Guarantors consist of all of the Issuer’s Restricted Subsidiaries other than the Non-Guarantor Subsidiaries (defined below). None of the Unrestricted Subsidiaries and the Restricted Subsidiaries organized under the laws of the PRC (collectively, the “PRC Non-Guarantor Subsidiaries”) will be a Subsidiary Guarantor on the Original Issue Date.

The Issuer will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC) as soon as practicable after it becomes a Restricted Subsidiary to execute and deliver to the Trustee a supplemental indenture to the Indenture, pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes. Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date is referred to as a “Future Subsidiary Guarantor” and upon execution of the applicable supplemental indenture to the Indenture will be a “Subsidiary Guarantor.”

**Ranking of Subsidiary
Guarantees**

The Subsidiary Guarantee of each Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be effectively subordinated to the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- rank senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

Use of Proceeds

The Group intends to apply the net proceeds from this offering for refinancing the Group’s existing indebtedness and provision of working capital for its construction business and general corporate purposes.

Optional Redemption

At any time prior to [•], the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

**Repurchase of Notes Upon
a Change of Control**

Upon the occurrence of a Change of Control, the Issuer will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the repurchase date.

Redemption for Taxation**Reasons**

Subject to certain exceptions and as more fully described herein, the Issuer may redeem the Notes, as a whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption, if the Issuer or a Subsidiary Guarantor would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other circumstances. See “Description of the Notes – Redemption for Taxation Reasons.”

Covenants

The Notes, the Indenture governing the Notes and the Subsidiary Guarantees will limit the Issuer’s ability and the ability of its Restricted Subsidiaries to, among other things:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on its capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants are subject to a number of important qualifications and exceptions described in “Description of the Notes – Certain Covenants.”

Transfer Restrictions

The Notes will not be registered under the Securities Act or under any state securities laws of the United States and will be subject to customary restrictions on transfer and resale. See “Transfer Restrictions.”

Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof and will be initially represented by one or more global notes deposited with the common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.
Book-entry Only	The Notes will be issued in book-entry form through the facilities of Euroclear and Clearstream for the accounts of their participants. For a description of certain factors relating to clearance and settlement, see “Description of the Notes – Book-Entry; Delivery and Form.”
Delivery of the Notes	The Company expects to make delivery of the Notes, against payment in same-day funds on or about [•] which the Company expects will be the fifth business day following the date of this offering circular referred to as “T+5.” You should note that initial trading of the Notes may be affected by the T+5 settlement. See “Plan of Distribution.”
Trustee	Citicorp International Limited
Paying Agent, Transfer Agent and Registrar	Citibank, N.A., London Branch
Listings	Application will be made to the SEHK for listing of, and permission to deal in, the Notes by way of debt issue to professional investors only and such permission is expected to become effective on or about January [•], 2016. The SEHK takes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. The listing and quotation of the Notes on the SEHK is not to be taken as an indication of the merits of the Issuer, the Subsidiary Guarantors, the Issuer’s associated companies or the Notes. The Notes will be traded on the SEHK in a minimum board lot size of US\$200,000 for so long as the Notes are listed on the SEHK.
Governing Law	The Notes, the Subsidiary Guarantees and the Indenture will be governed by and will be construed in accordance with the laws of the State of New York.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see “Risk Factors.”

SELECTED FINANCIAL INFORMATION

The following tables set forth the summary consolidated financial information of the Company as of and for the periods indicated. The summary financial information presented below as of and for the years ended December 31, 2012, 2013 and 2014 has been extracted or derived from the Company's audited consolidated financial statements for the years ended December 31, 2013 and 2014. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements of the Company for the years ended December 31, 2013 and 2014, included elsewhere in this offering circular.

The summary financial information of the Company as of and for the six months ended June 30, 2014 and June 30, 2015 has been extracted or derived from the Company's unaudited condensed consolidated financial information as of and for the six months ended June 30, 2015. The information set out below should be read in conjunction with, and is qualified in its entirety by reference to, the unaudited condensed consolidated financial information of the Company for the six months ended June 30, 2015, included elsewhere in this offering circular. There can be no assurance that had an audit been conducted in respect of the Company's unaudited condensed consolidated financial information, the information presented therein would not have been materially different and investors should not place undue reliance upon such information.

The Company's audited consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance.

The Company's interim unaudited condensed consolidated financial information has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the HKICPA and the disclosure requirements of the Rules Governing the Listing of Securities on the SEHK.

Consolidated Income Statement

	For the year ended December 31,				For the six months ended June 30,		
	2012	2013	2014	2014	2014	2015	2015
	(Restated) ⁽¹⁾ (in HK\$'000)	(Audited) (in HK\$'000)	(Audited) (in HK\$'000)	(Unaudited) (in US\$'000)	(Unaudited) (in HK\$'000)	(Unaudited) (in HK\$'000)	(Unaudited) (in US\$'000)
Revenue	8,810,112	11,505,979	14,010,505	1,807,504	6,315,026	7,979,747	1,029,472
Cost of sales	(8,257,401)	(10,929,245)	(13,377,607)	(1,725,853)	(6,026,415)	(7,671,640)	(989,723)
Gross profit	552,711	576,734	632,898	81,651	288,611	308,107	39,749
Other income and other gains, net . .	23,192	12,817	6,490	837	2,570	4,755	613
Gain on bargain purchase	–	73,210	–	–	–	2,021,238	260,761
Gain on redemption of convertible bonds	–	18,774	–	–	–	–	–
Selling and general administrative expenses	(342,650)	(406,954)	(435,652)	(56,204)	(186,871)	(243,648)	(31,433)
Fair value (loss)/gain on investment properties	(16,390)	(17,620)	403,691	52,080	20,331	87,795	11,326
Amortization of intangible assets . .	(13,992)	(14,002)	(12,269)	(1,583)	(5,508)	(6,082)	(784)
Interest income	18,014	6,869	1,370	177	849	408	53
Interest expenses	(10,252)	(24,286)	(43,036)	(5,552)	(23,932)	(48,879)	(6,306)
Profit before taxation	210,633	225,542	553,492	71,406	96,050	2,123,694	273,979
Taxation	(30,543)	(32,127)	(150,617)	(19,431)	(23,578)	(45,161)	(5,826)
Profit for the year/period	<u>180,090</u>	<u>193,415</u>	<u>402,875</u>	<u>51,975</u>	<u>72,472</u>	<u>2,078,533</u>	<u>268,153</u>
Profit attributable to:							
Equity holders of the Company . .	180,008	185,402	387,558	49,999	63,356	2,072,655	267,395
Non-controlling interests	82	8,013	15,317	1,976	9,116	5,878	758
	<u>180,090</u>	<u>193,415</u>	<u>402,875</u>	<u>51,975</u>	<u>72,472</u>	<u>2,078,533</u>	<u>268,153</u>
Basic earnings per share (HK cents/*US cents)	19.0	12.0	13.6	1.8*	2.2	39.5	5.1*
Diluted earnings per share (HK cents/*US cents)	15.4	9.6	13.6	1.8*	2.2	19.7	2.5*
Dividends	49,643	83,021	243,045	31,355	28,582	108,433	13,989

Consolidated Statement of Comprehensive Income

Profit for the year	180,090	193,415	402,875	51,975	72,472	2,078,533	268,153
Other comprehensive income/(loss) for the year, net of tax	<u>56,774</u>	<u>125,439</u>	<u>93,985</u>	<u>12,125</u>	<u>(42,488)</u>	<u>65,104</u>	<u>8,399</u>
Total comprehensive income for the year, net of tax	<u>236,864</u>	<u>318,854</u>	<u>496,860</u>	<u>64,100</u>	<u>29,984</u>	<u>2,143,637</u>	<u>276,552</u>
Total comprehensive income attributable to:							
Equity holders of the Company . .	237,682	309,430	481,976	62,180	22,213	2,137,768	275,795
Non-controlling interests	(818)	9,424	14,884	1,920	7,771	5,869	757
	<u>236,864</u>	<u>318,854</u>	<u>496,860</u>	<u>64,100</u>	<u>29,984</u>	<u>2,143,637</u>	<u>276,552</u>

Note:

- (1) The comparative numbers for the year ended December 31, 2012 have been restated in the Company's published audited consolidated financial statements for the year ended December 31, 2013 due to the adoption of HKAS 19 (Amendment) "Employee Benefits" and HKFRS 11 "Joint Arrangements" which were mandatory for the first time for the financial year beginning January 1, 2013. These restated comparative numbers differ from the corresponding amounts previously reported in the audited consolidated financial statements for the year ended December 31, 2012.

Consolidated Balance Sheet

	As of December 31,				As of June 30,	
	2012	2013	2014	2014	2015	2015
	(Restated) ⁽¹⁾	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
	(in HK\$'000)	(in HK\$'000)	(in HK\$'000)	(in US\$'000)	(in HK\$'000)	(in US\$'000)
Non-current assets						
Property, plant and equipment	418,682	463,963	578,521	74,635	572,250	73,826
Investment properties	29,690	1,536,519	2,806,731	362,098	8,635,684	1,114,095
Intangible assets	101,007	98,863	87,543	11,294	82,656	10,664
Goodwill	42,002	42,002	42,002	5,419	42,002	5,419
Available-for-sale financial assets . . .	9,831	10,190	27,798	3,586	31,333	4,042
Deposit paid for property, plant and equipment	–	5,425	–	–	–	–
Tax indemnification assets	–	–	–	–	1,983,421	255,882
Deferred tax assets	174	11,859	15,632	2,017	16,000	2,064
	601,386	2,168,821	3,558,227	459,049	11,363,346	1,465,992
Current assets						
Properties under development	2,838,784	3,880,470	4,287,431	553,124	17,228,553	2,222,666
Stocks and contracting work-in-progress	829,603	2,429,323	2,051,994	264,729	2,053,230	264,889
Receivables and prepayments	1,339,703	1,715,975	2,394,207	308,878	2,455,308	316,761
Amount due from non-controlling interests	3,446	4,340	3,910	504	4,065	524
Amount due from other partners of joint ventures	–	18,444	2,886	372	4,879	630
Held-to-maturity investments	2,486	–	–	–	–	–
Deposit, cash and cash equivalents – restricted	291	4,592	30,708	3,962	25,953	3,348
– unrestricted	1,595,046	921,188	863,960	111,460	3,010,954	388,445
	6,609,359	8,974,332	9,635,096	1,243,029	24,782,942	3,197,263
Current liabilities						
Bank loans	(1,166,904)	(1,592,840)	(2,194,118)	(283,065)	(3,130,246)	(403,835)
4% coupon bonds	(176,977)	–	–	–	–	–
4% convertible bonds	(44,184)	–	–	–	–	–
Notes	–	–	(154,741)	(19,963)	–	–
Other borrowings	–	–	–	–	(2,375,545)	(306,470)
Payables and accruals	(2,995,750)	(3,797,509)	(4,227,729)	(545,422)	(4,924,484)	(635,311)
Amounts due to other partners of joint operations	(2,963)	(17,937)	(10,750)	(1,387)	(12,600)	(1,625)
Current tax liabilities	(31,034)	(42,106)	(58,924)	(7,602)	(70,612)	(9,110)
	(4,417,812)	(5,450,392)	(6,646,262)	(857,439)	(10,513,487)	(1,356,351)
Net current assets	2,191,547	3,523,940	2,988,834	385,590	14,269,455	1,840,912
Total assets less current liabilities . . .	2,792,933	5,692,761	6,547,061	844,639	25,632,801	3,306,904
Non-current liabilities						
Bank loans	–	(928,112)	(1,241,680)	(160,190)	(970,347)	(125,185)
Convertible bonds	(523,157)	–	–	–	–	–
Other borrowings	–	–	–	–	(713,608)	(92,063)
Senior Bonds	–	–	–	–	(2,268,644)	(292,679)
Long service payment liabilities	(9,030)	(3,548)	(3,749)	(484)	(3,749)	(484)
Deferred tax liabilities	(107,148)	(519,349)	(643,182)	(82,977)	(7,231,146)	(932,895)
	(639,335)	(1,451,009)	(1,888,611)	(243,651)	(11,187,494)	(1,443,306)
NET ASSETS	2,153,598	4,241,752	4,658,450	600,988	14,445,307	1,863,598
Capital and reserves						
Share capital	94,835	285,817	285,817	36,873	974,831	125,764
Other reserves	1,479,275	3,244,779	3,347,055	431,805	10,563,878	1,362,852
Retained profits	514,475	612,430	762,028	98,309	2,738,376	353,280
Proposed dividends	25,984	57,163	214,463	27,668	108,433	13,989
Equity attributable to owners of the Company	2,114,569	4,200,189	4,609,363	594,655	14,385,518	1,855,885
Non-controlling interests	39,029	41,563	49,087	6,333	59,789	7,713
TOTAL EQUITY	2,153,598	4,241,752	4,658,450	600,988	14,445,307	1,863,598

Note:

- (1) The comparative numbers for the year ended December 31, 2012 have been restated in the Company's published audited consolidated financial statements for the year ended December 31, 2013 due to the adoption of HKAS 19 (Amendment) "Employee Benefits" and HKFRS 11 "Joint Arrangements" which were mandatory for the first time for the financial year beginning January 1, 2013. These restated comparative numbers differ from the corresponding amounts previously reported in the audited consolidated financial statements for the year ended December 31, 2012.

EBITDA AND OTHER FINANCIAL DATA

	For the year ended December 31,				For the six months ended June 30,		
	2012	2013	2014	2014	2014	2015	2015
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	(in HK\$'000)	(in HK\$'000)	(in HK\$'000)	(in US\$'000)	(in HK\$'000)	(in HK\$'000)	(in US\$'000)
EBITDA ⁽¹⁾	254,043	300,594	672,052	86,702	154,127	2,214,614	285,709
EBITDA ⁽¹⁾ /total interest expense ⁽²⁾ . .	3.81	3.40	5.07	5.07	2.51	18.42	18.42
Interest-bearing debt/total equity . . .	0.89	0.59	0.77	0.77	0.78	0.65	0.65
Interest-bearing debt/EBITDA ⁽¹⁾ . . .	7.52	8.39	5.34	5.34	21.47	4.27	4.27

Notes:

- (1) *EBITDA as presented herein is calculated by deducting interest expense, depreciation and amortization of intangible assets from profit before taxation. EBITDA is not a standard measure under HKFRS, however it is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Company's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Investors should not compare the Company's EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein is calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. See "Description of the Notes – Definitions" for a description of the manner in which Consolidated EBITDA is defined for the purpose of the Indenture governing the Notes.*
- (2) *Total interest expense includes capitalized interest.*

RISK FACTORS

Risks Relating to the Group and its Business

The Group is heavily dependent on the performance of the Hong Kong construction sector

The Group derives a substantial portion of its revenue and operating profits from its construction business and is consequently dependent on the general performance of the Hong Kong construction sector. For the years ended December 31, 2012, 2013 and 2014 and the six months ended June 30, 2015, the Group's construction business generated approximately 90.5%, 92.7%, 93.1% and 94.9% of the total revenue of the Group respectively. Although the Group has strategically extended its business into the property investment and property development in the PRC, its property investment and development business in the PRC are in early stages of development.

As a result, the Group expects that in the short-to-medium term, its business will continue to be significantly affected by the state and performance of the construction sector in Hong Kong. Any adverse developments in the supply and demand or in prices of properties and construction materials in Hong Kong may have a material adverse effect on the Group's business, financial condition and results of operation. In addition, future demand for property and infrastructure construction in Hong Kong is uncertain. If the Group does not respond to changes in market conditions or customer preferences in a timely manner, its results of operations may be adversely affected. The Group cannot assure that its construction business will continue at past levels or that it will be able to benefit from the future growth, if any, of the construction sector in Hong Kong.

The Group's construction business is subject to deviations from fee estimates and unforeseen risks

The Group provides services mostly on fee estimates. These fee estimates are based on a number of assumptions, including, among others, future economic conditions, price and availability of labor, materials and equipment and availability of sites. If any of these factors or circumstances changes, cost overruns may occur. As construction projects are often large-scale, the Group may have to re-assess the amount of work and quantity of materials required. Also, the scope of work of projects often changes during the life of a project and the Group may experience deviations and delays from the original schedule due to another party's failure to meet its obligations. These inherent risks of the construction business may result in reduced profits or losses by the Group. Depending on the size of a project, such variations from the Group's estimate could have a significant adverse impact on the Group's operating results.

Furthermore, as construction projects may extend over a long period of time, they are subject to unusual and unforeseen risks, including weather, conditions encountered during construction, accidents, the impact of inflation on costs and changes in political and legal circumstances. Although the Group seeks to minimize and spread its risks over a large number of projects, a combination of circumstances may result in significant losses on any project.

The Group's construction business is subject to suppliers' ability to provide materials, services or goods on time

The Group relies on certain third party suppliers for the timely supply of materials, services or goods. Although it actively manages timely delivery of required materials, services or goods, there can be no assurance that the suppliers will fulfil their obligations under the contracts, including delivering materials which meet the contract standards or specifications and on time.

As such, delay or failure in supplying materials, services or goods by our suppliers could result in delay in completion of our projects, thereby causing delay in payment by clients. This could adversely affect the Group's business, financial condition and results of operations.

The cost of the Group's construction business may fluctuate from time to time

Construction costs have always been a major component of the Group's cost of sales. Construction costs comprise payments to sub-contractors and costs of construction materials. Construction costs may fluctuate due to the volatile price movement of construction materials such as steel and cement. The global trend of inflation may also have a significant impact on the construction costs. Certain construction contracts between the Group and its customers contain price adjustment mechanisms and in the event of significant price fluctuation, the contract price could be lowered. In such case, the Group's results of operations and financial condition could be materially and adversely affected. Also, if any existing sub-contractors fail to perform under their contracts, the Group may be required to pay a higher price under the replacement contracts.

The Group may not have adequate financing to fund its land acquisitions and property projects

Property development is capital intensive. The Group finances its property projects primarily through a combination of internal funds, construction loans and other methods of financing. The Group's ability to procure adequate and suitable financing for acquisitions of land and/or companies and for property developments depends on a number of factors that are beyond its control, including general economic conditions, its financial strength and performance, credit availability from financial institutions, cost of borrowing and monetary policies in China.

The Group relies on the strong relationship with major clients including the government and public institutions for the award of new contracts

The growth of the Group is primarily dependent on the award of new contracts. As the Group has a strong relationship with its major clients including the Hong Kong government and public institutions such as the HKHA, Water Supplies Department, Drainage Services Department, Urban Renewal Authority, as well as the MTR and Macau gaming companies, it has constantly secured new contracts from these major clients which constitute the largest part of the Group's overall work orders.

As such, the Group's reliance on its major clients and failure to obtain new contracts on a regular basis could materially and adversely affect its financial condition and results of operations. For example, the Group is frequently involved in public housing projects with the HKHA and was awarded many public housing projects, and thus is reliant on the Hong Kong government to maintain or increase its public sector housing expenditure, and its expenditure on other commercial and government buildings.

Accordingly, any decline in the Hong Kong government's expenditure or any delays on the awards of new contracts by the Hong Kong government could adversely affect the Group's ability to receive new contracts from the government and public institutions, which would further adversely affect the results of operations or financial condition of the Group.

In addition, the Group also has proven track record in Macau and strong relationship with Venetian and Galaxy and it has been awarded contracts with Venetian Sands Cotai Tower and Galaxy Resort and Casino. Factors such as Macau government policies on the development of the Macau gaming industry may adversely affect the Group's ability to receive new contracts from Macau gaming companies, which would further adversely affect the results of operations or financial condition of the Group.

The Group relies on independent contractors and sub-contractors

The Group engages independent third-party contractors and sub-contractors to provide various services in connection with its construction and property development projects. There is no assurance that the services rendered by third-party contractors or sub-contractors will be satisfactory. As the fee estimates often depend on various factors, contractors and sub-contractors may require a price increase in order to complete the projects under certain circumstances. As a result, the Group may have to bear additional costs. In addition, contractors and sub-contractors may not be able to perform their obligations under the contracts, and there is no assurance that the Group is able to find replacements at reasonable prices, or at all. Any of these factors may have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group may be subject to legal claims and proceedings instituted by its customers, subcontractors, workers and other parties involved in the projects undertaken from time to time

The Group may be subject to legal claims and proceedings instituted by its customers, subcontractors, workers and other parties involved in the projects from time to time. Such claims and proceedings include claims for compensation for late or sub-standard delivery of construction works, or in relation to personal injuries or labor compensation. Also, the construction and property development business of the Group may be from time to time subject to claims under statutory quality warranties. The Group is not involved in any litigation or arbitration of material importance and it is not aware of any material litigation or claim pending or threatened by or against us. However, there can be no assurance that the Group will not be involved in any litigation or arbitration of material importance in the future. Although the Group has purchased insurance policies to cover potential litigation or arbitration claims, such claims may fall outside the scope or limit of its insurance coverage and as such its financial condition and results of operations may be adversely affected.

The Group may not be able to complete its projects according to schedule or on budget

A property development project requires substantial capital expenditures prior to and during the construction period, and it may take years before a development generates positive cash flow through sales. The progress of, and costs for, a development project can be adversely affected by many factors, including:

- changes in market conditions, an economic downturn or a decline in consumer confidence;
- delays in obtaining necessary licenses, permits or approvals from governmental agencies or authorities;
- relocation of existing residents and demolition of existing structures;
- increases in the market prices of raw materials if the Group cannot pass on the increased costs to customers;
- shortages of materials, equipment, contractors and skilled labor;
- latent soil or subsurface conditions and latent environmental damage requiring remediation;
- unforeseen engineering, design, environmental or geographic problems;
- labor disputes;
- construction accidents;

- natural disasters;
- adverse weather conditions;
- changes in governmental practices and policies, including reclamation of land for public works or facilities; and
- other unforeseen problems or circumstances.

The Group's property projects are at risk from earthquakes, floods and other natural disasters in the regions where it operates. Damage to any of its properties or impact on the markets, whether by natural disasters or otherwise, may either delay or preclude its ability to develop and sell its properties or adversely affect its budget for the projects.

Construction delays or failure to complete construction of a project according to its planned specifications, schedule or budget may materially and adversely affect the Group's reputation, business, results of operations and financial condition.

The Group may not be able to replenish its land bank in a timely manner and on commercially reasonable terms

The Group expects to derive an important part of its revenue from sales or lease of properties that it is or will be developing in the PRC. As a result, the Group believes that maintaining a sizable and high-quality land bank for future development is important to sustain its growth. There can be no assurance that the Group will be able to identify and acquire suitable sites in the future at commercially reasonable prices, or at all. In the PRC, the supply of land is controlled by government authorities, and the Group's ability to acquire land use rights and their corresponding acquisition costs will be affected by government policies toward land supply, development and pricing. The central and local governments regulate the means by which property developers obtain land for development. All such means will have a direct impact on the Group's ability to acquire land use rights for future development and the costs of any acquisition by the Group. If the Group is unable to replenish its land bank in a timely manner and on commercially reasonable terms, its prospects and competitive position and its growth potential and performance may be materially and adversely affected. This could materially and adversely affect its business and results of operations.

Land use rights of the Group may be subject to forfeiture by the government

Under PRC law, if a developer fails to comply with or develop land according to the terms of the land grant contract (including those relating to payment of fees, designated use of the land and time for commencement and completion of the development), the relevant government authorities may issue a warning to or impose a penalty on such developer or in the worst case scenario, require forfeiture of the land use rights granted to such developer. Specifically, under current PRC laws, if the Group fails to commence development of its land for more than one year but less than two years from the commencement date stipulated in the relevant land grant contract, the relevant PRC land bureau may issue a warning to the Group and impose an idle land fee on the land of 20% of the land grant premium. The PRC land bureau may withdraw the corresponding land use rights without compensation if the Group fails to commence development within two years from the construction commencement date set forth in the land grant contract, unless the delay is caused by government actions or force majeure. Moreover, if a property developer commences development in accordance with the timeframe stipulated in the land grant contract and the developed gross floor area ("GFA") on the land is less than one-third

of the total proposed GFA of the project or the total invested capital is less than one-fourth of the total investment of the project and the development is suspended for more than one year without government approval, the land may be treated as idle land and subject to risk of forfeiture without compensation.

The Group's negative operating cash flows may expose it to liquidity risk

The Group's negative operating cash flows may expose it to liquidity risk. While the Group has strong cash generating capability and believes that it has sufficient funds to finance its current working capital requirements, its operating cash flows may be adversely affected by a variety of competitive, macroeconomic and other related factors that are beyond the Group's control. The Group's future liquidity, the payment of trade bills and other payables and accruals, as well as the repayment of outstanding debt obligations as and when they become due, will primarily depend on the Group's ability to maintain adequate cash inflows from operating activities and proceeds from external financing.

In the event that the Group is unable to generate sufficient cash flows from its operations to meet the demand of its operating and capital expenditures, its operations will have to be funded by other financing activities, which may not be available on reasonable terms or at all. In addition, the Group's debt service and other fixed payment obligations could divert its cash flows from its operations and planned capital expenditures, and the Group's finance costs associated with such debt obligations could materially and adversely affect its future profitability.

The Group will be subject to legal and business risks if it fails to obtain, maintain or renew the licenses, certificates or government approvals necessary for providing construction and management services and engaging in property development

The Group must maintain various licenses, certificates and governmental approvals to carry out its construction and management services in both Hong Kong and the PRC. Please see "Description of the Group – Regulation." In addition, property developers in the PRC must obtain a valid qualification certificate in order to engage in property development in the PRC. According to the Provisions on Administration of Qualification Certificates of Property Developers (《房地產開發企業資質管理規定》) (the "Qualification Certificate Regulation"), newly established developers must first apply for a temporary qualification certificate, which is initially valid for one year and can be renewed for a maximum of two years. Thereafter, the developer must apply for a formal qualification certificate under one of the four grades set out in the Qualification Certificate Regulation. All property developer qualification certificates are subject to renewal on an annual basis under the Qualification Certificate Regulation. A qualification certificate will not be granted or renewed until and unless the property developer meets the various requirements set out in the Qualification Certificate Regulation.

The property developer's registered capital, property development investments, history of property development, quality of property construction, expertise of the management and any illegalities on the part of the property developer may be taken into account by the relevant authorities in deciding whether to renew the qualification certificates.

If the Group is unable to obtain, renew or extend its licenses, certificates or government approvals, it may not be permitted to continue to engage in the construction and other businesses it is currently conducting, and the government may impose a penalty for failure to comply with the relevant licensing requirements, either of which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group faces various uncertainties in the process of property development before it realizes any benefits from a development, and may not generate adequate returns on properties held for long-term investment purposes

A portion of the Group's business is property development. Development of properties typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through sales of a completed property development, or at all. For properties held by the Group strategically for long-term investment purposes, it may take even more time for the Group to generate adequate returns on investments.

The time and costs required in completing a property development may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labor disputes, disputes with contractors, accidents, changes in government priorities and policies and approvals from the relevant authorities and other unforeseeable problems and circumstances. Any of these factors may lead to delays in, or prevent, the completion of a property development and result in significant cost overruns. In addition, there can be no assurance that the Group will be able to complete its development projects on time or at all. Failure to complete a property development according to its original specifications or schedule, or at all, may give rise to potential liabilities and, as a result, the Group's returns on investments may be lower than originally expected and its financial performance will be materially and adversely affected.

The Group's valuations of its investment properties may fluctuate from time to time and adversely affect its profitability and results of operations

The fair value of the Group's investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely impact its results of operations. The Group is required to reassess the fair value of its investment properties as of each balance sheet date. In accordance with HKFRS, gains or losses arising from changes in the fair value of the Group's investment properties should be accounted for in its consolidated income statement in the period in which they arise. The Group's investment properties were evaluated semi-annually by independent property valuers in accordance with The HKIS Valuation Standards published by the Hong Kong Institutes of Surveyors for existing use or intended use (in the case of investment properties under development) basis which reflected market conditions at those dates. Based on such valuations, the Group recognized the aggregate fair market value of its investment properties as at the balance sheet date on its consolidated balance sheet, and recognized changes in fair values of investment properties since the last balance sheet date and the relevant deferred tax on its consolidated income statement. For the year ended December 31, 2014 and the six months ended June 30, 2015, the Group recorded fair value gains on its investment properties, net of deferred tax effect, amounting to approximately HK\$301 million and HK\$66 million respectively.

Fair value gains or losses do not, however, change the Group's cash position as long as the relevant investment properties are held by the Group, and accordingly do not increase the Group's liquidity in spite of the increased profit represented by any fair value gains. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. Macroeconomic factors, including economic growth rates, interest rates, inflation rates, urbanization rates and disposable income levels, in addition to government regulations, can substantially affect the fair value of the Group's investment properties and affect the supply and demand in the PRC property market. All these factors are beyond the Group's control and there can be no assurance that changes in market conditions will create fair value gains on the Group's investment properties as they have in the past, or at all. If the fair value of the Group's investment properties declines, the Group's profitability would be materially and adversely affected.

The Group may be unable to renew tenancies or re-lease space at rental rates equal to or above the current rental rates or at all for its investment properties when tenancies expire

A portion of the Group's revenue is derived from rental income from its offices, commercial properties and parking places held as investment properties. As of December 31, 2014, the Group owned investment properties of approximately 254,381 square meter ("sqm"), of which 186,000 sqm are under development. Rental revenue from investment properties was approximately HK\$46.8 million for the year ended December 31, 2014. As of June 30, 2015, the Group owned investment properties of approximately 595,969 sqm, of which 405,982 sqm are under development. Rental revenue from investment properties was approximately HK\$32.0 million for the six months ended June 30, 2015. The Group's financial performance may be adversely affected in the event of a decline in rental or occupancy rates or difficulty in securing lease renewals or obtaining new tenants.

The Group's commercial leases generally have a term of two to three years. Some of the Group's leases are up for renewal each year and the rents charged are typically adjusted based upon prevailing market rates. Accordingly, it is possible to have a concentration of renewal of leases or rent adjustments in a given year, thus a slowdown in the rental market in a given year could adversely affect the rental income of the Group.

Changes to local, regional and global economic conditions may cause companies to downsize and even close their operations in the PRC, resulting in a decrease in the demand and rental rates of prime office buildings and retail space. The current and any continuing weak economic environment have also contributed and may continue to contribute to a more cautious view being taken by tenants towards the size of leased space and the rental rates upon renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group's business may be adversely affected by changes in interest rates

The Group relies on borrowings to finance a substantial part of its business developments. Currently, its borrowings primarily include loans from commercial banks in Hong Kong and the PRC. The People's Bank of China ("PBOC") has adjusted the benchmark one-year lending rate numerous times in the past in response to the changing PRC and global financial and economic conditions. The Group cannot assure that the PBOC will decrease the benchmark lending in the future. In addition, the Group cannot predict if and when interest rates in the PRC and Hong Kong may increase. Furthermore, some of its borrowings carry interests based on inter-bank benchmarks, such as Hong Kong Interbank Offered Rate ("HIBOR"). Any increase in the interest rates will increase the Group's interest expenses and the costs of its customers to purchase its properties with mortgages, therefore adversely affect its business, financial condition and results of operations.

The Group may be adversely affected by conditions in the global economy and financial markets

Economic developments outside Hong Kong and the PRC could adversely affect the construction industry and property market in Hong Kong and the PRC. The global economic slowdown and turmoil in the global financial markets beginning in the second half of 2008 have had a negative impact on the global economy. In 2011, the global economy was overshadowed by the wide-ranging and complex effects arising from the worsening European sovereign debt crisis, the continued slow recovery of the United States economy, and the escalating political instability in the Middle East and North Africa. These events have had and will continue to have a significant adverse impact on the global credit and financial markets as a whole.

In addition, the PRC property market has experienced significant volatility in recent years as a result of market conditions and fluctuations in property sales volumes and prices, especially as a result of the recent slowdown in the PRC's economic growth, the PRC credit environment and the turmoil in the global financial markets, which have reduced demand for properties. There can be no assurance that the stimulus measures implemented or proposed by a number of governments as of the date of this offering circular, including any quantitative easing, will improve economic growth or consumer sentiment in these countries. Any continued deterioration in economic conditions could have a material adverse effect on the Group's business in a number of ways. In particular, current and potential tenants and purchasers of properties may be unable to sustain their business operations or make agreed upon rental or purchase payments, all of which could lead to a reduced demand for the Group's properties, reduce its profit margins and delay its receipt of rental and purchase payments.

In addition, changes in the global credit and financial markets have recently significantly diminished the availability of credit and led to an increase in the cost of financing. The Group may face difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding in the future. There can be no assurance that the Group will be able to raise money at a reasonable cost.

Any failure to protect the Group's brand and trademarks could have a negative impact on its business

The Group believes that its brands and trademarks are critical to its success. It relies to a significant extent on its brand name in marketing its construction services and properties. Brand value is based largely on subjective consumer perception and can be damaged by isolated incidents that diminish consumer trust. Any negative incident or negative publicity concerning the Group or its business could adversely affect its reputation and business. The Group's brand value and consumer demand for its construction services or properties could decline significantly if it fails to maintain the quality of its services or properties or fails to deliver a consistently positive experience for the customers, or if the Group is perceived to have acted in an unethical or socially irresponsible manner.

The Group's efforts to protect its brand name may not be adequate, and it may be unable to identify unauthorized use of its brands or take appropriate steps to enforce its rights on a timely basis. This may impair the Group's brand value, damage its reputation and comparative advantages and thus materially and adversely affecting its business and results of operations.

The Group relies on trademark and copyright law, trade secret protection and confidentiality agreements with its employees, customers, business partners and others to protect its intellectual property rights. Despite the precautions taken, it may be possible for third parties to misappropriate and use the Group's intellectual property without authorization, which may further adversely affect its business and results of operations.

Moreover, litigations may be necessary in the future to enforce the Group's intellectual property rights to protect its trade secrets or to determine the validity and scope of the proprietary rights of others. Such litigation could result in substantial costs and diversion of resources and consequently, adversely affecting the Group's business and results of operations.

The Group is subject to risks relating to the ownership, operation and development of properties

Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on a short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale. Such illiquidity also limits the Group's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, it may face difficulties in securing timely and commercially favorable financing in asset-based lending transactions secured by real estate due to such illiquidity.

The Group is subject to risks incidental to the ownership and operation of residential, industrial, office and related retail properties, including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increase in operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs.

The Group's property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including, among other things, the risk that financing for development may not be available on favorable terms, that construction may not be completed on schedule or within budget (for reasons including shortages of equipment, material and labor, work stoppages, interruptions resulting from inclement weather, unforeseen engineering, environmental and geological problems and unanticipated cost increases), that development may be adversely affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals), that developed properties may not be leased or sold on profitable terms and that purchasers and/or tenants will default.

The Group relies on its key management personnel

The Group's success and future growth depend to a large extent on its ability to identify, hire, train and retain suitably skilled and qualified employees, including senior management personnel with requisite industry expertise. In particular, the Chief Executive Officer of the Group, Mr. Joseph Choi Kin Hung, has over 44 years of multi-dimensional and multi-functional experience across contracting and client organizations in Hong Kong, the PRC, Taiwan, Macau and overseas. Previously he was the general manager for the Kowloon-Canton Railway Corporation and the MTR and was responsible for the design and construction of various railway and metro lines.

As other members of the Group's senior management and key employees are also important to its success, the loss of any of its senior management or key employees could have a material adverse effect on the Group's business if it is unable to find suitable replacements in a timely manner. Competition for such personnel is intense, the pool of qualified candidates is very limited and the Group may not be able to retain the services of its senior executives or key personnel or attract and retain high-quality senior executives or key personnel in the future. In addition, if any member of the Group's senior management team or other key personnel joins a competitor or forms a competing company, the Group may lose customers and thus its business, financial conditions, results of operations and prospects could be materially and adversely affected.

The Group faces increasing competition in the construction industry and the PRC property market

In Hong Kong, in addition to compete for new business opportunities, the Group competes to attract and retain qualified and experienced staff and qualified and experienced sub-contractors. In addition, the Group also faces competition in PRC property market. New properties and facilities built in PRC may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilization levels, rental rates and car park charges in respect of its investment properties and the Group's ability to sell its development properties. The Group may be under pressure to lower rental rates, carpark charges and incur additional capital expenditure to effect improvements or offer additional concessions to tenants to avoid falling occupancy or utilization levels and to reduce sale prices on its development properties, all of which may have a negative impact on the Group's profit.

The Group may not have adequate insurance to cover all kinds of losses and claims in its operations

The Group maintains insurance coverage in respect of its construction projects, properties under construction, third-party liabilities and employer's liabilities in accordance with what it believes to be industry standards. However, the Group may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of high premium costs or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to natural hazards or accidental damage and destruction by fire, flood, lightning, explosions or war, civil disorder, acts of terrorism and certain other hazards during construction periods. Any losses may significantly and adversely affect the Group's business operation and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards.

In addition, any payments the Group makes to cover any losses, damages or liabilities may have an adverse effect on its business, operating results, financial condition and prospects. Further, notwithstanding the Group's insurance coverage, any damage to the Group's construction properties, buildings, facilities, equipment, or other properties as a result of occurrences such as fires, floods, water damage, explosions, power losses, typhoons and other natural disasters may have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, while care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents or incidents may expose the Group to liability or other claims by its customers and other third parties. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents could occur which are not covered by these arrangements. The occurrence of any such accidents or incidents which are not covered by insurance may have an adverse effect on the Group's business, operating results, financial condition and prospects. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

The operations of the Group are subject to various laws and regulations of Hong Kong, the PRC and other jurisdictions in which the Group operates

The operations of the Group are subject to various laws and regulations of Hong Kong, the PRC and other jurisdictions in which the Group operates. Providing construction and management services, developing properties, refurbishment and other re-development projects require government permits, some of which may take longer to obtain than others. From time to time, the authorities may impose new regulations on construction companies, property developers or landlords. The Group is subject to routine inspections by the authorities with regard to various safety and environmental issues. There can be no assurance that the Group will be able to comply with such regulations or pass such inspections.

Synergis Holdings Limited (“**Synergis**”, together with its subsidiaries, the “**Synergis Group**”), which is the management services unit of the Group, announced that its head office and the location at which it provides property management services for Garden Vista were attended by officers of the Independent Commission Against Corruption of Hong Kong (the “**ICAC**”) on March 25, 2015 to execute search warrants (the “**Synergis Investigation**”). In addition, Synergis was informed that Dr. Fan Cheuk Hung, the Managing Director of Synergis (“**Dr. Fan**”), and the Garden Vista site manager, a representative of the Company, were arrested on the same day by the ICAC. Dr. Fan and the site manager informed Synergis that each of them was released on bail and was not charged. So far as the Company is aware, no other director or employee of the Group was arrested on the same occasion or in relation to the same subject matter. Dr. Fan and the relevant site manager had been suspended from their duties until further notice. On September 1, 2015, Dr. Fan tendered his resignation as Executive Director and the Managing Director of Synergis with effect from November 24, 2015.

In addition, the Board of Directors of Synergis established a special committee (the “**Committee**”) comprising all of its four independent non-executive directors to, among other things, review the adequacy of the internal procedures and establish checks and balances in relation to the provision of property and facility management services of the Synergis Group and internal training programmes implemented by the Synergis Group for such procedures and legal/regulatory compliance. The Committee appointed an independent professional firm to conduct a review of the internal procurement control and tendering process of the property and facility management services. The professional firm has completed their review and certain areas for improvement were identified. The Committee reviewed and agreed with the findings in the report prepared by the firm and the Board of Directors has subsequently instructed the management to implement certain measures recommended by the firm.

From time to time, changes in law and regulations or the implementation thereof may require the Group to obtain additional approvals and licences from the relevant authorities for the conduct of its operations. In such event, the Group may incur additional expenses to comply with such requirements. This will in turn adversely affect the Group’s financial performance as its business costs will increase. Furthermore, there can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences any investigations similar to the Synergis Investigation or delays in obtaining or is unable to obtain such required approvals or licences, it may have an adverse effect on the Group’s business, operating results, financial condition and prospects.

The Group may be involved from time to time in disputes, administrative, legal and other proceedings arising out of our operations or subject to fines and sanctions in relation to our non-compliance with certain PRC or Hong Kong laws and regulations and may face significant liabilities as a result

The Group may be from time to time involved in disputes with various parties involved in the construction, development and the sale of our properties, including contractors, suppliers, construction workers, original owners and residents, partners and purchasers. These disputes may lead to protests, legal or other proceedings and may result in incurrence of substantial costs. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may file legal actions against us if our subsequent planning and development of the relevant project is perceived to be inconsistent with our representations and warranties made to such earlier purchasers. These types of disputes and legal and other proceedings may materially and adversely affect our business, results of operations and financial condition. In addition, we may from time to time have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities, fines or sanctions and cause damage and delays to our property developments. If we fail to comply with any applicable PRC or Hong Kong laws or regulations, the Group’s business, results of operations and financial condition may be materially and adversely affected.

The Group’s business, financial condition and results of operations may be adversely affected by the performance of the recent acquisition of a property development project in Tianjin, PRC

On September 14, 2015, Hsin Chong Property Holdings Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, and Mr. Leung Wing Sing (the “**Vendor**”) entered into a sale and purchase agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, 65% of the share capital of L&X Investment Industrial Limited (the “**Target Company**”) for a consideration of HK\$927,801,568. The completion of the acquisition took place on the same day. Upon completion, the Target Company became an indirectly non-wholly-owned subsidiary of the Company. The principal asset acquired is a property located in Tianjin, PRC (the “**Property**”).

As of September 30, 2015, construction of the Property, which consists of a parcel of land, for which development approval has been obtained for car park, commercial, office and residential use, had not commenced. There is no assurance that the Target Company and its subsidiaries can obtain all necessary permits and approval to commence construction. In addition, if the development were to take place, there can be no assurance that the Target Company and its subsidiaries can successfully attract quality tenants and/or home buyers from or outside the district where the land is located to lease the car park, commercial and office, and/or purchase residential units and the valuation of the Property may be materially and adversely affected.

Accordingly, the Group's business, financial condition and results of operations may be adversely affected by the future development and performance of the Property.

This offering circular does not contain pro forma financial information reflecting the pro forma impact of the Tianjin Acquisition on the Group

The Group completed the Tianjin Acquisition on September 14, 2015, after the date of the latest financial information of the Group included in this offering circular. This offering circular does not contain historical financial statements of the Target Company or pro forma financial information reflecting the pro forma impact of the Tianjin Acquisition on the Group. The Tianjin Acquisition constituted a discloseable acquisition by the Group under the Listing Rules, and its impact on the Group could be considered important. Potential investors should consider carefully the potential impact of the Tianjin Acquisition on the Group.

The Group has substantial indebtedness and may incur substantial additional indebtedness in the future, which could adversely affect the Group's financial health and its ability to generate sufficient cash to satisfy its outstanding and future debt obligations

The Group now has, and will continue to have after the offering of the Notes, a substantial amount of indebtedness. As of June 30, 2015, the Group's total interest bearing debts, including both current and non-current bank loans, other borrowings and the outstanding amounts under the 2018 Notes, were HK\$9,458.4 million (US\$1,220.2 million). In addition, the Group has a total of US\$100 million principal amount of 6% convertible bonds outstanding. As of December 31, 2015, the total amount of the Group's outstanding debts with no fixed maturity was HK\$1,768.1 million, debts repayable in 2016 was HK\$3,361.8 million and debts repayable after 2016 but before the maturity of the Notes was HK\$4,099.8 million. Please see "Capitalization and Indebtedness" for outstanding total indebtedness after giving effect to this offering.

The Group's substantial indebtedness could have important consequences to holders of the Notes. For example, it could:

- increase the Group's vulnerability to adverse general economic and industry conditions;
- require the Group to dedicate a substantial portion of its cash flow from operations to servicing and repaying its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes;
- limit the Group's flexibility in planning for or reacting to changes in the Group's businesses and the industry in which the Group operates;
- place the Group at a competitive disadvantage compared to the Group's competitors that have less debt;
- limit, along with the financial and other restrictive covenants of the Group's indebtedness, among other things, the Group's ability to borrow additional funds; and
- increase the cost of additional financing.

In the future, the Group may from time to time incur substantial additional indebtedness and contingent liabilities. Under the Notes, the Group's ability to incur additional debt is subject to the limitation on indebtedness and preferred stock covenant. Under such covenant, the Group may incur (i) certain Permitted Indebtedness or (ii) additional indebtedness if the Group can, among other things, satisfy the Fixed Charge Coverage Ratio or the Net Debt to Equity Ratio. The Fixed Charge Coverage Ratio is derived by dividing Consolidated EBITDA by Consolidated Fixed Charges. Because the definition of Consolidated EBITDA used in the Indenture governing the Notes includes its unrealized gains on valuation adjustments and gains on bargain purchase on its investment properties, its Consolidated EBITDA and therefore its ability to incur additional debt under such covenant, could be substantially larger when compared to other similarly situated issuers of high yield bonds whose covenant does not typically include unrealized gains in the calculation of their respective consolidated EBITDA. If the Group or its subsidiaries incur additional debt, the risks that the Group faces as a result of its already substantial indebtedness and leverage could intensify.

The Group's ability to generate sufficient cash to satisfy its outstanding and future debt obligations will depend upon its future operating performance, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond the Group's control. The Group anticipates that its operating cash flow will be sufficient to meet its anticipated operating expenses and to service its debt obligations as they become due. However, the Group may not generate sufficient cash flow for these purposes. If the Group is unable to service its indebtedness, the Group will be forced to adopt alternative strategies. These may include actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing the Group's indebtedness or seeking equity capital. These strategies may not be instituted on satisfactory terms, if at all.

The Group may not be able to successfully manage its growth and expansion into the international markets

The Group has been rapidly expanding its operations in recent years to explore opportunities not only in Hong Kong, but also in the PRC and overseas countries with high potential. As it continues to grow, the Group must continue to improve its managerial, technical and operational knowledge and allocation of resources, and to implement an effective management information system. To effectively manage its expanded operations, the Group needs to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy its development requirements. In order to fund its ongoing operations and its future growth, the Group needs to have sufficient internal sources of liquidity or access to additional financing from external sources. Furthermore, the Group will be required to manage relationships with a great number of customers, suppliers, contractors, service providers, lenders and other third parties. The Group will need to further strengthen its financial reporting, internal audit, disclosure control, internal control and compliance functions to ensure that it is able to comply with its legal and contractual obligations and reduce its operational and compliance risks. There can be no assurance that the Group will not experience issues such as capital constraints, construction delays, failure to maintain a strong order book and operational difficulties at new operational locations or difficulties in expanding its existing business and operations and training an increasing number of personnel to manage and operate the expanded business. The Group's expansion plans may also adversely affect its existing operations and thereby have a material adverse effect on its business, financial condition, results of operations and future prospects.

Risks Relating to the PRC

The Group is subject to PRC property market risks

The Group has property development and investment interests in the PRC and expects to continue to develop and invest in properties in the PRC. The growth of the property market has been and will continue to be affected by social, political, government policy, economic and legal factors which may inhibit demand for properties. For example, the PRC property market had in the past experienced a decline in demand due to lack of a mature and active secondary market for private properties and limited availability of mortgage loans to individuals in the PRC as a result of government interventions.

There can be no assurance that the problems of oversupply and falling property prices will not recur in the PRC property market. PRC central and local governments also frequently adjust monetary and other economic policies to prevent and curtail the overheating of the national and local economies, and such economic adjustments may adversely affect the PRC property market.

Given that central and local PRC governments may continue to exercise a substantial degree of control and influence over the PRC economy and property market, any form of government control or newly implemented laws and regulations, in particular decisions taken by PRC regulators concerning economic policies or goals that are inconsistent with the Group's interests, may, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, negatively impact the Group's future expansion plans in the PRC and have an adverse effect on the Group's business, operating results, financial condition and prospects. There is no assurance that the PRC central government will not take further action, whether in the form of new austerity measures, regulations or policy adjustments, which would adversely affect the PRC property market.

The Group is subject to PRC political, legal and economic risks

A portion of the Group's operations are located in the PRC. The Group expects that it will make further investments in the PRC, and that the Group's assets in the PRC will continue to account for a sizeable share of its overall income base. The Group's trading and financial condition, results of operations and future prospects depend to a large extent on the success of the Group's operations in the PRC and are subject, to a significant degree, to the political and economic situation and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including, but not limited to:

- extent of government involvement;
- level of development;
- growth rate;
- economic and political structure;
- control of foreign exchange;
- allocation of resources; and
- regulation of capital reinvestment.

While the PRC economy has experienced significant growth in the past 20 years, such growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy but may have a negative effect on the Group's operations. For example, the Group's business and financial condition may be adversely affected by the PRC government's control over capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing topdown policies. It also exercises significant control over PRC economic growth through the allocation of resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. There is no assurance that future changes in the PRC's political, economic and social conditions, laws, regulations and policies will not have a material adverse effect on the Group's current or future business and financial condition.

The Group faces risks associated with uncertainties with respect to the PRC legal system

The PRC legal system is a civil law system. Unlike the common law system, the civil law system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. The promulgation of new changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes, which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's business and financial condition.

The Group is subject to foreign exchange and currency risks in the PRC

A portion of the Group's revenue is denominated in Renminbi and must be converted to make payments in freely convertible currencies. Under the PRC's foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditures from trade, may be made in foreign currencies without prior approval, and subject to certain procedural requirements. However, strict foreign exchange controls continue for capital account transactions, including repayment of loan principal and return of direct capital investments and investments in negotiable securities. In the past, there had been shortages of U.S. dollars or other foreign currencies available for conversion of Renminbi in the PRC, and it is possible that such shortages could recur, or that restrictions on conversion could be re-imposed.

In addition, the value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other factors, changes in international and national political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changes its policy of attaching the value of Renminbi to the U.S. dollar. Under the new policy, Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Following the removal of the U.S. dollar peg, Renminbi appreciated more than 20 per cent. against the U.S. dollar over the following three years. On April 16, 2012, the PRC government widened the daily trading band to 1%. On March 17, 2014 the PRC government further widened the daily trading band to 2% in order to further improve the managed floating Renminbi exchange rate regime based on market supply and demand. On August 11, 2015, the PBOC announced that it would request market-makers in the foreign exchange market to provide proposed quotes of the midpoint rates of the daily trading band of the Renminbi against the U.S. dollar based on supply and demand analysis and market conditions of the exchange rates of other currencies.

The PBOC has also introduced a series of measures to facilitate the reform of the Renminbi exchange rate regime, including the introduction of financial derivative products such as currency swaps, the relaxation on Renminbi trading by non-financial institutions and the introduction of market makers, comprising both domestic and foreign banks, for the trading of Renminbi. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar.

There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and possibly more significant appreciation of Renminbi against foreign currencies. Any fluctuations in the exchange rate between Renminbi and the U.S. dollar could result in foreign currency translation losses for financial reporting purposes.

Acts of God, acts of war, occurrence of epidemics and other disasters could affect the Group's operations and the national and regional economies in the PRC

The Group is subject to general economic and social conditions in the PRC. Natural disaster, catastrophe or other acts of God that are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities the Group operates, are under the threat of flood, earthquake, sandstorm, snowstorm, fire, drought or epidemics.

For instance, serious earthquakes and their successive aftershocks hit Sichuan Province in May 2008 and April 2013, resulting in tremendous loss of life and injury, as well as destruction of assets in the region. In addition, any future outbreak of epidemics or other similar adverse public developments may, among other things, significantly disrupt the Group's business. An outbreak may also severely restrict the level of economic activity in affected areas, which may in turn have a material and adverse effect on the Group's results of operations, financial condition and business. The Group has not adopted any written preventive measures or contingency plans to combat any future epidemic outbreaks.

Acts of war and terrorist attacks or potential occurrence of such adverse events may cause damage or disruption to the Group, its employees and its markets and may also create uncertainty and cause its business to suffer in ways that currently the Group cannot predict.

Risk relating to the Notes

We are a holding company and payments with respect to the Notes are structurally subordinated to liabilities, contingent liabilities and obligations of our subsidiaries

We are a holding company with no material operations. We conduct our operations primarily through our Hong Kong and PRC subsidiaries. The Notes will not be guaranteed by any current or future PRC subsidiaries. Moreover, the Notes will not be guaranteed by the other Non-Guarantor Subsidiaries and under the terms of the Indenture, Subsidiary Guarantors may be able to release their Subsidiary Guarantees subject to certain conditions and become Non-Guarantor Subsidiaries. Our primary assets are ownership interests in our Hong Kong and PRC subsidiaries, only some of which are held through the Subsidiary Guarantors. Certain of the Subsidiary Guarantors do not have material operations. Accordingly, our ability to pay principal and interest on the Notes and the ability of the Subsidiary Guarantors to satisfy their obligations under the Subsidiary Guarantees will depend upon receipt of distributions of dividends from our Subsidiaries.

Creditors, including trade creditors of our Non-Guarantor Subsidiaries and any holders of preferred shares in such entities, would have claims on the Non-Guarantor Subsidiaries' assets that would be prior to the claims of the holders of the Notes. As a result, our payment obligations under the Notes will be effectively subordinated to all existing and future obligations of our Non-Guarantor Subsidiaries (including their obligations under guarantees issued in connection with our business), and all claims of creditors of our Non-Guarantor Subsidiaries will have priority as to the assets of such entities over our claims and those of our creditors, including holders of the Notes. In addition, the Notes and the Indenture do not restrict the ability of our subsidiaries to issue certain categories of guarantees in the ordinary course of business. The Indenture permits the Non-Guarantor Subsidiaries to incur substantial indebtedness. In addition, our secured creditors or those of any Subsidiary Guarantor would have priority as to our assets or the assets of such Subsidiary Guarantor securing the related obligations over claims of the holders of the Notes.

Our subsidiaries and unincorporated joint ventures are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to us and our subsidiaries

As a holding company, we depend on the receipt of dividends and the interest or principal payments on intercompany loans or advances from our subsidiaries and unincorporated joint ventures, including our PRC subsidiaries, to satisfy our obligations, including our obligations under the Notes. The ability of our subsidiaries and unincorporated joint ventures to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of our subsidiaries, applicable laws and restrictions contained in the debt instruments of such subsidiaries. In addition, if any of our subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to us to make payments on the Notes. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Notes and the Subsidiary Guarantees.

PRC laws and regulations permit payment of dividends only out of net profits as determined in accordance with PRC accounting standards and regulations and such profits differ from profits determined in accordance with HKFRS in certain significant respects, including the use of different bases of recognition of revenue and expenses. Our PRC subsidiaries are required to set aside a portion of their after-tax profits according to PRC accounting standards and regulations to fund certain reserve funds that are not distributable as cash dividends. In practice, our PRC subsidiaries may pay dividends once a year at the end of each financial year. Some of our PRC subsidiaries are also subject to certain restrictions on dividend distributions under their loan agreements with certain PRC banks. As a result,

some of our PRC subsidiaries may be restricted in their ability to transfer their profits to us whether in the form of dividends, loans or advances. Any limitation on the ability of our subsidiaries to pay dividends to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, service our debts or otherwise fund and conduct our business. See “Description of other Material Indebtedness.”

In addition, under the EIT Law and its implementation rules, dividends paid by our PRC subsidiaries to their non-PRC parent companies are subject to a 10% withholding tax, unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated, which specifically exempts or reduces such withholding tax. Currently, there is no such treaty between the PRC and the British Virgin Islands, where a substantial number of our non-PRC subsidiaries are incorporated. Pursuant to an avoidance of double taxation arrangement between Hong Kong and the PRC, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%. As a result of such limitations, dividend payments from our PRC subsidiaries may not be sufficient to meet our payment obligations required by the Notes or to satisfy the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees, and there could be restrictions on payments required to pay off the Notes at maturity or as required for any early redemption.

In addition, our ability to lend offshore shareholder loans to our property developer subsidiaries in the PRC is fairly limited. Furthermore, in practice, the market interest rate that our PRC non-property developer subsidiaries can pay with respect to offshore loans generally may not exceed comparable interest rates in the international finance markets. The interest rates on shareholders’ loans paid by these subsidiaries, therefore, are likely to be lower than the interest rate for the Notes. Our PRC subsidiaries are also required to pay a 10% withholding tax on our behalf on the interest paid under any shareholders’ loans. PRC regulations require approval by SAFE prior to any of our non-PRC subsidiaries making shareholder loans in foreign currencies to our PRC subsidiaries and require such loans to be registered with SAFE. Prior to payment of interest and principal on any such shareholder loan, the PRC subsidiaries must present evidence of payment of the 10% withholding tax on the interest payable in any such shareholder loan and evidence of registration with SAFE, as well as any other documents that SAFE or its local branch may require.

As a result of the foregoing, we cannot assure you that we will have sufficient cash flow from dividends or payments on intercompany loans or advances from our subsidiaries to satisfy our obligations under the Notes or the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees.

The terms of the Notes permit us to make investments in Unrestricted Subsidiaries and joint ventures

We from time to time engage in construction projects jointly with other companies. As a result, we regularly make investments in joint ventures (including joint ventures in which we own less than a 50% equity interest). Such joint ventures are not typically Restricted Subsidiaries under the Indenture governing the Notes. Although the Indenture governing the Notes restricts us and our Restricted Subsidiaries from making investments in Unrestricted Subsidiaries or joint ventures, these restrictions are subject to important exceptions and qualifications, and the amount of such investments may be significant. As of the date of this offering circular, we have designated a number of Unrestricted Subsidiaries, including Hsin Chong Capital (Group) Limited, Hsin Chong Capital (Overseas) Limited, Hsin Chong Health Care Limited, Hsin Chong Strategic Investment (BVI) Limited, Hsin Chong Strategic Investment (International) Limited, Hsin Chong Strategic Investment Limited and Smart Lane Holdings Limited and each of their Subsidiaries. The Unrestricted Subsidiaries are not subject to any of the restrictive covenants in the Indenture. See the section entitled “Limitation on Restricted Payments” and the definition of “Permitted Investment” in “Description of the Notes.”

We may be able to redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest in the event we are required to pay additional amounts because we are treated as a PRC “resident enterprise”

In the event we are treated as a PRC “resident enterprise” under the EIT Law, we may be required to withhold PRC tax on interest payable to certain of our nonresident investors. In such case, we will, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by a holder of a Note of such amounts as would have been received by the holder had no such withholding been required. As described under “Description of the Notes – Redemption for Taxation Reasons,” in the event we are required to pay additional amounts as a result of certain changes in specified tax laws or certain other circumstances, including any change or interpretation or the stating of an official position that results in our being required to withhold tax on interest payments as a result of our being treated as a PRC “resident enterprise,” we may redeem the Notes in whole at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

The insolvency laws of Bermuda and other local insolvency laws may differ from U.S. bankruptcy laws or those of another jurisdiction with which the holders of the Notes are familiar

Because we are incorporated under the laws of Bermuda, an insolvency proceeding relating to us, even if brought in the United States, may involve Bermuda insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of United States federal bankruptcy law. In addition, the Subsidiary Guarantors are incorporated in the BVI and Hong Kong and the insolvency laws of the BVI and Hong Kong may also differ from the laws of the United States or other jurisdictions with which the holders of the Notes are familiar. Also, certain of our subsidiaries are incorporated in other jurisdictions such as Macau and the insolvency laws of these jurisdictions may also differ from the United States or a jurisdiction with which the holders of the Notes are familiar.

We conduct a portion of our business operations through PRC-incorporated subsidiaries in China. We and our non-PRC Subsidiary Guarantors, as equity holders in our PRC subsidiaries, are necessarily subject to the bankruptcy and insolvency laws of China in a bankruptcy or insolvency proceeding involving any of such PRC subsidiaries. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of the United States and other jurisdictions with which the holders of the Notes are familiar. You should analyze the risks and uncertainties in the insolvency of Bermuda, Hong Kong, the BVI, Macau, the PRC and other jurisdictions applicable to us carefully before you invest in our Notes.

We may be unable to obtain and remit foreign exchange

Our ability to satisfy our obligations under the Notes depends in part upon the ability of our subsidiaries in the PRC to obtain and remit sufficient foreign currency to pay dividends to us. Our PRC subsidiaries receive substantially all of their revenue in Renminbi. Our PRC subsidiaries must present certain documents to SAFE, its authorized branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of the PRC (including, in the case of dividends, evidence that the relevant PRC taxes have been paid). Pursuant to the EIT Law, which became effective in January 1, 2008, if we are deemed a “non-resident enterprise,” dividends distributed to us by our PRC subsidiaries and interest payments made to us by our PRC subsidiaries (to the extent permitted by law) are subject to a 10% withholding tax. Prior to making such interest payments, the relevant PRC subsidiary must also present evidence of payment of 10% withholding tax. If any such PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency, including the failure of SAFE to approve the registration of the relevant intercompany loans or to

approve the payments under such loans, the PRC subsidiary will be unable to pay us dividends or interest and principal, when due, on the relevant intercompany loans, which may affect our ability to satisfy our obligations under the Notes.

If we are unable to comply with the restrictions and covenants in our debt agreements or the Indenture governing the Notes, there could be a default under the terms of these agreements, which could cause repayment of our debt to be accelerated

If we are unable to comply with the restrictions and covenants in the Indenture governing the Notes, or our current or future debt and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, including the Notes, contain cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of debt, including the Notes, or result in a default under our other debt agreements. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

Our operations are restricted by the terms of the Notes, which could limit our ability to plan for or to react to market conditions or meet our capital needs, which could increase your credit risk

The indentures governing the Notes include a number of significant restrictive covenants. These covenants restrict, among other things, our ability, and the ability of our restricted subsidiaries, to:

- incur or guarantee additional indebtedness and issue disqualified or preferred stock;
- declare dividends on capital stock or purchase or redeem capital stock;
- make investments or other specified restricted payments;
- issue or sell capital stock of Restricted Subsidiaries;
- guarantee indebtedness of Restricted Subsidiaries;
- sell assets;
- create liens;
- enter into sale and leaseback transactions;
- enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- enter into transactions with shareholders or affiliates; and
- effect a consolidation or merger.

These covenants could limit our ability to plan for or react to market conditions or to meet our capital needs. Our ability to comply with these covenants may be affected by events beyond our control, and we may have to curtail some of our operations and growth plans to maintain compliance.

A trading market for the Notes may not develop, and there are restrictions on resales of the Notes

The Notes are a new issue of securities for which there is currently no trading market. We cannot assure you that we will be able to obtain or maintain such listing on the SEHK, or that a liquid trading market will develop. We have been advised that the Initial Purchasers intend to make a market in the Notes, but the Initial Purchasers are not obligated to do so and may discontinue such market making activity at any time without notice. In addition, the Notes are being offered pursuant to exemptions from registration under the Securities Act and, as a result, you will only be able to resell your Notes in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act. See “Transfer Restrictions.” We cannot predict whether an active trading market for the Notes will develop or be sustained.

The liquidity and price of the Notes following the offering may be volatile

The price and trading volume of the Notes may be highly volatile. Changes in our revenue, earnings and cash flows and proposals of new investments, strategic alliances or acquisitions, interest rates, prices for comparable companies, government regulations applicable to our industry and general economic conditions nationally or internationally could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. We cannot assure you that these developments will not occur in the future.

The Notes will initially be held in book-entry form, and therefore, you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies

The Notes will initially only be issued in global certificated form and held through Euroclear and Clearstream. Interests in the Notes represented by global notes will trade in book-entry form only, and the Notes in definitive registered form, or definitive registered notes, will be issued in exchange for book-entry interests only in very limited circumstances. Owners of book-entry interests will not be considered owners or holders of the Notes. The nominee of the common depositary for Euroclear and Clearstream will be the sole registered holder of the global note representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the global note representing the Notes will be made to the paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to accounts of participants that hold book-entry interests in the global note representing the Notes and credited by such participants to indirect participants. After payment to the nominee of the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if you own a book-entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear and Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered notes are issued in respect of all book-entry interests, if you own a book-entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

Certain facts and statistics are derived from publications not independently verified by us, the Initial Purchasers, the Trustee, the Agents or our or their respective advisors

Facts and statistics in this offering circular relating to the economies and construction and property industries of Hong Kong and China are derived from various official or other publications available in Hong Kong and China. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources, they have not been independently verified by us, the Initial Purchasers, the Trustee, the Agents or our or their respective advisors and, therefore, we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled within or outside Hong Kong or China. Due to possibly flawed or ineffective calculation and collection methods and other problems, the facts and statistics herein may be inaccurate or may not be comparable to facts and statistics produced for other economies and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

There may be less publicly available information about us than is available in certain other jurisdictions

There may be less publicly available information about companies listed in Hong Kong than is regularly made available by public companies in certain other countries. In addition, our financial statements are prepared and presented in accordance with HKFRS, which differ in certain respects from U.S. GAAP which might be material to the financial information contained in this offering circular. We have not prepared a reconciliation of our consolidated financial statements and related footnotes between HKFRS and other GAAP.

Certain transactions that constitute “connected transactions” under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) will not be subject to the “Limitation on Transactions with Shareholders and Affiliates” covenant

Our shares are listed on the SEHK and we are required to comply with the Listing Rules, which provide, among other things, that any transaction between a listed company or any of its subsidiaries, on the one hand, and a “connected person” of such listed company, on the other hand, is a “connected transaction” that, if the value of such transaction exceeds the applicable de minimis thresholds, will require the prior approval of the independent shareholders of such listed company. The definition of “connected person” to a listed company includes, among others, any 10% or more shareholder of (i) such listed company or (ii) any subsidiary of such listed company. The concept of “connected person” also captures “associates,” which include, among others, (a) any subsidiary of such “connected person,” (b) any holding company of such “connected person” and any subsidiary of such holding company, and (c) any company in which such entity or entities mentioned in (a) and (b) above taken together has/have the power to exercise control, directly or indirectly, of 30% or more of the voting power of such company.

The “Limitation on Transactions with Shareholders and Affiliates” covenant in the Notes only applies to transactions between the Company or any Restricted Subsidiary, on the one hand, and (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company, on the other hand. As such, transactions between the Company or any Restricted Subsidiary, on the one hand, and an Affiliate of any Restricted Subsidiary, on the other hand, will not be captured by such covenant, even though they may be connected transactions under the Listing Rules and subject to any requirements under the Listing Rules and are subject to the independent shareholders’ requirement under the Listing Rules. As a result, we are not required by the terms of the Notes to ensure that any such transactions are on terms that are fair and reasonable, and we will not need to deliver officers’ certificates or procure the delivery of fairness opinions of accounting, appraisal or investment banking firms to the trustee of the Notes for any such transactions.

We will follow the applicable corporate disclosure standards for debt securities listed on the SEHK, which may be different from those applicable to debt securities listed in certain other countries

We will be subject to reporting obligations in respect of the Notes to be listed on the SEHK. The disclosure standards imposed by the SEHK may be different than those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to what investors in the Notes are accustomed to.

The optional redemption provision creates reinvestment risk and may limit the market value of the Notes

The Issuer may at its option redeem the Notes before the Maturity Date, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium (as defined in “Description of the Notes”) as of, and accrued and unpaid interest, if any, to (but not including), the redemption date.

The market value of the Notes could be adversely affected by changes in prevailing interest rates and the optional redemption feature. In general, the Issuer is most likely to redeem the Notes when prevailing interest rates are relatively low, and investors may not be able to reinvest the redemption proceeds in comparable securities with similar yields. The market value of the Notes is generally not likely to rise substantially above their redemption price during (and possibly before) the period during which the Issuer may redeem the Notes.

We may be subject to risks presented by fluctuations in exchange rates between the Renminbi and other currencies, particularly the U.S. dollar

The Notes are denominated in U.S. dollars, while a portion of our revenues is generated by our PRC operating subsidiaries and is denominated in Renminbi. Therefore, we may be subject to foreign exchange and currency risks in the PRC. Please see also “Risk factors – The Group is subject to foreign exchange and currency risks in the PRC”.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. In addition, following the offering of the Notes, we may enter into foreign exchange or interest rate hedging agreements in respect of our U.S. dollar-denominated liabilities under the Notes. These hedging agreements may require us to pledge or transfer cash and other collateral to secure our obligations under the agreements, and the amount of collateral required may increase as a result of mark-to-market adjustments. The Initial Purchasers and their affiliates may enter into such hedging agreements permitted under the Indenture governing the Notes, and these agreements may be secured by pledges of our cash and other assets as permitted under the Indenture. If we were unable to provide such collateral, it could constitute a default under such agreements.

Any hedging obligation entered into or to be entered into by us or our subsidiaries, may contain terms and conditions that may result in the early termination, in whole or in part, of such hedging obligation upon the occurrence of certain termination or analogous events or conditions (howsoever described), including such events relating to us and/or any of our subsidiaries, and the terms and conditions of such hedging obligation(s) may provide that, in respect of any such early termination, limited or no payments may be due and payable to, or that certain payments may be due and payable by, us and/or any of our subsidiaries (as relevant) in respect of any such early termination. Any such early termination, in whole or in part, of any such hedging obligation(s), and the payment and any other consequences and effects of such early termination(s), may material and adversely affect our financial condition and/or any of our

subsidiaries and may material and adversely affect the performance of our or their respective obligations under or in relation to the Notes (if applicable), any indebtedness or any other present or future obligations and commitments.

The Trustee may request holders of the Notes to provide an indemnity, security and/or pre-funding to its satisfaction

Under certain circumstances, including without limitation giving notice to the Issuer upon an event of default and taking enforcement steps pursuant to the terms of the Indenture, the Trustee may, at its sole discretion, request holders of the Notes to provide an indemnity, security and/or pre-funding to its satisfaction before it takes actions on behalf of holders of the Notes. The Trustee shall not be obliged to take any such actions if not indemnified, secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity, security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity, security and/or pre-funding to it, in breach of the terms of the Indenture and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

Certain terms of the Notes (including the covenants) can be amended or waived

Under the Indenture, certain terms of the Notes can be amended or waived with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, while certain other terms may only be amended or waived with the consent of each holder affected thereby. For more information see “Description of the Notes – Amendments and Waiver”.

Risks Relating to the Subsidiary Guarantees

Only some of our subsidiaries will guarantee the Notes and certain of our initial Subsidiary Guarantors do not currently have significant operations

Although we conduct substantially all of our business operations through our Hong Kong and PRC subsidiaries, only certain of our non-PRC subsidiaries will guarantee the Notes and none of our current PRC subsidiaries will provide a Subsidiary Guarantee either upon issuance of the Notes or at any time thereafter. No future subsidiaries that may be organized under the laws of the PRC will provide a Subsidiary Guarantee at any time in the future. As a result, the Notes will be effectively subordinated to all the debt and other obligations, including contingent obligations and trade payables, of the Non-Guarantor Subsidiaries.

Moreover, the Notes will not be guaranteed by the Non-Guarantor Subsidiaries and under the terms of the Indenture, the Subsidiary Guarantors may be able to release their Subsidiary Guarantees subject to certain conditions and become Non-Guarantor Subsidiaries.

Certain of the initial Subsidiary Guarantors that will guarantee the Notes do not have significant operations. We cannot assure you that the initial Subsidiary Guarantors or any subsidiaries that may become Subsidiary Guarantors in the future would have the funds necessary to satisfy our financial obligations under the Notes if we are unable to do so.

The Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees

Under bankruptcy laws, fraudulent transfer laws, insolvency laws or unfair preference or similar laws in the BVI and other jurisdictions where future Subsidiary Guarantors may be established or where insolvency proceedings may be commenced with respect to any such Subsidiary Guarantor, a guarantee could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things and where applicable, the guarantor, at the time it incurred the indebtedness evidenced by, or when it gives, its guarantee:

- (1) incurred the debt with the intent to hinder, delay or defraud creditors (whenever the transaction took place, and irrespective of insolvency);
- (2) put the beneficiary of the guarantee in a position which, in the event of the guarantor's insolvency, would be better than the position the beneficiary would have been in had the guarantee not been given; or
- (3) received no consideration, or received consideration in money or money's worth that is significantly less than the consideration supplied by the guarantor.

In the case of (2) and (3) above, a guarantee will only be voidable if it was entered into at a time when the guarantor was insolvent, or if it became insolvent as a consequence of doing so. Insolvency in this context under BVI law means that the guarantor is unable to pay its debts as they fall due. Additionally, a guarantee will only be voidable if it is given within the six-month period preceding the commencement of liquidation or within the two-year period, if the guarantor and the beneficiary are connected entities.

The measure of insolvency for purposes of the foregoing will vary depending on the laws of the jurisdiction which are being applied. Generally, however, a guarantor would be considered insolvent at a particular time if it were unable to pay its debts as they fell due or if the sum of its debts was then greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debt as they became absolute and matured.

In addition, a guarantee may be subject to review under applicable insolvency or fraudulent transfer laws in certain jurisdictions or subject to a lawsuit by or on behalf of creditors of the guarantors. In such case, the analysis set forth above would generally apply, except that the guarantee could also be subject to the claim that, since the guarantee was not incurred for the benefit of the guarantor, the obligations of the guarantor thereunder were incurred for less than reasonably equivalent value or fair consideration.

In an attempt to limit the applicability of insolvency and fraudulent transfer laws in certain jurisdictions, the obligations of the Subsidiary Guarantors under the Subsidiary Guarantees will be limited to the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the guarantee, as it relates to such Subsidiary Guarantor, voidable under such applicable insolvency or fraudulent transfer laws. We cannot assure you that such limitation will be effective in preserving the enforceability of any of the Subsidiary Guarantees.

If a court voided a Subsidiary Guarantee, subordinated such guarantee to other indebtedness of the Subsidiary Guarantor, or held the Subsidiary Guarantee unenforceable for any other reason, holders of the Notes would cease to have a claim against such Subsidiary Guarantor based upon such guarantee, would be subject to the prior payment of all liabilities (including trade payables) of such Subsidiary Guarantor, and would solely be creditors of us and any Subsidiary Guarantor whose guarantee was not voided or held unenforceable. We cannot assure you that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes.

USE OF PROCEEDS

The Group estimates that the net proceeds from this offering, after deducting underwriting fees and commissions and other estimated transaction expenses payable in connection with this offering, will be approximately US\$[•]. The Group intends to apply the net proceeds from this offering for refinancing the Group's existing indebtedness and provision of working capital for its construction business and general corporate purposes.

EXCHANGE RATE INFORMATION

Hong Kong

Under existing Hong Kong law, there are no limitations on the rights of non-residents or foreign owners to hold the Notes. The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China (the “**Basic Law**”), which came into effect on July 1, 1997, provides that no foreign exchange control policies shall be applied in Hong Kong.

The Hong Kong dollar is freely convertible into other currencies, including the U.S. dollar. Since 1983, the Hong Kong dollar has been linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The central element in the arrangements which gave effect to the link is that by agreement between the Hong Kong government and the three Hong Kong banknote issuing banks (The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Bank and Bank of China), certificates of indebtedness, which are issued by the Hong Kong Government Exchange Fund to the banknote issuing banks to be held as cover for their banknote issues, are issued and redeemed only against payment in U.S. dollars at the fixed exchange rate of HK\$7.80 to US\$1.00. When the banknotes are withdrawn from circulation, the banknote issuing banks surrender the certificates of indebtedness to the Hong Kong Government Exchange Fund and are paid the equivalent U.S. dollars at the fixed rate.

The market exchange rate of the Hong Kong dollar against the U.S. dollar continues to be determined by the forces of supply and demand in the foreign exchange market. However, against the background of the fixed rate system which applies to the issuance and withdrawal of Hong Kong currency in circulation, the market exchange rate has not deviated significantly from the level of HK\$7.80 to US\$1.00. In May 2005, the Hong Kong Monetary Authority broadened the 22-year-old trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has indicated its intention to maintain the link at that rate range. Under the Basic Law, the Hong Kong dollar will continue to circulate and remain freely convertible.

The Hong Kong government has also stated that it has no intention of imposing exchange controls in Hong Kong and that the Hong Kong dollar will remain freely convertible into other currencies, including the U.S. dollar. However, no assurance can be given that the Hong Kong government will maintain the link at the aforementioned range or at all.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between H.K. dollars and U.S. dollars. For periods prior to January 1, 2014, the exchange rates reflect the noon buying rates as reported by the Federal Reserve Bank of New York. For periods after January 1, 2014, the exchange rates reflect the exchange rates as set forth in the H.10 statistical release of the Board of Governors of the Federal Reserve System of the United States.

Period	Exchange Rate			
	Period End	Average ⁽¹⁾	High	Low
		(HK\$ per US\$1.00)		
2010	7.7810	7.7692	7.8040	7.7501
2011	7.7663	7.7793	7.8087	7.7634
2012	7.7507	7.7556	7.7699	7.7493
2013	7.7539	7.7565	7.7654	7.7503
2014	7.7531	7.7554	7.7669	7.7495
2015	7.7507	7.7519	7.7686	7.7495
2016				
January (through January 8)	7.7636	7.7544	7.7636	7.7505

Note:

(1) Determined by averaging the rates on the last business day of each month during the relevant year, except for the average rates in 2016, which were determined by averaging the daily rates for such month or part thereof.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth the Group's consolidated short-term debt, consolidated long-term debt, capital and reserves attributable to shareholders, non-controlling interests, capitalization and consolidated deposit, cash and cash equivalents as of June 30, 2015 on an actual and as adjusted basis.

The "As Adjusted" numbers are prepared based on the unaudited condensed consolidated financial information of the Group as of June 30, 2015, adjusted for the issue of US\$100 million 6% convertible bonds due 2017 and the Notes after deducting the underwriting discounts and commissions and other estimated expenses of this offering payable by the Group. In relation to the use of the net proceeds, please refer to the "Use of Proceeds" section.

The As-Adjusted information below is for illustrative purposes only and, other than as disclosed above, does not take into account any other changes in the Group's indebtedness and capitalization after June 30, 2015.

	As of June 30, 2015			
	Actual		As Adjusted	
	(Unaudited) (in HK\$'000)	(Unaudited) (in US\$'000)	(Unaudited) (in HK\$'000)	(Unaudited) (in US\$'000)
Current indebtedness				
Bank loans	(3,130,246)	(403,835)	(3,130,246)	(403,835)
Other borrowings	(2,375,545)	(306,470)	(2,375,545)	(306,470)
Total	(5,505,791)	(710,305)	(5,505,791)	(710,305)
Non-current indebtedness				
Bank loans	(970,347)	(125,185)	(970,347)	(125,185)
Other borrowings	(713,608)	(92,063)	(713,608)	(92,063)
US\$300,000,000 8.75% Senior Notes due 2018 . . .	(2,268,644)	(292,679)	(2,268,644)	(292,679)
US\$100,000,000 6% Convertible Bonds due 2017 ⁽¹⁾	—	—	(744,993)	(96,112)
Notes to be issued	—	—	[•]	[•]
Total	(3,952,599)	(509,927)	[•]	[•]
Shareholders' Equity				
Equity attributable to owners of the Company				
Share capital	(974,831)	(125,764)	(974,831)	(125,764)
Other reserves	(10,563,878)	(1,362,852)	(10,563,878)	(1,362,852)
Retained profits	(2,846,809)	(367,269)	(2,846,809)	(367,269)
Non-controlling interests	(59,789)	(7,713)	(59,789)	(7,713)
.	(14,445,307)	(1,863,598)	(14,445,307)	(1,863,598)
Total capitalization⁽²⁾	(23,903,697)	(3,083,830)	[•]	[•]
Deposits, cash and cash equivalents⁽³⁾	3,036,907	391,793	[•]	[•]

Notes:

(1) The US\$100,000,000 6% Convertible Bonds due 2017 were issued on November 20, 2015. See "Description of Other Material Indebtedness".

(2) Total capitalization represents the sum of total current indebtedness, total non-current indebtedness and total shareholders' equity.

(3) Deposits, cash and cash equivalents include restricted cash.

Unless otherwise disclosed in this offering circular, there has not been any material change in the Company's consolidated capitalization and indebtedness of the Group since June 30, 2015.

DESCRIPTION OF THE GROUP

Overview

The Company is an investment holding company incorporated in Bermuda with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. It has been listed on the main board of the SEHK since 1991.

The Group is a leading integrated construction and property group in Hong Kong and one of Asia's longest-standing construction and property groups, providing comprehensive construction and property related services. The Company has dedicated itself to becoming the leader in the market and firmly upheld its principle of (i) creating value for its customers and delivering quality services at world-class standards and (ii) delivering value to its shareholders through maximizing market share and returns. The Group constantly strives for perfection and emphasizes the “can-do attitude and commitment to quality” in providing service to its clients, earning their respect and loyalty.

The Group has received a variety of accolades. The Group has received MTR Corporation's prestigious Gold Stakeholder Engagement Award and the Hong Kong Occupational Safety and Health Council's top safety awards, among others. In December 2014, the Group won two awards at the Hong Kong Green Awards 2014 in recognition of its safety and environmentally friendly practices. Hsin Chong Construction Company Limited (“HCC”), a wholly owned subsidiary of the Company, won the bronze-level Environmental, Health and Safety Award, and HCC's joint venture with Samsung earned the gold-level Green Management Award for project management. In 2015, the Group received numerous awards in recognition of its efforts in health, safety, quality and environmental protection, including the Gold Award for Non-public Works (New Works Group A) in the 21st Considerate Contractors Site Award Scheme by the Development Bureau & Construction Industry Council, the Gold Stakeholder Engagement Award by MTR Corporation, the Grand Safety Award, Best Safety Award-Gold and Lowest RAFR Award in Quality, Safety and Environmental Award by MTR Corporation, the Gold Award for Civil Projects Category in the Construction Industry Safety Award Scheme by the Labour Department in Hong Kong and the Institutional Winner of FuturArc Green Leadership Award 2015 by FuturArc. In particular, for the Grand Safety Award by MTR Corporation, the Company's joint venture Samsung-Hsin Chong joint venture team was recognized for being the best performer among all extension project contractors based on a set of objective criteria (i.e. accident rates, site conditions, safety audit results).

In the past, the Group has mainly engaged in the construction and management services businesses. Currently, the Group also focuses on developing new business lines and markets. Since 2011, the Group has strategically extended its business into property investment and development in the PRC through successful acquisitions of property investment and development projects, including (i) La Viva – Tieling in Tieling, Liaoning Province; (ii) New Times Plaza in Beijing; (iii) La Viva – Foshan in Foshan, Guangdong Province; (iv) Retail Outlet Mall in Taian, Shandong Province; (v) Shopping Mall in Guangzhou, Guangdong Province; and (vi) Moon Island Complex in Tianjin. The Group envisages that the extension of its business into property investment and development in the PRC will broaden its income base, sustain its growth and enable the Group to enhance its position as a leading integrated construction and property group.

The Group mainly operates in Hong Kong, Macau and the PRC, and has been expanding its construction business and other related businesses such as management services into South Korea and South East Asian countries. It engages in a wide range of businesses including building construction, civil engineering, electrical and mechanical installation, interiors and special projects, property development and investment and provision of property and facility management services.

Principal business segments

The Group's principal business segments include:

- Construction;
- Management services;
- Property investment; and
- Property development.

Construction

The Group is one of the largest construction-focused groups in Hong Kong in terms of market share of construction revenue for the six months ended June 30, 2015. Its construction business comprises a building construction division (including nominated subcontractor contracts), a civil engineering division, an interior and special projects (“ISP”) division and an electrical and mechanical (“E&M”) division. The Group plays a critical role in Hong Kong's construction industry through participating in a number of landmark projects that marked Hong Kong's development and history. The Group is also approved by the Hong Kong government as a contractor (Group C – for government contracts of any values) for public works under the buildings, roads, drainage, site formation and waterworks categories. Other than Hong Kong, the geographical coverage of the Group's construction business also extends to Macau, the PRC and other countries and regions overseas. As of and for the six months ended June 30, 2015, the construction segment of the Group continued to experience steady growth. For the six months ended June 30, 2015, the Group recorded approximately HK\$5.4 billion of revenue from the construction segment, as compared to approximately HK\$3.6 billion for the six months ended June 30, 2014, representing an increase of 49%. Gross profit of the segment reached approximately HK\$249 million for the six months ended June 30, 2015 as compared to HK\$219 million for the six months ended June 30, 2014, representing an increase of 14%. In addition, the Group also secured approximately HK\$4.6 billion new orders during the first half of 2015, including a contract of constructing a private residential development project at Ho Man Tin, Kowloon, a foundation contract for the Hong Kong Ocean Park Marriot Hotel, a renovation works contract for Kee Wah Industrial Building and an infrastructure maintenance contract for commercial development in Kowloon and its outstanding workload was HK\$14.1 billion (excluding NSC) as of June 30, 2015.

During the second half of 2015, the Group was awarded HK\$10.3 billion new orders (excluding NSC), boosting total new orders (excluding NSC) intake of 2015 to HK\$14.9 billion, hitting a record high in the Group's history. New orders awarded during the second half of 2015 include Site Formation and Infrastructural Works near Tong Hang Road and Tsz Tin Road in Area 54, Hong Kong, the M+ Main Works Contract at West Kowloon Cultural District in Hong Kong, a contract of Management Contractor for Residential Development at No. 307-329 Des Voeux Road West, Hong Kong, an ELS and Foundation Package Contract for Proposed Office Development at No. 704-730 King's Road, Hong Kong, a contract for the Proposed Residential Development at No.28-32 Aberdeen Street, Hong Kong, a main contract for Proposed Office Complex at Lam Lee Street, Hong Kong, Site Formation, ELS, Foundation, Pile Cap and Basement Slab Works Contract for Proposed Residential Development at New Kowloon Island Lot No. 6532 Lung Cheung Road, Hong Kong and Residential Development at Discovery Bay North Phase 16, Hong Kong. In terms of the Group's equity share in the contract sum, the contract sum of M+ Main Works Contract at West Kowloon Cultural District is the single largest Hong Kong construction contract ever awarded to the Group, surpassing the last record achieved by the Group by 62%. Outstanding workload (excluding NSC) as of December 31, 2015 reached HK\$18.3 billion.

Management services

The management services business of the Group is mainly operated by Synergis, which is the Group's subsidiary listed on the Main Board of the SEHK. It is one of the leading companies in Hong Kong and the PRC that are able to provide high-quality management services. The Group has a proven track record in managing large-scale projects in Hong Kong, including private residential developments, public estates, commercial and industrial buildings. In 2002, the management services business of the Group started to expand into the high-margin businesses in the PRC with the aim to source more asset management services (“AMS”) opportunities with “one-stop shop” real estate services and expand consultancy services in the meantime. The Group provides management services ranging from project consultancy, security, car park management, repairs and maintenance, hygiene management to facility operation, workplace management, tenancy management, environmental, safety and health management. For the year ended December 31, 2015, the Group recorded revenue of HK\$755 million, as compared to HK\$780 million for the year ended December 31, 2014, representing a decrease of 3%.

Property investment

The property investment business of the Group strategically aims at investing in commercial properties in the PRC. Following the unprecedented pace of urbanization in the PRC, the Group has expanded into a selected number of distinctive commercial properties in the first, second and third tier cities in the PRC. Currently the Group owns an operating commercial property located in Beijing, a commercial property under refurbishment in Guangzhou and several upcoming properties located in Liaoning Province, Guangdong Province, Shandong Province and Tianjin which are currently under development. For the six months ended June 30, 2015, the Group's property investment segment recorded revenue of approximately HK\$39 million, as compared to HK\$37 million for the six months ended June 30, 2014, representing an increase of 5%. The growth of the properties' value contributed approximately HK\$87.8 million of pre-tax fair value gains on investment properties for the six months ended June 30, 2015 as compared to approximately HK\$20.3 million fair value gains for the six months ended June 30, 2014.

Property development

The property development business of the Group mainly involves large-scale development projects in the PRC. The Group's strategy is to develop a series of modern and integrated new towns in the second and third tier cities in the PRC to offer a new kind of lifestyle. The property development business is expected to further broaden the Group's income base, sustain its growth, enable the Group to solidify its one-stop-shop services and enhance its position as a leading integrated construction and property company.

Summary of the Group's financial performance

For the year ended December 31, 2014, the Group recorded total revenue of approximately HK\$14,010 million as compared to approximately HK\$11,506 million for the year ended December 31, 2013, representing an increase of 22%. For the six months ended June 30, 2015, the Group recorded total revenue of approximately HK\$7,980 million as compared to approximately HK\$6,315 million for the six months ended June 30, 2014, representing an increase of 26%. Profit attributable to shareholders of the Group was HK\$388 million for the year ended December 31, 2014, representing an increase of 110% compared to the year ended December 31, 2013. Profit attributable to shareholders of the Group was HK\$2,073 million for the six months ended June 30, 2015, representing an increase of 3,190% compared to the six months ended June 30, 2014.

As of December 31, 2012, 2013 and 2014, total assets of the Group were approximately HK\$7,211 million, HK\$11,143 million and HK\$13,193 million respectively, representing a compounded annual growth rate of approximately 35% from 2012 to 2014. As of June 30, 2015, total assets of the Group were approximately HK\$36,146 million.

Consolidated net assets of the Group as of December 31, 2012, 2013 and 2014 reached approximately HK\$2,154 million, HK\$4,242 million and HK\$4,658 million respectively, representing a compounded annual growth rate of approximately 47% from 2012 to 2014. As of June 30, 2015, consolidated net assets of the Group were approximately HK\$14,445 million.

History

The Group's operations dated back to 1939. Over the past century, it developed into a leading and long-established player in Hong Kong and Asia's construction industry, and expanded into a well-respected vertical player in construction, property and related industries.

The below table sets forth the development history and key milestones of the Group since its establishment:

Time	Key Event
1939	The Group was founded by Mr. Kan-Nee Godfrey Yeh in 1939 and known as Hsin Chong & Company.
1974	The Group engaged in the construction of Sheraton Hotel, a 5-star hotel project including a shopping mall on the three lowest floor and the basement in Tsim Sha Tsui. The Group constructed the World Trade Centre, a 42-story office and commercial building with convention and banquet hall facilities in Causeway Bay.
1976	The Group engaged in the construction of Ocean Park, including the construction of reef-tank building, wave-tank complex, sea-water reservoir, ocean theatre and cable car terminal building on a site of 550,000 sqm in site area.
1982	The Group participated in the construction of Mei Lam Estate located in Shatin district. This is a large-scale public housing project in which the Group employed the mechanised construction method. The project won the Hong Kong Institute of Architects' Annual Award in 1982.
1991	The Group was listed on the Main Board of the SEHK.
1997	The Hong Kong government's first contract for hospital design and construction was awarded to the Group.
2004	The Group expanded into Macau and extended its business by acting as the construction managers for a number of hospitality and leisure developments.
2008	The Group acquired a controlling stake in Synergis, which is a leading asset management services provider in Hong Kong and the PRC and a listed company on the SEHK.
2011	The Group acquired the property project in Tieling, Liaoning Province and started to expand into PRC property investment and development business.
2012	Synergis acquired the ISP business from the Group.
2014	The Group became a fully integrated construction and property development group with business covering construction, management services, property investment and property development.

Corporate Structure

The charts below illustrate the corporate structure of the Company, its Restricted Subsidiaries (as defined in the Section entitled "Description of the Notes") as of December 31, 2015; the Company's Unrestricted Subsidiaries (as defined in the Section entitled "Description of the Notes") are not shown in the charts.

The diagram illustrates the corporate governance structure of Hsin Chong Construction Group Ltd., organized by jurisdiction:

- BVI**:
 - Hsin Chong Construction Group Ltd. (HK Stock Code: 404) (Bermuda)
 - Top Pursuit Limited (BVT)
- Saipan**:
 - Hsin Chong Construction (BYT) Ltd.
 - Hsin Chong Construction (Overseas) Limited (BVT)
 - Hsin Chong Construction Holdings (Overseas) Limited (BVT)
 - HCCG Building & Civil Engineering (Saipan) Limited (Saipan)
- Hong Kong**:
 - Hsin Chong Aster Building Services Limited (HK)
 - Hsin Chong Aster Building Services (Asia) Limited (HK)
 - Hsin Chong Aster Management Limited (HK)
 - Hsin Chong Construction Management Services Limited (HK)
 - Hsin Chong Construction (Macau) Limited (HK)
 - Hsin Chong Corporate Services Limited (HK)
 - Hsin Chong Construction (Asia) Limited (HK)
 - Hsin Chong Astar Company Limited (HK)
- Macau**:
 - Hsin Chong Aster Macau Limited (Macau)
 - Hsin Chong Engineering (Macau) Limited (Macau)
 - Ever Gain Limited (Macau)
 - Ever Work Construction Limited (Macau)
 - HCCG Building and Civil Engineering (Macau) Limited (Macau)
 - Ever Apex Construction (Macau) Company Limited (Macau)
- PRC**:
 - Zhuohai Hengqin New Area HCCG Construction Management Co., Ltd. (WFOE)
 - New China Construction (Beijing Project)
 - New China Construction (Guangzhou Wenchang Project)
 - New China Construction (Zhejiang Wenling Project)

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Joint Operations

In order to mitigate the technical gap and better cater for various types of construction contracts, the Group has entered into joint venture agreements with a number of competitive partners. Details of investment of the Group in joint operations as of December 31, 2015 are set forth in the table below:

Name of projects	Principal activities	Participating shares
		December 31, 2015
CRCC – HC – CR15G Joint Venture	Civil engineering	30%
GAS Joint Venture	Electrical and mechanical	30%
Hsin Chong Aster – China Comservice Joint Venture	Electrical and mechanical	70%
Hsin Chong Aster – China Comservice Joint Venture (002).	Electrical and mechanical	60%
Hsin Chong Aster – China Comservice Joint Venture (003).	Electrical and mechanical	60%
Hsin Chong – Maeda JV	Building construction	60%
Hsin Chong-Wah Cheong Joint Venture (01).	Interiors and special projects	30.2%
Hsin Chong-Wah Cheong Joint Venture (02).	Interiors and special projects	30.2%
Hsin Chong – Yau Lee Joint Venture	Building construction	50%
Hsin Chong Tsun Yip Joint Venture	Civil engineering	60%
Hsin Chong Tsun Yip Joint Venture (DC/2012/07)	Civil engineering	57%
Hsin Chong Tsun Yip Joint Venture (DC/2012/08)	Civil engineering	57%
Hsin Chong Tsun Yip Joint Venture (5/WSD/13)	Civil engineering	83%
Hsin Chong Tsun Yip Joint Venture (CV/2015/03)	Civil engineering	57%
Laing O' Rourke – Hsin Chong – Paul Y. Joint Venture	Civil engineering	22.5%
Laing O' Rourke – Hsin Chong – Paul Y. (WKCD) Joint Venture	Civil engineering	22.5%
Maeda – Hitachi – Yokogawa – Hsin Chong Joint Venture.. . . .	Civil engineering	20%
MBH Joint Venture	Civil engineering	20%
Samsung – Hsin Chong Joint Venture	Civil engineering	40%
Yau Lee – Hsin Chong Joint Venture	Building construction	40%
CESL – HCCG Joint Venture	Building construction	45%
Hsin Chong – Hsin Chong Aster Joint Venture	Building construction	100%
Hsin Chong – China Comservice Joint Venture	Building construction	70%

Note:

Pursuant to the terms of the joint arrangements, the profit sharing for each year of all joint operations listed herein above shall be distributed to the joint operators in proportion to their respective participating interests.

Competitive Strengths

The Group believes that its historical success and future prospects are attributable to the following competitive strengths:

One of the largest construction-focused groups in Hong Kong with a proven track record and a long operating history

The Group is one of the largest construction-focused groups in Hong Kong in terms of market share of construction revenue with a proven track record and a long operating history. For the six months ended June 30, 2015, the Group achieved total revenue of approximately HK\$7,980 million. Established in 1939, the Company is one of Asia's longest-standing construction companies, providing comprehensive construction, property and related services.

The Group plays a critical role in Hong Kong's construction industry. Over 76 years in Hong Kong since its establishment, the Group has constructed a great number of landmark projects which have marked the history of Hong Kong's development, including bridges and railways, mass residential developments, Grade-A commercial buildings, hotels and leisure projects, modern hospitals and university facilities, such as the following:

- *1950s-1970s:* Victoria House – Residence for the Colonial Secretary (1950); Grantham Hospital (1958); Shaw's Film Studio (1962); Kwong Wah Hospital (1962); Kai Tak Airport Passenger Terminal (1963); United Christian Hospital (1973); World Trade Centre (1975); Ocean Park (1976); and Kai Tak Airport Air Cargo Terminal Building (1976);

- *1980s-1990s*: Sui Wo Court (1980); Mei Lam Estate (1982); Canossa College & Canossa School (1984); The Albany (1989); Housing Authority New Headquarters (1990); HKUST Phase 2 (1992); Airport Passenger Terminal (1998); Government Flying Services Headquarters (1998); and KCRC Station Redevelopment (1998);
- *2000s-2010s*: Cyberport Development C3/C4 (2003); Grosvenor Place (2003); Cambridge House (2003); Sands Casino (2004); Road T3 (2008); New Tier IV Data Center In TKO (2008); Venetian Macao – Resort Hotel (2008); Stonecutters Bridge (2009); and The Upper House (2009); and
- *2010 onwards*: Main Clinical Block and Trauma Centre at Prince of Wales Hospital (2010); Student Hostels at the Chinese University of HK (2012); Baptist University Road Campus Development (2012); Redevelopment of HK Sports Institute (2013); Mei Tin Estate Phase 4 and Fung Wo Estate in Shatin (2013); Data Centre in Shek Mun (2014); Mount Parker Residences at 1 Sai Wan Terrace (2014); residential development at Area 56A Kau To Shan (2015); and Galaxy Resort & Casino Phase 2 in Cotai City, Macau (2015).

The Group has also successfully applied its proven expertise in Macau, the PRC and other overseas regions. The Group is also one of the few companies in Hong Kong, Macau and the PRC whose services cover the full property cycle from construction, management services to property investment and development.

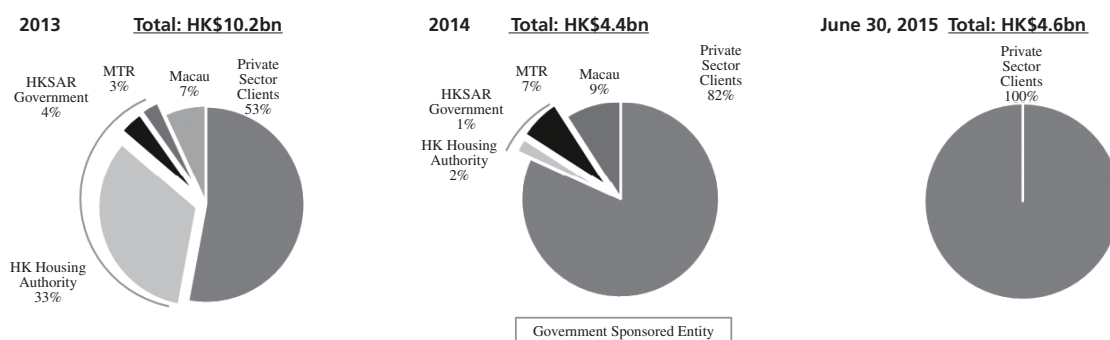
Strong construction order book from high-quality clients

The Group's core construction business has lived up to its distinguished reputation for quality and reliability, meeting stringent safety and quality standards whilst achieving business growth. As a result, the Group has been able to maintain a good relationship with a number of high-quality clients and secure a well-diversified portfolio of construction contracts covering residential and commercial buildings, data centers, university buildings, campuses, hotels, etc.

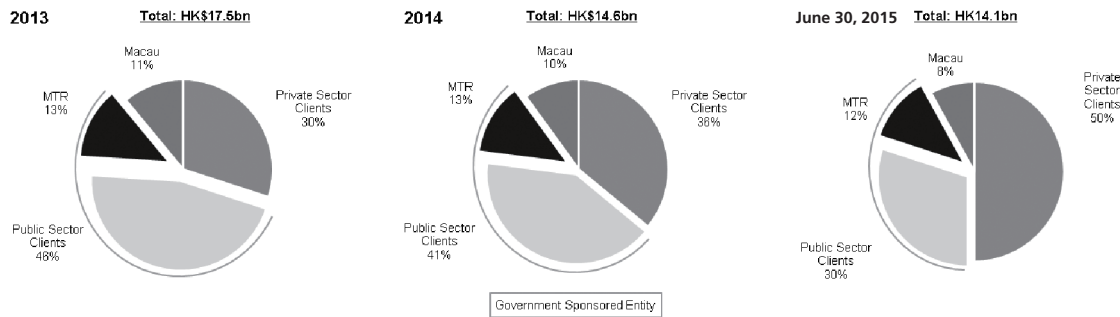
The Group's high-quality clients include the Hong Kong government and public institutions, such as HKMA and the Mass Transit Railway Corporation (the “**MTR**”), the West Kowloon Cultural District Authority, and several prestigious private clients such as Hang Seng Bank, CDW Group, Galaxy Entertainment Group (“**GEG**”), Kerry Properties Limited (“**Kerry Properties**”), New World Development Company Limited (“**New World**”), Swire Properties Limited (“**Swire**”) and Hysan Development Company Limited (“**Hysan Group**”).

The below charts set out a breakdown of the new orders and outstanding workload of the Group by client type as of December 31, 2013 and 2014 and June 30, 2015:

New Orders (Excl. NSC) – By Client Type¹



Outstanding Workload (Excl. NSC) – By Client Type¹



Note:

1. Excluded Nominated Sub-Contractors on Galaxy Projects ("NSC")

As indicated in the charts, for the six months ended June 30, 2015, new orders (excluding NSC) of approximately HK\$4.6 billion in total were awarded to the Group and the outstanding value of workload (excluding NSC) was over HK\$14.1 billion as of June 30, 2015. Subsequent to June 30, 2015, the Group has continued to obtain new contracts (excluding NSC). In the second half of 2015, HK\$10.3 billion new orders (excluding NSC) were awarded to the Group, boosting new orders (excluding NSC) awarded for the year ended December 31, 2015 to HK\$14.9 billion, and outstanding workload (excluding NSC) to HK\$18.3 billion as of December 31, 2015.

With the average delivery time of the construction contracts being two to three years, the Group expects its outstanding workload to generate revenue in the coming two to three years. The well-diversified client portfolio is expected to generate a stable revenue stream of the Group's construction business. The Group believes that with its extensive experiences and reputable name in the construction industry, and taking into consideration that the Hong Kong government is expected to fund large-scale public housing projects, it will be able to achieve sustainable growth of its core operations and secure more new orders from its clients.

Strong cash generating capability coupled with strategic and prudent diversification of income

The Group has strong cash generating capability due to its extensive experience in, and successful operations of, its businesses, from land acquisition, project planning and design, procurement of raw materials, selection of contractors, to sales and marketing and property management, which enables the Group to:

- achieve economies of scale and increase operating efficiency through pooling internal resources, thereby helping to further improve its profit margins;
- ensure consistent product and service quality;
- strengthen its bargaining power with suppliers and contractors to obtain good quality supplies and services at relatively low costs, which helps increase its gross profit;
- ensure smooth execution of projects so as to achieve attractive projects returns; and
- respond rapidly to changes in market environment.

In addition to its strong cash generating capability, the Group is also able to diversify its income bases by being a fully integrated construction and property group with core business in construction and further expansion into property management, investment and development in Hong Kong, the PRC and other parts of Asia. Each business segment of the Group has made an indispensable contribution to its overall performance:

- the construction segment of the Group continues to be a major player in the industry and continuously provides strong cash flow to the Group. For the year ended December 31, 2015, the revenue of the construction segment was approximately HK\$14.2 billion;
- the management services segment of the Group provides one-stop solutions to the clients with a high contract renewal rate and high-quality client portfolio including the Hong Kong government, public institutions as well as a number of clients from the PRC. For the year ended December 31, 2015, the revenue of the management services segment was approximately HK\$755 million;
- the property investment segment aims to provide stable return to the Group's shareholders. The revenue of this segment was approximately HK\$39 million for the six months ended June 30, 2015; and
- the property development segment of the Group targets at the growing opportunities in the PRC through strategic and prudent expansion. The segment's property portfolio covers both residential and commercial properties. Several projects are currently under development and expected to be launched in 2016.

Overall, the Group had an interest coverage ratio (EBITDA to interest expense) of 3.4, 5.1 and 18.4, respectively, as of December 31, 2013 and 2014 and June 30, 2015. With a strong order book over the last few years and the Group's successful transformation across all business segments, the Group had gross profit of approximately HK\$308 million for the six months ended June 30, 2015, increasing by 7% as compared to approximately HK\$289 million for the six months ended June 30, 2014.

The Group is confident that given its transformation into a fully integrated construction and property group and the diversified income bases thus provided, it is well positioned to capture more opportunities in order to maintain strong financial performance and cash flows in the coming years.

Strong financial performance and position with excellent operational efficiency

The Group has enacted prudent financial management policies, which enables it to maintain a good credit profile, strong balance sheet and sound capital structure. The Group has benefited greatly from its diversified income bases and low-cost financing channels including bank loans, bonds and equity issuance, allowing it to maintain adequate levels of liquidity for its operations and further expansions.

For the six months ended June 30, 2015, the Group had revenue of HK\$7,980 million, revenue to general and administrative expenses ratio of 32.8, a total debt to total equity ratio of 65% and an EBITDA to interest expense ratio of 18.4.

Furthermore, the Group has constantly monitored its current and expected liquidity requirements and compliance with borrowing covenants to ensure sufficient cash reserves and adequate committed facilities to satisfy its short-term and long-term liquidity requirements. The Group is expected to continue to maintain sufficient working capital and liquidity to take advantage of any business opportunities and prepare for economic or operational challenges.

Favourable industry dynamics and competitiveness in Hong Kong's construction industry

The Group enjoys favourable trends and dynamics in the industry, including:

- *Strong government support*

Housing – In December 2015, the Transport and Housing Bureau of Hong Kong announced that Hong Kong's total residential supply target for new homes, including public housing, home ownership scheme and private housing would be 460,000 units in the coming 10 years starting from 2016. At the same time, the continuing increase in residential land sales by the Hong Kong government should also lead to more private residential construction contracts.

Infrastructure – Tendering of the ten major infrastructure projects of the Hong Kong government is expected to continue, which is likely to drive continued increase in infrastructure spending and construction output.

- *Increasing Hong Kong gross construction output*

The gross construction output of Hong Kong has been generally increasing over the past few years and reached over HK\$120 billion in 2014, doubled that of 2007, according to the statistics of Census Department of Hong Kong.

- *Continued rise in infrastructure spending*

During the past three years, the Hong Kong government continued to spend more on the development of infrastructure. This demonstrates the increasing need for the construction of infrastructure in Hong Kong and may bring more opportunities for the construction industry.

Experienced management with proven expertise and track record

The Group's management team has extensive experience in the construction and property industry and has been involved in construction, property development and investment activities for an average of over 20 years. In particular, the Executive Director and Chief Executive Officer of the Group, Mr. Joseph Choi Kin Hung, has over 44 years of multi-dimensional and multi-functional experience across contracting and client organizations in Hong Kong, the PRC, Taiwan, Macau and overseas. Before joining the Group, he was the general manager for the Kowloon-Canton Railway Corporation and the MTR and was responsible for the design and construction of various new railway lines.

The management team has always focused on risk management and strictly followed the best practices set out in the Corporate Governance Code under the Listing Rules. The management adopts the total quality management systems and has established a responsible corporate culture where high-quality services and effective sub-contractors management are emphasized. The Group always encourages teamwork, commitment and responsibility at work, which has been highly recognized and acknowledged by the market and clients.

Business Strategies

The Group intends to implement the following strategies to enhance its reputation and position as a leading integrated construction and property group.

Maintain the Group's competitiveness in the construction sector

One of the important business strategies of the Group is to maintain its competitiveness in the construction sector. The Group plays a very important role and has a leading position in Hong Kong's construction industry. Over 76 years in Hong Kong since its establishment, the Group has constructed a great number of milestone projects which have marked the history of Hong Kong's development, including bridges and railways, mass residential developments, Grade-A commercial buildings, data centers, hotels and leisure projects, modern hospitals and university facilities. The Group believes that its strong track record of milestone projects will enable it to obtain new orders from clients.

Also, in order to strengthen its leading position in the Hong Kong construction industry, the Group is committed to promoting the "Hsin Chong" brand and image and focusing on strong risk management practices. In addition, the Group will focus on maintaining a strong balance sheet position, which will allow it to gain access to additional working capital to meet the funding requirements necessary for new projects.

Focus on achieving a balanced revenue portfolio from both public and private sectors and aim to increase profit margin

The Group focuses on achieving and maintaining balances of income between the public sector and the private sector, which should enable it to maintain strong and stable financial position. The Group has high-quality clients in both public and private sectors, allowing it to have a balanced and diversified income base. The Group intends to continue to expand into both the public and private sectors and aims to achieve higher profit margin. The Group believes that such strategy will increase the breadth and stability of its revenue and reduce its liquidity risk resulted from the volatility within any one sector.

Expand into urbanization projects in suburban districts of the second- and third-tier cities in the PRC in order to avoid fierce competition in major PRC cities

With the rapid pace of urbanization in the PRC, the Group believes that suburbs of the second- and third-tier cities in the PRC will continue to present development opportunities. The Group believes that urbanization projects in suburban districts in second- and third-tier cities in the PRC will provide profitable opportunities to the Group, as these cities tend to have less competition among property companies in the PRC. As such, the Group intends to leverage its established position in second and third tier cities to continue to develop distinctive commercial properties as local landmarks. With the knowledge and experience accumulated from developing commercial properties, the Group believes that it will be able to increase its market share in the second- and third-tier cities in the PRC.

Under the Group's long-term expansion plans, the management has been regularly evaluating various large-scale property development projects in the PRC. The Group will continue to evaluate and act on opportunities to further expand its property portfolio and strive to become a leading brand in the PRC's real estate market.

Focus on investing in commercial properties which can benefit from substantial growth in the urbanizations in second and third tier cities in the PRC

As stated above, the Group believes that urbanization projects in suburban districts in second and third tier cities in China will provide profitable and stable opportunities to the Group, as these cities tend to have less competition among rival property companies in the PRC. Accordingly, in parallel with the above-mentioned property development strategies in these cities, the Group will focus on investing in commercial properties in these areas. The Group believes that these strategies of focusing on investment properties in second- and third-tier cities in China will provide profitable and stable business

opportunities to the Group. Also, the Group believes that, as it will focus on these cities for both property investments and property developments, it will achieve better synergies and accordingly better and more stable business opportunities.

Maintain adequate land reserves to support future growth

The Group intends to maintain adequate land reserves to support its future growth. To support its sustainable development, the Group has evaluated large-scale development projects from time to time.

Upon completion of the recent property acquisitions, land bank of the Group has been further enriched. As of the date of this offering circular, the Group has accumulated land bank with a total GFA of 5.6 million sqm, spanning from the North East to the South East of the PRC. As of June 30, 2015, its developable land bank consists of 52% of low/mid-high rise building, 33% of commercial development and 15% of low-density residential building. With the successful development and commercialization experience from La Viva – Tieling project, the Group can create possible brand synergy in the development and management of large-scale composite property development in the future, and thus positioning the Group to gradually develop a sustainable source of revenue stream for its property development and investment segments. The Group believes that its property portfolio will deliver superior returns to its shareholders over the long term.

To grow its business, the Group intends to continue to acquire development sites in strategically selected locations for future development at commercially viable prices, either through direct land acquisitions or through the acquisition of or joint ventures with other companies that own development sites. The Group adheres to a disciplined approach in land acquisition to ensure the maintenance of its internal return requirement, and seeks to maintain a land bank of development sites sufficient to support a development pipeline of a period of four to five years.

Business Operations

Since the year 1939 when the Group was founded, it has built up a solid establishment in Hong Kong. The Group is on the Hong Kong government approved list of contractors for public works under the buildings, roads and drainage, site formation and waterworks categories, and has taken part in a wide range of construction projects in Hong Kong, including bridges and railways, mass residential developments, Grade-A commercial buildings, hotels and leisure projects, modern hospitals and university facilities.

In addition to its firm establishment in Hong Kong, the Group has also successfully applied its proven expertise to Macau, the PRC and other overseas regions. It was appointed as construction manager for the construction of the Sands Macau Casino, Sands podium and hotel, the Venetian Macau Resort Hotel, Four Seasons Macau Resort and Sands Cotai Central in Macau. Moreover, GEG appointed the Group as a main contractor for Phase 2 construction of the Galaxy Macau in Cotai City. Meanwhile, the Group has been actively expanding its property investment and development business in the PRC. The property investment segment currently owns two investment properties located in Beijing and Guangzhou, both contributed to revenue and financial results of the Group in 2015. Another four upcoming properties are currently under planning or construction and operations are expected to begin in the following two to three years. The property development segment comprises a team of dedicated veterans with extensive experience and network in Hong Kong and the PRC. With La Viva – Tieling, the Group's major property development project in the PRC, plus the newly acquired properties in Foshan, Shandong and Tianjin, the Group is positioned to tap the opportunities arising from the rapid urbanization in the PRC.

Geographically, the Group mainly operates in Hong Kong, Macau and the PRC, and has been expanding its construction business and subsequently other related businesses such as management services into South East Asian countries. The table below sets out the respective revenue and non-current assets of each geographic area for the year ended December 31, 2013 and 2014 and for the six months ended June 30, 2014 and 2015:

	<u>For the year ended December 31,</u>		<u>For the six months ended June 30,</u>	
	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2015</u>
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Revenue				
Hong Kong	7,194,311	7,321,105	3,351,490	4,689,922
Macau	3,462,059	6,466,259	2,905,185	3,215,448
The PRC	843,609	233,141	58,351	74,377
Others	6,000	—	—	—
	<u>11,505,979</u>	<u>14,010,505</u>	<u>6,315,026</u>	<u>7,979,747</u>
	<u>As of December 31,</u>		<u>As of June 30,</u>	
	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2015</u>
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
Non-current assets				
Hong Kong	591,225	686,786	675,817	
Macau	845	538	467	
The PRC	<u>1,554,702</u>	<u>2,827,473</u>	<u>10,639,729</u>	
	2,146,772	3,514,797	11,316,013	
Available-for-sale financial assets	10,190	27,798	31,333	
Deferred tax assets	<u>11,859</u>	<u>15,632</u>	<u>16,000</u>	
Total non-current assets	<u>2,168,821</u>	<u>3,558,227</u>	<u>11,363,346</u>	

With the strong order book over the last few years, the Group delivered gross profit of approximately HK\$308 million for the six months ended June 30, 2015, representing an increase of approximately 7% compared to the six months ended June 30, 2014. Revenue of the Group increased by approximately 26% to approximately HK\$7,980 million for the six months ended June 30, 2015 as compared to approximately HK\$6,315 million for the six months ended June 30, 2014. Following the acquisition of property projects in the PRC, the Group recorded gains on bargain purchase of HK\$2,021 million. Profit attributable to shareholders recorded HK\$2,073 million and the basic earnings per share was 39.5 HK cents.

In general, the Group's main business operations include the following segments:

- Construction – comprises four major divisions: building construction (including NSC), civil engineering, ISP and E&M;
- Management services – mainly operated by Synergis, a listed subsidiary of the Group with a diversified property and facility management portfolio;
- Property investment – comprises one operating property in Beijing, and one completed property in Guangzhou under refurbishment and several upcoming properties situated in Tieling, Foshan, Taian and Tianjin under planning or construction; and
- Property development – mainly involves several large-scale development projects in the PRC through land acquisitions.

The following table sets out the financial performance of the Group's business segments for the years ended December 31, 2013 and 2014 and for the six months ended June 30, 2014 and 2015:

(in HK\$ million)	For the year ended December 31,		For the six months ended June 30,	
	2013	2014	2014	2015
Revenue				
Construction – excluding NSC ⁽¹⁾	8,307	8,068	3,635	5,407
Management Services	791	848	412	369
Property Development & Investment	50	122	37	39
Construction – NSC	2,358	4,972	2,231	2,165
Total	11,506	14,010	6,315	7,980
Gross Profit				
Construction	423	509	219	249
Management Service	117	101	55	46
Property Development & Investment	37	23	15	13
Total	577	633	289	308
EBITDA⁽²⁾				
Construction	294	352	157	170
Management Service	27	30	16	10
Property Development & Investment	52	375	21	2,082
Corporate	(72)	(85)	(40)	(47)
Total	301	672	154	2,215
Gross Profit Margin (excluding NSC⁽¹⁾)				
Construction	5.1%	6.3%	6.0%	4.6%
Management Service	14.8%	11.9%	13.3%	12.5%
Property Development & Investment	74.0%	18.9%	40.5%	33.3%

Notes:

1. NSC: Nominated Sub-Contractors on Galaxy Projects
2. EBITDA as presented herein is calculated by deducting interest expense, depreciation and amortization of intangible assets from profit before taxation. EBITDA is not a standard measure under HKFRS, however it is a widely used financial indicator of a company's ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of the Company's operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. Investors should not compare the Company's EBITDA to EBITDA presented by other companies because not all companies use the same definition. Investors should also note that EBITDA as presented herein is calculated differently from Consolidated EBITDA as defined and used in the Indenture governing the Notes. See "Description of the Notes – Definitions" for a description of the manner in which Consolidated EBITDA is defined for the purpose of the Indenture governing the Notes.

Construction business

The Group is one of the largest construction-focused groups in Hong Kong in terms of market share of construction revenue. Construction business is the Group's largest revenue contributor and plays a vital role in Hong Kong's construction industry. The Group has obtained Group C license (for contract of any value) from the Development Bureau of Hong Kong, which means the Group has been approved as the contractor for public works under the buildings, roads, drainage, site formation and waterworks categories.

The Group's construction business has also extended to Macau, the PRC as well as some overseas areas. The Group has provided and continues to provide services for the Venetian, Galaxy projects and other construction projects in Macau. In Macau, the team is now able to provide full range of contracting services from building hotel resorts, university buildings to waste water treatment plants and delivers a steady return to the Group. In 2015, the Group has extended its business to Hengqin, the PRC and Saipan to explore opportunities in the special economic region and overseas with high potential.

The Group's first project in Hengqin involves the Sportland Complex located in the integrated services zone of Hengqin new area occupying a site area of 34,800 sqm. The Sportland Complex will consist of a 5-storey shopping mall, three basement levels and large scale sports facilities, four office blocks and a hotel with 145,000 sqm of floor space. It will support cultural, sports and performing arts functions. The construction work has begun in May, 2015 and is estimated to be completed in 2017. The Group has also been appointed as the construction manager of Garapan Integrated Resort Development in Saipan by a subsidiary of Imperial Pacific International Holdings Limited in 2015.

Currently the construction business of the Group comprises the following divisions:

- *Building construction division*

Building construction business, being the Group's traditional core business, has an excellent track record in undertaking major building construction projects in both the private and public sectors across a wide range of industries, including educational, healthcare, hospitality and tourism, residential, retail, commercial and industrial. The Group has also applied its expertise outside Hong Kong to Macau and the PRC with successful results.

The Group offers design and building services and always focuses on partnering with clients to address their project needs and ensuring that their requirements are fully satisfied. The Group has an impressive portfolio of design and building projects, including hospitals, government staff quarters, transport facilities, residential developments and pharmaceutical factories.

In the past few years, the Group has developed its competitive edge in a wide range of building construction contracts from residential and commercial buildings to data centers, university buildings and campuses and hotels. For example, the Group has successfully executed and delivered (i) data centers including HSBC Data Center at Shatin, Wonder 8 Data Center, China Mobile Global Network Center; (ii) public housing projects at Shatin 4C and Ex-Shatin Married Quarter; (iii) university buildings and campuses for Chinese University of Hong Kong, The Hong Kong University of Science and Technology, Hong Kong Baptist University and City University of Hong Kong; and (iv) hotels including Sands Hotel, Venetian Resort, Sands Cotai Central and Galaxy Resort & Casino Phase 2 in Cotai City.

The building construction division is the core business of the Group and the main contributor of its revenue. For the six months ended June 30, 2015, revenue of the division reached approximately HK\$3,466 million, representing 64% of the total revenue of the Group's construction business (excluding NSC). Gross profit of the division reached approximately HK\$153 million for the six months ended June 30, 2015, representing 62% of the gross profit of the Group's construction business.

- *Civil engineering division*

The Group has extended the business arm to civil engineering business with its own capacity or joint venture partners. All of the Group's joint venture partners are renowned world-class contractors, such as Laing O'Rourke Construction Hong Kong Limited, China Railway Construction Corporation Limited and Samsung C&T Corporation. Following strategic partnerships with Laing O'Rourke and China Railways, the division has secured Express Rail Link contract of West Kowloon Terminus Station South and Huanggang to Mai Po Tunnels. In 2013, the Group's joint venture with Samsung C&T Corporation was awarded a Shatin Central Link contract to build the tunnel and stations of Sung Wong Toi and To Kwa Wan.

In addition to land mark projects such as Stonecutters Bridge and Sha Tin New Town Stage II as well as a number of contracts for foundations works and government utilities, the civil engineering division also has gained recognition through the award of six MTR contracts, which are part of the current expansion of MTR services throughout Hong Kong and of particular significance.

The Group started to focus on expanding its civil engineering business in 2009 and has achieved significant progress in entering this expanding market segment. The Group has secured a number of large-scale civil infrastructure projects in Hong Kong and also expanded its business to overseas. There are expected to be enormous opportunities in Hong Kong where the government promotes economic growth through infrastructure development. With the implementation of various infrastructure projects and new MTR projects, growth of the Group's civil engineering business is promising.

The scope of the Group's civil engineering services includes:

- Railways and tunnels;
- Highway infrastructure and bridges;
- Geotechnical works;
- Slope stabilization;
- Drainage and flood mitigation;
- Sewage-treatment works;
- Excavation and lateral support;
- Foundations;
- Waterworks; and
- Site formation.

Since 2009, the Group has focused on developing its civil engineering businesses to avoid overreliance on the dynamics of building sector. The Group believes that it is now better positioned to manage market volatility and to deliver profit-generating revenue. For the six months ended June 30, 2015, revenue of the division reached approximately HK\$793 million, representing 15% of the total revenue of the Group's construction business (excluding NSC). It has now become the second pillar within the construction segment. Gross profit of the division reached approximately HK\$28 million for the six months ended June 30, 2015, representing 11% of the total gross profit of the Group's construction business.

- *ISP division*

The Group's ISP business has experienced significant growth since its establishment in 2006. It has a strong position in Hong Kong, Macau, Beijing and other cities in the PRC, as well as a proven track record and good reputation for delivering projects that exceed clients' expectations.

The combination of the Group's breadth of capability and depth of technical expertise makes it a market leader. The Group is a licensed contractor, a registered general building contractor and a registered specialist contractor (demolition works, site formation works, repair and restoration of historic buildings works) offering a complete solution, from planning, design, consultancy, project management through construction, to turn-key interior design and fitting out, alteration and addition works ("A&A"), demolition, renovation, conservation and maintenance works.

Moreover, an integral part of the Group's ISP business is the construction of special building projects and very often, such projects include customized fitting out works.

The scope of services of the ISP division includes:

- A&A;
- Renovation and conservation works;
- Fitting-out works for commercial projects;
- Commercial, residential, retail and institutional special buildings projects;
- Construction works;
- Demolition works; and
- Maintenance works.

The ISP division also sustained a strong record financial performance since its establishment. The Group has aligned ISP's renovation and A&A businesses with Synergis' management services business. For the six months ended June 30, 2015, revenue of the division reached approximately HK\$749 million, representing 14% of the total revenue of the Group's construction business (excluding NSC). Gross profit of the division reached approximately HK\$35 million for the six months ended June 30, 2015, representing 14% of the total gross profit of the Group's construction business.

- *E&M division*

Hsin Chong Aster Building Services Limited ("**Hsin Chong Aster**"), one of the major subsidiaries of the Group, is one of the few companies in Hong Kong and the PRC capable of providing a comprehensive E&M package, undertaking the complete supply, installation, testing, commissioning and maintenance services to building, civil infrastructure and environmental projects.

Hsin Chong Aster was founded in 1988 and became a wholly owned subsidiary of the Group in July 2005. Over the years, Hsin Chong Aster has been partnering with many renowned contractors and contributed to the development of airports, hospitals, hotels, depots, educational institutions, commercial and residential developments and water treatment plants, both in Hong Kong and the PRC.

In 2010, Hsin Chong Aster has successfully completed the E&M package installations for the Main Clinical Block and Trauma Center at the Prince of Wales Hospital in Shatin. The project has received widespread appreciation and amplified its positioning as a leader in the E&M services market.

The Group's E&M services include:

- Heating, ventilation and air conditioning (“**HVAC**”) system;
- Electrical system;
- Intelligent building management system;
- Fire protection system;
- Plumbing and drainage system;
- Water treatment system;
- Environmental protection; and
- Mechanical equipment.

For the six months ended June 30, 2015, revenue of the division reached approximately HK\$399 million, representing 7% of the total revenue of the Group's construction business (excluding NSC). Gross profit of the division reached approximately HK\$33 million, representing 13% of the total gross profit of the Group's construction business.

With the disciplined execution of construction projects and strong order books awarded during the year, the construction business of the Group continued its healthy and steady growth for the year ended December 31, 2015.

For the year ended December 31, 2014, new orders (excluding NSC) of approximately HK\$4.4 billion were awarded and the outstanding value of workload (excluding NSC) was over HK\$14.6 billion as of December 31, 2014. For the year ended December 31, 2015, approximately HK\$14.9 billion new orders (excluding NSC) were awarded and resulted in outstanding workload (excluding NSC) of approximately HK\$18.3 billion as of December 31, 2015. New contracts awarded in 2015 include Site Formation and Infrastructural Works near Tong Hang Road and Tsz Tin Road in Area 54, Hong Kong, the M+ Main Works Contract at West Kowloon Cultural District, a building construction contract for residential development at Ho Man Tin, a foundation contract for the Hong Kong Ocean Park Marriott Hotel, an ELS and Foundation Package Contract for Proposed Office Development at No. 704-730 King's Road, Hong Kong, a contract for the Proposed Residential Development at No. 28-32, Aberdeen Street, Hong Kong, a main contract for Proposed Office Complex at Lam Lee Street, Hong Kong, Site Formation, ELS, Foundation, Pile Cap and Basement Slab Works Contract for Proposed Residential Development at New Kowloon Island Lot No. 6532 Lung Cheung Road, Hong Kong and Residential Development at Discovery Bay North Phase 16, Hong Kong. In particular, the contract sum of M+ Main Works Contract is the single largest Hong Kong construction contract ever awarded to the Group and the contract sum of a private residential development project at Ho Man Tin is the single largest Hong Kong residential development project ever awarded to the Group. With these mega-sized contracts, new orders intake of 2015 hit a record high in the Group's history. The Group managed to maintain a well-diversified portfolio of construction contracts from various clients. For the six months ended June 30, 2015, gross profit of the Group's construction business increase by 14% to approximately HK\$249 million as compared to the six months ended June 30, 2014. Gross margin was 4.6% as compared to 6.0% for the six months ended June 30, 2014. Revenue of the construction business reached approximately HK\$5,407 million, representing a 49% increase as compared to the six months ended June 30, 2014. For the year ended December 31, 2015, revenue of the Group's construction business was approximately HK\$14.2 billion.

The below table sets out the new orders and outstanding workloads (excluding NSC) of the Group's construction business and also the revenue and gross profit by division of the business for the year ended December 31, 2013, 2014 and 2015 and for the six months ended June 30, 2014 and 2015:

(in HK\$ billion)	For the year ended December 31,			For the six months ended June 30,	
	2013	2014	2015	2014	2015
New orders (excluding NSC)	10.2	4.4	14.9	2.6	4.6
Outstanding workload (excluding NSC)	17.5	14.6	18.3	16.6	14.1
Revenue					
Building construction	7.6	9.6	9.4	2.0	3.5
Civil engineering	1.8	1.8	1.9	0.9	0.8
ISP	0.7	1.0	1.7	0.5	0.8
E&M	0.6	0.7	1.2	0.2	0.4
	10.7	13.1	14.2	3.6	5.5
Gross profit					
Building construction	236.9	290.1	— ⁽¹⁾	129.9	153.3
Civil engineering	90.4	97.0	— ⁽¹⁾	34.8	27.9
ISP	55.2	69.4	— ⁽¹⁾	33.9	35.0
E&M	39.5	52.9	— ⁽¹⁾	20.3	32.9
	422.0	509.4	— ⁽¹⁾	218.9	249.1

Note:

(1) Gross profit of the Group for the year ended December 31, 2015 is not available as at the date of this offering circular.

Management services business

The management services business has mainly been operated by Synergis, the Group's listed subsidiary, and has maintained its superb performance as a leading independent property manager in Hong Kong.

As of December 31, 2015, the property management services team of Synergis manages a diverse portfolio of over 119,000 residential units and 12.2 million sqm of residential, commercial and industrial space. Synergis has over 35 years proven record in managing large-scale projects, including private residential developments, public housing, commercial and industrial buildings, covering everything from security, repair and maintenance, hygiene management, landscaping, operating procedure management, financial and budget management to marketing and promotions. Clients include private residential owners and owners' corporations, government organizations, such as Hong Kong Housing Authority ("HKHA"), Urban Renewal Authority and the West Kowloon Cultural District Authority, educational institutions, landlords, developers and investors, such as The Link Management Limited.

The facility management services team manages over 5.2 million sqm of commercial, educational, logistic, utility facilities and theme park in Hong Kong. Notable clients include The Airport Authority Hong Kong, Asia Airfreight Terminal, Cathay Pacific Cargo Terminal, CLP Group, The Hong Kong Jockey Club, HKU SPACE, The Hong Kong Police Force of the Hong Kong government, Hong Kong Wetland Park and the MTR Corporation. Synergis also provides facility management services to a number of renowned multi-national financial institutions and corporations in Hong Kong.

For the six months ended June 30, 2015, the Group's management services portfolio expanded with the award of new private contracts such as Cathay Pacific Cargo Terminal (國泰航空貨運站), Asia World Expo in Hong Kong International Airport (香港國際機場亞洲國際博覽館), a new laundry building of Vogue Laundry Service Limited (雅潔洗衣有限公司新洗衣房). Moreover, the division also renewed several property facility management contracts with increased service fees and expanded work scopes.

In 2002, the management services business of the Group started to expand into the high-margin businesses in the PRC with an aim to source more AMS opportunities with “one-stop shop” real estate services and expand consultancy services in the meantime. Its scope of business covers project feasibility study, market planning, leasing, shipping center management, property management, project management and facilities management. The Group has experienced rapid development ever since it entered into the PRC in 2002 and now it has over 50 projects across the PRC.

From 2000 to 2015, the Group’s management services business has won over 50 awards and recognitions including but not limited to:

- Silver Award in Award for Excellence in Training and Development 2014 by Hong Kong Management Association;
- Silver Stakeholder Engagement Award in MTR Projects;
- Gold Award in “Health and Welfare Category” – “Innovative Safety Initiative Award”;
- Gold Award in “Green Management Award by project management”;
- Business Performance Index 9004 Excellence Class Certificate;
- Bronze-Level Environmental, Health and Safety Award;
- Gold Award for Non-public Works (New Works Group A) in 21st Considerate Contractors Site Award Scheme;
- Gold Stakeholder Engagement Award by MTR Corporation;
- Grand Safety Award, Best Safety Award-Gold and Lowest RAFR Award in Quality, Safety and Environmental Award by MTR Corporation;
- Gold Award for Civil Projects Category in the Construction Industry Safety Award Scheme by the Labour Department; and
- Institutional Winner of FuturArc Green Leadership Award 2015 by FuturArc.

Gross profit of the management services business was approximately HK\$46 million for the six months ended June 30, 2015, representing a decrease of approximately 16% comparing to the six months ended June 30, 2014. For the six months ended June 30, 2015, the management services business contributed an EBITDA of approximately HK\$10 million, representing a decrease of approximately 38% as compared to the six months ended June 30, 2014.

Property investment business

The Group’s property investment business is strategically focused on investing in commercial properties in the PRC. Following the unprecedented pace of urbanization in the PRC, the Group has expanded into investment in selected distinctive commercial properties in first-, second- and third-tier cities in China. Under the Group’s long-term expansion plans, the management has been regularly evaluating various large-scale property development projects. The Group will continue to evaluate and act on opportunities to further grow its property portfolio and strive to become a leading brand in the PRC’s real estate market.

Currently the Group’s property investment business has one operating property in Beijing, one completed property in Guangzhou under refurbishment and several upcoming properties under planning or construction, which are expected to start operation in the following two to three years.

The table below provides an overview of the operating property and upcoming properties of the Group's property investment business as of the date of this offering circular:

Information of Operating and Upcoming Properties

Project:	New Times Plaza – Beijing	Shopping Mall – Guangzhou	La Viva Mall and Waterpark – Tieling	Retail Outlet Mall – Foshan	Retail Outlet Mall – Taian	Moon Island Complex – Tianjin
Location:	No.25 Maliandao Road, Xicheng District, Beijing	No. 111-119 Shipai Xi Road, Tianhe District, Guangzhou, Guangdong Province	Tieling (鐵嶺), Liaoning Province	Foshan, Guangdong Province	Taian, Shandong Province	Tianjin, Tianjin Municipality
Usage:	Commercial/Entertainment/Shopping Mall	Shopping Mall	Commercial/Entertainment/Shopping Mall	Commercial/Entertainment/Shopping Mall	Commercial/Entertainment/Shopping Mall	Commercial/Office
Ownership:	100%	100%	100%	100%	100%	65%
Total GFA:	68,381 sqm	26,306 sqm	186,000 sqm (Phase I)	98,000 sqm (Phase I)	100,360 sqm	305,938sqm
SOHO:	12,583 sqm (168 units)	–	–	–	–	–
Entertainment/Shopping Mall:	38,214 sqm	11,526 sqm	186,000 sqm	98,000 sqm	100,360 sqm	at planning stage
Car parks & Ancillary:	17,584 sqm (328 units)	14,780 sqm	–	–	–	at planning stage
Time to complete:	- Operating - Shopping mall occupancy rate: 91%	- Upcoming - Refurbishment is underway and re-opening is expected to be in 2016	- Upcoming - Construction and leasing are underway and operation is expected to begin in 2016	- Upcoming - Project planning is underway and operation is expected to begin in 2016	- Upcoming - Construction is underway and operation is expected to begin by the end of 2016 or in 2017	- Upcoming - Development approval has been obtained
Land use right attained:	40 years for commercial use 50 years for financial and public facilities	40 years for commercial use 50 years for parking use	40 years for commercial use	40 years for commercial use	40 years for commercial use	40 years for commercial, car park, office and residential use

Notes:

1. *GFA: gross floor area*
 2. *SOHO: small office, home office*
- New Times Plaza, Beijing

The property is a commercial development with a total GFA of 68,381 sqm, comprising 15 stories above-ground and three stories of basement. The shopping mall area occupies 38,214 sqm, accounting for approximately 56% of the total GFA. A total of 168 units of SOHO are located on the 7th to 15th floor of the property with a total GFA of 12,583 sqm. The car parks and ancillary areas occupy a total GFA of 17,584 sqm comprising of 328 units. The shopping mall provides for services, retails, food and beverage, entertainment, education, supermarket, etc.

As of September 30, 2015, the occupancy rate of the mall portion was approximately 91% and the occupancy rate of the SOHO portion was approximately 45%. The Group intends to continue to revamp the trade mix in the coming years to further strengthen the mall's retail offerings and meet the demands of the large residential population living nearby.

To further strengthen the retail offerings, the Group had a full-fledged Garfield-themed campaign from September to October 2014 displaying a six-meter version of the beloved cartoon character and 70 other Garfield characters throughout the mall and its open piazza. Featuring thrilling performances and fun-filled events the celebration sparked strong enthusiasm among customers and residents in the area. The Group believes that the rental income from the mall would provide a stable source of income for the Group. The mall generated rental income of approximately HK\$19.1 million for the six months ended June 30, 2015.

In the second half of 2014, the Group launched the sale of SOHO units, which contributed over HK\$54.3 million of revenue to the Group. The aggregate sales area reached 1,200 sqm, with an average selling price of RMB42,500 per sqm. It demonstrates the Group's ability to provide an effective platform in which the tenants can flourish, and to enhance value for its shareholders.



New Times Plaza

- Shopping mall, Guangzhou

The property is located in Tianhe District, Guangzhou, Guangdong Province and consists of commercial properties and car parks with around 325 parking spaces and a GFA of approximately 26,306 sqm. The property is currently under refurbishment with a view to enhancing its value. The property has generated rental income of approximately HK\$10.7million for the period from May 1 to June 30, 2015.



- La Viva Mall and Aqua Wave Waterpark, Tieling

La Viva – Tieling is located in Tieling new town in Liaoning Province. It covers an area of 180 hectares and a total GFA of approximately 3 million sqm.

As part of the commercial development of La Viva – Tieling, Aqua Wave Water Park is one of the key components of the unparalleled La Viva experience. Created by a world renowned Canadian planning and design firm, it will be the first all-year round water recreation facility in the booming northeast region in the PRC. The first phase of commercial development also consists of retail outlets with operation aimed to start in 2016. The total GFA of outlet and waterpark is approximately 186,000 sqm (retail outlet: 156,200 sqm, waterpark: 29,700 sqm). The Aqua Wave Water Park combines an indoor-cum-outdoor waterpark with highly innovative rides in the region, including the first snorkelling pool and the first man-made surfing rides. The outlet also provides a wide selection of restaurants, the first movie-themed hotel in the region, and the first regional shopping destination with a mix of different intriguing European architectural designs. La Viva – Tieling is not only a spot of weekend retreats, but also a great shopping and entertainment area for residents of La Viva – Tieling.



Water park (Note: artistic rendition)



Retail outlet mall (Note: artistic rendition)

- Retail Outlet Mall, Foshan

The Retail Outlet Mall is located in Sanshui District, Foshan, Guangdong Province. The project covers an aggregate site area of 1.9 million sqm and is expected to occupy a maximum GFA of 1.9 million sqm, of which about 1.5 million sqm is for residential units and about 0.4 million sqm is for commercial properties. It is a mixed-use development located in the Greater Guangzhou-

Foshan-Zhaoqing economic region, and is approximately 45 minutes and 20 minutes away from Guangzhou and Foshan, respectively. The scenic site is surrounded with natural lakes and an abundance of greenery, poised to become a trendsetting new town that integrates residential, leisure, entertainment, and retail elements.

The Retail Outlet Mall, Foshan will be helmed by a large-scale themed retail and entertainment. Phase 1 of development plan will account for 10-15% of the total GFA. It includes an existing retail outlet mall of 95,300 sqm, low rise residential apartments and community facilities. Phase 1 will be rolled out within the next two years and the existing retail outlet mall is intended to start the operation in 2016.



Retail outlet mall, Foshan

- Retail outlet mall, Taian

The project is located in Taishan district, Taian, Shandong Province with a total GFA of 219,982 sqm. A total of 34 blocks of two-storey commercial retail outlet mall with a GFA of 100,360 sqm is under construction. The operation is expected to start by the end of 2016 or in 2017.



Retail outlet mall, Taian (Note: artistic rendition)

- Moon Island Complex, Tianjin

The property is located in Binhai New District, Tianjin, Tianjin Municipality and has a GFA of approximately 305,937.81 sqm. Development approval has been obtained for car park, commercial, office and residential use. The term of use for the property is 40 years commencing from September 19, 2010. The land is situated at a prime location with good development potential.



Moon Island Complex, Tianjin (Note: artistic rendition)

Property development business

The property development business of the Group comprises a team of dedicated veterans with extensive experience and network in Hong Kong and the PRC. Prior to joining, members of the team had successfully completed a variety of landmark projects such as International Commerce Center (ICC) in Hong Kong, Shanghai Xintiandi, Wuhan Tiandi, Chongqi Tiandi and East Gate Plaza in Beijing.

Seeing the opportunities arising from the continuing urbanization in the PRC, the Group's strategy is to develop a series of modern and integrated new towns in second and third tier cities in the PRC in an effort to offer local residents a new kind of lifestyle, thereby raising their quality of life and introducing an unprecedented lifestyle living experience to these areas. As of the date of this offering circular, the Group has two major property development projects in the PRC, La Viva – Tieling and La Viva – Foshan. The Group is now primarily engaged in the development of La Viva in Tieling, Liaoning Province.

The Group believes that the two property development projects will provide the Group with a valuable land bank in both the Northern and Southern part of the PRC, and thus position the Group to gradually develop a good source of revenue stream for its property development segment.

The table below sets out details of the Group's current development projects as of the date of this offering circular:

	La Viva – Tieling	La Viva – Foshan
Site area (sqm)	1,804,165	1,925,845
Total planned GFA (sqm)	3,016,000	1,905,400
Years of development	7-10 years	7-10 years
Ownership	100%	100%

- La Viva – Tieling

The project is planned to be developed over 7 to 10 years in four phases. Tourism real estate and urbanization are the two driving engines behind the development concept of this project. Upon completion, it will comprise over 20,000 residential units and numerous facilities such as retail, entertainment, tourist attractions, residential, international school, hotel and other meeting, conference and exhibition facilities. The project comprises of four phases. Phase 1 is expected to be launched in 2016. The table below sets out the development plan of the La Viva – Tieling project:

	GFA (sqm)	Key Features
Phase 1	Total: 688,000 Residential: 386,000 Commercial: 301,000 Others: 1,000	Retail outlet mall, water park, serviced apartment, residential, cinema, wedding destination, food and beverage, boutique hotel, club house The phase 1 residential development is designed in an Art Deco style. It comprises of 16 high-rise residential towers, 22 low-rise residential towers, and yields a total saleable area of 340,000 sqm. Upon completion, there will be a total of 3,100 units available for sale, with size ranging from 40 to 210 sqm per unit, on average, 110 sqm per unit. The residential sales launch will be tied with the phase opening of the outlets and waterpark in 2016.
Phase 2	Total: 691,500 Residential: 269,000 Commercial: 384,000 Others: 38,500	Commercial district, residential, entertainment and leisure, food and beverage, international school, education, sport facilities, serviced apartment
Phase 3	Total: 762,000 Residential: 543,000 Commercial: 219,000 Others: –	Hotel, exhibition center, office, commercial, entertainment, food and beverage, residential, serviced apartment
Phase 4	Total: 874,500 Residential: 796,000 Commercial: 78,000 Others: 500	Subject to future planning
Total	Total: 3,016,000 Residential: 1,994,000 Commercial: 982,000 Others: 40,000	N/A



With a comprehensive transportation network (high-speed railway, light-rail, national highway) nearby, close proximity to Shenyang and a center location in the Greater Shenyang economic region, and benefitting from the rich resources of the Northeast Industrial District and Tieling New Town, La Viva will not only become a new landmark in the Northeast of the PRC, but also a model city for its future urbanization development.

- La Viva – Foshan

The project consists of five phases and certain phases are currently under planning. The table below sets out the development plan of the La Viva – Foshan project:

	GFA(sqm)	Key Features
Phase 1	Total: 257,500 Residential: 155,500 Commercial: 95,300 Others: 6,700	Retail outlet mall, residential, club house, resort and hotel, food and beverage
Phase 2	Total: 244,200 Residential: 216,400 Commercial: 23,000 Others: 4,800	Residential, school and education
Phase 3	Total: 258,700 Residential: 210,500 Commercial: 10,500 Others: 37,700	Hotel, residential, serviced apartment
Phase 4	Total: 565,300 Residential: 468,200 Commercial: 89,000 Others: 8,100	Subject to future planning
Phase 5	Total: 579,700 Residential: 454,800 Commercial: 119,700 Others: 5,200	Subject to future planning
Total	Total: 1,905,400 Residential: 1,505,400 Commercial: 337,500 Others: 62,500	N/A

Project Portfolio

Over the years since its establishment, the Group has been awarded a great number of high-value contracts from clients with diversified backgrounds, including the Hong Kong government, public organizations and prestigious private clients. In general, the Group has projects, either completed or in progress, in Hong Kong, Macau, the PRC and some overseas areas. These projects cover various types, including but not limited to infrastructure, conservation, commercial, education, hospitality and leisure, industrial, medical facility and residential.

Below is an overview of the Group's representative projects in different areas in which it operates:

Hong Kong



XRL Contract 826-Huanggang to Mai Po Tunnels

Location: Mai Po, HKSAR

Client: MTR Corporation Limited

Completion: In Progress

Project Type: Infrastructure

Business: Civil Engineering

Hsin Chong and its joint venture partners, China Railway Construction Corporation Limited and China Railway 15 Bureau Group Corporation were awarded this contract. The XRL twin tunnels between Huanggang Park in Shenzhen and the Mai Po Shaft in Hong Kong will be constructed using two tunnel boring machines.



New Research and Academic Building at the Hong Kong University of Science and Technology

Location: Sai Kung, HKSAR

Client: The Hong Kong University of Science and Technology

Completion: 2014

Project Type: Education

Business: Building

This seven-story open-plan building will provide first-class research and teaching facilities, including multidisciplinary laboratories, undergraduate classrooms and a multi-purpose lecture hall across a total construction floor area of approximately 10,000 sqm.

The project also involves the construction of an access road to the new research and academic building, two link bridges connecting the new building to an adjoining building, as well as landscaping works.



Replacement and Rehabilitation of Water Mains, Stage 4 Phase 1 and Stage 4 Phase 2

Location: New Territories, HKSAR

Client: Water Supplies Department

Completion: In Progress

Project Type: Infrastructure

Business: Civil Engineering

This contract covers the replacement and rehabilitation works of water mains in northern and eastern New Territories. The works form part of Stage 4, Phases 1 and 2 of the WSD's comprehensive programme to rejuvenate the water supply network.



Central Police Station Conservation and Revitalization

Location: Central, HKSAR

Client: Hong Kong S.A.R. government and HK Jockey Club Charity Trust

Completion: In Progress

Project Type: Conservation

Business: Electrical and Mechanical Engineering

The project entails the conservation of 16 buildings of historical or architectural significance and several open spaces on an approximately 3.37-acre site.



MTR Shatin to Central Link Contract No.1109 – Stations and Tunnels

Location: HKSAR

Client: MTR Corporation Limited

Completion: In Progress

Project Type: Infrastructure

Business: Civil Engineering

This civil engineering contract is the Group's first contract for the Shatin to Central Link. Awarded to the "Samsung – Hsin Chong Joint Venture", the contract mainly comprises the construction of two railway stations and 1,600 meters railway tunnels.



Integrated Contract for Construction of Public Housing Development at Kai Tak Site 1B

Location: Kai Tak City Center, HKSAR

Client: Hong Kong Housing Authority

Completion: 2014

Project Type: Residential

Business: Building – Design and Build

The Group in joint venture with Yau Lee has been awarded this contract. This is the first HKHA project using the Integrated Contract Procurement Method with the scope of works incorporating both design and construction. This is the largest single housing project awarded by the HKHA and consists of 9 residential blocks providing more than 8,100 flats.





China Mobile Data Center

Location: Tseung Kwan O, HKSAR

Client: China Mobile International Limited

Completion: 2014

Project Type: Commercial

Business: Building

This large-scale data center construction project was awarded to a joint venture company of the Group and China Communications Services (HK) International Ltd.

The project comprises the main contract works for the substructure and superstructure of this global network center development at Tseung Kwan O Industrial Estate. Work commenced in October 2012 and is due for completion in late January 2014. The project entails construction of a seven-story building with an area of 24,355 sqm and includes all associated fitting out as well as internal and external finishes. The data center will function as the submarine cable landing and transmission hub for China Mobile, the largest mobile operator in the PRC.



The Lee Gardens

Location: Causeway Bay, HKSAR

Client: Barrowgate Limited

Completion: 2013

Project Type: Commercial

Business: Interiors and Special Projects

This contract was awarded to Hsin Chong Interiors (Hong Kong) Limited. The company is an indirect non wholly-owned subsidiary of the Group, and a wholly-owned subsidiary of Synergis.

The contract involved A&A to retail spaces across four floors, façade renovation on the ground floor and the fifth floor as well as refurbishing the footbridge connecting the adjoining buildings. The Group also oversaw the interior work.



AEON Store, Tsuen Wan

Location: Tsuen Wan, HKSAR

Client: Aeon Stores (Hong Kong) Co., Ltd.

Completion: 2013

Project Type: Commercial

Business: Interiors and Special Projects

This contract was awarded to Hsin Chong Interiors (Hong Kong) Limited.

The 16,000 sqm project at Skyline Plaza involves work from G/F to 3/F. The scope of works includes fit-out works, A&A and E&M works to the main entrance, shop fronts, supermarket areas, public areas, retail areas, kitchens, back-of-house areas, offices and toilets.



The Forever 21 Flagship Store

Location: Causeway Bay, HKSAR

Client: Forever 21 Inc.

Completion: 2012

Project Type: Commercial

Business: Interiors and Special Projects

The Group was awarded a new contract by the American fashion chain store, Forever 21, for the construction of their first flagship store in Hong Kong. The new giant store, which occupies six floors, is located at the Capitol Center, Causeway Bay.

The scope of works includes the renovation of the basement floor and G/F to 4/F of the Capitol Center. The Group is responsible for both the structural alteration and finishing works on the internal and external façade, as well as installing interior fixtures, fittings and furniture, which are supplied by the client.



Student Hostels at The Chinese University of Hong Kong (Site B)

Location: Shatin, HKSAR

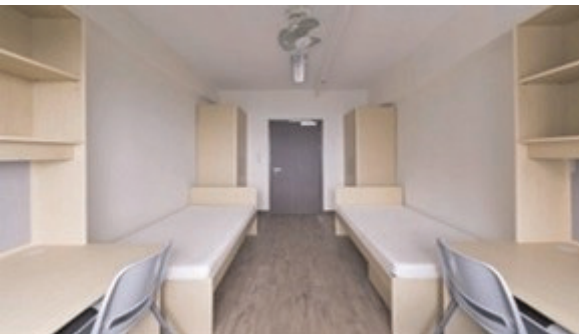
Client: The Chinese University of Hong Kong

Completion: 2012

Project Type: Education

Business: Building

The Group was awarded the building construction contract to build the student hostels for The Chinese University of Hong Kong





Public Housing Development on Choi Wan Road

Location: Choi Wan, HKSAR

Client: Hong Kong Housing Authority

Completion: 2011

Project Type: Residential

Business: Building

The Group was responsible for four parts of this public housing development, including Choi Yan House and Choi Yee House in Choi Tak Estate; Choi Foon House in Choi Fook Estate; Choi Wing Road Park; and the Choi Wan Road sitting out area.

The project, undertaken for the HKHA, began in 2008 and involved the construction of three residential blocks and their associated open spaces.



Main Clinical Block and Trauma Center at Prince of Wales Hospital

Location: Shatin, HKSAR

Client: Architectural Services Department

Completion: 2010

Project Type: Medical Facility

Business: Building – Design and Build
Electrical and Mechanical Engineering

A joint venture project of Hsin Chong and Yau Lee, this design and construction project has a total gross floor area of 74,445 square meters and provides more than 800 in-patient beds, Accident and Emergency Department, Intensive Care Unit and 16 operating theatres. The E&M services installation was undertaken by Hsin Chong Aster.



Stonecutters Bridge

Location: HKSAR

Client: Highways Department

Completion: 2009

Project Type: Infrastructure

Business: Civil Engineering

Stonecutters Bridge is a prominent feature of the Hong Kong skyline straddling the entrance of the Kwai Chung container port. Stonecutters Bridge has a clear span of 1,018m, Hsin Chong and its joint venture partners constructed this one of the world's longest single span cable-stayed bridges.

Macau



[Note: artistic rendition]

Galaxy Resort & Casino Phase 2 in Cotai City, Macau

Location: Cotai, Macau SAR

Client: Galaxy Entertainment

Completion: 2015

Project Type: Hospitality and Leisure

Business: Macau Construction

This construction contract comprises the construction of a hotel tower with two hotels; hotel villas; retail and gaming facilities; covering a site area of approximately 66,000 sqm. The HCCG Building and Civil Engineering (Macau) Limited, a wholly owned subsidiary of the Group, is the main contractor of the project. The project was completed in May 2015.



Wastewater Treatment Plant in the Macau Peninsula

Location: Macau Peninsula, Macau SAR

Completion: In Progress

Project Type: Infrastructure

Business: Macau Construction

The wastewater treatment plant project was awarded to a joint venture between HCCG Building and Civil Engineering (Macau) Limited, a wholly-owned subsidiary of the Group, and CESL Asia Investments and Services Ltd. The project expands treatment capacity at the wastewater treatment plant as well as improves its treatment quality.



Campus Development at University of Saint Joseph

Location: Ilha Verde, Macau SAR

Client: University of Saint Joseph

Completion: In Progress

Project Type: Education

Business: Macau Construction

The Group is the main contractor of the project. The scope of work includes ELS works, superstructure construction and E&M works. The work is carried out in 4 phases. The first phase involves construction of a transformer room and a 6-story academic building housing 80 rooms, including classrooms, science laboratories, studios etc. The second phase includes all external works. The third phase involves construction of an auditorium, a chapel and a basement comprising a swimming pool and a basketball court. In the final phase, an 18-story accommodation building with 250 rooms will be completed.



Sands Cotai Central

Location: Cotai, Macau SAR

Client: Venetian Orient Limited

Completion: 2012-2013

Project Type: Hospitality and Leisure

Business: Macau Construction Management

Sands Cotai Central is an integrated resort located on the east side of the Cotai Strip opposite The Venetian Macao and The Plaza Macao. Offering a gross floor area of approximately 1.14 million sqm, the project consists of approximately 6,000 hotel rooms in 3 towers, as well as retail and restaurant outlets, gaming facilities and conference venues.



Four Seasons Hotel Macao

Location: Cotai, Macau SAR

Client: Venetian Cotai Limited

Completion: 2010

Project Type: Hospitality and Leisure

Business: Macau Construction Management

This integrated resort comprises a 360-room Four Seasons Hotel and related facilities, a casino and luxury Paiza Mansions, high-end retail podium and 300 serviced apartments.



Venetian Macao-Resort-Hotel

Location: Cotai, Macau

Client: Venetian Macau Limited

Completion: 2007

Project Type: Hospitality and Leisure

Business: Macau Construction Management

This integrated resort is the single largest development of hotels, exhibition and conference venues and gaming facilities in Asia. It comprises a 3,000-room hotel with one of the world's largest casino, more than 300 retail and restaurant units, 1,800-seat theatre, 15,000-seat event arena, congress and exhibition center.



Sands Casino Podium Extension and Hotel

Location: Macau SAR

Client: Venetian Macau Limited

Completion: 2007

Project Type: Hospitality and Leisure

Business: Macau Construction Management

Following the successful opening of the Sands Casino, Hsin Chong was again appointed as a construction manager to manage the expansion of the existing development.

PRC



La Viva

Location: Tieling, the PRC

Client: N/A

Completion: In Progress (the pictures on the left are artistic renditions)

Project Type: Residential

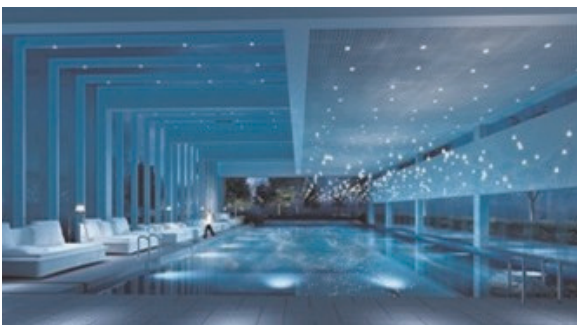
Business: Property Development

La Viva marks a major milestone in the Group's property business. Located in Tieling New Town, at the heart of the Greater Shenyang economic region in Liaoning Province, La Viva represents the region's largest and most multifaceted experience destination in the Northeast of the PRC.

Designed by RTKL International Ltd and Callison, two leading and world-renowned architecture firms, each aspect of the development – retail, entertainment, an exciting and fun-filled water world, one-stop wedding facilities, restaurants, themed boutique hotels, office towers and residential apartments – forms an essential part of the dynamic new town.

La Viva covers 853 hectares and will be completed in four phases. Phase one spans 180 hectares and is due for completion in six years. The fascinating development will total two million sqm of residential space and one million sqm of retail, water park, hotel and commercial space.

Residents will savor the classical yet contemporary architecture, relax in a luxurious clubhouse, and indulge in 30,000 sqm of manicured gardens. Quality international educational institutions, supermarket, shopping, and entertainment are just some of the premium offerings at La Viva, where a pristine environment and stunning design will assure an inspiring new lifestyle.





New Times Plaza

Location: Beijing, the PRC

Client: N/A

Completion: 2013

Project Type: Commercial

Business: Property Investment

New Times Plaza is located at No. 25 Maliandao Road, Xicheng District, Beijing, the PRC. The Property is a commercial development with a total GFA of 68,381 sqm. comprising 15 stories above ground and three stories basement. Construction of the property was completed in early 2012.

A total of 364 car park spaces are located in the two lower stories of the basement. The car park has a GFA of 11,541 sqm. and other ancillary areas have a GFA of 6,043 sqm. The shopping mall occupies seven floors of the Property on 1st floor of the basement and 1st to 6th floor of the Property and has a GFA of 38,214 sqm. It commenced operation in December 2012. A total of 168 office units are located on 7th to 15th floor of the property with a GFA of approximately 13,742 sqm. The construction and partitioning, the interior renovation work and furnishing were completed in late 2012.



Huawei Hangzhou Production Plant (Phase II)

Location: Hangzhou, the PRC

Client: Huawei Technologies Company Ltd.

Completion: 2013 (By Phases)

Project Type: Industrial

Business: China and International

The Group is cooperating with Ningbo Construction Company on this project and will be responsible for project management, while Ningbo will supervise construction. The Group is also responsible for building services installations including MVAC, electrical system, fire services system as well as plumbing and drainage systems.

The production plant is located in the Binjiang district of Hangzhou, with a total construction area of around 332,000 sqm. The plant consists of three blocks: a data center, an administration center and a staff canteen, with an additional six blocks of communication software development center. The whole production plant can accommodate up to 10,000 people.



East Gate Plaza

Location: Beijing, the PRC

Client: Ease Wealth Investments Limited

Completion: 2012

Project Type: Commercial

Business: Interiors and Special Projects

Located in Beijing's Dong Cheng district, the East Gate Plaza serviced apartments will transform into a high-end serviced apartments block. The work includes interior renovation and fitting-out for all the units including the ground floor lobby and general lift lobbies; replacement of part of the windows and decorative glass panels on the external wall; renewal of the electrical and mechanical systems; and facelift of the outdoor landscape etc.



Central Park

Location: Beijing, the PRC

Client: Beijing Premium Real Estate Ltd

Completion: 2008 (by phases)

Project Type: Residential

Business: China and International

The project is a joint venture of HK Land, the Group and Vantone Properties, a local developer in Beijing.

The project covered the construction for Phase 2 Group II and Phase 3 of the development. Phase 2 Group II comprised four high-rise apartment buildings, three multi-story commercial and residential tower and a kindergarten. Phase 3 had four high-rise apartment buildings, two multi-story commercial and residential tower and a composite building.



Huawei Headquarters Building

Location: Shenzhen, the PRC

Client: Huawei Technologies Company Ltd.

Completion: 2005

Project Type: Commercial

Business: China and International

The site is one kilometer in length and incorporates commercial buildings, 4 meeting buildings and the main buildings, with 2 large artificial lakes with different levels located on the site.



Retail Outlet Mall

Location: Foshan, Guangdong Province

Client: N/A

Completion: In Progress

Project Type: Commercial

Business: Property Investment

The Retail Outlet Mall is located in Sanshui District, Foshan, Guangdong Province. The project covers an aggregate site area of 1.9 million sqm and is expected to occupy a maximum GFA of 1.9 million sqm, of which about 1.5 million sqm are for residential units and about 0.4 million sqm are for commercial properties. It is a mixed-use development located in the Greater Guangzhou-Foshan-Zhaoqing economic region, and it is approximately 45 minutes and 20 minutes away from Guangzhou and Foshan, respectively.



[Note: artistic rendition]

Retail Outlet Mall

Location: Taian, Shandong Province

Client: N/A

Completion: In Progress

Project Type: Commercial

Business: Property Investment

The Retail Outlet Mall is located in Taishan district, Taian, Shandong Province with total GFA 219,982 sqm. As of June 30, 2015, a total of 34 blocks of two-storey commercial retail outlet mall with a GFA of 100,360 sqm is under construction. The operation is expected to start by the end of 2016 or in 2017.



Shopping Mall

Location: Guangzhou, Guangdong Province

Client: N/A

Completion: 2004

Project Type: Commercial

Business: Property Investment

The property is located in Tianhe District, Guangzhou, Guangdong Province and consists of commercial properties and car parks with around 325 parking spaces and a GFA of approximately 26,305.6 sqm. The property is currently operating and the Group intends to refurbish the property upon termination of all existing tenancies to enhance the value of it. As of June 30, 2015, the property has been fully let to a property leasing agent.



[Note: artistic rendition]

Land Property

Location: Tianjin, the PRC

Client: N/A

Completion: In Progress

Project Type: Mixed Commercial and Residential Complex

Business: Property Investment

The land is located in Binhai New District, Tianjin, Tianjin Municipality and has a GFA of approximately 305,937.81 sqm. Development approval has been obtained for car park, commercial, office and residential use, and the term of use for the property is 40 years commencing from September 19, 2010.

Overseas



Al Mashaaer Al Mugaddassah Metro Project (MMMP)

Location: Makkah, Saudi Arabia

Client: China Railway Construction Corporation (HK) Limited

Completion: 2011

Project Type: Infrastructure

Business: China and International

These construction management services agreements involve the provision of design and construction management services for the Metro system. The work was largely completed in 2010, demonstrating the Group's capability in challenging projects and difficult operating environments.

Hong Kong Construction Industry

The construction industry is one of the fundamental components of the economy of Hong Kong. It comprises all the construction activities of infrastructures and real estate properties, including planning, building construction, repairing, civil engineering, additions and alterations of buildings, interior fit-out and electrical and mechanical installation. Stakeholders involved in these activities include real estate developers, professionals, academics, contractors, workers and government officials.

The Group expects the general market outlook for construction business in 2016 and the coming years in Hong Kong is positive. The industry is expected to be supported by private and public investments in infrastructural and industrial construction projects. The continuation of several large-scale infrastructure projects, the tourism industry and an expected increase in the government's spending on healthcare and education are also expected to support the industry growth. Specifically, the Hong Kong government is likely to continue to spend on infrastructure and other construction works, including the third runway at Chek Lap Kok Airport. In addition, the Hong Kong Government's efforts to increase land supply for commercial and residential use will also likely drive the industry's growth.

While the strong market outlook presents opportunities, it also presents challenges in competing for industry resources, given the high demand for such resources. The construction industry faces high demand for materials and skilled tradesmen. Material prices are influenced largely by macroeconomic factors.

Major Customers

The business and orders of the Group are from a wide spectrum of clients. The table below sets forth the five largest clients or client groups of the Group:

Name	Information
Government and Public Institutions	The Group has a strong partnership with the Hong Kong government and public institutions. In 2013, the Group was awarded a building and electrical and mechanical contract for the Tsuen Wan Adventist Hospital and an electrical and mechanical contract for the Tin Shui Wai Hospital with total value of HK\$1.9 billion. Moreover, steady orders from the Water Supplies Department and Drainage Services Department were received by the Group.
HKHA	As of June 30, 2015, the Group had four public housing projects at Anderson Road, Hung Shui Kiu, Tung Chung and Au Tau. In 2013, the Group successfully completed two Shatin public housing projects and was awarded another two public housing projects at Tung Chung and Yuen Long with total value of HK\$3.3 billion.
The MTR	The Group engaged in the Express Rail Link contracts in 2014, which include the Nam Cheong foundation works, Huanggang to Mai Po Tunnels, West Kowloon Terminus of Express Rail Link, superstructure works of Wong Chuk Hang depot of South Island Line and two railway stations and Tunnels of the Shatin Central Link. In addition, the Group also participated in the advanced work of the Shatin Central Link.
Macau customers	With the Group's proven track record in Macau and a strong relationship with Venetian and Galaxy, the Group was awarded a new construction management contract for Venetian Sands Cotai Tower 5B and three contracts of Galaxy Resort and Casino including site formation and architectural, builders works and finishes package.
Prestigious private clients	The Group also has a number of prestigious private clients, including Hang Seng Bank, Kerry Properties and CDW Group.

Suppliers

The Group has a diversified supplier base and sources materials, spare parts and well services from a number of suppliers globally. For the years ended December 31, 2013 and 2014 and the six months ended June 30, 2015, the five largest suppliers of the Group accounted for less than 25% of the Group's total purchases. The Group aims to avoid relying on a small number of suppliers and targets to reduce the cost through bidding processes.

Competition

The construction and property market is highly competitive. In the property related business area, the Group competes with other peer companies in terms of location, service quality, price, financial resources, brand recognition and the ability to acquire good quality land property.

In construction industry, the Group faces competition from other construction companies who are able to offer lower quotes in bidding process for projects. However, the Group's construction business has demonstrated strong performance in replenishing its order book, increasing revenue and generating profit. The Group believes its well-established customer base, its brand and reputation in this industry, its high-quality work and efficiency in construction projects will help maintain its market share and competitiveness.

Intellectual Property

The Group places great importance on the invention, application, management and protection of intellectual property rights. Through the Group's research and development efforts and during its ordinary course of business, the Group has obtained various intellectual property rights which are

valuable to its business. The Group protects and will continue to seek to protect these intellectual property rights through its intellectual property protection measurements on copyrights, patents, trademarks and other contractual rights.

Regulation

The Group's business is subject to certain laws and regulations of Hong Kong. The principal laws and regulations which the Group is subject to include, among others, laws and regulations in relation to construction labour, health and safety, such as the Factories and Industrial Undertakings Ordinance (Cap. 59), Occupational Safety and Health Ordinance (Cap. 509), Builders' Lifts and Tower Working Platforms (Safety) Ordinance (Cap. 470) and Construction Workers Registration Ordinance (Cap. 583).

The Group is also subject to environmental protection laws and regulations, including Air Pollution Control Ordinance (Cap. 311), Noise Control Ordinance (Cap. 400), Water Pollution Control Ordinance (Cap. 358) and Water Disposal Ordinance (Cap. 354).

In addition, the Group is subject to the contractor licensing regime in Hong Kong. The Buildings Department of Hong Kong keeps a register of general building contractors who are qualified to perform the duties of a general building contractor and a register of specialist contractors who are qualified to carry out specialized works (such as foundation works) specified in the category in the sub-register in which they are entered. The Buildings Department of Hong Kong imposes specific requirements on qualifications and experience for general building contractors and registered specialist contractors.

Environmental Protection

The Group is subject to national laws and regulations designed to protect the environment. The Group believes that its businesses are in compliance with currently applicable national environmental laws and regulations in all material aspects. It has been implementing environmental protection measures to ensure that the businesses operate in a manner that helps reducing or preventing environmental damage. The Group's Environmental Management System, which has been certified to ISO 14001 International Standards, is implemented across all its projects and is constantly undergoing refinement and improvement in line with the latest international trends.

At the Group, a number of emissions reduction and energy saving green initiatives are being carried out on various project sites. A thorough and comprehensive environmental management system is established throughout the design and construction stages, from project planning, procurement and materials usage, on-site construction and management of subcontractors to materials recycling and reuse. Some major environmental measures implemented on the construction sites include the use of solar energy and low energy appliances as well as a range of recycling initiatives.

An environmental and safety initiative of the Group which enjoys widespread support is the in-house Health, Safety & Environmental Performance Award Scheme, which enhances the Group's competitive edge by rewarding continuous improvement in occupational safety and health, environmental protection and hygiene on project sites. Participating projects are assessed monthly and receive a monthly gentle reminder of the need to remain focused on sound health, safety and environmental practices.

Insurance

The Group maintains insurance coverage in amounts that the Group believes are consistent with its risk profile and the customary practice in the relevant industries. The Group believes that its construction projects and properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially deductibles and limits on coverage. However, the Group could not guarantee that it has sufficient or any insurance coverage for losses, damages and liabilities that may

arise in its business operations. Damage to the Group's construction projects, buildings, facilities, equipment, or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons and other natural disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations.

Health and Safety

The Group regards the occupational health and safety as one of its important corporate and social responsibilities. The Group is committed to providing a safe and healthy working environment for its employees, stakeholders and subcontractors.

Regular monitoring of the working environment and facilities provided for staff is undertaken to ensure that employees enjoy a safe and healthy working environment. In-house health and safety professionals conduct regular checks of all company workplaces for any possible safety issues and audits and testing are conducted to ensure that the workplace does not harbour any health threats. Modern amenities are provided to ensure a user-friendly working environment.

The Group also implements on-site health initiatives to promote health awareness. For example, in the summer months, sites have implemented heat stroke prevention programmes involving a series of measures such as assessing the risk of heat stress in different work processes, keeping track of the heat stress levels using a SATO monitoring device, conducting heat stroke prevention talks on site and providing free electrolyte drinks to workers. This programme has received by an award from the Occupational Health and Safety Council.

The Group implements and properly manages an Occupational Health and Safety System which has been certified to OHSAS 18001 Standards. The prime objective is not only to achieve full compliance with relevant statutory and contractual requirements, but also to adopt viable and progressive practices initiated by the construction industry. Responsible suppliers, service providers and subcontractors are selected on the basis of their willingness to work in line with the Group's concept of managing health, safety and quality at work.

In addition, all necessary training in occupational health and safety is provided and the Group offers support to staff and sub-contractors in discharging their daily duties and responsibilities. Construction Safety Supervisor Courses are conducted bi-monthly in order to meet the demand for safety professionals at the project sites. A Safety Practice Handbook, which includes the safety rules and regulations as well as guidelines on various safety aspects, is widely distributed in order to raise staff awareness of safety issues.

Occupational health and safety is the Group's top priority, and the Group will continue to be vigilant in policing health and safety issues and proactive in improving its already impressive health and safety record.

Employees

The Group had a total of 8,650 fulltime employees as of June 30, 2015. The Group believes a vibrant and sustainable organization relies on a strong, stable and dedicated workforce.

To further strengthen the Group's corporate core values and functionalities and to develop a culture of continuous improvement, a Human Resources Steering Committee has been established, comprising the Managing Director, an Executive Director, the Division Heads, the Human Resources Manager and the Learning & Development Manager. The objectives of the Steering Committee are to provide effective recruitment planning and an optimal reward system/program through resources management as well as an effective performance review system and talents pipeline for succession planning. A Training Committee has also been formed to develop a comprehensive training system and a quality workforce and to foster a learning culture within the organization. Full curricula for both technical and management training programs have been set up for the Group's workforce.

Vocational training is also of high importance to the Group and it actively promotes and assists employees with furthering their education and vocational training. The Group offers structured training schemes for trainees and apprentices. These schemes provide comprehensive and systematic training in both 'on the job' and 'in-class' environments. With guidance from personal tutors and supervisors, it enables young graduates to be well-trained and developed within their particular professional areas.

Caring for the staff was further augmented over the year with regular company excursions, staff events and welcoming functions for new staff. In addition, a series of talks and classes ranging from personal health advice and dance classes to photography and cooking were organized to assist in fostering a positive work-life balance. Organizational support is given to the Company's sports teams, an initiative that inspires teamwork and a healthy lifestyle.

Legal Proceedings

The Group is from time to time involved in legal proceedings arising in the ordinary course of its business. To the best of its knowledge, there are no current material litigation or arbitration proceedings against the Group that could have a material adverse effect on its financial condition or results of operations.

MANAGEMENT

Directors

The board of directors is responsible and has general powers for the management and conduct of the Group's business. The table below shows certain information in respect of members of the board as of the date of this offering circular.

Name	Age	Position
Joseph Choi Kin Hung	68	Executive Director and Chief Executive Officer
Lui Chun Pong	47	Executive Director and Chief Financial Officer
Wilfred Wu Shek Chun	46	Executive Director and Director of Mergers and Acquisitions
Zhou Wei	62	Executive Director
Lin Zhuo Yan	47	Non-executive Chairman
Yan Jie	52	Non-executive Director
Chen Lei	32	Non-executive Director
Chui Kwong Kau	48	Non-executive Director
Cheng Sui Sang	72	Independent Non-executive Director
Gao Jingyuan	63	Independent Non-executive Director
Lee Jai Ying	59	Independent Non-executive Director
Kwok Shiu Keung Ernest	80	Independent Non-executive Director

Senior Management

The following table sets forth the name, age and position of the person(s) considered by the Group as senior management as of the date of this offering circular.

Name	Age	Position
Thomas Pang Pui Yin	54	Chief Investment Officer
Wilfred Wong Ying Wai	63	Senior adviser

Biographies of the Directors of the Group

Ir. Joseph Choi Kin Hung (“**Ir. CHOI**”) is an Executive Director and Chief Executive Officer of the Company. He is a member of each of the Executive Committee, the Nomination Committee and the Remuneration Committee. He is also a director of a number of subsidiaries of the Company.

Ir. CHOI is a fellow and the senior vice president of the Hong Kong Institution of Engineers (“**HKIE**”). He is also the chairman of the Administration Board, and an ex-officio member of the Planning Committee of HKIE. Besides, Ir. CHOI is also the vice chairman of the Council of China's Foreign Trade of the China Council for the Promotion of International Trade, a member of the Engineers Registration Board, and a fellow and a council member of the Hong Kong Institution of Highways and Transportation.

Ir. CHOI is a member of the Institution of Civil Engineers of the UK, a chartered engineer in the UK, a Registered Professional Engineer of Hong Kong, a director of Engineering Forum Limited, a member of the Departmental Advisory Committee for the Department of Civil and Environmental Engineering of the Hong Kong Polytechnic University, a council member of the Hong Kong Contractor Association, and a director of the Joint Professional Centre Limited to represent HKIE.

Ir. CHOI joined the Group in August 2009 as assistant managing director and was subsequently promoted to his current positions. He has over 45 years of multi-dimensional and multi-functional experience across contracting and client organizations in Hong Kong, Chinese Mainland, Taiwan, Macau and overseas. Before joining the Group, he was the general manager of the Kowloon-Canton Railway Corporation and MTR Corporation Limited, responsible for the design and construction of various new railway lines.

Ir. CHOI graduated from the University of Aston in Birmingham, United Kingdom with a degree of Bachelor of Science in Civil Engineering.

Mr. Lui Chun Pong (“**Mr. LUI**”) is an Executive Director and Chief Financial Officer of the Company. He is also a member of the Executive Committee and a director of a number of subsidiaries of the Company. Mr. LUI joined the Group in 2010 as Group Financial Controller. He was promoted to Finance Director of Hsin Chong Construction Company Limited in 2014, to Acting Chief Financial Officer of the Group in July 2015, and further to his current position in September 2015.

Mr. LUI is responsible for overseeing the finance and accounting operations, budgetary control, group financial control and cashflow management. He has over 24 years of experience in corporate accounting, financing and tax administration in the real estate business like property development, property investment and property management, in addition to company secretarial practices of Hong Kong listed companies. Before joining the Group, Mr. LUI held senior positions of a number of Hong Kong companies listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. LUI obtained a Bachelor degree of Arts from the University of Hong Kong, a Master degree of Laws in the Chinese University of Hong Kong, a Master degree of Accountancy from Charles Sturt University in Australia and an Executive Master of Business Administration from the City University of Hong Kong. He is a Certified Public Accountant and a Certified Tax Advisor in Hong Kong and a Chartered Certified Accountant and a Chartered Secretary in the United Kingdom.

Mr. LUI also serves the community through participation of promoting sports, and youth and students’ affairs in Hong Kong. Mr. LUI was a baseball coach and was appointed as a team secretary and a deputy delegate leader of Hong Kong Women’s Baseball Team to join the Women’s Baseball World Cup in 2006 and in 2014 respectively. For the public services in youth and students’ affairs, Mr. LUI is a leader of various leadership mentoring programs in Hong Kong United Youth Association, Association of Chartered Certified Accountants and Hong Kong Professionals and Senior Executives Association. Mr. LUI was a director of Hong Kong United Youth Association in 2014/2015 and is currently a member of Hong Kong Student Affairs Sub-committee of Association of Chartered Certified Accountants.

Mr. Wilfred Wu Shek Chun (“**Mr. WU**”) is an Executive Director and Director of Mergers and Acquisitions of the Company. He is also a member of the Executive Committee and a director of a number of subsidiaries of the Company. Mr. WU joined the Group in July 2014 as the Associate Director of Corporate Finance, and was promoted to his current position in June 2015, responsible for all merger and acquisition projects from due diligence, negotiation of purchase agreements, handling regulatory approvals and financial sourcing to the smooth operation after merger or acquisition of the projects.

Mr. WU has more than 20 years of experience in financial reporting, investment proposal appraisal, financial due diligence, insolvency, litigation support and forensic accounting with major corporations and consultancy firms.

Mr. WU was conferred a Bachelor of Business Administration and Master of Arts in Comparative and Public History from the Chinese University of Hong Kong and a Master of Business Administration from the Hong Kong University of Science and Technology. He is a fellow member of Hong Kong Institute of Certified Public Accountant. Mr. WU also serves as a council member of the Construction Industry Council and an appeal board panel member of the Urban Renewal Authority.

Mr. Zhou Wei (“Mr. ZHOU”) was appointed as an Executive Director with effect from May 9, 2014. He is also a member of the Executive Committee and a director of a number of subsidiaries of the Company.

Mr. ZHOU obtained a degree from the School of Public Finance of Liaoning Institute of Finance & Economics (currently known as “Dongbei University of Finance & Economics”) in 1978. Prior to joining the Company, Mr. ZHOU served as a Senior Accountant in the Government Offices Administration of the State Council (國務院機關事務管理局). Mr. ZHOU previously occupied senior management positions in various private companies and was responsible for overseeing financial and overall management of those companies. Mr. ZHOU possesses extensive experience in finance and corporate management in Hong Kong and China with prominent business relationships.

Mr. Lin Zhuo Yan (“Mr. LIN”) was appointed as a Non-executive Director with effect from May 23, 2015 and was further appointed as a Non-executive Chairman with effect from June 19, 2015.

Mr. LIN is the Honorary Chairman of World Association of Small and Medium Enterprises (世界中小企業協會), Permanent Standing Vice President of China Foreign Trade Council (中國對外貿易理事會), and President of Outlets Branch of China General Chamber of Commerce (中國商業聯合會奧特萊斯分會). Mr. LIN has over 20 years of experience in large enterprise operation and management as well as investment and operation of mega-size projects. He received the Commandery of Sant’Agata Honour and was awarded the “Prize of Most Innovative Real Estate Figures in China for the Year”(中國年度最具創新力地產人物大獎), “Prize for Business Leaders in China for the Year”(中國年度商業領袖大獎) and “Prize for Outstanding Brand Innovators in China”(中國品牌創新傑出人物大獎).

Mr. Yan Jie (“Mr. YAN”) has been appointed as a Non-executive Director since May 30, 2014.

Mr. YAN joined Tewoo Group Co., Ltd. (天津物產集團有限公司)(“**Tewoo Group**”) (formerly known as Tianjin Administration Bureau of Materials and Tianjin Material & Equipment Group Corporation, being a substantial shareholder of the Company) in October 1983, and had held positions in the finance department, audit department and assets department, and had served as the head of corporate development department of Tewoo Group. Mr. YAN has extensive management experience in finance, audit, investment and strategic planning and has presided over or participated in a number of domestic and overseas substantial merger & acquisition and reorganization projects. Mr. YAN is currently the board chairman of Tianjin Property Development Co., Ltd. (being a subsidiary of Tewoo Group), an executive director of Tewoo Investment Co., Limited and a director of various subsidiaries of Tewoo Group. He is also a director of Palabora Mining Company Limited (listed in Johannesburg Stock Exchange, South Africa, and delisted in 2014).

Mr. YAN graduated from Party School of the Central Committee of CPC with a post-graduate degree majoring in economic management, and holds professional qualifications of accountant, senior economist and senior occupation manager.

Mr. Chen Lei (“Mr. CHEN”) was appointed as a Non-executive Director with effect from May 23, 2015.

Mr. CHEN joined Tewoo Import and Export Trade Co., Ltd. (天津物產進出口貿易有限公司), a subsidiary of Tewoo Group, in January 2015 as the deputy general manager. Mr. CHEN served as an officer of the Beijing court system and has held various positions such as the deputy department head of the legal affair department of Tianjin Er-shang Group Co., Ltd. (天津二商集團有限公司). He has

extensive experience in the fields of corporate legal affair, risk prevention and control. Mr. CHEN was redesignated as the deputy department head of corporate development department of Tewoo Group in July 2015.

Mr. CHEN obtained a bachelor degree in management from the Beijing University of Chemical Technology (北京化工大學) and a master degree in law from the Tsinghua University (清華大學). He has obtained various professional qualifications such as legal qualification (Mainland China) and corporate legal counsel.

Mr. Chui Kwong Kau (“Mr. CHUI”) was appointed as a Non-executive Director with effect from May 23, 2015 and a member of the Audit Committee of the Company.

Mr. CHUI is an executive director of China Energy Development Holdings Limited (stock code: 228) and a non-executive director of Ngai Shun Holdings Limited (stock code:1246), the shares of both companies are listed on the Main Board of the SEHK. He is also an executive director of Hong Kong Life Sciences and Technologies Group Limited (stock code: 8085) and an independent non-executive director of Aurum Pacific (China) Group Limited (stock code: 8148), the shares of both companies are listed on the Growth Enterprise Market of the SEHK. He has over 15 years’ experiences in accounting and auditing fields.

Mr. Cheng Sui Sang (“Mr. CHENG”) has been an Independent Non-executive Director since January 1, 2014. He is also the chairmen of both of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee.

Mr. CHENG has extensive experiences in banking, finance and investment fields. He is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. CHENG was a director of Cosmopolitan International Holdings Limited, a company listed in the SEHK, from August 2006 to June 2014 and a director of Chi Cheung Investment Company, Limited (now known as LT Holdings Limited), a company listed in the SEHK, from 1997 to 2000. He has held senior management positions in companies in Hong Kong and overseas, as well as several companies listed in the SEHK. He has also been involved in private consulting work in the PRC and Hong Kong. He holds a Bachelor’s degree in Economics and a Master’s degree in Business Administration.

Mr. Gao Jingyuan (“Mr. GAO”) has been an Independent Non-executive Director since May 9, 2014. He is also a member of the Remuneration Committee.

Mr. GAO obtained a degree in History from Beijing Normal University in 1985. Prior to joining the Company, Mr. GAO served in the Chinese People’s Liberation Army as a platoon leader at the Logistic and Political Department of Kunming Military Region. He held various positions in the Ministry of Posts and Telecommunications, namely secretary of the Committee, director of the Administration Department, officer of the Services Center as well as an assistant inspector (at the rank of Deputy Director-General) of the Education Department. Mr. GAO had served as deputy secretary of All China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會) and as director of its Economics Department. He occupied the senior management positions in several private companies and had been responsible for overseeing their financial and overall management. Mr. GAO possesses extensive experience in finance and management in both public and private sectors in the PRC with prominent business relationships.

Ms. Lee Jai Ying (“Ms. LEE”) has been an Independent Non-executive Director since May 9, 2014. She is also the chairman of the Nomination Committee.

Ms. LEE obtained a master's degree of Medicine from Jilin University. She has over thirty years' experience in corporate management. She is the chairman of Han Sheng Tang Herbal Technologies Co., Limited, specializing in research and manufacturing of traditional Chinese medicine. She is a Justice of the Peace in Hong Kong and a member of the 9th to 12th National Committee of the Chinese People's Political Consultative Conference.

Mr. Kwok, Shiu Keung Ernest (“**Mr. KWOK**”) has been an Independent Non-executive Director since November 18, 2015. He is also a member of the Audit Committee.

Mr. KWOK studied engineering in Hong Kong and law in the United Kingdom. He practiced engineering construction in Hong Kong before 1980. Thereafter he practiced construction law in the United Kingdom, Australia and Hong Kong. Mr. KWOK is a retired chartered civil engineer, lawyer and arbitrator.

Biographies of the Senior Management of the Group

Mr. Thomas Pang Pui Yin (“**Mr. PANG**”) is Chief Investment Officer of the Group. Mr. PANG is primarily responsible for corporate restructuring exercise and its related financial arrangements of the Group. Mr. PANG possesses over 30 years of experience in the areas of capital markets, accounting & finance, and corporate management covering a number of industrial sectors such as real estate investment and management, oil and gas, financial advisory, investment management and securities market regulation. Before joining the Group, Mr. PANG held senior positions including Chief Executive Officer and Chief Financial Officer of a real estate investment fund as well as a number of Hong Kong listed companies.

Mr. PANG qualified as a Chartered Accountant in England and Wales in 1988 while working in the London office of a big 4 accounting firm. He is a member of the Hong Kong Institute of Certified Public Accountants with exposure in the United Kingdom, Australia, New Zealand, Hong Kong, mainland China and Dubai. Mr. PANG graduated from the University of Oxford, England with a Master's degree and also obtained a Master's degree from the International School of Advanced Studies, University of Trieste, Italy.

Dr. Wilfred Wong Ying Wai (“**Dr. WONG**”) was appointed as a senior adviser to the Board with effect from November 1, 2015. He was Executive Chairman and Chief Executive Officer of the Company until November 1, 2015.

Dr. WONG is deemed to be one of the substantial shareholders of the Company through Neo Summit Limited under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”).

Dr. WONG joined the administrative officer grade of the Hong Kong government in 1975 and served in a number of key positions including Deputy Secretary for the Civil Service and Deputy Director – General of Industry. Dr. WONG joined the private sector in 1992 and since then, he had held top management positions in a number of Hong Kong listed companies in property development and construction business sectors including K. Wah International Holdings Limited, Henderson China Holdings Limited and the Shui On Group.

Dr. WONG started his political career at the national level when he was appointed as a member of The Basic Law Consultative Committee (1985-1990) by the Central People's government. He was subsequently appointed by The National People's Congress of the PRC (“**NPC**”) as a member of the Preliminary Working Committee for the Hong Kong Special Administrative Region (the “**HKSAR**”) Preparatory Committee in 1993 and a member of the HKSAR Preparatory Committee in 1995; both

bodies were responsible for the transitional policies and arrangements relating to the establishment of the HKSAR government in 1997. Dr. WONG was a Deputy to the NPC during the period from 1997 to 2013.

Dr. WONG's public service continues through his participation in a number of councils and committees in Hong Kong. He is currently the chairman of the Hong Kong Arts Development Council; the chairman of the Standing Commission on Civil Service Salaries and Conditions of Service; the chairman of The Hong Kong International Film Festival Society Limited; the chairman of the Hong Kong Baptist University Foundation; the chairman of the Pacific Basin Economic Council Limited; and the chairman of Hong Kong Institute for Public Administration. He was appointed as the vice-chairman of the Hong Kong Film Development Council in April 2013. He was the chairman of the Court and Council of Hong Kong Baptist University during the period from 2007 to 2012.

For his distinguished public service, Dr. WONG was awarded the Silver Bauhinia Star and the Gold Bauhinia Star by the government of the HKSAR in 2007 and 2015 respectively. Dr. WONG was conferred the degree of Doctor of Humanities honoris causa from Hong Kong Baptist University in November 2013, recognising his outstanding professional achievements as well as his remarkable contributions to the society. He was educated at Harvard University (MPA), University of Oxford, The University of Hong Kong (BSocSc) and The Chinese University of Hong Kong.

Dr. Wong is currently the president and chief operating officer of Sands China Ltd. and an independent non-executive director of Xinyi Glass Holdings Limited, both of the companies are listed on the main board of the SEHK.

SUBSTANTIAL SHAREHOLDERS

As of December 31, 2015, the interests of the following substantial shareholders (other than persons who were directors and chief executive of the Group) in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, were as follows:

Name of shareholders	Capacity	Long position/ short position	Number of Shares and underlying shares held/involved	% (Note 7)
Tewoo Group Co., Ltd. ⁽¹⁾	Interests of controlled corporation	Long position	3,513,861,240	67.72%
Tewoo Investment Co., Limited ⁽¹⁾	Beneficial owner	Long position	137,940,000	2.66%
	Interests of controlled corporation	Long position	3,375,921,240	65.06%
Riant Investment Co., Limited ⁽¹⁾	Beneficial owner	Long position	3,375,921,240	65.06%
Rich Century Development Limited	Beneficial owner	Long position	3,303,223,683 ⁽²⁾	63.66%
Neo Summit Limited	Beneficial owner	Long position	475,816,993 ⁽³⁾	9.17%
MA Kwing, Pony	Interests of controlled corporation	Long position	1,466,858,789 ⁽³⁾ and ⁽⁴⁾	28.27%
	Interests of spouse	Long position	3,303,223,683 ⁽²⁾	63.66%
Summit View Holdings Limited	Beneficial owner	Long position	991,041,796 ⁽⁴⁾	19.10%
Wilfred WONG Ying Wai	Beneficial owner	Long position	31,000,000 ⁽⁵⁾	0.60%
	Interests of controlled corporation	Long position	1,466,858,789 ⁽³⁾ and ⁽⁴⁾	28.27%
China Merchants Securities Co., Ltd.	Interests of controlled corporation	Long position	830,219,280	16.00%
	Interests of controlled corporation	Short position	83,100,000	1.60%
China Merchants Securities International Company Limited	Interests of controlled corporation	Long position	830,219,280	16.00%
	Interests of controlled corporation	Short position	83,100,000	1.60%
China Merchants Securities Investment Management (HK) Co., Limited	Beneficial owner	Long position	747,119,280	14.40%
Cheng Yu Tung Family (Holdings) Limited	Interests of controlled corporation	Long position	400,000,000 ⁽⁶⁾	7.71%
Cheng Yu Tung Family (Holdings II) Limited	Interests of controlled corporation	Long position	400,000,000 ⁽⁶⁾	7.71%
Chow Tai Fook Capital Limited	Interests of controlled corporation	Long position	400,000,000 ⁽⁶⁾	7.71%
Chow Tai Fook (Holding) Limited	Interests of controlled corporation	Long position	400,000,000 ⁽⁶⁾	7.71%
Chow Tai Fook Nominee Limited	Beneficial owner	Long position	400,000,000 ⁽⁶⁾	7.71%
MAK Siu Hang Viola	Interests of controlled corporation	Long position	400,000,000	7.71%
VMS Holdings Limited	Interests of controlled corporation	Long position	400,000,000	7.71%
VMS Investment Group Ltd.	Beneficial owner	Long position	400,000,000	7.71%

Notes:

1. *Tewoo Group Co., Ltd. (天津物產集團有限公司) is interested in the entire issued share capital of Tewoo Investment Co., Limited ("Tewoo Investment") and is therefore deemed to be interested in the Shares held by Tewoo Investment. Tewoo Investment is interested in the entire issued share capital of Riant Investment Co., Limited ("Riant Investment") and is therefore deemed to be interested in the Shares held by Riant Investment.*
2. *As disclosed in (i) the announcement of the Company dated May 15, 2014, Hsin Chong Property Holdings Limited (a wholly-owned subsidiary of the Company) as the Purchaser entered into the Acquisition Agreement with Rich Century Development Limited (a company wholly-owned by the Non-executive Chairman of the Company, Mr. LIN Zhuo Yan) ("Rich Century") as the Vendor and Mr. LIN Zhuo Yan as the warrantor regarding a very substantial acquisition in relation to the acquisition of a property development project in the PRC; and (ii) the announcement of the Company dated November 4, 2014, a Supplemental Agreement was entered into amongst the same parties. As part of the consideration of the Acquisition Agreement, the Company may issue to Rich Century convertible preference shares ("CPSs") which can be converted into Shares in the Company. As such, Rich Century being a company wholly owned by Mr. LIN Zhuo Yan is deemed to be a controlled corporation of Mr. LIN Zhuo Yan under the SFO. Ms. MA Kwing, Pony is the spouse of Mr. LIN Zhuo Yan and is deemed to be interested under the SFO.*

As disclosed in the announcement of the Company dated January 8, 2015 in relation to the issuance of CPSs as part of the consideration, the total number of CPSs (issued or which may be issued) to Rich Century and which can be converted into Shares of the Company is 6,253,829,151. Upon issue of certain number of CPSs to Rich Century on January 8, 2015, it then disposed 1,855,563,322 CPSs on the same date. Therefore, as of June 30, 2015, Rich Century held 4,398,265,830 CPSs (rounding difference included).

As further disclosed in the announcement of the Company dated June 30, 2015 in relation to the issuance of CPSs as part of the consideration, Rich Century was further allotted by the Company 1,095,042,146 CPSs on July 8, 2015. Rich Century then disposed 1,095,042,146 CPSs on July 15, 2015.

3. 475,816,993 Shares are held by Neo Summit Limited ("**Neo Summit**"), which is owned by (i) Pinnacle State Real Estate Limited as to 28.89%; (ii) Summit View Holdings Limited ("**Summit View**") as to 13.33%; (iii) Jones Capital Investments Limited as to 28.89%; and (iv) Becl World Holding Ltd as to 28.89%. Pinnacle State Real Estate Limited is indirectly wholly-owned by Dr. Wilfred WONG Ying Wai. Jones Capital Investments Limited is wholly-owned by Ms. MA Kwing, Pony. As such, Neo Summit is deemed to be a controlled corporation of Dr. Wilfred WONG Ying Wai and Ms. MA Kwing, Pony under the SFO.
4. As of December 31, 2014, Summit View held 924,486,796 shares which comprised (i) 221,850,000 Shares and (ii) 702,636,796 rights shares underwritten by Summit View pursuant to the Underwriting Agreement as disclosed in the prospectus of December 9, 2014 of the Company. Summit View is owned as to 50% by Dr. Wilfred WONG Ying Wai and 50% by Ms. MA Kwing, Pony. As such, Summit View is deemed to be a controlled corporation of Dr. Wilfred WONG Ying Wai and Ms. MA Kwing, Pony under the SFO.

On January 8, 2015, the said 702,636,796 Shares and 66,555,000 nil-paid rights shares were allotted to Summit View.

5. As of December 31, 2015, the interests in the underlying shares held by Dr. Wilfred WONG Ying Wai represented share options granted pursuant to the share option scheme adopted by the Company on May 22, 2008.
6. As of December 31, 2015, 400,000,000 shares are held by Chow Tai Fook Nominee Limited, which is owned by Chow Tai Fook (Holding) Limited as to 99.80%. Chow Tai Fook (Holding) Limited is owned by Chow Tai Fook Capital Limited as to 78.58%. Chow Tai Fook Capital Limited is in turn owned by (i) Cheng Yu Tung Family (Holdings) Limited as to 48.98% and (ii) Cheng Yu Tung Family (Holdings II) Limited as to 46.65%.
7. There were 5,188,576,651 Shares of the Company in issue as of December 31, 2015.

RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between the Group's consolidated subsidiaries and its directors, executive officers and principal shareholders and, in each case, the companies with whom they are affiliated. The Group believes that each of its related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in the interests of the Group and its shareholders.

As a listed company on The Stock Exchange of Hong Kong Limited, the Group is subject to the requirements of Chapter 14A of the Listing Rules which require certain "connected transactions" be approved by a company's independent shareholders. Each of the Group's related party transactions disclosed hereunder that constitutes a connected transaction within the meaning of the Listing Rules requiring shareholder approval has been so approved, or otherwise exempted from compliance under Chapter 14A of the Listing Rules.

	For the year ended December 31,		For the six months ended June 30,	
	2013	2014	2014	2015
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Expenses				
Purchase of a motor vehicle, membership fee and golfing expenses paid to a former substantial shareholder ⁽¹⁾	903	473	473	—

Note:

(1) Purchase of a motor vehicle, membership fee and golfing expenses paid to a former substantial shareholder was concluded on terms and prices agreed by both parties.

In addition, Synergis, a management services business unit of the Group, provides property management services for the properties owned by members of the Group, and other companies of the Group provides certain tendering services to Synergis.

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

To finance the Group's existing property projects, refinance its indebtedness and fund its working capital, the Group has entered into financing arrangements with various financial institutions and issued 6% convertible bonds and the 2018 Notes in 2015. As of June 30, 2015, the total amount of the Group's secured bank loans was approximately HK\$1,521 million (US\$196 million). The table and summary below set out the material terms and conditions of the loans and other material indebtedness of the Group.

Bank Loans

As of June 30, 2015, the Group had bank loans of HK\$4,101 million.

	As of December 31, 2014	As of June 30, 2015
	(HK\$'000)	(HK\$'000)
Bank loans, wholly payable within five years		
– secured	2,336,423	1,520,627
– unsecured	1,099,375	2,579,966
	<u>3,435,798</u>	<u>4,100,593</u>
The repayment schedule of bank loans is as follows:		
– Short term revolving bank loans	1,436,382	1,772,954
– Portion of bank loans due for repayment within one year	477,711	775,661
	<u>1,914,093</u>	<u>2,548,615</u>
Portions of bank loans due for repayment after one year but contain a repayment on demand clause		
– in the second year.	137,860	264,760
– in the third to fifth years, inclusive	142,165	316,871
Portions of bank loans due for repayment after one year and do not contain a repayment on demand clause		
– in the second year.	546,335	451,717
– in the third to fifth years, inclusive	695,345	518,630
	<u>1,521,705</u>	<u>11,551,978</u>
	<u>3,435,798</u>	<u>4,100,593</u>
Less: Amounts due after one year shown under non-current liabilities.	<u>(1,241,680)</u>	<u>(970,347)</u>
	<u>2,194,118</u>	<u>3,130,246</u>

As of June 30, 2015, the bank loans of the Group were secured by its leasehold land and building amounting HK\$506,000,000, investment property amounting HK\$2,627,400,000, properties under development amounting HK\$229,654,000, restricted cash amounting HK\$25,953,000 and certain other assets and equity interests of the Group's certain subsidiaries.

Payables and accruals

	As of December 31, 2014	As of June 30, 2015
	(HK\$'000)	(HK\$'000)
Trade payables		
– third parties	2,191,654	1,916,007
Retention payables		
– third parties	905,818	925,670
	3,097,472	2,841,677
Other payables, deposits and accruals		
– third parties	761,534	1,713,953
– accruals for tax liabilities on acquisition of land parcels in Tieling	368,723	368,854

6% Convertible Bonds due 2017

On November 20, 2015, the Company issued US\$100,000,000 aggregate principal amount of 6% convertible bonds due 2017 (the “**Convertible Bonds**”). As of the date of this offering circular, the Company has a total of US\$100,000,000 principal amount of the Convertible Bonds outstanding.

Interest

The Convertible Bonds bear an interest rate of 6% per annum, payable semi-annually in arrear.

Conversion

Holders of the Convertible Bonds may exercise their conversion right to convert any Convertible Bond into ordinary shares of the Company at any time on and after the 41st day after the date on which the Convertible Bonds were issued up to the close of business on the 10th day prior to November 20, 2017 or if such Convertible Bond has been called for redemption pursuant to the terms and conditions of the Convertible Bonds (the “**Convertible Bonds Terms and Conditions**”) before the maturity date, then up to the close of business on a date no later than seven business days prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Convertible Bond pursuant to the Convertible Bonds Terms and Conditions, then up to the close of business on the day prior to the giving of such notice or as the foregoing periods may be extended pursuant to the Convertible Bonds Terms and Conditions.

Event of Default

The Convertible Bonds contain customary events of default, including a default in the payment of principal when due, default in payment of interest that continues for 30 consecutive days, and other events of default as set forth in the Convertible Bonds Terms and Conditions. If an event of default (other than an event of default relating to certain bankruptcy events) occurs and is continuing, the trustee at its sole discretion may, and if so requested in writing by holders of at least 25% in aggregate principal amount of the Convertible Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the trust deed of the Convertible Bonds), by written notice to the Company, declare the principal of, premium, if any, and accrued and unpaid interest on the Convertible Bonds to be immediately due and payable at their principal amount. If an event of default relating to certain bankruptcy events with respect to the Company or any subsidiary occurs, the principal of, premium, if any, and accrued and unpaid interest on the Convertible Bonds then outstanding will automatically become immediately due and payable.

Change of Control

Following the occurrence of certain events of change of control as set forth in the Convertible Bonds Terms and Conditions, the holder of each Convertible Bond will have the right at such holder's option to require the Company to redeem all but not some only of such holder's Convertible Bonds at their principal amount as at the date fixed for redemption together with interest accrued and unpaid to, but excluding, such date.

Maturity and Redemption

The maturity date of the Convertible Bonds is November 20, 2017. At any time after November 20, 2016, the Company may, if it has given not less than 30 nor more than 60 days' notice, redeem the Convertible Bonds in whole but not in part on the specified date at their principal amount as at the date fixed for redemption together with interest accrued and unpaid to, but excluding, such date.

If the Company has or will become obliged to pay certain additional tax amounts due to changes in specified tax laws and such obligation cannot be avoided by the Company taking reasonable measures available to it, the Company may redeem the Convertible Bonds in whole but not in part, at the principal amount as at the date fixed for redemption together with interest accrued and unpaid to, but excluding, such date.

The Company will at the option of the holder of any Convertible Bond, redeem all or some of such holder's Convertible Bonds on November 20, 2016 at their principal amount together with interest accrued and unpaid to, but excluding, such date.

Holders of each Convertible Bond will have the right at such holder's option to require the Company to redeem all but not some only of such holder's Convertible Bonds at their principal amount together with interest accrued and unpaid if shares of the Company cease to be listed or admitted to trading or are suspended for trading for a period exceeding 30 consecutive trading days on the SEHK or any Alternative Stock Exchange (as defined in the Convertible Bonds Terms and Conditions), other than any cessation or suspension of securities generally on the SEHK or such Alternative Stock Exchange, or if there has been a change of control.

2018 Notes

In May 2015, the Company entered into an indenture (as amended or supplemented from time to time, the "**Indenture**") pursuant to which the Company issued US\$300,000,000 principal amount of the 8.75% Senior Notes due 2018 (the "**2018 Notes**"). As of June 30, 2015, the Company had a total of US\$300,000,000 principal amount of the 2018 Notes outstanding.

Guarantee

The obligations pursuant to the 2018 Notes are guaranteed by certain of the Company's existing subsidiaries (the "**Subsidiary Guarantors**") other than those organized under the laws of the PRC and certain subsidiaries specified in the Indenture. Each of the Subsidiary Guarantors, jointly and severally, guarantees the due and punctual payment of the principal of, any premium (if any) and interest on, and all other amounts payable under, the 2018 Notes.

Interest

The 2018 Notes bear an interest rate of 8.75% per annum. Interest is payable semi-annually in arrears on May 18 and November 18 of each year, commencing on November 18, 2015.

Covenants

Subject to certain conditions and exceptions, the Indenture and each of the related subsidiary guarantees contain certain covenants, restricting the Company and each of the related restricted subsidiaries from, among other things:

- incurring or guaranteeing additional indebtedness and issuing disqualified or preferred stock;
- declaring dividends on its capital stock or purchasing or redeeming capital stock;
- making investments or other specified restricted payments;
- issuing or selling capital stock of the related restricted subsidiaries;
- guaranteeing indebtedness of the related restricted subsidiaries;
- selling assets;
- creating liens;
- entering into sale and leaseback transactions;
- entering into agreements that restrict the related restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- entering into transactions with shareholders or affiliates; and
- effecting a consolidation or merger.

Events of Default

The Indenture contains certain customary events of default, including default in the payment of principal of (or premium, if any, on), the 2018 Notes, when such payments become due, default in payment of interest which continues for 30 days, and other events of default as specified under the Indenture. If an event of default occurs and is continuing, the trustee under the Indenture or the holders of at least 25% of the outstanding 2018 Notes may declare the principal of the 2018 Notes plus a premium and any accrued and unpaid interest to be immediately due and payable.

Change of Control

Upon the occurrence of certain events of change of control, the Company is required to make an offer to repurchase all outstanding 2018 Notes at a purchase price equal to 101% of their principal amount plus any accrued and unpaid interest.

Maturity and Redemption

The maturity date of the 2018 Notes is May 18, 2018. At any time prior to May 18, 2018, the Company may redeem the 2018 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2018 Notes, plus a premium and any accrued and unpaid interest to the redemption date.

Additionally, if the Company or a subsidiary guarantor under the 2018 Notes would become obligated to pay certain additional amounts as a result of certain changes in specified tax law or certain other circumstances, the Company may redeem the 2018 Notes at a redemption price equal to 100% of the principal amount of the 2018 Notes, plus any accrued and unpaid interest, subject to certain exceptions.

DESCRIPTION OF THE NOTES

For purposes of this “Description of the Notes,” the term “Issuer” refers only to Hsin Chong Construction Group Ltd., and any successor obligor on the Notes, and not to any of its subsidiaries. Each subsidiary of the Issuer which guarantees the Notes is referred to as a “Subsidiary Guarantor,” and each such guarantee is referred to as a “Subsidiary Guarantee.”

The Notes are to be issued under an indenture (the “Indenture”), to be dated as of the Original Issue Date, among the Issuer, the Subsidiary Guarantors, as guarantors, and Citicorp International Limited, as trustee (the “Trustee”).

The following is a summary of certain material provisions of the Indenture, the Notes and the Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Subsidiary Guarantees. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date at the corporate trust office of the Trustee at 39/F, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong.

Brief Description of The Notes

The Notes will:

- be general obligations of the Issuer;
- rank senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the Notes;
- rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- be guaranteed by the Subsidiary Guarantors on a senior basis, subject to the limitations described below under the caption “– The Subsidiary Guarantees” and in “Risk Factors – Risks Relating to the Subsidiary Guarantees – The Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees”;
- be effectively subordinated to the secured obligations (if any) of the Issuer and the Subsidiary Guarantors, to the extent of the value of the assets serving as security therefor; and
- be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

The Notes will mature on [•] unless earlier redeemed pursuant to the terms thereof and the Indenture.

The Notes will bear interest at the rate per annum set forth on the cover page of this offering circular from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semiannually in arrears on [•] and [•] of each year (each, an “Interest Payment Date”), commencing [•], 2016. Interest on the Notes will be paid to Holders of record at the close of business on the Business Day immediately preceding an Interest Payment Date to the extent the Notes are represented by a Global Note, and on [•] and [•] to the extent the Notes are no longer represented by a Global Note (each, a “Record Date”), notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

In any case in which the date of the payment of principal of, premium on or interest on the Notes is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of such principal, premium or interest need not be made on such date but may be made on the next succeeding Business Day. Any payment made on such Business Day shall have the same force and effect as if made on the date on which such payment is due and no interest on the Notes shall accrue in respect of such interest period for the period after such date.

The Indenture allows additional Notes to be issued from time to time (the “Additional Notes”), subject to certain limitations described under “– Further Issues.” Unless the context requires otherwise, references to the “Notes” for all purposes of the Indenture and this “Description of the Notes” include any Additional Notes that are actually issued.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars by the Issuer at the office or agency of the Issuer maintained for that purpose (which initially will be the specified office of the Paying Agent of the Notes, currently located at Citibank, N.A., London Branch, c/o Citibank, N.A., Dublin Branch, One North Wall Quay, Dublin 1, Ireland and the Notes may be surrendered for registration of transfer or exchange at such office or agency; *provided, however*, that, at the option of the Issuer, payment of interest may instead be made by check mailed to the address of the Holders as such address appears in the Note register maintained by the Registrar. Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants (as defined herein) on the Business Day following payment thereof.

As of the date of the Indenture, all of the Issuer’s Subsidiaries, other than Hsin Chong Capital (Group) Limited, Hsin Chong Capital (Overseas) Limited, Hsin Chong Health Care Limited, Hsin Chong Strategic Investment (BVI) Limited, Hsin Chong Strategic Investment (International) Limited, Hsin Chong Strategic Investment Limited and Smart Lane Holdings Limited and each of their Subsidiaries, will be “Restricted Subsidiaries.” Under the circumstances described below under the caption “– Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries,” the Issuer will be permitted to designate certain of its Subsidiaries as “Unrestricted Subsidiaries.” The Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture.

The Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will be Add Profit Limited, Aotelaishi Renowned Brand Outlet Discount Store (China) Limited, Aotelaishi Renowned Brand Outlet Discount Store Investment Limited, Aotelaishi Renowned Brand Outlet Discount Store Properties Limited, Crown Aim Corporation Limited, Crown Grace Trading Limited, Far Vision Limited, Goleman International Limited, HCCG China Facility Management Limited, HCCG China Holdings Limited, Hsin Chong (Corporate Services) Limited, Hsin Chong Aster Building Services (Asia) Limited, Hsin Chong Aster Building Services Limited, Hsin Chong Civil Engineering Company Limited, Hsin Chong Construction (Asia) Limited, Hsin Chong Construction (BVI) Ltd., Hsin Chong Construction (Overseas) Limited, Hsin Chong Construction Holdings (Overseas) Limited, Hsin Chong Construction (Macau) Limited, Hsin Chong Construction (Property Development) Limited, Hsin Chong Construction Company Limited, Hsin Chong Construction Management Limited, Hsin Chong Construction Management Services Limited, Hsin Chong Construction Property Development Holdings (China) Limited, Hsin Chong Development (China) Limited, Hsin Chong Property Development Limited, Hsin Chong Property Holdings Limited, Joy Power Corporation Limited, Joy Zone Limited, Novel Season Investments Limited, Renowned Brand Outlet Store (China) Limited, Renowned Brand Outlet Store Investment Limited, Renowned Brand Outlet Store Properties Limited, Renowned Outlet Store Asia Limited, Rosy State Investments Limited, Sight Star Limited, Sorano Investments Limited, Spring Height Holdings Limited, Top Pursuit Limited, Vast Charm Limited, Wealth Circle Investments Limited, World Famous Brand Discount Store (China) Company Limited. These Subsidiary Guarantors comprise some of the Issuer's Restricted Subsidiaries, excluding the Non-Guarantor Subsidiaries (defined below). None of the Unrestricted Subsidiaries and the Restricted Subsidiaries organized under the laws of the PRC (collectively, the "PRC Non-Guarantor Subsidiaries") will be a Subsidiary Guarantor on the Original Issue Date.

As used herein, "Non-Guarantor Restricted Subsidiaries" refers to the Restricted Subsidiaries that are not Subsidiary Guarantors, including, as of the Original Issue Date, the PRC Non-Guarantor Subsidiaries. The Non-Guarantor Restricted Subsidiaries together with the Unrestricted Subsidiaries are referred to herein as the "Non-Guarantor Subsidiaries."

None of the existing Non-Guarantor Subsidiaries will at any time in the future provide a Subsidiary Guarantee unless designated as a Subsidiary Guarantor in accordance with the Indenture. Moreover, no future Restricted Subsidiaries organized under the laws of the PRC will provide a Subsidiary Guarantee at any time in the future. Although the Indenture contains limitations on the amount of additional Indebtedness that Restricted Subsidiaries organized under the laws of the PRC may incur, the amount of such additional Indebtedness could be substantial. In the event of the bankruptcy, liquidation or reorganization of any Non-Guarantor Subsidiary, the Non-Guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Issuer.

As of June 30, 2015,

- the Issuer and its consolidated subsidiaries had total consolidated bank and other borrowings of approximately HK\$9,458.4 million (US\$1,220.2 million), of which approximately HK\$4,609.8 million (US\$594.7 million) was secured;
- the Issuer and the Subsidiary Guarantors had total Indebtedness of approximately HK\$4,065.8 million (US\$524.5 million); and
- the Non-Guarantor Subsidiaries had total Indebtedness of approximately HK\$5,392.6 million (US\$695.7 million).

The foregoing does not include Indebtedness Incurred by the Group after June 30, 2015, which includes Indebtedness acquired in connection with acquisitions which were completed after that date. See “Summary – Overview – Recent Developments”.

The Subsidiary Guarantee of each Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be effectively subordinated to the secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- rank senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- rank at least *pari passu* with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law).

The Issuer will cause each of its future Restricted Subsidiaries (other than Persons organized under the laws of the PRC) as soon as practicable after it becomes a Restricted Subsidiary to execute and deliver to the Trustee a supplemental indenture to the Indenture, pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes. Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date is referred to as a “Future Subsidiary Guarantor” and upon execution of the applicable supplemental indenture to the Indenture will be a “Subsidiary Guarantor.”

Under the Indenture and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The Subsidiary Guarantors will (1) agree that their obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Subsidiary Guarantees. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor’s liability on its Subsidiary Guarantee could be reduced to zero.

The obligations of each Subsidiary Guarantor under its respective Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See “Risk Factors – Risks Relating to the Subsidiary Guarantees – The Subsidiary Guarantees may be challenged under applicable insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees.”

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under “– Defeasance – Defeasance and Discharge”;
- upon the designation by the Issuer of a Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale, disposition or merger of a Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants under the captions “– Certain covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Certain covenants – Limitation on Asset Sales” and “– Consolidation, Merger and Sale of Assets”) resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Issuer’s other Indebtedness or any Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale or disposition are used for the purposes permitted or required by the Indenture.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Issuer has delivered to the Trustee an Officers’ Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the terms of the Indenture.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the date and/or amount of the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a “Further Issue”) so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the “Limitation on Indebtedness and Preferred Stock” covenant described below.

Optional Redemption

At any time prior to [•], the Issuer may at its option redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date. Neither the Trustee nor the Agents shall be responsible for calculating or verifying the Applicable Premium.

The Issuer will give not less than 30 days’ nor more than 60 days’ notice of any redemption. On and after the redemption date, interest will cease to accrue on the Notes.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Issuer will make an Offer to Purchase all outstanding Notes (a “Change of Control Offer”) at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer has agreed in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer, it is important to note that if the Issuer is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit the repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, the Issuer would continue to be prohibited from purchasing the Notes. In that case, the failure of the Issuer to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control under the Notes may also constitute a default or event of default under certain current and future debt instruments of the Issuer and its Subsidiaries. Such debt instruments may also (1) prohibit the Issuer from purchasing Notes in the event of a Change of Control; (2) provide that a Change of Control is a default; or (3) require repurchase of the relevant debt upon a Change of Control.

Moreover, the exercise by the Holders of their right to require the Issuer to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer. The ability of the Issuer to pay cash to the Holders following the occurrence of a Change of Control may be limited by its then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes.

The phrase “all or substantially all”, as used with respect to the assets of the Issuer in the definition of “Change of Control,” will likely be interpreted under applicable law of the relevant jurisdictions and will be dependent upon particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Issuer has occurred.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction. The Trustee shall not be required to take any steps to ascertain whether a Change of Control has occurred or may occur, and shall be entitled to assume that no such event has occurred unless it has received written notice to the contrary from the Issuer. The Trustee shall not be required to take any steps to ascertain whether the conditions for the exercise of the rights herein have occurred. The Trustee shall not be responsible for determining or verifying whether a Note is to be accepted for repurchase and will not be responsible to the Holders for any loss arising from any failure by it to do so. The Trustee and the Paying Agent shall not be under any duty to determine, calculate or verify the repurchase amount payable hereunder and will not be responsible to the Holders for any loss arising from any failure by it to do so.

No Mandatory Redemption Or Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes. However, under certain circumstances (including as described under “Repurchase of Notes upon a Change of Control” and “Limitation on Asset Sales”) the Issuer may be required to repurchase Notes. The Issuer may also at any time and from time to time purchase Notes in the open market or otherwise.

Additional Amounts

All payments of principal of, premium (if any) and interest on the Notes and all payments under the Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, a Surviving Person (as defined under the caption “– Consolidation, Merger and Sale of Assets”) or an applicable Subsidiary Guarantor is organized or resident for tax purposes or which is imposing such withholding or deduction because of a connection between the Issuer, the Surviving Person or the Subsidiary Guarantor and such jurisdiction (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “Relevant Taxing Jurisdiction”), or the jurisdiction through which payments are made (each, as applicable and with each Relevant Taxing Jurisdiction, a “Relevant Jurisdiction”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, a Surviving Person or the applicable Subsidiary Guarantor, as the case may be, will pay such additional amounts (“Additional Amounts”) as will result in receipt by the Holder of each Note or the Subsidiary Guarantee, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts shall be payable:

(1) for or on account of:

- (a) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (i) the existence of any present or former connection between the Holder or beneficial owner of such Note and the Relevant Jurisdiction, other than merely holding such Note or the receipt of payments thereunder or under a Subsidiary Guarantee, including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;
 - (ii) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, and interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;
 - (iii) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, a Surviving Person or any Subsidiary Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder’s or beneficial owner’s nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request is

required under the tax laws of such jurisdiction in order to reduce or eliminate any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or

- (iv) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;
 - (b) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;
 - (c) any withholding or deduction that is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives; or
 - (d) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (a), (b) or (c); or
- (2) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a partner of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner or beneficial owner been the Holder thereof.

Whenever there is mentioned in any context the payment of principal of, and any premium or interest on, any Note or under any Subsidiary Guarantee, such mention shall be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption For Taxation Reasons

The Notes may be redeemed, at the option of the Issuer or a Surviving Person with respect to the Issuer, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (and notice, reasonably in advance of such notice to the Holders, to the Trustee and the Paying Agent), which notice shall be irrevocable, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or
- (2) any change in the existing official position or the stating of an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective (i) with respect to the Issuer or any initial Subsidiary Guarantor, on or after the Original Issue Date, or (ii) with respect to any Future Subsidiary Guarantor or Surviving Person (other than a Surviving Person tax resident in the jurisdiction of tax residence of the Issuer), on or after the date such Future Subsidiary Guarantor or Surviving Person becomes a Future

Subsidiary Guarantor or Surviving Person, with respect to any payment due or to become due under the Notes or the Indenture, the Issuer, a Surviving Person or a Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, such Surviving Person or Subsidiary Guarantor, as the case may be; provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer, such Subsidiary Guarantor or Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Notwithstanding anything to the contrary herein, the Issuer, a Surviving Person or a Subsidiary Guarantor may not redeem the Notes in the case that Additional Amounts are payable in respect of PRC withholding tax at a rate of 10% or less solely as a result of the Issuer, such Surviving Person or Subsidiary Guarantor being considered a PRC tax resident under the EIT Law if payments of dividends or interest from the PRC Subsidiaries of the Issuer, such Surviving Person (with respect to the Issuer) or Subsidiary Guarantor to the Issuer, such Surviving Person (with respect to the Issuer) or Subsidiary Guarantor are then exempt from PRC withholding tax.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, a Surviving Person or a Subsidiary Guarantor, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before a redemption date:

- (1) an Officers' Certificate stating that a change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, such Surviving Person or Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant, in either case of recognized national standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from a change or amendment referred to in this section entitled "Redemption for Taxation Reasons."

The Trustee shall accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Holders.

Any Notes that are so redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (1) The Issuer will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness), provided that the Issuer and any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) and any Restricted Subsidiary (other than any Subsidiary Guarantor) may Incur Permitted Subsidiary Indebtedness if, after giving effect to the Incurrence of such Indebtedness or Permitted Subsidiary Indebtedness and the receipt and application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) (i) the Fixed Charge Coverage Ratio would be not less than 3.0, or (ii) the Net Debt to Equity Ratio would be not more than 50% and the Fixed Charge Coverage Ratio would be not less than 1.5.

- (2) Notwithstanding the foregoing, the Issuer and, to the extent provided below, any Restricted Subsidiary, may Incur each and all of the following (“Permitted Indebtedness”):
- (a) Indebtedness under the Notes (excluding any Additional Notes) and each Subsidiary Guarantee;
 - (b) any *Pari Passu* Subsidiary Guarantees by any Subsidiary Guarantor;
 - (c) Indebtedness of the Issuer or any Restricted Subsidiary outstanding on the Original Issue Date, excluding Indebtedness permitted under clause (d); provided that such Indebtedness of Restricted Subsidiaries (other than any Subsidiary Guarantor) shall be included in the calculation of Permitted Subsidiary Indebtedness (other than any such Indebtedness described in clause (a) or (b) above or clause (d), (f) or (1) below);
 - (d) Indebtedness of the Issuer or Indebtedness or Preferred Stock of any Restricted Subsidiary owed to or held by the Issuer or any Restricted Subsidiary; *provided* that (i) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Issuer or any Restricted Subsidiary) shall be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (d) and (ii) with respect to any Indebtedness Incurred after the Original Issue Date, if the Issuer or any Subsidiary Guarantor is the obligor on such Indebtedness (and none of the Issuer or Subsidiary Guarantors is the obligee on such Indebtedness), such Indebtedness must be unsecured and expressly subordinated in right of payment to the Notes, in the case of the Issuer, and the Subsidiary Guarantee, in the case of any Subsidiary Guarantor;
 - (e) Indebtedness (“Permitted Refinancing Indebtedness”) of the Issuer or any Restricted Subsidiary issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, redeem, defease, discharge or extend (collectively, “refinance” and “refinances” and “refinanced” shall have a correlative meaning), then outstanding Indebtedness (or Indebtedness repaid substantially concurrently with but in any case before the Incurrence of such Permitted Refinancing Indebtedness) Incurred under the immediately preceding paragraph (1) or clause (a), (b), (c), (g), (p), (r) or (s) of this paragraph (2) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided* that (i) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee shall only be permitted under this clause (e) if (A) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with, or subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee, as the case may be, or (B) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, (ii) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to

the remaining Average Life of the Indebtedness to be refinanced or refunded, and (iii) in no event may Indebtedness of the Issuer or any Subsidiary Guarantor be refinanced pursuant to this clause (e) by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor;

- (f) Indebtedness Incurred by the Issuer or any Restricted Subsidiary pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Issuer or any Restricted Subsidiary from fluctuations in interest rates, currencies or the price of commodities and not for speculation;
- (g) Indebtedness Incurred by the Issuer or any Restricted Subsidiary for the purpose of financing (x) all or any part of the purchase price of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Issuer or a Restricted Subsidiary in the Permitted Business, including any such purchase through the acquisition of Capital Stock of any Person that owns such assets, real or personal property or equipment which will, upon acquisition, become a Restricted Subsidiary, or (y) all or any part of the purchase price or the cost of development, construction or improvement of assets, real or personal property (including the lease purchase price of land use rights) or equipment to be used in the ordinary course of business by the Issuer or a Restricted Subsidiary in the Permitted Business; *provided* that in the case of each of clauses (x) and (y) of this clause (g), (A) the aggregate principal amount of such Indebtedness shall not exceed such purchase price or cost and (B) unless such Incurrence is as a result of a Restricted Subsidiary ceasing to be a Restricted Subsidiary or as a result of a transfer of Indebtedness, in which case this sub-clause (B) shall not apply, such Indebtedness shall be Incurred no later than 180 days after the acquisition of such property or completion of such development, construction or improvement and (C) on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all such Indebtedness permitted by this clause (g) (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under this clause (g) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount outstanding) plus (2) the sum of the aggregate principal amount outstanding of all Indebtedness permitted under clause (o), (p), (q) or (s) below (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount outstanding) does not exceed an amount equal to 20% of Total Assets;
- (h) Indebtedness Incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case other than for an obligation for borrowed money);
- (i) Indebtedness Incurred by the Issuer or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit or trade guarantees issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Issuer or such Restricted Subsidiary of a demand for reimbursement;

- (j) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from Guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Issuer or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the disposition of any business, assets or Restricted Subsidiary, other than Guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness in the nature of such Guarantee shall at no time exceed the gross proceeds actually received from the sale of such business, assets or Restricted Subsidiary;
- (k) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence;
- (l) Guarantees by the Issuer or any Restricted Subsidiary of Indebtedness of the Issuer or any Restricted Subsidiary that was permitted to be Incurred by another provision of this covenant; *provided* that, in the case of a Guarantee by a Restricted Subsidiary of Indebtedness of the Issuer, such Guarantee shall comply with the “– Limitations on Issuances of Guarantees by Restricted Subsidiaries” covenant;
- (m) Indebtedness of the Issuer or any Restricted Subsidiary with a maturity of one year or less used by the Issuer or any Restricted Subsidiary for working capital; *provided* that the aggregate principal amount of Indebtedness permitted by this clause (m) at any time outstanding does not exceed the greater of (x) US\$50.0 million (or the Foreign Currency Equivalent thereof) and (y) 10% of the New Construction Contract Value (subject in the case of (y) to a maximum principal amount of 2.5% of Total Assets);
- (n) Indebtedness of the Issuer or any Restricted Subsidiary in an aggregate principal amount outstanding at any time (together with refinancings thereof) not to exceed US\$30.0 million (or the Foreign Currency Equivalent thereof);
- (o) Indebtedness of the Issuer or any Restricted Subsidiary arising from Guarantees of Indebtedness of an Unincorporated Joint Venture, *provided* that such Guarantees are in proportion to the Issuer’s (direct or indirect) interest in the Unincorporated Joint Venture and the other holders of interests in the Unincorporated Joint Venture concurrently provide similar Guarantees and on the date of the Incurrence of such Indebtedness and after giving effect thereto, and further that the sum of (x) the aggregate principal amount outstanding of all Indebtedness permitted under this clause (o) (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under this clause (o) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount outstanding) plus (y) the aggregate principal amount outstanding of all Indebtedness permitted under clause (g) above or (p), (q) or (s) below (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount outstanding), does not exceed an amount equal to 20% of Total Assets;

- (p) Indebtedness Incurred by any Restricted Subsidiary which is secured by Investment Properties or by the assets or the Capital Stock of a Restricted Subsidiary directly or indirectly owning such Investment Properties; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, (i) the aggregate principal amount outstanding of all such Indebtedness permitted under this clause (p) (together with refinancings thereof, but excluding any Guarantee thereof to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount outstanding) does not exceed 75% of the total Fair Market Value of such Investment Properties and (ii) the sum of (x) the aggregate principal amount outstanding of all Indebtedness permitted under this clause (p) (together with refinancings thereof, but excluding any Guarantee Incurred under this clause (p) to the extent the amount of such Guarantee is otherwise reflected in such aggregate principal amount outstanding) plus (y) the aggregate principal amount outstanding of all Indebtedness permitted under clause (g) or (o) above, or (q) or (s) below (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount outstanding), does not exceed an amount equal to 20% of Total Assets;
- (q) Indebtedness Incurred or Preferred Stock issued by the Issuer or any Restricted Subsidiary arising from any Investment made by a Financial Company Investor in a Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness or issuance of Preferred Stock and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all Indebtedness Incurred under this clause (q) (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under this clause (q) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clause (g), (o) or (p) above, or (s) below (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount outstanding) does not exceed an amount equal to 20% of Total Assets;
- (r) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Issuer or any Restricted Subsidiary (other than Indebtedness incurred to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Issuer or a Restricted Subsidiary); *provided, however*, with respect to this clause (r), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (x) the Issuer would have been able to incur US\$1.00 of additional Indebtedness pursuant to the proviso in the first paragraph of part (1) of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock” after giving pro forma effect to the incurrence of such Indebtedness pursuant to this clause (r) or (y) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving pro forma effect to the incurrence of such Indebtedness pursuant to this clause (r); and

- (s) Bank Deposit Secured Indebtedness Incurred by the Issuer or any Restricted Subsidiary; *provided* that on the date of the Incurrence of such Indebtedness and after giving effect thereto, the sum of (1) the aggregate principal amount outstanding of all Indebtedness Incurred under this clause (s) (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred under this clause (s) to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount) plus (2) the aggregate principal amount outstanding of all Indebtedness Incurred pursuant to clause (g), (o), (p), (q) above (together with refinancings thereof, but excluding any Contractor Guarantee or Guarantee Incurred such clauses to the extent the amount of such Contractor Guarantee or Guarantee is otherwise reflected in such aggregate principal amount outstanding) does not exceed an amount equal to 20% of Total Assets.
- (3) For purposes of determining compliance with this “Limitation on Indebtedness and Preferred Stock” covenant, in the event that an item of Indebtedness (or any portion thereof) meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of part (1), the Issuer, in its sole discretion, shall classify or reclassify, or later divide, classify or reclassify, such item of Indebtedness (or any portion thereof) in any manner that complies with this covenant, provided that any Indebtedness Incurred under clause (o) of part (2) of this “Limitation on Indebtedness and Preferred Stock” covenant shall not so be reclassified.

If the Issuer reclassifies an item of Indebtedness (or any portion thereof) such reclassified Indebtedness shall be deemed to have been incurred for the purposes of the satisfaction of the criteria for the types of Indebtedness described above on the date of such reclassification.

- (4) For purposes of determining compliance with any U.S. dollar denominated restriction on the Incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; provided that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that may be Incurred pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “Restricted Payments”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Issuer’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable or paid in shares of the Issuer’s or any Restricted Subsidiary’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Issuer or any of the Issuer’s Wholly Owned Restricted Subsidiaries;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Issuer or any Restricted Subsidiary (including options, warrants or other rights to acquire such shares of Capital Stock) or any direct or indirect parent of the Issuer held by any Persons other than the Issuer or any of the Issuer’s Wholly Owned Restricted Subsidiaries;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any of the Subsidiary Guarantees (excluding any intercompany Indebtedness between or among the Issuer and any of the Issuer’s Wholly Owned Restricted Subsidiaries); or
- (4) make any Investment, other than a Permitted Investment;

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (a) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (b) the Issuer could not Incur at least US\$1.00 of Indebtedness under the proviso in the first paragraph of part (1) of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock;” or
- (c) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Issuer and any Restricted Subsidiary after May 18, 2015, including, for the avoidance of doubt, any payment described in paragraphs (1) through (4) above made after May 18, 2015 and prior to the Original Issue Date that would have constituted a “Restricted Payment” herein had the Indenture been in effect at the time of such payment shall exceed the sum of:
 - (i) 50% of the aggregate amount of the Consolidated Net Income of the Issuer (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2015 and ending on the last day of the Issuer’s most recently ended semi-annual period for which consolidated financial statements of the Issuer (which the Issuer shall use its best efforts to compile in a timely manner) are available; plus
 - (ii) 100% of the aggregate Net Cash Proceeds received by the Issuer after May 18, 2015 as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Issuer, including any such Net Cash Proceeds received upon (A) the conversion of any

Indebtedness (other than Subordinated Indebtedness) of the Issuer into Capital Stock (other than Disqualified Stock) of the Issuer, or (B) the exercise by a Person who is not a Subsidiary of the Issuer of any options, warrants or other rights to acquire Capital Stock of the Issuer (other than Disqualified Stock) in each case excluding the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Issuer; plus

- (iii) the amount by which Indebtedness of the Issuer or any Restricted Subsidiary is reduced on the Issuer's consolidated balance sheet upon the conversion or exchange (other than by a Subsidiary of the Issuer) subsequent to May 18, 2015 of any Indebtedness of the Issuer or any Restricted Subsidiary convertible or exchangeable into Capital Stock (other than Disqualified Stock) of the Issuer (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Issuer upon such conversion or exchange); plus
- (iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after May 18, 2015 in any Person resulting from (A) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Issuer or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (B) the unconditional release of a Guarantee provided by the Issuer or a Restricted Subsidiary after May 18, 2015 of an obligation of another Person, (C) to the extent that an Investment made after May 18, 2015 is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (D) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) made by the Issuer or a Restricted Subsidiary after May 18, 2015 in any such Person; plus
- (v) US\$30.0 million (or the Foreign Currency Equivalent thereof).

The foregoing provision shall not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any of the Subsidiary Guarantors with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase or other acquisition of Capital Stock of the Issuer (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or a sale (other than to a Subsidiary of the Issuer) of, shares of the Capital Stock (other than Disqualified Stock) of the Issuer or any Subsidiary Guarantor (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, and provided further that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (3);

- (4) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Issuer or any of the Subsidiary Guarantors in exchange for, or out of the Net Cash Proceeds of, a substantially concurrent capital contribution or sale (other than to a Subsidiary of the Issuer) of, shares of Capital Stock (other than Disqualified Stock) of the Issuer or any of the Subsidiary Guarantors (or options, warrants or other rights to acquire such Capital Stock); provided that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (c)(ii) of the preceding paragraph, provided however that any item that has been excluded pursuant to clause (c)(ii) of the preceding paragraph will not be excluded again as a result of the proviso in this clause (4);
- (5) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Issuer, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Issuer; or
- (6) dividends paid to, or the purchase of Capital Stock of any Restricted Subsidiary held by any Financial Company Investor in respect of any Indebtedness or Preferred Stock outstanding on the Original Issue Date or permitted to be Incurred under paragraph (2)(q) of the “Limitation on Indebtedness and Preferred Stock” covenant; provided that any interest expense or dividend distributions made under such Indebtedness or Preferred Stock are treated as a Consolidated Fixed Charge;

provided that, in the case of clause (2), (3), (4) or (6) of the preceding paragraph, no Default shall have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clause (1) of the preceding paragraph shall be included in determining whether the conditions of clause (c) of the first paragraph of this “Limitation on Restricted Payments” covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Issuer or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$5.0 million (or the Foreign Currency Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US\$5.0 million (or the Foreign Currency Equivalent thereof), the Subsidiary Guarantor will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “– Limitation on Restricted Payments” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (1) Except as provided below, the Issuer will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:
 - (a) pay dividends or make any other distribution on any Capital Stock of such Restricted Subsidiary owned by the Issuer or any other Restricted Subsidiary;
 - (b) pay any Indebtedness or other obligation owed to the Issuer or any other Restricted Subsidiary;
 - (c) make loans or advances to the Issuer or any other Restricted Subsidiary; or
 - (d) sell, lease or transfer any of its property or assets to the Issuer or any other Restricted Subsidiary.
- (2) The provisions of paragraph (1) do not apply to any encumbrances or restrictions:
 - (a) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the Indenture or Pari Passu Subsidiary Guarantee of any Subsidiary Guarantor, or any extensions, refinancings, renewals or replacements of any of the foregoing agreements and any subsequent refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (b) existing under or by reason of applicable law, rule, regulation or order;
 - (c) existing with respect to any Person or the property or assets of such Person acquired by the Issuer or any Restricted Subsidiary, at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (d) that otherwise would be prohibited by the provision described in clause (1)(d) of this covenant if they arise, or are agreed to, in the ordinary course of business and, that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to any property or assets of the Issuer or any Restricted Subsidiary not otherwise prohibited by the Indenture, or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Issuer or any Restricted Subsidiary in any manner material to the Issuer or any Restricted Subsidiary;

- (e) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “– Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries,” “– Limitation on Indebtedness and Preferred Stock” and “– Limitation on Asset Sales” covenants;
- (f) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness or the issuance of Preferred Stock of the type described under clause (2)(g), (p), (q), (r) or (s) or permitted under clause (2)(m) or 2(n) of the “Limitation on Indebtedness and Preferred Stock” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Issuer to make required payment on the Notes and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced; or
- (g) existing in customary provisions in joint venture agreements, other agreements in relation to a joint venture or establishing a joint venture and other similar agreements permitted under the Indenture, to the extent such encumbrance or restriction relates to the activities or assets of a Restricted Subsidiary that is a party to or subject of such joint venture or proposed joint venture and if (as determined in good faith by the Board of Directors) (i) the encumbrances or restrictions are customary for a joint venture or similar agreement of that type or an agreement in relation to a joint venture or establishing a joint venture and (ii) the encumbrances or restrictions would not, at the time agreed to, be expected to materially and adversely affect (x) the ability of the Issuer to make the required payments on the Notes, or (y) any Subsidiary Guarantor to make required payments under its Subsidiary Guarantee.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Issuer will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell any shares of Capital Stock of a Restricted Subsidiary (including options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Issuer or any of the Issuer’s Wholly Owned Restricted Subsidiaries;
- (2) to the extent such Capital Stock represents director’s qualifying shares or is required by applicable law to be held by a Person other than the Issuer or any of the Issuer’s Wholly Owned Restricted Subsidiaries;
- (3) for the sale of shares of all the Capital Stock of a Restricted Subsidiary if permitted under, and made in accordance with, the “– Limitation on Asset Sales” covenant;
- (4) for the issuance or sale of Capital Stock of a Restricted Subsidiary (which remains a Restricted Subsidiary after any such issuance or sale); *provided* that the Issuer or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the “– Limitation on Asset Sales” covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Issuer will not permit any Restricted Subsidiary (which is not a Subsidiary Guarantor), directly or indirectly, to Guarantee any Indebtedness (“Guaranteed Indebtedness”) of the Issuer or any Subsidiary Guarantor, unless (1) (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Issuer or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee of the Notes until the Notes have been paid in full or (2) with respect to the Guarantee provided by the Issuer or any Restricted Subsidiary through the pledge of one or more bank accounts or deposits to secure (or the use of any Guarantee or letter of credit or similar instruments to Guarantee) any Bank Deposit Secured Indebtedness), such Guarantee is permitted by clause (s) of the second paragraph of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock”.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Notes or the Subsidiary Guarantee, as the case may be, or (2) is subordinated in right of payment to the Notes or any Subsidiary Guarantee, then the Guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Notes or the Subsidiary Guarantee, at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantee.

Limitation on Transactions with Shareholders and Affiliates

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Issuer or (y) any Affiliate of the Issuer (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Issuer or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Issuer or the relevant Restricted Subsidiary with a Person that is not an Affiliate of the Issuer; and
- (2) the Issuer delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$5.0 million (or the Foreign Currency Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Foreign Currency Equivalent thereof), in addition to the Board Resolution required in clause 2(a) above, an opinion as to the fairness to the Issuer or the relevant Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and shall not apply to:

- (1) the payment of reasonable and customary regular fees to directors of the Issuer or any Restricted Subsidiary who are not employees of the Issuer or any Restricted Subsidiary;
- (2) transactions between or among the Issuer and any of its Wholly Owned Restricted Subsidiaries or between or among such Wholly Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1) or (2) of the first paragraph of the covenant described above under the caption “– Limitation on Restricted Payments” if permitted by that covenant;
- (4) any sale of Capital Stock (other than Disqualified Stock) of the Issuer; and
- (5) the payment of compensation to employees, officers, directors and other designated persons of the Issuer or any Restricted Subsidiary pursuant to an employee stock or share option scheme, so long as such scheme is in compliance with the listing rules of The Stock Exchange of Hong Kong Limited, which as of the Original Issue Date require a majority shareholder approval of any such scheme.

In addition, the requirements of clause (2) of the first paragraph of this covenant shall not apply to (i) Investments (other than Permitted Investments) not prohibited by the “Limitation on Restricted Payments” covenant, (ii) transactions pursuant to agreements in effect on the Original Issue Date and described in this offering circular, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Issuer and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (iii) any transaction between or among any of the Issuer or any of its Wholly Owned Restricted Subsidiaries and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary of the Issuer or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries of the Issuer, (iv) transactions between the Issuer or any Restricted Subsidiary and an Unincorporated Joint Venture and (v) transactions between or among the Issuer or any Restricted Subsidiary and Synergis Holdings Limited and any of its Subsidiaries; *provided* that in the case of clause (iii)(a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners of or in such Restricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant.

Limitation on Liens

The Issuer will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are equally and ratably secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Issuer will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Issuer or any Restricted Subsidiary may enter into a Sale and Leaseback Transaction if:

- (1) the Issuer or such Restricted Subsidiary, as the case may be, could have (a) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the first paragraph of the covenant described above under “– Limitation on

Indebtedness and Preferred Stock” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption “– Limitation on Liens,” in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Issuer or such Restricted Subsidiary, as the case may be, applies the proceeds of such transaction in compliance with, the covenant described below under the caption “– Limitation on Asset Sales.”

Limitation on Asset Sales

The Issuer will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default shall have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Issuer or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Issuer or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$50.0 million (or the Foreign Currency Equivalent thereof), the Issuer shall deliver to the Trustee an opinion as to the fairness to the Issuer or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Issuer’s most recent consolidated balance sheet, of the Issuer or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes, or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that releases the Issuer or such Restricted Subsidiary from further liability; and
 - (b) any securities, notes or other obligations received by the Issuer or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Issuer or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion;

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Issuer or the applicable Restricted Subsidiary, as the case may be, may apply such Net Cash Proceeds to:

- (1) permanently repay Senior Indebtedness of the Issuer or a Subsidiary Guarantor or any Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than the Issuer or a Restricted Subsidiary;

- (2) pay land, relocation, construction and other development costs relating to the construction of projects of any Restricted Subsidiary; or
- (3) acquire Replacement Assets (which acquisition may be effected through the Issuer or any Restricted Subsidiary).

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) through (3) in the immediately preceding paragraph will constitute “Excess Proceeds.” Excess Proceeds of less than US\$10.0 million (or the Foreign Currency Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$10.0 million (or the Foreign Currency Equivalent thereof), within 10 days thereof, the Issuer must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and
- (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, the Issuer may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes (and such other *pari passu* Indebtedness) for repurchase will be selected on a pro rata basis. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Limitation on the Issuer’s Business Activities

The Issuer will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, however, that the Issuer or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than Permitted Businesses as long as any Investment therein was not prohibited when made by the covenant under the caption “– Limitation on Restricted Payments.”

The Subsidiary Guarantor will at all times own the entire issued and outstanding Capital Stock of the Issuer.

Use of Proceeds

The Issuer will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (1) in the approximate amounts and for the purposes specified under the caption “Use of Proceeds” in this offering circular and (2) pending the application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in Temporary Cash Investments.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) none of the Issuer or any Restricted Subsidiary provides credit support for the Indebtedness of such Restricted Subsidiary; (3) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Issuer or any Restricted Subsidiary; (4) such Restricted Subsidiary does not own any Disqualified Stock of the Issuer or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of the Issuer or any Restricted Subsidiary, if such Disqualified or Preferred Stock or Indebtedness could not be Incurred under the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock” or such Lien would violate the covenant described under the caption “– Limitation on Liens;” (5) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; and (6) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “– Limitation on Restricted Payments.”

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (1) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (2) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “– Limitation on Indebtedness and Preferred Stock;” (3) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption “– Limitation on Liens;” (4) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (5) if such Restricted Subsidiary is not organized under the laws of the PRC, such Restricted Subsidiary shall upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary shall become a Subsidiary Guarantor if required under “– The Subsidiary Guarantees.” All designations must be evidenced by resolutions of the Board of Directors delivered to the Trustee certifying compliance with the preceding provisions.

Government Approvals and Licenses; Compliance with Law

The Issuer will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Issuer and its Restricted Subsidiaries, taken as a whole, or (b) the ability of the Issuer or any Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee or the Indenture.

Anti-Layering

The Issuer will not Incur, and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Subsidiary Guarantee, as the case may be, on substantially identical terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or Guarantees securing or in favor of some but not all of such Indebtedness.

Provision of Financial Statements and Reports

- (1) So long as any of the Notes remain outstanding, the Issuer will file with the Trustee and furnish to the Holders upon request, as soon as they are available but in any event not more than 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any other recognized exchange on which the Issuer's Common Stock are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange; *provided* that if at any time the Common Stock of the Issuer ceases to be listed for trading on a recognized stock exchange, the Issuer will file with the Trustee and furnish to the Holders in the English language:
 - (a) as soon as they are available, but in any event within 90 calendar days after the end of the fiscal year of the Issuer, copies of its financial statements (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of an internationally-recognized firm of independent accountants;
 - (b) as soon as they are available, but in any event within 45 calendar days after the end of the second financial quarter of the Issuer, copies of its financial statements (on a consolidated basis) in respect of such half-year period (including a statement of income, balance sheet and cash flow statement) reviewed by a member firm of an internationally-recognized firm of independent accountants; and
 - (c) as soon as they are available, but in any event within 45 calendar days after the end of each of the first and third financial quarter of the Issuer, copies of its unaudited financial statements (on a consolidated basis), including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Issuer together with a certificate signed by the person then authorized to sign financial statements on behalf of the Issuer to the effect that such financial statements are true in all material respects and present fairly the financial position of the Issuer as at the end of, and the results of its operations for, the relevant quarterly period.
- (2) In addition, so long as any of the Notes remain outstanding, the Issuer will provide to the Trustee
 - (a) within 120 days after the close of each fiscal year, an Officers' Certificate stating the Fixed Charge Coverage Ratio and Net Debt to Equity Ratio with respect to the two most recent fiscal semiannual periods and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio and Net Debt to Equity Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio and Net Debt to Equity Ratio, with a certificate from the Issuer's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; and
 - (b) as soon as possible and in any event within 30 days after the Issuer becomes aware or should reasonably become aware of the occurrence of a Default, an Officers' Certificate

setting forth the details of the Default, and the action which the Issuer proposes to take with respect thereto. The Trustee shall not be responsible for the determination of the Fixed Charge Coverage Ratio or the verification thereof in the Officers' Certificate.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

- (1) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (2) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;
- (3) default in the performance or breach of the provisions of the covenants described under "– Consolidation, Merger and Sale of Assets," or the failure by the Issuer to make or consummate an Offer to Purchase in the manner described under the captions "– Repurchase of Notes upon a Change of Control" or "– Limitation on Asset Sales;"
- (4) the Issuer or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (1), (2) or (3) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (5) there occurs with respect to any Indebtedness of the Issuer or any Restricted Subsidiary having an outstanding principal amount of US\$15.0 million (or the Foreign Currency Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or shall hereafter be created, (a) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (b) the failure to make a principal payment when due;
- (6) one or more final judgments or orders for the payment of money are rendered against the Issuer or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$15.0 million (or the Foreign Currency Equivalent thereof) (in excess of amounts which the Issuer's insurance carriers have agreed to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (7) an involuntary case or other proceeding is commenced against the Issuer or any Restricted Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Restricted Subsidiary or for any substantial part of the property and assets of the Issuer or any Restricted Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer or any Restricted Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

- (8) the Issuer or any Restricted Subsidiary (a) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (b) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Issuer or any Restricted Subsidiary or for all or substantially all of the property and assets of the Issuer or any Restricted Subsidiary or (c) effects any general assignment for the benefit of creditors; or
- (9) any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined to be unenforceable or invalid or shall for any reason cease to be in full force and effect.

If an Event of Default (other than an Event of Default specified in clause (7) or (8) above) occurs and is continuing under the Indenture, the Trustee may, and shall (subject to being indemnified and/or secured to its satisfaction) upon the request of Holders of at least 25% in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer, declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest shall be immediately due and payable. If an Event of Default specified in clause (7) or (8) above occurs with respect to the Issuer or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder or any other Person.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may on behalf of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

- (1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes or the Indenture. Subject to the provisions of the Indenture relating to the duties of the Trustee, the Trustee is under no obligation to exercise any of its rights or powers under the Indenture at the request, order or direction of any of the Holders, unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;
- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee indemnity or security, or a combination of both, satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity and/or security satisfactory to the Trustee; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the contractual right expressly set forth in the Indenture of any Holder to receive payment of the principal of, premium, if any, or interest on, such Note, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right shall not be impaired, affected or amended without the consent of the Holder.

Officers of the Issuer must certify, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Issuer and the Restricted Subsidiaries and the Issuer's and the Subsidiary Guarantors' performance under the Indenture and each of the Issuer and the Subsidiary Guarantors has fulfilled its obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Issuer will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture. See "– Provision of Financial Statements and Reports." The Trustee and the Paying Agent need not do anything to ascertain whether any Event of Default or Default has occurred or is continuing and will not be responsible to Holders or any other person for any loss arising from any failure by it to do so, and, the Trustee or the Paying Agent may assume that no such event has occurred and that the Issuer is performing all its obligations under the Indenture and the Notes unless an officer of the Trustee has received written notice of the occurrence of such event or facts establishing that the Issuer is not performing all of its obligations under the Indenture and the Notes or an Event of Default has occurred. Neither the Trustee nor the Paying Agent shall be required to verify any information in such notice.

Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Issuer shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person") shall be a corporation organized and validly existing under the laws of the Cayman Islands, Hong Kong or the British Virgin Islands and shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture and the Notes including the obligation to pay Additional Amounts with respect to any jurisdiction in which it is organized or resident for tax purposes or through which it makes payments, and the Indenture and the Notes shall remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Issuer or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Issuer immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis the Issuer or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant under the caption "– Limitation on Indebtedness and Preferred Stock;"
- (5) the Issuer delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and
- (6) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Issuer has entered into a transaction described under the caption "– Consolidation, Merger and Sale of Assets," shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Issuer or the Surviving Person in accordance with the Notes and the Indenture.

No Subsidiary Guarantor will consolidate with or merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Issuer or another Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor shall be the continuing Person, or the Person (if other than it) formed by such consolidation or merger, or that acquired or leased such property and assets shall be the Issuer, another Subsidiary Guarantor or shall become a Subsidiary Guarantor concurrently with the transaction;

- (2) immediately after giving effect to such transaction, no Default shall have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a pro forma basis, the Issuer shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Issuer immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a pro forma basis, the Issuer could Incur at least US\$1.00 of Indebtedness under the first paragraph of the covenant under the caption “–Limitation on Indebtedness and Preferred Stock;” and
- (5) the Issuer delivers to the Trustee (x) an Officers’ Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4)) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

provided that this paragraph shall not apply to any sale or other disposition that complies with the “– Limitation on Asset Sales” covenant or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions described under “– The Subsidiary Guarantees – Release of the Subsidiary Guarantees.”

Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve “all or substantially all” of the property or assets of a Person.

The foregoing requirements shall not apply to a consolidation or merger of the Subsidiary Guarantor with and into the Issuer or any other Subsidiary Guarantor, so long as the Issuer or the Subsidiary Guarantor survives such consolidation or merger.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Issuer that may adversely affect Holders.

No Payments for Consents

The Issuer will not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies, to pay Additional Amounts, and to hold monies for payment in trust) if, among other things:

- (1) the Issuer (a) has deposited with the Trustee (or its agent), in trust, money and/or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity for such payments in accordance with the terms of the Indenture and the Notes and (b) delivers to the Trustee an Opinion of Counsel or a certificate of an internationally-recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity for such payment in accordance with the terms of the Indenture;
- (2) the Issuer has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 123 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law; and
- (3) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, shall have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance shall not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Issuer or any of its Restricted Subsidiaries is a party or by which the Issuer or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees with respect thereto will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3), (4) and (5)(x) under the first paragraph and clauses (3), and (5)(x) under the second paragraph under “– Consolidation, Merger and Sale of Assets,” and all the covenants described herein under “– Certain Covenants,” other than as described under “– Certain Covenants – Government Approvals and Licenses; Compliance with Law” and “– Certain Covenants – Anti-Layering,” clause (3) under “Events of Default” with respect to clauses (3), (4) and (5)(x) under the first paragraph and clauses (3), (4) and (5)(x) under the second paragraph under “– Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in such clause, clause (4) under “Events of Default” with respect to such other covenants, and clauses (5) and (6) under “Events of Default” shall be deemed not to be Events of Default upon, among other things, the deposit with the Trustee (or its agent), in trust, of money and/or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will

provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, and the satisfaction of the provisions described in clause (2) of the preceding paragraph.

Defeasance and Certain other Events of Default

In the event the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of acceleration resulting from such Event of Default. However, the Issuer will remain liable for any such shortfall in payment.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Notes and the Subsidiary Guarantees may be amended by the Issuer, the Subsidiary Guarantors and the Trustee, without the consent of any Holder, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes or the Subsidiary Guarantees;
- (2) comply with the provisions described under “– Consolidation, Merger and Sale of Assets;”
- (3) evidence and provide for the acceptance of appointment by a successor Trustee;
- (4) add any Subsidiary Guarantor or any Subsidiary Guarantee or release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture of the Notes;
- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) add any collateral to secure the Notes or any Subsidiary Guarantee or release any such collateral as provided or permitted by the terms of the Indenture;
- (7) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (8) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream;
- (9) to conform the text of the Indenture, the Notes or the Subsidiary Guarantees to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Subsidiary Guarantee, which intent may be evidenced by an Officers’ Certificate to that effect; or
- (10) make any other change that does not materially and adversely affect the rights of any Holder.

Amendments With Consent of Holders

The Indenture, the Notes or the Subsidiary Guarantees may be amended by the Issuer, the Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes and holder of a majority in principal amount of the outstanding Notes may amend or waive future compliance by the Issuer and the Subsidiary Guarantors with any provision thereof; *provided, however*, that no such modification, amendment or waiver may, without the consent of each Holder affected thereby:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on any Note;
- (3) change the place, currency or time of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the contractual right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or Subsidiary Guarantee;
- (5) reduce the above-stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the Indenture;
- (8) release any collateral, except as provided or permitted by the terms of the Indenture;
- (9) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (10) amend, change or modify any Subsidiary Guarantee in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture;
- (11) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale;
- (12) change the redemption date or the redemption price of the Notes from that stated under the captions “– Optional Redemption” or “– Redemption for Taxation Reasons;”
- (13) amend, change or modify the obligation of the Issuer or any Subsidiary Guarantor to pay Additional Amounts; or
- (14) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee as to contractual right of payment in a manner that adversely affects the Holders.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer or any Subsidiary Guarantor in the Indenture, or in any of the Notes or the Subsidiary Guarantees, or because of the creation of any Indebtedness represented thereby, shall be had against any incorporator, stockholder, officer, director, employee or controlling person of the Issuer or any of the Subsidiary Guarantors, or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the federal securities laws.

Concerning the Trustee and the Agents

Citicorp International Limited has been appointed as Trustee under the Indenture and Citibank, N.A., London Branch has been appointed as the note registrar (the “Registrar”), and the transfer agent (the “Transfer Agent”) and the paying agent (the “Paying Agent” and together with the Registrar and the Transfer Agent, the “Agents”) with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person’s own affairs. Subject to such provisions, the Trustee shall be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee indemnity and/or security satisfactory to it against any loss, cost, expense or liability. Furthermore, each Holder, by accepting the Notes will agree, for the benefit of the Trustee that it is solely responsible for its own independent appraisal of and investigation into all risks arising under or in connection with the Notes and has not relied on and will not rely on the Trustee or the Agents in respect of such risks.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions, including normal banking and trustee relationships, with the Issuer and any of its Affiliates; *provided, however*, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

If the Issuer maintains a paying agent with respect to the Notes in a member state of the European Union, such paying agent will be located in a member state of the European Union that is not obligated to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or such other directive.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the “Global Note”). On the Original Issue Date, the Global Note will be deposited with a common depositary and registered in the name of the common depositary or its nominee for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “– Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Holders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Issuer, the Subsidiary Guarantors, the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and additional amounts) will be made to the Paying Agent in U.S. dollars. The Paying Agent will, in turn, make such payments to the common depositary for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures.

The Issuer will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “– Additional Amounts.”

Under the terms of the Indenture, the Issuer, the Subsidiary Guarantors and the Trustee will treat the registered holder of the Global Note (i.e., the common depositary or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Subsidiary Guarantors, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or
- Euroclear, Clearstream or any participant or indirect participant.**

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depositary will distribute the U.S. dollar amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the U.S. dollar amount received by the common depositary, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however*, that no book-entry interest of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in the Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under “Transfer Restrictions.”

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser’s and seller’s accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

We understand as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Subsidiary Guarantors, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depositary or any successor to the common depositary is at any time unwilling or unable to continue as a depositary for the reasons described in the Indenture and a successor depositary is not appointed by the Issuer within 90 days (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “– Events of Default” and the Issuer has received a written request from a Holder, the Issuer will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by the Registrar for delivery to Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Issuer and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class mail (if intended for the Issuer or the Subsidiary Guarantors) addressed to the Issuer or the Subsidiary Guarantors, at the principal office of the Issuer; (if intended for the Trustee) at the corporate trust office of the Trustee and (if intended for any Holder) addressed to such Holder at such Holder’s last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Issuer and each of the Subsidiary Guarantors will irrevocably (1) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Subsidiary Guarantee, the Indenture or any transaction contemplated thereby; and (2) designate and appoint Law Debenture Corporate Services Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Subsidiary Guarantees, the Indenture and the Intercreditor Agreement provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this “Description of the Notes” for which no definition is provided.

“Acquired Indebtedness” means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

“Adjusted Treasury Rate” means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated “H.15(519)” or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities”, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after [•], yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

“Affiliate” means, with respect to any Person, any other Person (1) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (2) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (1) of this definition; or (3) who is a spouse or any person cohabiting as a spouse, child or step-child, parent or step-parent, brother, sister, step-brother or step-sister, parent-in-law, grandchild, grandparent, uncle, aunt, nephew and niece of a Person described in clause (1) or (2). For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Applicable Premium” means with respect to any Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of (x) 100% of the principal amount of such Note at [•], plus (y) all required remaining scheduled interest payments due on such Note through [•] (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 100 basis points, over (B) the principal amount of such Note on such redemption date.

“Asset Acquisition” means (1) an investment by the Issuer or any Restricted Subsidiary in any other Person pursuant to which such Person shall become a Restricted Subsidiary or shall be merged into or consolidated with the Issuer or any Restricted Subsidiary; or (2) an acquisition by the Issuer or any Restricted Subsidiary of the property and assets of any Person other than the Issuer or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

“Asset Disposition” means the sale or other disposition by the Issuer or any Restricted Subsidiary (other than to the Issuer or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary; or (2) all or substantially all of the assets that constitute a division or line of business of the Issuer or any Restricted Subsidiary.

“Asset Sale” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale or issuance of Capital Stock by the Issuer or a Restricted Subsidiary) in one transaction or a series of related transactions by the Issuer or any Restricted Subsidiary to any Person; *provided* that “Asset Sale” shall not include:

- (1) sales or other dispositions of inventory, receivables and other current assets (including properties under development for sale and completed properties for sale) in the ordinary course of business;
- (2) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “– Limitation on Restricted Payments” covenant;
- (3) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$1.0 million (or the Foreign Currency Equivalent thereof) in any transaction or series of related transactions;
- (4) any sale, transfer, assignment or other disposition of any property, or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Issuer or any Restricted Subsidiary;
- (5) any transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (6) a transaction covered by the covenant under the caption “– Consolidation, Merger and Sale of Assets;” and
- (7) any sale, transfer or other disposition by the Issuer or any Restricted Subsidiary, including the sale or issuance by the Issuer or any Restricted Subsidiary of any Capital Stock of any Restricted Subsidiary, to the Issuer or any Restricted Subsidiary.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, the present value, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Bank Deposit Secured Indebtedness” means Indebtedness of the Issuer or any Restricted Subsidiary that is (i) secured by a pledge of one or more bank accounts or deposits of the Issuer or a Restricted Subsidiary or (ii) guaranteed by a guarantee or a letter of credit (or similar instruments) from or arranged by the Issuer or a Restricted Subsidiary and is used by the Issuer and its Restricted Subsidiaries to effect exchanges of U.S. dollars, Hong Kong dollars or other foreign currencies into Renminbi or vice versa, or to remit Renminbi or any foreign currency into or outside the PRC.

“Board of Directors” means the board of directors elected or appointed by the stockholders of the Issuer to manage the business of the Issuer or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London or Hong Kong (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) which, in conformity with HKFRS, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation or consolidation of the Issuer with or into another Person (other than one or more Permitted Holders) or the merger or amalgamation of another Person (other than one or more Permitted Holders) with or into the Issuer, or the direct or indirect sale, transfer, conveyance or other disposition, in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries (taken as a whole) to another Person (other than one or more Permitted Holders);
- (2) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of total voting power of the Voting Stock of the Issuer greater than such total voting power held beneficially by the Permitted Holders and such person or group is the beneficial owner of not less than 30% of the total voting power of the Voting Stock of the Issuer;
- (3) individuals who on the Original Issue Date constituted the board of directors of the Issuer, together with any new directors whose election by the board of directors was approved by a vote of at least two-thirds of the directors then still in office who were either directors or whose election was previously so approved, cease for any reason to constitute a majority of the board of directors of the Issuer then in office; or
- (4) the adoption of a plan relating to the liquidation or dissolution of the Issuer.

“Clearstream” means Clearstream Banking, société anonyme, Luxembourg.

“Commodity Hedging Agreement” means any spot, forward or option commodity price protection agreements or other similar agreement or arrangement designed to protect against fluctuations in commodity prices.

“Common Stock” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Indenture, and include, without limitation, all series and classes of such common stock or ordinary shares.

“Comparable Treasury Issue” means the U.S. Treasury security having a maturity comparable to [•] that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to [•].

“Comparable Treasury Price” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Issuer, Reference Treasury Dealer Quotations for such redemption date.

“Consolidated Assets” means, with respect to any Restricted Subsidiary at any date of determination, the Issuer and its Restricted Subsidiaries’ proportionate interest in the total consolidated assets of that Restricted Subsidiary and its Restricted Subsidiaries measured in accordance with HKFRS as of the last day of the most recent semi-annual period for which consolidated financial statements of the Issuer and its Restricted Subsidiaries (which the Issuer shall use its best efforts to compile in a timely manner) are available.

“Consolidated EBITDA” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense,
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets), and
- (3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period and other than losses on Investment Properties arising from fair value adjustments made in conformity with HKFRS), less all non-cash items increasing Consolidated Net Income (other than gains on Investment Properties arising from fair value adjustments made in conformity with HKFRS),

all as determined on a consolidated basis for the Issuer and the Restricted Subsidiaries in conformity with HKFRS; *provided* that (1) if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA shall be reduced (to the extent not otherwise reduced in accordance with HKFRS) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Issuer or any Restricted Subsidiary and (2) in the case of any Unincorporated Joint Venture or future PRC CJV (consolidated in accordance with HKFRS), Consolidated EBITDA shall be reduced (to the extent not already reduced in accordance with HKFRS) by any payments, distributions or amounts (including the Fair Market Value of any non-cash payments, distributions or amounts) required to be made or paid by such Unincorporated Joint Venture or PRC CJV to the other holders of interest in the Unincorporated Joint Venture or the

PRC CJV Partner, or to which the other holders of interest in the Unincorporated Joint Venture the PRC CJV Partner otherwise has a right or is entitled, pursuant to the joint venture agreement governing such Unincorporated Joint Venture or PRC CJV.

“Consolidated Fixed Charges” means, for any period, the sum (without duplication) of (1) Consolidated Interest Expense for such period and (2) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Issuer or any Restricted Subsidiary held by Persons other than the Issuer or any of its Wholly Owned Restricted Subsidiaries, except for dividends payable in the Issuer’s Capital Stock (other than Disqualified Stock) or paid to the Issuer or a Wholly Owned Restricted Subsidiary of the Issuer.

“Consolidated Interest Expense” means, for any period, the amount that would be included in gross interest expense on a consolidated statement of profit or loss prepared in accordance with HKFRS for such period of the Issuer and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Issuer and its Restricted Subsidiaries, without duplication, (1) interest expense attributable to Capitalized Lease Obligations, (2) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (3) the interest portion of any deferred payment obligation, (4) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (5) the net costs associated with Hedging Obligations (including the amortization of fees), (6) interest accruing on Indebtedness of any other Person that is (x) Guaranteed by, or (y) secured by a Lien on any asset of the Issuer or any Restricted Subsidiary, *provided* that with respect to clause (y), for purposes of this calculation, the amount of interest taken into account shall be equal to (i) the interest accruing on the secured Indebtedness multiplied by (ii) the ratio of the Fair Market Value of the assets subject to such Lien to the aggregate principal amount of such Indebtedness, (7) any capitalized interest, *provided* that interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period and, for the avoidance of doubt, (8) any distribution, when accrued, on any Indebtedness (including, without limitation, perpetual notes), whether or not accounted for as interest expense under HKFRS.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with HKFRS; *provided* that the following items shall be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary (other than the net income (or loss) of an Unincorporated Joint Venture, to the extent that such net income (or loss) would be included in the unconsolidated accounts of a Restricted Subsidiary that is the owner of the interest in such Unconsolidated Joint Venture) or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (5) below, the Issuer’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Issuer or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and

- (b) the Issuer's equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Issuer or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Issuer or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Issuer or any Restricted Subsidiary;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents, or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary (provided that the net income of a Restricted Subsidiary that is attributable to the net income of an Unincorporated Joint Venture will not be excluded solely by virtue of the fact that the consent of the other owners of interests in such Unincorporated Joint Venture is required for the declaration or payment of dividends or similar distributions to the Restricted Subsidiary by such Unincorporated Joint Venture);
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (a) any property or assets of the Issuer or any Restricted Subsidiary which is not sold in the ordinary course of its business or (b) any Capital Stock of any Person (including any gains by the Issuer realized on sales of Capital Stock of the Issuer or other Restricted Subsidiaries);
- (6) any translation gains and losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains;

provided that solely for the purposes of calculating Consolidated EBITDA and the Fixed Charge Coverage Ratio, (i) any net after tax gains on Investment Properties arising from fair value adjustments or (ii) any net after tax gains on bargain purchase attributable to Investment Properties, in each case made in conformity with HKFRS shall be added to Consolidated Net Income.

“Consolidated Net Worth” means, at any date of determination, stockholders’ equity as set forth on the most recently available semi-annual or annual consolidated balance sheet of the Issuer and any Restricted Subsidiary, plus, to the extent not included, any Preferred Stock of the Issuer, less any amounts attributable to Disqualified Stock or any equity security convertible into or exchangeable for Indebtedness, the cost of treasury stock and the principal amount of any promissory notes receivable from the sale of the Capital Stock of the Issuer or any of its Restricted Subsidiaries, each item to be determined in conformity with HKFRS.

“Contractor Guarantees” means any Guarantee by the Issuer or any Restricted Subsidiary of Indebtedness of any contractor, builder or other similar Person engaged by the Issuer or such Restricted Subsidiary in connection with the development, construction or improvement of real or personal property or equipment to be used in a Permitted Business by the Issuer or any Restricted Subsidiary in the ordinary course of business, which Indebtedness was Incurred by such contractor, builder or other similar Person to finance the cost of such development, construction or improvement.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed prior to the date that is 183 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any time prior to the date that is 183 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity prior to the date that is 183 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the Stated Maturity of the Notes shall not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in the “– Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer’s repurchase of such Notes as are required to be repurchased pursuant to the “– Limitation on Asset Sales” and “– Repurchase of Notes upon a Change of Control” covenants.

“EIT Law” means the Enterprise Income Tax Law promulgated and adopted on March 16, 2007 by the National People’s Congress of the PRC, which came into effect on January 1, 2008.

“Entrusted Loans” means borrowings by a PRC Restricted Subsidiary from a bank that are secured by a pledge of deposits made by another PRC Restricted Subsidiary to the lending bank as security for such borrowings, *provided* that such borrowings are not reflected on the consolidated balance sheet of the Issuer.

“Equity Offering” means (i) any bona fide underwritten primary public offering or private placement of Common Stock of the Issuer after the Original Issue Date or (ii) any bona fide underwritten secondary public offering or secondary private placement of Common Stock of the Issuer beneficially owned by a Permitted Holder, after the Original Issue Date, to the extent that a Permitted Holder or a company controlled by a Permitted Holder concurrently with such public offering or private placement purchases in cash an equal amount of Common Stock from the Issuer at the same price as the public offering or private placing price, in each case under clause (i) or (ii) provided such public offering or private placement is to a person other than a Restricted Subsidiary or Permitted Holder; provided that any offering or placing referred to in (A) clause (i), (B) clause (ii), or (C) a combination of clauses (i) and (ii) result in the aggregate gross cash proceeds received by the Issuer being no less than US\$20.0 million (or the Foreign Currency Equivalent thereof).

“Euroclear” means Euroclear Bank S.A./N.V.

“Fair Market Value” means the price that would be paid in an arm’s length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a Board Resolution.

“Financial Company Investor” means a bank, financial institution, trust company, fund management company, asset management company, financial management company or insurance company, or an Affiliate thereof, that Invests in any Capital Stock of a Restricted Subsidiary.

“Foreign Currency Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the noon buying rate for U.S. dollars in New York City for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the date of determination.

“Fixed Charge Coverage Ratio” means, as of any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the then most recent two semi-annual periods prior to such Transaction Date for which consolidated financial statements of the Issuer (which the Issuer shall use its best efforts to compile in a timely manner) are available (the “Two Semi-Annual Period”) to (2) the aggregate Consolidated Fixed Charges during such Two Semi-Annual Period. In making the foregoing calculation:

- (1) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed during the period (the “Reference Period”) commencing on and including the first day of the Two Semi-Annual Period and ending on and including the Transaction Date (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect on the last day of such Two Semi-Annual Period), in each case as if such Indebtedness, Disqualified Stock or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period shall be calculated as if the Issuer or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness, Disqualified Stock or Preferred Stock;
- (2) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (3) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (4) pro forma effect shall be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (5) pro forma effect shall be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Issuer or any Restricted Subsidiary during such Reference Period and that would have constituted Asset

Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (4) or (5) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation shall be based upon the two full fiscal semi-annual periods immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“HKFRS” means Hong Kong Financial Reporting Standards as in effect from time to time. All ratios and computations contained or referred to in the Indenture shall be computed in conformity with HKFRS applied on a consistent basis.

“Guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part), *provided* that the term “Guarantee” shall not include endorsements for collection or deposit in the ordinary course of business. The term “Guarantee” used as a verb has a corresponding meaning.

“Hedging Obligation” of any Person means the obligations of such Person pursuant to any Commodity Hedging Agreement, Currency Agreement or Interest Rate Agreement.

“HKEX” means the Hong Kong Exchanges and Clearing Limited.

“Holder” means the Person in whose name a Note is registered in the Note register.

“Incur” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount shall not be considered an Incurrence of Indebtedness. The terms “Incurrence,” “Incurred” and “Incurring” have meanings correlative with the foregoing.

“Indebtedness” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments;

- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness shall be the lesser of (a) the Fair Market Value of such asset at such date of determination and (b) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons Guaranteed by such Person to the extent such Indebtedness is Guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) all Disqualified Stock issued by such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends; and
- (10) any Preferred Stock issued (a) by such Person, if such Person is a Restricted Subsidiary, or (b) by any Restricted Subsidiary of such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price plus accrued dividends.

For the avoidance of doubt, a mandatory put option granted to a Person that obligates the Issuer or any Restricted Subsidiary to repurchase the Capital Stock of any Restricted Subsidiary or any other Person shall be deemed to be “Indebtedness” unless such option may, at the option of the Issuer, be settled in Common Shares of the Issuer. For the avoidance of doubt, any such mandatory put option that allows settlement in Common Stock of the Issuer shall not be deemed Indebtedness solely because the Issuer has the option to cash settle such option and the obligation to pay cash resulting from an election by the Issuer to cash settle such an obligation shall not constitute Indebtedness to the extent that the payment thereof is made within 120 days of such election.

Notwithstanding the foregoing, Indebtedness shall not include any capital commitments, deferred payment obligation, Entrusted Loans, pre-sale receipts in advance from customers, performance obligation or similar obligations (and any Guarantee thereof) Incurred in the ordinary course of business in connection with the acquisition, development, construction or improvement of real or personal property (including land use rights) to be used in a Permitted Business; *provided* that such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Issuer (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet).

The amount of Indebtedness of any Person at any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*

- (1) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with HKFRS,

- (2) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest, and
- (3) that the amount of Indebtedness with respect to any Hedging Obligation shall be: (i) zero if Incurred pursuant to paragraph (2)(f) under the “Limitation on Indebtedness and Preferred Stock” covenant, and (ii) equal to the net amount payable by such Person if such Hedging Obligation terminated at that time if not Incurred pursuant to such paragraph.

“Interest Rate Agreement” means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates.

“Investment” means:

- (1) any direct or indirect advance, loan or other extension of credit to another Person;
- (2) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (3) any purchase or acquisition of Capital Stock, Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person; or
- (4) any Guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person.

For the purposes of the provisions of the “Designation of Restricted and Unrestricted Subsidiaries” and “Limitation on Restricted Payments” covenants: (1) the Issuer will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Issuer’s proportionate interest in the Fair Market Value of the assets (net of the Issuer’s proportionate interest in the liabilities owed to any Person other than the Issuer or a Restricted Subsidiary and that are not Guaranteed by the Issuer or a Restricted Subsidiary) of a Restricted Subsidiary that is designated as an Unrestricted Subsidiary at the time of such designation, (2) any property transferred to or from any Person shall be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors, and (3) a Guarantee shall be valued as the amount of the obligation so guaranteed to the extent such obligation is outstanding and guaranteed.

“Investment Property” means any property that is owned and held by the Issuer or any Restricted Subsidiary for long-term rental yields or for capital appreciation or both.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Net Cash Proceeds” means:

- (1) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (a) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment bankers) related to such Asset Sale;
 - (b) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Issuer and the Restricted Subsidiaries, taken as a whole;
 - (c) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (d) appropriate amounts to be provided by the Issuer or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with HKFRS; and
- (2) with respect to any issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“Net Debt” means, as of any Transaction Date, the aggregate (without duplication) of all Indebtedness of the Issuer and its Restricted Subsidiaries as of the last day of the most recent semi-annual period for which consolidated financial statements of the Issuer and its Restricted Subsidiaries (which the Issuer shall use its best efforts to compile in a timely manner) are available, but excluding any such obligations owed by the Issuer or any Restricted Subsidiary to the Issuer and/or any Restricted Subsidiary as of such date, minus cash and Temporary Cash Investments as of such date.

“Net Debt to Equity Ratio” means, as of any Transaction Date, the ratio of Net Debt to Total Equity. In making the foregoing calculation:

- (1) pro forma effect shall be given to any Indebtedness, Disqualified Stock or Preferred Stock Incurred, repaid or redeemed (including any corresponding effect on cash or Temporary Cash Investments of any repayment or redemption of Indebtedness, but not of any cash proceeds from any Incurrence of Indebtedness) during the period after the last day of the most recent semi-annual period for which consolidated financial statements of the Issuer and its Restricted Subsidiaries (which the Issuer shall use its best efforts to compile in a timely manner) are available (other than

Indebtedness Incurred or repaid under a revolving credit or similar arrangement (or under any predecessor revolving credit or similar arrangement) in effect before the last day of such semiannual period);

- (2) pro forma effect shall be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries during the period after the last day of the most recent semi-annual period for which consolidated financial statements of the Issuer and its Restricted Subsidiaries (which the Issuer shall use its best efforts to compile in a timely manner) are available;
- (3) pro forma effect shall be given to the issuance and sale of any shares of Capital Stock (other than Disqualified Stock) of the Issuer and any Restricted Subsidiaries during the period after the last day of the most recent semi-annual period for which consolidated financial statements of the Issuer and its Restricted Subsidiaries (which the Issuer shall use its best efforts to compile in a timely manner) are available; and
- (4) pro forma effect shall be given to any Restricted Payments made during the period after the last day of the most recent semi-annual period for which consolidated financial statements of the Issuer and its Restricted Subsidiaries (which the Issuer shall use its best efforts to compile in a timely manner) are available.

“New Construction Contract Value” means, as of any Transaction Date, the Total Contract Value of all new construction contracts entered into with independent third parties during two most recently completed fiscal quarters prior to such Transaction Date.

“Offer to Purchase” means an offer to purchase Notes by the Issuer from the Holders commenced by the Issuer, as applicable, mailing a notice by first class mail, postage prepaid, to the Trustee, the Paying Agent and each Holder at its last address appearing in the Note register stating:

- (1) the covenant pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;
- (2) the purchase price expressed as a percentage of the principal amount of such Note, the date of purchase (which shall be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “Offer to Purchase Payment Date”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;
- (4) that, unless the Issuer defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase shall cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

- (6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each Note purchased and each new Note issued shall be in a denomination of US\$200,000 or integral multiples of US\$1,000 in excess thereof.

On one business day prior to the Offer to Purchase Payment Date, the Issuer shall deposit with the Paying Agent money sufficient to pay the purchase price of all Notes or portions thereof so accepted.

On the Offer to Purchase Payment Date, the Issuer shall (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers' Certificate specifying the Notes or portions thereof accepted for payment by the Issuer. The Paying Agent shall promptly mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee or an authenticating agent shall promptly authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each Note purchased and each new Note issued shall be in a denomination of US\$200,000 or integral multiples of US\$1,000 in excess thereof. The Issuer will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Issuer will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Issuer is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Issuer and its Subsidiaries which the Issuer in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase.

"Officer" means one of the executive officers of the Issuer or, in the case of a Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor, as the case may be.

"Officers' Certificate" means a certificate signed by two Officers; provided, however, with respect to the Officers' Certificate required to be delivered by any Subsidiary Guarantor under the Indenture, Officers' Certificate means a certificate signed by one Officer if there is only one Officer in such Subsidiary Guarantor at the time such certificate is required to be delivered.

"Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Trustee, in a form reasonably satisfactory to the Trustee. The counsel may be counsel to the Issuer.

"Original Issue Date" means the date on which the Notes are originally issued under the Indenture.

“Pari Passu Subsidiary Guarantee” means a guarantee by any Subsidiary Guarantor of Indebtedness of the Issuer or another Subsidiary Guarantor (including Additional Notes); provided that (1) the Issuer and each such Subsidiary Guarantor, as the case may be, were permitted to Incur such Indebtedness under the covenant under the caption “– Limitation on Indebtedness and Preferred Stock” and (2) such guarantee ranks *pari passu* with any outstanding Subsidiary Guarantee of such Subsidiary Guarantor.

“Payment Default” means (1) any default in the payment of interest on any Note when the same becomes due and payable, (2) any default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise, (3) the failure by the Issuer to make or consummate a Change of Control Offer in the manner described under the caption “– Repurchase of Notes upon a Change of Control,” or an Offer to Purchase in the manner described under the caption “– Limitation on Asset Sales” or (4) any Event of Default specified in clause (5) of the definition of Events of Default.

“Permitted Businesses” means any business which is the same as or related, ancillary or complementary to any of the businesses of the Issuer and its Restricted Subsidiaries on the Original Issue Date.

“Permitted Holders” means any or all of the following:

- (1) Dr. Wilfred Wong Ying Wai and Ms. MA Kwing, Pony;
- (2) any spouse or Affiliate (other than an Affiliate as defined in clause (2) or (3) of the definition of Affiliate) of any of the Persons specified in clause (1); and
- (3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 2/3 or more by one or more of the Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) any Investment in the Issuer or a Restricted Subsidiary that is primarily engaged in a Permitted Business or a Person which will, upon the making of such Investment or immediately thereafter, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Issuer or a Restricted Subsidiary that is primarily engaged in a Permitted Business;
- (2) Temporary Cash Investments;
- (3) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with HKFRS;
- (4) stock, obligations or securities received in satisfaction of judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed solely to protect the Issuer or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates;

- (7) receivables owing to the Issuer or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) Investments made by the Issuer or any Restricted Subsidiary consisting of consideration received in connection with an Asset Sale made in compliance with the covenant under the caption “– Limitation on Asset Sales.”;
- (9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens” or made in connection with Liens permitted under the covenant described under “– Limitation on Liens”;
- (10) any Investment pursuant to Contractor Guarantees by the Issuer or any Restricted Subsidiary otherwise permitted to be Incurred under the Indenture;
- (11) Investments in securities of trade creditors, trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditor, trade debtor or customer;
- (12) advances to contractors and suppliers for the acquisition of assets or consumables or services in the ordinary course of business that are recorded as deposits or prepaid expenses on the Issuer’s consolidated balance sheet;
- (13) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (14) deposits made in order to secure the performance of the Issuer or any Restricted Subsidiary and prepayments made in connection with the direct or indirect acquisition of real property or land use rights by the Issuer or any Restricted Subsidiary, in each case in the ordinary course of business;
- (15) any Investment (including, without limitation, any deemed Investment upon the redesignation of a Restricted Subsidiary as an Unrestricted Subsidiary or upon the issuance or sale of Capital Stock of a Restricted Subsidiary) by the Issuer or any Restricted Subsidiary in any Person (other than a Restricted Subsidiary) primarily engaged in a Permitted Business, of which 15% or more of the Capital Stock and the Voting Stock is, or immediately following such Investment will be, owned, directly or indirectly, by the Issuer or any Restricted Subsidiary (such Person, an “Associate”), *provided that*:
 - (a) the aggregate of all Investments made under this clause (15) since the Original Issue Date since the Original Issue Date shall not exceed in aggregate an amount equal to the sum of 20% of Total Assets. Such aggregate amount of Investments shall be calculated after deducting an amount equal to the net reduction in all Investments made under this clause (16) since the Original Issue Date resulting from:
 - (i) payments of interest on Indebtedness, dividends or repayments of loans or advances made under this clause, in each case to the Issuer or any Restricted Subsidiary or repayments of loans or advances, dividends or other distributions (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income),

- (ii) the unconditional release of a Guarantee provided by the Issuer or a Restricted Subsidiary after the Original Issue Date under this clause of an obligation of any such Person,
- (iii) to the extent that an Investment made after the Original Issue Date under this clause (15) is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or
- (iv) such Associate becoming a Restricted Subsidiary (whereupon all Investments (other than Permitted Investments) made by the Issuer or any Restricted Subsidiary in such Associate since the Original Issue Date shall be deemed to have been made pursuant to clause (1) of this “Permitted Investment” definition);

not to exceed, in each case, the amount of Investments made by the Issuer or a Restricted Subsidiary after the Original Issue Date in any such Person pursuant to this clause (15);

- (b) no Default has occurred and is continuing or would occur as a result of such Investment;
- (16) Investments (other than Guarantees provided under paragraph (17) below) by the Issuer or any Restricted Subsidiary in an Unincorporated Joint Venture in proportion to the Issuer’s (direct or indirect) interest in the Unincorporated Joint Venture, provided that the other holders of interests in the Unincorporated Joint Venture concurrently make similar Investments and the amount of any Investment not made in cash shall be the carrying or book value of such Investment as shown on the most recently available consolidated balance sheet of the Issuer at the time such Investment is made;
 - (17) any Guarantee by the Issuer or any Restricted Subsidiary of Indebtedness Incurred by an Unincorporated Joint Venture in proportion to the Issuer’s (direct or indirect) interest in the Unincorporated Joint Venture, provided that such Guarantee is permitted to be Incurred under paragraph (2)(o) under “– Limitation on Indebtedness and Preferred Stock”; and
 - (18) deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title in the ordinary course of business.

“Permitted Liens” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with HKFRS shall have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, repairmen or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as shall be required in conformity with HKFRS shall have been made;

- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, sales and dispositions of assets, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Issuer and the Restricted Subsidiaries, taken as a whole;
- (5) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Issuer or any Restricted Subsidiary relating to such property or assets;
- (6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided* that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets acquired; *provided further* that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (7) Liens in favor of the Issuer or any Restricted Subsidiary;
- (8) Liens arising from the rendering of a final judgment or order against the Issuer or any Restricted Subsidiary that does not give rise to an Event of Default;
- (9) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (10) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (f) of the second paragraph of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock”;
- (11) Liens existing on the Original Issue Date;
- (12) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (d) of the second paragraph of the covenant described under the caption entitled “– Limitation on Indebtedness and Preferred Stock”; *provided* that such Liens do not extend to or cover any property or assets of the Issuer or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (13) any interest or title of a lessor in the property subject to any operating lease;
- (14) Liens on the Capital Stock of a Restricted Subsidiary granted by the Issuer or any Restricted Subsidiary in favor of any Financial Company Investor in respect of, and to secure, the Indebtedness of the type described under clause (q) of the second paragraph of the covenant described under the caption entitled “– Limitation on Indebtedness and Preferred Stock”;

- (15) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties in favor of governmental agencies or utility companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Issuer or any Restricted Subsidiary;
- (16) Liens (including extensions and renewals thereof) upon assets (including Capital Stock), real or personal property (including land use rights) or equipment owned by a Restricted Subsidiary created after the Original Issue Date; *provided* that (a) such Lien is created solely for the purpose of securing Indebtedness of the type described under clause (2)(g) of the covenant under the caption entitled “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” and such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction or improvement of such assets, property or equipment and (b) the aggregate book value of assets, property and equipment (as reflected in the most recent available consolidated financial statements of the Issuer or, if any such assets, property or equipment have been acquired since the date of such financial statements, the purchase price or cost of such assets, property or equipment) subject to Liens incurred pursuant to this clause (16) does not exceed 100% of the aggregate principal amount of Indebtedness secured by such Liens;
- (17) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Subsidiary Guarantor, the Issuer or any Restricted Subsidiary;
- (18) Liens on deposits made in order to secure the performance of the Subsidiary Guarantor, the Issuer or any Restricted Subsidiary in connection with the acquisition of real property or land use rights by the Subsidiary Guarantor, the Issuer or any of its Restricted Subsidiaries in the ordinary course of business and not securing Indebtedness of the Subsidiary Guarantor, the Issuer or any Restricted Subsidiary;
- (19) Liens incurred or deposits made to secure Entrusted Loans;
- (20) any cross Liens between members of an Unincorporated Joint Venture over assets of the Unincorporated Joint Venture or the interests of the joint venturer in such Unincorporated Joint Venture securing obligations to contribute to that Unincorporated Joint Venture or to repay other joint venturers who contribute to the Unincorporated Joint Venture in default of the chargor doing so;
- (21) Liens on Investment Properties or the assets or the Capital Stock of a Restricted Subsidiary directly or indirectly owning such Investment Properties securing Indebtedness of the Subsidiary Guarantor, the Issuer or any Restricted Subsidiary permitted to be Incurred under clause (2)(p) of the covenant described under the caption entitled “– Limitation on Indebtedness and Preferred Stock”;
- (22) Any renewal or extension of the Liens described in the foregoing clauses which is limited to the original property or assets covered thereby;
- (23) Liens on deposits of pre-sale proceeds made in order to secure the completion and delivery of pre-sold properties and issuance of the related land use title made in the ordinary course of business and not securing Indebtedness of the Subsidiary Guarantor, the Issuer or any Restricted Subsidiary; and

- (24) Liens Incurred on deposits or bank accounts made to secure Bank Deposit Secured Indebtedness of the type permitted by clause (s) of the second paragraph of the covenant under the caption “– Limitation on Indebtedness and Preferred Stock”.

“Permitted Project” means a construction project in Hong Kong or Macau being carried out on customary commercial terms in the ordinary course of business (in each case as determined in the reasonable judgment of the Board of Directors).

“Permitted Subsidiary Indebtedness” means Indebtedness (other than Public Indebtedness, but including Acquired Indebtedness) of, and all Preferred Stock issued by, the Non-Guarantor Restricted Subsidiaries, taken as a whole; provided that, on the date of the Incurrence of such Indebtedness and after giving effect thereto and the application of the proceeds thereof, the aggregate principal amount outstanding of all such Indebtedness (excluding any Indebtedness of any Restricted Subsidiary permitted under clauses 2(a), (d), and (f) of the covenant described under “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”) does not exceed an amount equal to 15% of the Total Assets.

“Person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“PRC” means the People’s Republic of China, excluding Hong Kong Special Administrative Region, Macau and Taiwan.

“PRC CJV” means any Subsidiary that is a Sino-foreign cooperative joint venture enterprise with limited liability, established in the PRC pursuant to the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures adopted on April 13, 1988 (as most recently amended on October 13, 2000) and the Detailed Rules for the Implementation of the Law of the People’s Republic of China on Sino-foreign Cooperative Joint Ventures promulgated on September 4, 1995, as such laws may be amended.

“PRC CJV Partner” means with respect to a PRC CJV, the other party to the joint venture agreement relating to such PRC CJV with the Issuer or any Restricted Subsidiary.

“PRC Restricted Subsidiary” means a Restricted Subsidiary organized under the laws of the PRC.

“Preferred Stock” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“Public Indebtedness” means any bonds, debentures, notes or similar debt securities issued in a public offering or a private placement (other than the Notes) to institutional investors.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Issuer, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Issuer by such Reference Treasury Dealer at 5:00 p.m. (New York City Time) on the third Business Day preceding such redemption date.

“Reference Treasury Dealers” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.

“Replacement Assets” means, with respect to Asset Sales, (1) properties or assets that replace the properties and assets that were the subject of such Asset Sale or (2) property or assets (other than current assets) of a nature or type that are used in a Permitted Business and shall include (i) Capital Stock of any Person holding such property or assets, which is primarily engaged in a Permitted Business and will upon the acquisition by the Issuer or any of its Restricted Subsidiaries of such Capital Stock, remain or become a Restricted Subsidiary and (ii), solely with respect to an Asset Sale consisting of a sale of shares of Capital Stock of a Person other than a direct or indirect Subsidiary of the Issuer, shares of Capital Stock constituting a Permitted Investment under clause (16) of the definition thereof.

“Restricted Subsidiary” means any Subsidiary of the Issuer other than an Unrestricted Subsidiary.

“S&P” means Standard & Poor’s Ratings Services and its affiliates.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Issuer or any Restricted Subsidiary transfers such property to another Person, which is not the Issuer or any Restricted Subsidiary, and the Issuer or any Restricted Subsidiary leases it from such Person.

“Senior Indebtedness” of the Issuer or a Subsidiary Guarantor means all Indebtedness of the Issuer or the Subsidiary Guarantor, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes, or in respect of the Subsidiary Guarantors, the Subsidiary Guarantees; *provided* that Senior Indebtedness does not include (1) any obligation to the Issuer or any Restricted Subsidiary, (2) trade payables or (3) Indebtedness Incurred in violation of the Indenture.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Subordinated Indebtedness” means any Indebtedness of the Issuer or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person; *provided* that any corporation, association or other business entity that is not consolidated with such Person in accordance with HKFRS will not be Subsidiary.

“Subsidiary Guarantee” means any Guarantee of the obligations of the Issuer under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing or obligations fully and unconditionally Guaranteed by the United States of America, any state of the European Economic Area, the People’s Republic of China and Hong Kong or any agency of any of the foregoing, in each case maturing within one year, which in the case of obligations of, or obligations Guaranteed by, any state of the European Economic Area, shall be rated at least “A” by S&P or Moody’s;
- (2) time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, any state of the European Economic Area or Hong Kong, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$100 million (or the Foreign Currency Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;
- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Subsidiary Guarantor or the Issuer) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of “P-1” (or higher) according to Moody’s or “A-1” (or higher) according to S&P;
- (5) securities, maturing within one year of the date of acquisition thereof, issued or fully and unconditionally Guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least “A” by S&P or Moody’s;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and
- (7) time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with (i) Agricultural Bank of China, Bank of Taiwan, BNP Paribas, Bank of China, Bank of Communications, Bank of East Asia, Bank of Shanghai, China CITIC Bank, China Construction Bank, China Development Bank, China Life Franklin Asset Management Company Limited, China Merchant Bank, Chong Hing Bank, CTBC Bank, Dah Sing Bank, DBS Bank (Hong Kong) Ltd., East West Bank, Fubon Bank (Hong Kong) Limited, Hang Seng Bank, Hongkong and Shanghai Banking Corporation, Industrial and Commercial Bank of China, Mizuho Bank, Standard Chartered Bank (Hong Kong), Wing Lung Bank, UFJ Bank, (ii) any other bank, trust company or other financial institution organized under the laws of the PRC or Hong Kong whose long-term debt is rated as high or higher than any of those banks described in clause (i) of this paragraph or (iii) any other bank, trust company or other financial institution organized under the laws of the PRC or Hong Kong; *provided* that, in the case of clause (iii), such deposits do not exceed US\$10.0 million (or the Foreign Currency Equivalent thereof) with any single bank or US\$30.0 million (or the Foreign Currency Equivalent thereof) in the aggregate, at any date of determination thereafter.

“Total Assets” means, as of any date, the total consolidated assets of the Issuer and the Restricted Subsidiaries measured in accordance with HKFRS as of the last day of the most recent semi-annual period for which consolidated financial statements of the Issuer (which the Issuer shall use its best efforts to compile in a timely manner) are available; *provided that*

- (1) only with respect to clause (2)(g) of “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant and the definition of “Permitted Subsidiary Indebtedness,” Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Issuer or any Restricted Subsidiary to the bank or other similar financial institutional lender providing such Indebtedness; and
- (2) only with respect to clause (2)(r) of “– Certain Covenants – Limitation on Indebtedness and Preferred Stock” covenant, with respect to the Incurrence of any Acquired Indebtedness as a result of any Person becoming a Restricted Subsidiary, Total Assets shall be calculated after giving pro forma effect to include the consolidated assets of such Restricted Subsidiary and any other change to the consolidated assets of the Issuer as a result of such Person becoming a Restricted Subsidiary.

“Total Contract Value” of any construction contract means, as of any Transaction Date, the aggregate “new contracts awarded,” as publicly announced by the Issuer in an announcement on The Stock Exchange of Hong Kong Limited during the Issuer’s two most recently completed fiscal quarters prior to the Transaction Date (and calculated in accordance with the Issuer’s usual practices prior to the Original Issue Date); provided that (x) any contract that has been canceled on or prior to the Transaction Date will not be included in the calculation of Total Contract Value and (y) any contract for which the value has been reduced on or prior to the Transaction Date (such that a lower value would have been reported had such reduction occurred before the announcement) will be included in the calculation of Total Contract Value at such lower value.

“Total Equity” means, as of any Transaction Date, the consolidated shareholder’s equity of the Issuer and its Restricted Subsidiaries, determined in conformity with HKFRS, as of the last day of the most recent semi-annual period for which consolidated financial statements of the Issuer and its Restricted Subsidiaries (which the Issuer shall use its best efforts to compile in a timely manner) are available.

“Trade Payables” means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services.

“Transaction Date” means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred and, with respect to any Restricted Payment, the date such Restricted Payment is to be made.

“Unincorporated Joint Venture” means an unincorporated joint venture established or to be established in connection with a Permitted Project by the Issuer or a Restricted Subsidiary with entities not Affiliated with the Issuer which is accounted for as a jointly controlled entity under HKFRS.

“Unrestricted Subsidiary” means (1) subject to any designation under the caption “Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries,” each of Hsin Chong Capital (Group) Limited, Hsin Chong Capital (Overseas) Limited, Hsin Chong Health Care Limited, Hsin Chong Strategic Investment (BVI) Limited, Hsin Chong Strategic Investment (International) Limited, Hsin Chong Strategic Investment Limited and Smart Lane Holdings Limited and their Subsidiaries; (2) any other Subsidiary of the Issuer that at the time of determination shall be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (3) any Subsidiary of an Unrestricted Subsidiary.

“U.S. Government Obligations” means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally Guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person; *provided* that Subsidiaries that are PRC CJVs shall not be considered Wholly Owned Subsidiaries.

TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership, purchase or disposal of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of the ownership, purchase and disposition of the Notes. This description is based on current laws, regulations and interpretations. These laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Notes. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

Bermuda

Tax

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by the Company or by holders of its securities, including the Notes. The Company has obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until March 28, 2016, be applicable to the Company or any of its operations or to its shares, debentures or other obligations except insofar as such tax applies to person ordinarily resident in Bermuda or is payable by the Company in respect of real property owned or leased by it in Bermuda. The Company may apply to extend the expiry date of the assurance to March 31, 2035.

Stamp Duty

The Issuer is exempt from all stamp duties except on transactions involving “Bermuda property”. This term relates, essentially, to real and personal property physically situated in Bermuda, including shares in local companies (as opposed to exempted companies).

British Virgin Islands

There is no income or other tax of the British Virgin Islands imposed by withholding or otherwise or any payment to be made to or by the BVI Subsidiary Guarantors pursuant to the Subsidiary Guarantees.

Hong Kong

The following summary of certain Hong Kong tax consequences of the purchase, ownership and disposition of the Notes is based upon laws, regulations, decisions and practice now in effect, all of which are subject to prospective change and possibly retroactive change. The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the consequences applicable to all categories of investors, some of which may be subject to special rules. Persons considering the purchase of the Notes should consult their own tax advisors concerning the application of Hong Kong tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Notes arising under the laws of any other taxing jurisdiction.

Withholding Tax

No withholding tax in Hong Kong is payable on payments of principal (including any premium payable on redemption of the Notes) or interest in respect of the Notes or or payment made by a guarantor pursuant to its guarantee of the Notes.

Profits Tax

Hong Kong profits tax is charged on every person carrying on a trade, profession or business in Hong Kong in respect of assessable profits arising in or derived from Hong Kong from such trade, profession or business. Under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) (the “**Inland Revenue Ordinance**”), as it is currently applied, Hong Kong profits tax may be charged on revenue profits arising on the sale, disposal of the Notes, or redemption of the Notes where such sale, disposal or redemption is or forms part of a trade, profession or business carried on in Hong Kong. Interest on the Notes will be subject to Hong Kong profits tax where such interest has a Hong Kong source, and is received by or accrues to:

- a corporation carrying on a trade, profession or business in Hong Kong;
- a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and such interest is in respect of the funds of the trade, profession or business; or
- a financial institution (as defined in the Inland Revenue Ordinance) and such interest arises through or from the carrying on by the financial institution of its business in Hong Kong.

Stamp Duty

No Hong Kong stamp duty will be chargeable upon the issue or transfer of the Notes (for so long as the register of holders of the Notes is maintained outside Hong Kong).

PRC

Taxation of Interest

The Enterprise Income Tax Law imposes a withholding tax at the rate of 10% on interest paid by PRC “resident enterprises” to a holder of Notes that is a “non-resident enterprise” so long as such “non-resident enterprise” holder does not have an establishment or place of business in China or, despite the existence of establishment or place of business in China, the relevant income is not effectively connected with such establishment or place of business in China, to the extent such interests are sourced within China. If we are considered a PRC “resident enterprise”, interest payable to “non-resident enterprise” holders of the Notes may be treated as income derived from sources within China and be subject to PRC withholding tax. It is unclear whether the PRC tax authorities would treat us as a PRC “resident enterprise”. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of withholding tax, such lower rate may apply to holders of Notes who qualify for such treaty benefits.

Taxation on Capital Gains

The Enterprise Income Tax Law imposes a tax at the rate of 10% on capital gains realized by a holder of Notes that is a “non-resident enterprise” so long as any such “non-resident enterprise” holder does not have an establishment or place of business in China or, despite the existence of establishment or place of business in China, the relevant gain is not effectively connected with such establishment or place of business in China, to the extent such capital gains are sourced within China. If we are considered a PRC “resident enterprise”, capital gains realized by holders of Notes may be treated as income derived from sources within China and be subject to PRC tax. It is unclear whether the PRC tax authorities would treat us as a PRC “resident enterprise”, and the application of capital gains tax to holders of Notes is uncertain. To the extent that China has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, that allow a lower rate of tax, such lower rate may apply to holders of Notes who qualify for such treaty benefits.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated [•] (the “Purchase Agreement”) between the Company and the initial purchasers named below (together, the “Initial Purchasers”, each an “Initial Purchaser”), we have agreed to sell to the Initial Purchasers, and each of the Initial Purchasers has agreed, severally and not jointly, to purchase from us, the principal amount of the Notes set forth opposite its name below:

Initial Purchasers	Principal Amount of Notes
Credit Suisse (Hong Kong) Limited	US\$[•]
UBS AG Hong Kong Branch	US\$[•]
BOCOM International Securities Limited	US\$[•]
China Merchants Securities (HK) Co., Limited	US\$[•]
Nomura International (Hong Kong) Limited	US\$[•]
Total	<u>US\$[•]</u>

The Purchase Agreement provides that the obligation of the Initial Purchasers to take and pay for the Notes is subject to the approval of certain legal matters by their counsel and certain other conditions. Each of the Initial Purchasers has agreed, severally and not jointly, to take and pay for all of the Notes if any are taken. After the initial offering, the offering price and other selling terms may be varied from time to time by the Initial Purchasers.

We and the Subsidiary Guarantors have agreed to indemnify jointly and severally the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments which the Initial Purchasers may be required to make in respect thereof.

The Notes are a new issue of securities with no established trading market. We have been advised that the Initial Purchasers presently intend to make a market in the Notes, as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. We have been advised by the Initial Purchasers that, in connection with the offering of the Notes, Credit Suisse (Hong Kong) Limited, as the stabilizing manager, or any person or entity acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, Credit Suisse (Hong Kong) Limited, as the stabilizing manager, or any person or entity acting on its behalf, may overallocate the offering, creating a syndicate short position. In addition, Credit Suisse (Hong Kong) Limited, as the stabilizing manager, or any person or entity acting on its behalf, may bid for, and purchase, the Notes in the open market to cover syndicate shorts or to stabilize the price of the Notes. Any of these activities may stabilize or maintain the market price of the Notes above independent market levels. Credit Suisse (Hong Kong) Limited, as the stabilizing manager, or any person or entity acting on its behalf, are not required to engage in these activities, and may end any of these activities at any time. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

The Initial Purchasers and certain of their affiliates have in the past and may in the future have performed certain investment banking, commercial/corporate banking and advisory services for the Company and/or its affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform banking and advisory services for the Company and/or its affiliates in the ordinary course of their business. We may enter into

hedging or other derivative transactions as part of our risk management strategy with the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

The Initial Purchasers agree that private banks will be paid a rebate in connection with the purchase of the Notes by the Initial Purchasers' private bank clients and such rebate will be paid by the Initial Purchasers. The Initial Purchasers or certain of their affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

The Initial Purchasers or their affiliates may purchase the Notes and/or other securities of the Company for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes and/or other securities of the Company or their respective subsidiaries, joint ventures or associates at the same time as the offer and sale of the Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this offering circular relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

We expect that delivery of the Notes will be made against payment therefor on or about the closing date specified on the cover page of this offering circular, which will be on or about the seventh business day following the pricing date of the Notes (this settlement cycle is referred to as "T+5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing or succeeding business days should consult their own legal advisor.

Selling Restrictions

United States

The Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Each of the Initial Purchasers has represented and agreed that, except as permitted by the Purchase Agreement, it has not offered, sold or delivered and will not offer, sell or deliver any Notes in the United States.

United Kingdom

Each of the Initial Purchasers has represented and agreed that (A) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and (B) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to them.

Singapore

Each of the Initial Purchasers has acknowledged that this offering circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Initial Purchasers has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it circulated or distributed nor will it circulate or distribute this offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of the Notes to any person in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

This offering circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Hong Kong

Each of the Initial Purchasers has represented and agreed that (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 622) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (2) it has not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made thereunder.

Japan

Each of the Initial Purchasers has represented, warranted and undertaken that the Notes have not been and will not be registered under the Securities and Exchange Law of Japan, or the Securities and Exchange Law, and that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws and regulations of Japan.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the EU Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the EU Prospectus Directive is implemented in that Relevant Member State, an offer of Notes which are the subject of the offering contemplated by this offering circular may not be made to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the EU Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), as permitted under the EU Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the EU Prospectus Directive,

provided that no such offer of Notes shall require us or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of the above paragraph, the expression “an offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State, the expression “EU

Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in the Relevant Member State, and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Switzerland

This offering circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Investment Scheme Act, and neither this offering circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland. Neither this offering circular or any other offering or marketing material relating to the Notes, nor the Issuer, the Subsidiary Guarantors, the Notes or the Subsidiary Guarantees have been or will be filed with or approved by any Swiss regulatory authority. The Notes are not subject to the supervision by any Swiss regulatory authority, e.g., the Swiss Financial Markets Supervisory Authority (FINMA), and investors in the Notes will not benefit from protection or supervision by such authority.

Cayman Islands

No offer or invitation may be made to the public in the Cayman Islands to subscribe for the Notes and none of the Initial Purchasers has offered or sold, or will offer or sell, any Notes in the Cayman Islands.

British Virgin Islands

No offer or invitation may be made to the public in the British Virgin Islands to subscribe for the Notes and none of the Initial Purchasers has offered or sold, or will offer or sell, any Notes in the British Virgin Islands.

Bermuda

No offer or invitation may be made to the public in Bermuda to subscribe for the Notes and none of the Initial Purchasers has offered or sold, or will offer or sell, any Notes in Bermuda.

Italy

None of the Initial Purchasers will make any solicitation in connection with any offering of Notes in Italy. No copies of this offering circular or any other documents relating to the Notes will be distributed in Italy, and no Notes may be offered, sold or delivered in Italy.

Mauritius

No offer or invitation may be made to the public in Mauritius to subscribe for the Notes and none of the Initial Purchasers has offered or sold, and will offer or sell, any Notes in Mauritius.

People's Republic of China

Each of the Initial Purchasers has represented and agreed that it has not circulated and will not circulate the offering circular and it has not offered or sold and will not offer or sell the Notes, directly or indirectly, in the People's Republic of China (for such purpose, not including the Hong Kong and Macau Special Administrative Regions or Taiwan).

General

No action is being taken or is contemplated by us that would, or is intended to, permit a public offering of the Notes or possession or distribution of any preliminary offering circular or offering circular or any amendment thereof, any supplement thereto or any other offering material relating to the Notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult their legal counsel prior to making any offer, sale, resale, charge or other transfer of the Notes.

The Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of, the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

By its purchase of the Notes, including the Subsidiary Guarantees, each purchaser of the Notes will be deemed to:

1. represent that it is purchasing the Notes, including the Subsidiary Guarantees, in an offshore transaction in accordance with Regulation S;
2. represent that it is purchasing the Notes, including the Subsidiary Guarantees, for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a purchaser that is outside the United States, not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act;
3. acknowledge that the Notes and the Subsidiary Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to registration under the Securities Act;
4. agree that it will inform each person to whom it transfers the Notes of any restrictions on transfer of such Notes;
5. understand that the Notes will be represented by the Global Certificate and that transfers thereto are restricted as described under “Description of the Notes – Book-Entry; Delivery and Form;”
6. acknowledge that the Company, the Subsidiary Guarantors, the Trustee, the Agents, the Initial Purchasers and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements contained herein, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Company, the Subsidiary Guarantors, the Trustee, the Agents and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
7. acknowledge that neither the Company nor the Subsidiary Guarantors nor the Initial Purchasers nor any person representing the Company nor the Subsidiary Guarantors or the Initial Purchasers has made any representation with respect to the Company or the offering of the Notes, other than the information contained in this offering circular, and agree that it has had access to such financial and other information concerning us and the Notes as it has deemed necessary in connection with its decision to purchase the Notes including an opportunity to ask questions of and request information from us;

8. represent that it is relying only on this offering circular in making its investment decision with respect to the Notes; and
9. acknowledge that each Note will contain a legend substantially to the following effect.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE COMPANY, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE COMPANY’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.

GENERAL INFORMATION

Consents

The Group has obtained all necessary consents, approvals and authorizations in Bermuda, BVI and Hong Kong in connection with the issue and performance of the Notes and the Subsidiary Guarantees. The entering into of the Indenture and the issue of the Notes have been authorized by a resolution of the board of directors of the Group dated January 7, 2016.

Litigation

Except as disclosed in this offering circular, there are no legal or arbitration proceedings against or affecting the Group, any of its subsidiaries or any of its assets, nor is it aware of any pending or threatened proceedings, which are or might be material in the context of this issue of the Notes and the Subsidiary Guarantees.

No Material Adverse Change

Except as otherwise disclosed in this offering circular, there has been no adverse change, or any development reasonably likely to involve an adverse change, in the condition (financial or otherwise) of the Group's general affairs since June 30, 2015 that is material in the context of the issue of the Notes.

Documents Available

For so long as any of the Notes is outstanding, copies of the Indenture may be inspected free of charge during normal business hours on any weekday (except public holidays) at the corporate trust office of the Trustee.

For so long as any of the Notes is outstanding, copies of the independent auditor's reports and/or the Group's published financial statements, if any, including the independent auditor's reports set out in the section entitled "Index to Financial Information" in this offering circular, may be obtained during normal business hours on any weekday (except public holidays) at the principal business office of the Issuer.

Clearing Systems and Settlement

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream with International Securities Identification Number of [•] and Common Code of [•].

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream, and only such Notes may trade on the SEHK.

Listing of the Notes

Application will be made to the SEHK for the listing of, and permission to deal in, the Notes by way of debt issue to professional investors only and such permission is expected to become effective on or about January [•], 2016. Hong Kong Exchanges and Clearing Limited and the SEHK take no responsibility for the contents of this offering circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering circular. The listing and quotation of the Notes on the SEHK is not to be taken as an indication of the merits of the Issuer, the Subsidiary Guarantors, their associated companies or the Notes.

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Page references included in the Company's unaudited condensed consolidated interim financial information as of and for the six months ended June 30, 2015 set forth below refer to the pages in such unaudited condensed consolidated financial information as appeared in our interim report for the six months ended June 30, 2015 as the case may be. This interim report is not incorporated by reference herein and does not form part of this offering circular.

Page references included in the Company's consolidated financial statements for each of the years ended December 31, 2014 and 2013 set forth below refer to the pages in such consolidated financial statements as appeared in our annual reports for the years ended December 31, 2014 and 2013 as the case may be. These annual reports are not incorporated by reference herein and do not form part of this offering circular.

Report on Review of Interim Financial Information

中期財務資料的審閱報告



TO THE BOARD OF DIRECTORS OF
HSIN CHONG CONSTRUCTION GROUP LTD.
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 18 to 44, which comprises the condensed consolidated balance sheet of Hsin Chong Construction Group Ltd. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2015 and the related condensed consolidated interim income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 August 2015

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羅兵咸永道

致HSIN CHONG CONSTRUCTION GROUP LTD.
(新昌營造集團有限公司*)董事會
(於百慕達註冊成立之有限公司)

引言

本核數師（以下簡稱「我們」）已審閱列載於第18頁至44頁的中期財務資料，此中期財務資料包括Hsin Chong Construction Group Ltd.（新昌營造集團有限公司*）（「貴公司」）及其附屬公司（統稱「貴集團」）於2015年6月30日的簡明綜合資產負債表與截至該日止六個月期間之相關簡明綜合中期收益表、全面收益表、權益變動表和現金流量表，以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司證券上市規則規定，就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照我們協定之委聘條款僅向整體董事會報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所
執業會計師

香港，2015年8月19日

Condensed Consolidated Interim Income Statement

簡明綜合中期收益表

For the six months ended 30 June 2015
截至2015年6月30日止六個月

			Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		Notes 附註	2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Revenue	收益	4	7,979,747	6,315,026
Cost of sales	銷售成本	8	(7,671,640)	(6,026,415)
Gross profit	毛利		308,107	288,611
Other income	其他收入	5	3,641	5,571
Net exchange gain/(loss)	匯兌收益／(虧損)淨額		1,114	(3,001)
Gains on bargain purchase	議價收購收益	19	2,021,238	—
Selling and general administrative expenses	銷售及一般行政開支		(243,648)	(186,871)
Fair value gain on investment properties	投資物業公允值收益		87,795	20,331
Amortisation of intangible assets	無形資產攤銷		(6,082)	(5,508)
Interest income	利息收入		408	849
Interest expenses	利息開支	6	(48,879)	(23,932)
Profit before taxation	除稅前溢利		2,123,694	96,050
Taxation	稅項	7	(45,161)	(23,578)
Profit for the period	本期間溢利	8	2,078,533	72,472
Profit attributable to:	應佔溢利：			
Equity holders of the Company	本公司權益持有人		2,072,655	63,356
Non-controlling interests	非控股權益		5,878	9,116
			2,078,533	72,472
Basic earnings per share (HK cents)	每股基本盈利(港幣仙)	9	39.5	2.2
Diluted earnings per share (HK cents)	每股攤薄盈利(港幣仙)	9	19.7	2.2
Dividends	股息	10	108,433	28,582

Condensed Consolidated Interim Statement of Comprehensive Income

簡明綜合中期全面收益表

For the six months ended 30 June 2015
截至2015年6月30日止六個月

Unaudited
Six months ended 30 June
未經審核
截至6月30日止六個月

		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Profit for the period	本期間溢利	2,078,533	72,472
Other comprehensive income/(loss)	其他全面收益／（虧損）		
<i>Items that will not be reclassified to profit or loss:</i>	<i>將不會重新分類為損益之項目：</i>		
Fair value gain on leasehold land and building	租賃土地及樓宇之公允值收益	20,977	92,424
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允值收益之遞延稅項	(3,461)	(15,250)
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i>	<i>已重新分類或其後可能重新分類為損益之項目：</i>		
Fair value gain on available-for-sale financial asset	可供出售財務資產之公允值收益	3,535	—
Deferred tax on fair value gain on available-for-sale financial asset	可供出售財務資產公允值收益之遞延稅項	(884)	—
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	44,937	(119,662)
Other comprehensive income/(loss) for the period, net of tax	本期間經扣除稅項後之其他全面收益／（虧損）	65,104	(42,488)
Total comprehensive income for the period	本期間之全面收益總額	2,143,637	29,984
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	2,137,768	22,213
Non-controlling interests	非控股權益	5,869	7,771
		2,143,637	29,984

Condensed Consolidated Balance Sheet

簡明綜合資產負債表

As at 30 June 2015
於2015年6月30日

	Notes 附註	Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、機器及設備	572,250	578,521
Investment properties	投資物業	8,635,684	2,806,731
Intangible assets	無形資產	82,656	87,543
Goodwill	商譽	42,002	42,002
Available-for-sale financial asset	可供出售之財務資產	31,333	27,798
Tax indemnification assets	稅項彌償資產	1,983,421	—
Deferred tax assets	遞延稅項資產	16,000	15,632
		11,363,346	3,558,227
Current assets	流動資產		
Properties under development	發展中物業	17,228,553	4,287,431
Stocks and contracting work-in-progress	存貨及興建中工程	2,053,230	2,051,994
Receivables and prepayments	應收賬款及預付金	2,455,308	2,394,207
Amount due from non-controlling interests	應收非控股權益股東款項	4,065	3,910
Amounts due from other partners of joint operations	應收共同經營之其他合作夥伴款項	4,879	2,886
Deposits, cash and cash equivalents	存款、現金及等同現金項目	25,953	30,708
– restricted	— 受限制	3,010,954	863,960
– unrestricted	— 不受限制		
		24,782,942	9,635,096
Current liabilities	流動負債		
Bank loans	銀行貸款	(3,130,246)	(2,194,118)
Notes	票據	—	(154,741)
Other borrowings	其他借貸	(2,375,545)	—
Payables and accruals	應付賬款及應計費用	(4,924,484)	(4,227,729)
Amounts due to other partners of joint operations	應付共同經營之其他合作夥伴款項	(12,600)	(10,750)
Current tax liabilities	當期稅項負債	(70,612)	(58,924)
		(10,513,487)	(6,646,262)
Net current assets	流動資產淨值	14,269,455	2,988,834
Total assets less current liabilities	總資產減流動負債	25,632,801	6,547,061
Non-current liabilities	非流動負債		
Bank loans	銀行貸款	(970,347)	(1,241,680)
Other borrowings	其他借貸	(713,608)	—
Senior notes	優先票據	(2,268,644)	—
Long service payment liabilities	長期服務金負債	(3,749)	(3,749)
Deferred tax liabilities	遞延稅項負債	(7,231,146)	(643,182)
Total non-current liabilities	非流動負債總計	(11,187,494)	(1,888,611)
Net assets	資產淨值	14,445,307	4,658,450
Equity	權益		
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔資本及儲備		
Share capital	股本	974,831	285,817
Other reserves	其他儲備	10,563,878	3,347,055
Retained profits	保留溢利	2,738,376	762,028
Interim/final dividends	中期／末期股息	108,433	214,463
		14,385,518	4,609,363
Non-controlling interests	非控股權益	59,789	49,087
Total equity	權益總計	14,445,307	4,658,450

Condensed Consolidated Interim Cash Flow Statement

簡明綜合中期現金流量表

For the six months ended 30 June 2015
截至2015年6月30日止六個月

Unaudited
Six months ended 30 June
未經審核
截至6月30日止六個月

		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Operating activities	經營活動		
Net cash outflow from operations	經營活動之現金流出淨額	(444,508)	(374,157)
Interest received	已收利息	408	849
Interest paid	已付利息	(65,163)	(49,870)
Advance from other partners of joint operations	來自合營業務之其他合作夥伴之墊款	1,850	18,987
Repayments to other partners of joint operations	還款予合營業務之其他合作夥伴	(1,993)	—
Tax paid, net	已付稅項淨額	(11,204)	(2,582)
Net cash outflow from operating activities	經營活動之現金流出淨額	(520,610)	(406,773)
Investing activities	投資活動		
Increase in time deposits over three months	三個月以上定期存款增加	(116,731)	(15)
Purchase of property, plant and equipment	購買物業、機器及設備	(5,478)	(16,254)
Addition of investment properties	增加投資物業	(171,008)	—
Additions of intangible assets	增加無形資產	(1,195)	(954)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	—	760
Net cash paid for business combinations	已付業務合併之現金淨額	(1,515,306)	—
Capital refund to non-controlling interests	退還予非控股權益之資本	—	(226)
Net cash outflow from investing activities	投資活動之現金流出淨額	(1,809,718)	(16,689)
Financing activities	融資活動		
Drawdown of bank loans	提取銀行貸款	706,822	1,092,320
Repayment of bank loans	償還銀行貸款	(412,110)	(449,204)
Drawdown of other borrowings	提取其他借貸	1,796,314	—
Repayment of other borrowings	償還其他借貸	(1,889,800)	—
Proceeds from issuance of notes, net of transaction costs	發行票據之所得款項，扣除交易成本	2,271,129	148,719
Repayment of notes	償還票據	(156,250)	—
Net proceeds from issuance of new placing shares	發行新配售股份之所得款項淨額	1,414,042	—
Net proceeds from issuance of rights shares	發行供股股份之所得款項淨額	841,774	—
Proceeds from issuance of shares by Synergis to non-controlling interests upon exercise of share options	新昌管理向行使購股權之非控股權益股東發行股份所得款項	10,039	—
Dividend paid to the Company's shareholders	已派予本公司股東股息	(214,463)	(57,163)
Dividend paid to non-controlling interests	已派予非控股權益股東股息	(6,879)	(5,701)
Net cash inflow from financing activities	融資活動之現金流入淨額	4,360,618	728,971
Increase in cash and cash equivalents	現金及等同現金項目之增加	2,030,290	305,509
Cash and cash equivalents at the beginning of the period	於期初現金及等同現金項目	850,045	907,725
Exchange losses on cash and cash equivalents	現金及等同現金項目之匯兌虧損	(27)	(1,936)
Cash and cash equivalents at the end of the period	於期末現金及等同現金項目	2,880,308	1,211,298
Analysis of the balances of cash and cash equivalents:	現金及等同現金項目結餘之分析：		
Bank balances and cash – unrestricted	銀行結餘及現金 – 不受限制	3,010,954	1,224,776
Less: Time deposits over three months	減：三個月以上定期存款	(130,646)	(13,478)
Cash and cash equivalents at the end of the period	於期末現金及等同現金項目	2,880,308	1,211,298

Condensed Consolidated Interim Statement of Changes in Equity

簡明綜合中期權益變動表

For the six months ended 30 June 2015
截至2015年6月30日止六個月

		Attributable to equity holders of the Company 屬於本公司權益持有人												Non-controlling interests		Total equity
		Share capital	Share premium	Exchange reserve	Capital redemption and general reserve 資本贖回及普通儲備	Special reserve	Revaluation reserve	Share options reserve	Warrants equity reserve 認股權證權益儲備	Other reserve	Retained profits	Total				
		股本 HK\$'000 港幣千元	股份溢價 HK\$'000 港幣千元	匯兌儲備 HK\$'000 港幣千元	及普通儲備 HK\$'000 港幣千元	特別儲備 HK\$'000 港幣千元	重估儲備 HK\$'000 港幣千元	認股權證儲備 HK\$'000 港幣千元	認股權證 HK\$'000 港幣千元	其他儲備 HK\$'000 港幣千元	保留溢利 HK\$'000 港幣千元	總計 HK\$'000 港幣千元	非控股權益 HK\$'000 港幣千元	權益總計 HK\$'000 港幣千元		
At 1 January 2014 (audited)	於2014年1月1日 (經審核)	285,817	2,385,285	141,757	14,420	332,046	271,495	25,639	-	74,137	669,593	4,200,189	41,563	4,241,752		
Profit for the period	本期間溢利	-	-	-	-	-	-	-	-	-	63,356	63,356	9,116	72,472		
Other comprehensive income/(loss)	其他全面收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fair value gain on leasehold land and building	租賃土地及樓宇之公允值收益	-	-	-	-	-	92,424	-	-	-	-	92,424	-	92,424		
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允值收益之遞延稅項	-	-	-	-	-	(15,250)	-	-	-	-	(15,250)	-	(15,250)		
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	(118,317)	-	-	-	-	-	-	-	(118,317)	(1,345)	(119,662)		
Total comprehensive (loss)/income	全面(虧損)/收益總額	-	-	(118,317)	-	-	77,174	-	-	-	63,356	22,213	7,771	29,984		
Issue of shares by Synergis to non-controlling interests upon exercise of share option	新昌管理向行使購股權之非控股權益股東發行股份	-	-	-	-	-	-	-	-	-	-	-	768	768		
Recognition of warrants	確認認股權證	-	-	-	-	-	-	-	11,683	-	-	11,683	-	11,683		
Equity settled share-based transactions	以股本結算的股份支付交易	-	-	-	-	-	-	594 (820)	-	-	-	594	70	664		
Transfer upon share options lapsing	因認股權失效而轉撥	-	-	-	-	-	-	-	-	-	820	-	-	-		
Capital refund to non-controlling interests	退還予非控股權益股東之資本	-	-	-	-	-	-	-	-	-	-	-	(226)	(226)		
Dividend paid	已派股息	-	-	-	-	-	-	-	-	-	(57,163)	(57,163)	(5,701)	(62,864)		
		-	-	-	-	-	-	(226)	11,683	-	(56,343)	(44,886)	(5,089)	(49,975)		
At 30 June 2014 (unaudited)	於2014年6月30日 (未經審核)	285,817	2,385,285	23,440	14,420	332,046	348,669	25,413	11,683	74,137	676,606	4,177,516	44,245	4,221,761		
At 1 January 2015 (audited)	於2015年1月1日 (經審核)	285,817	2,385,285	108,819	14,420	332,046	401,009	19,656	11,683	74,137	976,491	4,609,363	49,087	4,658,450		
Profit for the period	本期間溢利	-	-	-	-	-	-	-	-	-	2,072,655	2,072,655	5,878	2,078,533		
Other comprehensive income/(loss)	其他全面收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-		
Fair value gain on leasehold land and building	租賃土地及樓宇之公允值收益	-	-	-	-	-	20,977	-	-	-	-	20,977	-	20,977		
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允值收益之遞延稅項	-	-	-	-	-	(3,461)	-	-	-	-	(3,461)	-	(3,461)		
Fair value gain on available-for-sale financial assets	可供出售財務資產之公允值收益	-	-	-	-	-	3,535	-	-	-	-	3,535	-	3,535		
Deferred tax on fair value gain of available-for-sale financial assets	可供出售財務資產公允值收益之遞延稅項	-	-	-	-	-	(884)	-	-	-	-	(884)	-	(884)		
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	44,946	-	-	-	-	-	-	-	44,946	[9]	44,937		
Total comprehensive income	全面收益總額	-	-	44,946	-	-	20,167	-	-	-	2,072,655	2,137,768	5,869	2,143,637		
Issue of shares by Synergis to non-controlling interests upon exercise of share option	新昌管理向行使購股權之非控股權益股東發行股份	-	-	-	-	-	-	(2,642)	-	-	-	(2,642)	12,681	10,039		
Issue of new placing shares (Note 18)	發行新配售股份 (附註18)	147,296	1,266,746	-	-	-	-	-	-	-	-	1,414,042	-	1,414,042		
Issue of rights shares (Note 18)	發行供股股份 (附註18)	85,745	756,029	-	-	-	-	-	-	-	-	841,774	-	841,774		
Issue of convertible preference shares (Note 19)	發行可換股優先股 (附註19)	455,973	4,058,159	-	-	-	-	-	-	-	-	4,514,132	-	4,514,132		
Unissued consideration shares (Note 19)	未發行代價股份 (附註19)	-	-	-	-	1,084,092	-	-	-	-	-	1,084,092	-	1,084,092		
Transfer upon unexercised warrants	因未行使認股權證而轉撥	-	-	-	-	-	-	-	(11,683)	-	11,683	-	-	-		
Equity settled share-based transactions	以股本結算的股份支付交易	-	-	-	-	-	-	1,452 (443)	-	-	-	1,452	(969)	483		
Transfer upon share options lapsing	因認股權失效而轉撥	-	-	-	-	-	-	-	-	-	443	-	-	-		
Dividend paid	已派股息	-	-	-	-	-	-	-	-	-	(214,463)	(214,463)	(6,879)	(221,342)		
		689,014	6,080,934	-	-	1,084,092	-	(1,633)	(11,683)	-	(202,337)	7,638,387	4,833	7,643,220		
At 30 June 2015 (unaudited)	於2015年6月30日 (未經審核)	974,831	8,466,219	153,765	14,420	1,416,138	421,176	18,023	-	74,137	2,846,809	14,385,518	59,789	14,445,307		

Notes to the Condensed Consolidated Interim Financial Information

簡明綜合中期財務資料附註

1. General information

Hsin Chong Construction Group Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) are engaged in building construction, civil engineering, electrical and mechanical installation, interiors and special projects, property development and investment, and provision of property and facility management services.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company has its primary listing on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This unaudited condensed consolidated interim financial information is presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated, which has been approved for issue by the board of directors (the “Board”) of the Company on 19 August 2015.

2. Basis of preparation and accounting policies

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Group’s annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) effective 1 January 2015:

HKAS 19 (2011) Amendment	Employee Benefits
Annual Improvements Projects	Annual Improvement to HKFRS 2010-2012 Cycle
Annual Improvements Projects	Annual Improvement to HKFRS 2011-2013 Cycle

The adoption of these revised HKFRSs has had no significant impact on the results and financial position of the Group.

3. Financial risk management and financial instruments

(a) Financial risk factors

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31 December 2014.

There have been no changes in the risk management department since year end or in any risk management policies since the year end.

1. 一般資料

Hsin Chong Construction Group Ltd. (新昌營造集團有限公司*) (「本公司」) 及其附屬公司 (統稱「本集團」) 從事樓宇建造、土木工程、機電安裝工程、室內裝飾及特殊項目、物業發展及投資，以及提供物業及設施管理服務。

本公司為於百慕達註冊成立的有限責任公司。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda。本公司以香港聯合交易所有限公司 (「聯交所」) 主板作第一上市。

除另有列明外，本未經審核簡明綜合中期財務資料以港幣千元為單位列示。本公司董事會 (「董事會」) 已於2015年8月19日批准刊發本未經審核簡明綜合中期財務資料。

2. 編製基準及會計政策

本未經審核簡明綜合中期財務資料已依據香港會計師公會 (「香港會計師公會」) 頒佈的香港會計準則 (「香港會計準則」) 第34號「中期財務報告」以及聯交所證券上市規則的披露規定而編製。

本中期財務報表所用之會計政策與編製本集團截至2014年12月31日止年度之年度綜合財務報表所使用者一致，除下列於2015年1月1日生效之經修訂香港財務報告準則 (「香港財務報告準則」)：

香港會計準則第19號 (2011年) (修訂本)	僱員福利
年度改進項目	香港財務報告準則2010年至2012年週期之年度改進
年度改進項目	香港財務報告準則2011年至2013年週期之年度改進

採納該等經修訂香港財務報告準則均不會對本集團之業績及財務狀況造成任何重大影響。

3. 財務風險管理及金融工具

(a) 財務風險因素

中期簡明綜合財務資料並無載列年度財務報表內規定的所有財務風險管理資料及披露事項，應與本集團於2014年12月31日之年度財務報表一併閱讀。

風險管理部門自年末以來並無變動，及任何風險管理政策自年末以來亦無變動。

3. Financial risk management and financial instruments

(continued)

(b) Fair value estimation

HKFRS 7 (Amendment) 'Financial Instruments – Disclosures' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The Group did not have financial instruments under level 1 and level 2 of fair value measurement hierarchy as at 30 June 2015 and 31 December 2014.

As at 30 June 2015, the Group has available-for-sale financial asset for equity securities amounting to HK\$31,333,000 (31 December 2014: HK\$27,798,000) and is categorised under level 3 of fair value measurement hierarchy (31 December 2014: level 3).

The fair value of the Group's level 3 financial instruments was determined based on valuation report by independent valuers and has been referenced to net asset value of the financial instruments as at reporting date.

Movement of financial asset under level 3 measurements is as follows:

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
At 1 January	於1月1日	27,798	10,190
Fair value gain	公允值收益	3,535	17,608
At 30 June/31 December	於6月30日/12月31日	31,333	27,798

3. 財務風險管理及金融工具 (續)

(b) 公允值估計

香港財務報告準則第7號(修訂本)「金融工具－披露」規定按下列公允值計量架構披露公允值計量：

- 相同資產或負債在活躍市場之報價(未經調整)(級別1)。
- 除級別1所包括之報價外，資產或負債亦包含直接(即例如價格)或間接(即源自價格)可觀察之輸入數據(級別2)。
- 資產或負債並非依據可觀察市場數據之輸入數據(即非可觀察輸入數據)(級別3)。

於2015年6月30日及2014年12月31日，本集團並無公允值計量架構中之級別1及級別2之金融工具。

於2015年6月30日，本集團有屬於可供出售財務資產之股本證券，金額為港幣31,333,000元(2014年12月31日：港幣27,798,000元)，並分類為公允值計量架構中之級別3(2014年12月31日：級別3)。

本集團級別3金融工具的公允值乃根據獨立估值師之估值報告釐定，並已參考金融工具於報告日期之資產淨值。

按級別3計量的財務資產變動如下：

4. Segment information
(a) Operating segments

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, identified as the Executive Committee, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are (1) building construction; (2) civil engineering; (3) interiors & special projects; (4) electrical and mechanical engineering; (5) property and facility management services; and (6) property development and investment.

4. 分類資料
(a) 營運分類

根據本集團提交予主要營運決策者（即執行委員會，由其負責分配資源、評估營運分類表現及作出策略性決定）之內部財務報告，須予呈報之營運分類為(1)樓宇建造；(2)土木工程；(3)室內裝飾及特殊項目；(4)機電工程；(5)物業及設施管理服務；以及(6)物業發展及投資。

Unaudited six months ended 30 June 2015	未經審核 截至2015年6月30日 止六個月	Building construction 樓宇建造 HK\$'000 港幣千元	Civil engineering 土木工程 HK\$'000 港幣千元	Interiors & special projects 室內裝飾及 特殊項目 HK\$'000 港幣千元	Electrical and mechanical 機電工程 HK\$'000 港幣千元	Property and facility management services 物業及 設施管理服務 HK\$'000 港幣千元	Property development and investment 物業發展及投資 HK\$'000 港幣千元	Corporate (note 1) 行政 (附註1) HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Revenue (excl. NSC (note 2))	營業額（不包括NSC （附註2））	3,445,657	793,326	749,391	398,790	369,109	38,695	-	5,814,968
Gross profit	毛利	153,283	27,899	35,034	32,932	45,969	12,990	-	308,107
Other income	其他收入	41	-	1,882	-	1,291	340	87	3,641
Net exchange (loss)/gain	匯兌（虧損）／收益淨額	(556)	-	(24)	(376)	55	-	2,015	1,114
Gains on bargain purchase	議價收購收益	-	-	-	-	-	2,021,238	-	2,021,238
Selling & general administrative expenses	銷售及一般行政開支	(40,761)	(15,187)	(13,716)	(14,415)	(39,043)	(68,182)	(52,344)	(243,648)
Fair value gain on investment properties	投資物業公允價值收益	-	-	-	-	-	87,795	-	87,795
Operating profit	經營溢利	112,007	12,712	23,176	18,141	8,272	2,054,181	(50,242)	2,178,247
Amortisation of intangible assets	無形資產攤銷	-	-	-	-	(3,948)	-	(2,134)	(6,082)
Interest income	利息收入	-	-	-	-	36	209	163	408
Interest expenses	利息開支	-	-	-	-	(798)	(17,350)	(30,731)	(48,879)
Profit before taxation	除稅前溢利	112,007	12,712	23,176	18,141	3,562	2,037,040	(82,944)	2,123,694
Taxation	稅項								(45,161)
Profit for the period	本期間溢利								2,078,533
Capital expenditure	資本性開支	(608)	-	(112)	(60)	(1,112)	(2,102)	(1,484)	(5,478)
Depreciation	折舊	(3,515)	(80)	(189)	(114)	(2,118)	(27,276)	(3,075)	(36,367)

Notes to the Condensed Consolidated Interim Financial Information
簡明綜合中期財務資料附註

4. Segment information (continued)
(a) Operating segments (continued)

Unaudited six months ended 30 June 2014	未經審核 截至2014年6月30日 止六個月	Building construction 樓宇建造 HK\$'000 港幣千元	Civil engineering 土木工程 HK\$'000 港幣千元	Interiors & special projects 室內裝飾及 特殊項目 HK\$'000 港幣千元	Electrical and mechanical 機電工程 HK\$'000 港幣千元	Property and facility management services 物業及 設施管理服務 HK\$'000 港幣千元	Property development and investment 物業發展及投資 HK\$'000 港幣千元	Corporate (note 1) 行政 (附註1) HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Revenue (excl. NSC (note 2))	營業額 (不包括NSC (附註2))	2,016,838	926,663	487,760	204,034	411,804	36,927	-	4,084,026
Gross profit	毛利	129,913	34,790	33,935	20,319	54,714	14,940	-	288,611
Other income	其他收入	(738)	3,769	1,797	-	981	17	(255)	5,571
Net exchange (loss)/gain	匯兌 (虧損)/收益淨額	(814)	-	-	167	(29)	12	(2,337)	(3,001)
Selling & general administrative expenses	銷售及一般行政開支	(34,777)	(16,870)	(10,589)	(10,925)	(43,635)	(31,425)	(38,650)	(186,871)
Fair value gain on investment properties	投資物業公允值收益	-	-	-	-	390	19,941	-	20,331
Operating profit	經營溢利	93,584	21,689	25,143	9,561	12,421	3,485	(41,242)	124,641
Amortisation of intangible assets	無形資產攤銷	-	-	-	-	(3,948)	-	(1,560)	(5,508)
Interest income	利息收入	-	-	-	-	29	255	565	849
Interest expenses	利息開支	-	-	-	-	(838)	(14,846)	(8,248)	(23,932)
Profit before taxation	除稅前溢利	93,584	21,689	25,143	9,561	7,664	(11,106)	(50,485)	96,050
Taxation	稅項								(23,578)
Profit for the period	本期間溢利								72,472
Capital expenditure	資本性開支	(16,809)	(398)	-	(49)	(1,457)	(1,515)	(1,451)	(21,679)
Depreciation	折舊	(6,412)	(155)	(27)	(84)	(3,268)	(17,952)	(1,588)	(29,486)

Notes:

- Corporate mainly represents corporate and administrative activities, and shared services.
- Nominated subcontractors' works of Macau Galaxy Resort Phase 2 project ("NSC").

附註:

- 行政主要為公司及行政活動，以及共享服務。
- NSC (「NSC」) 指澳門銀河娛樂度假村第二期項目的指定分判商工程。

4. Segment information (continued)
(b) Geographical analysis

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Revenue	收益		
Hong Kong	香港	4,689,922	3,351,490
Macau	澳門	3,215,448	2,905,185
PRC	中國	74,377	58,351
		7,979,747	6,315,026
		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Non-current assets	非流動資產		
Hong Kong	香港	675,817	686,786
Macau	澳門	467	538
PRC	中國	10,639,729	2,827,473
Available-for-sale financial asset	可供出售之財務資產	11,316,013	3,514,797
Deferred tax assets	遞延稅項資產	31,333	27,798
		16,000	15,632
Total non-current assets	非流動資產總額	11,363,346	3,558,227

(c) Customer base analysis

The Group's customer base is diversified and includes three (2014: three) customers with each of whom transactions exceeded 10% of the Group's total revenue. Aggregate revenue from these customers amounted to HK\$4,657 million and was derived from building construction (2014: HK\$4,060 million from building construction).

(c) 客戶基礎分析

本集團之客戶基礎分散，而其中三名（2014年：三名）客戶各自之交易額佔本集團總收益10%以上。該等客戶之收益來自樓宇建造，合共為港幣4,657,000,000元（2014年：港幣4,060,000,000元來自樓宇建造）。

4. Segment information (continued)
(d) Reconciliation of reportable segment revenue

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Reportable segment revenue	須予呈報分類收益	5,814,968	4,084,026
Revenue – NSC	收益 – NSC	2,164,779	2,231,000
		7,979,747	6,315,026

5. Other income

5. 其他收入

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Net loss on disposal of property, plant and equipment	出售物業、機器及 設備之虧損淨額	(497)	(377)
Secondment fee and service centre charges	僱員借調服務費及服務中心開支	–	3,769
Miscellaneous	其他	4,138	2,179
		3,641	5,571

6. Interest expenses

6. 利息開支

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Interest on bank loans and overdraft	銀行貸款及透支之利息	58,692	50,282
Interest expense on senior notes	優先票據之利息開支	26,682	—
Interest expense on notes	票據利息開支	2,087	11,096
Interest expense on other borrowings	其他借貸之利息開支	32,796	—
		120,257	61,378
Less: amounts capitalised in qualifying assets	減：於合資格資產資本化之款項	(71,378)	(37,446)
		48,879	23,932

The annual interest rates of bank loans ranged from 1.3% to 7.5% (2014: from 1.3% to 7.7%), of which the capitalised interest rates ranged from 1.3% to 7.5% (2014: from 1.3% to 7.7%). The annual interest rates of other borrowings ranged from 2.5% to 14.0% (2014: nil), of which the capitalised interest rates ranged from 2.5% to 14.0% (2014: nil). The imputed effective capitalised interest rate of notes issued after taking into account of the valuation of equity portion and transaction costs was 19.7% per annum (2014: 19.7%).

銀行貸款之年利率介乎1.3%至7.5%（2014年：介乎1.3%至7.7%），其中資本化利率介乎1.3%至7.5%（2014年：介乎1.3%至7.7%）。其他借貸之年利率介乎2.5%至14.0%（2014年：零），其中資本化利率介乎2.5%至14.0%（2014年：零）。經計及權益部份的估值及交易成本後，已發行票據的估算實際資本化年利率為19.7%（2014年：19.7%）。

7. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the six months ended 30 June 2015 and 2014 after taking into account the available tax losses brought forward. Taxation on overseas profits has been calculated at the rates of taxation prevailing in the countries in which the Group operates.

7. 稅項

香港利得稅乃按截至2015年及2014年6月30日止六個月的估計應課稅溢利，扣除前期帶下的可供扣減的稅務虧損，依稅率16.5%（2014年：16.5%）撥備。本集團之海外利得稅是按經營業務所在國家之現行稅率計算。

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Hong Kong profits tax	香港利得稅	6,696	9,983
Overseas tax	海外稅項	16,247	6,454
Deferred tax	遞延稅項	22,218	7,141
		45,161	23,578

8. Profit for the period

Profit for the period has been arrived at after charging the following items:

8. 本期間溢利

本期間溢利已扣除下列各項：

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Cost of sales	銷售成本		
Cost of construction	建造成本		
– Staff costs	– 員工成本	692,456	569,847
– Other construction costs	– 其他建造成本	6,630,339	5,077,491
		7,322,795	5,647,338
Cost of property and facility management services	物業及設施管理服務成本		
– Staff costs	– 員工成本	250,929	250,901
– Others	– 其他	72,211	106,189
		323,140	357,090
Cost of property development and investment	物業發展及投資成本		
– Stock of properties sold	– 已出售之物業存貨	5,987	823
– Others	– 其他	19,718	21,164
		25,705	21,987
		7,671,640	6,026,415
Depreciation on property, plant and equipment	物業、機器及設備之折舊	36,367	29,486
Auditor's remuneration	核數師酬金	2,505	2,154
Operating lease rentals for land and buildings	土地及樓宇經營租賃租金	10,954	8,700
Outgoings in respect of	以下各項之費用		
– Investment properties	– 投資物業	10,640	16,496
– Owner occupied property	– 自用物業	2,227	2,403
Staff costs, included in general and administrative expenses	計入一般行政開支之員工成本	118,612	111,648

9. Earnings per share

- (a) Basic earnings per share is calculated by dividing the Group's unaudited profit attributable to the equity holders less dividends to convertible preference shareholders by the weighted average number of ordinary shares in issue during the corresponding period.

9. 每股盈利

- (a) 每股基本盈利乃按本集團權益持有人應佔未經審核溢利減可換股優先股股東股息除以相應期內已發行之普通股加權平均股數計算。

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015	2014
Profit attributable to equity holders (HK\$'000)	權益持有人應佔溢利 (港幣千元)	2,072,655	63,356
Less: dividends to convertible preference shareholders (HK\$'000)	減：可換股優先股股東之股息 (港幣千元)	(56,548)	—
Profit attributable to ordinary shareholders (HK\$'000)	普通股股東應佔溢利 (港幣千元)	2,016,107	63,356
Weighted average number of ordinary shares in issue ('000)	已發行之普通股加權平均股數 (千股)	5,098,450	2,858,167
Basic earnings per share (HK cents)	每股基本盈利 (港幣仙)	39.5	2.2

9. Earnings per share (continued)

- (b) Diluted earnings per share is calculated by dividing the Group's unaudited profit attributable to the equity holders by the weighted average number of ordinary shares outstanding after adjustment for the potential dilutive effect in respect of outstanding share options and potential ordinary shares to be issued on convertible preference shares during the period.

9. 每股盈利 (續)

- (b) 每股攤薄盈利乃按本集團之權益持有人應佔未經審核溢利除以就期內之未行使購股權及因可換股優先股將予發行之潛在普通股之潛在攤薄影響作出調整後之已發行普通股加權平均股數計算。

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015	2014
Profit attributable to equity holders (HK\$'000)	權益持有人應佔溢利 (港幣千元)	2,072,655	63,356
Weighted average number of ordinary shares in issue ('000)	已發行之普通股加權平均股數 (千股)	5,098,450	2,858,167
Adjustment for convertible preference shares issued on 8 January 2015 ('000)	2015年1月8日發行之 可換股優先股調整(千股)	4,383,387	—
Adjustment for convertible preference shares issued on 8 July 2015 ('000)	2015年7月8日發行之 可換股優先股調整(千股)	1,052,692	—
Adjustment for share options ('000)	購股權調整(千股)	—	442
Weighted average ordinary shares for calculating diluted earnings per share ('000)	計算每股攤薄盈利之 普通股加權平均股數 (千股)	10,534,529	2,858,609
Diluted earnings per share (HK cents)	每股攤薄盈利(港幣仙)	19.7	2.2

10. Dividends

10. 股息

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月	
		2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Interim dividend: 1.0 HK cent (2014: 1.0 HK cent) per share	中期股息：每股港幣1.0仙 (2014年：港幣1.0仙)	108,433	28,582

At the Board meeting held on 19 August 2015, the Board declared the payment of an interim dividend of 1.0 HK cent (30 June 2014: 1.0 HK cent) per share for the period ended 30 June 2015. This interim dividend is not reflected as a dividend payable in this unaudited condensed consolidated interim financial information, but will be reflected as an appropriation of retained profits for the year ending 31 December 2015.

於2015年8月19日舉行之董事會會議上，董事會就截至2015年6月30日止期間宣派中期股息每股港幣1.0仙（2014年6月30日：港幣1.0仙）。此中期股息並未於本未經審核簡明綜合中期財務資料內反映為應付股息，惟將反映為截至2015年12月31日止年度之保留溢利分派。

11. Investment properties

11. 投資物業

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
<i>At fair value:</i>	<i>按公允值：</i>		
As at 1 January	於1月1日	2,806,731	1,536,519
Acquisition of subsidiaries (Note 19)	收購附屬公司（附註19）	5,539,136	—
Addition	添置	181,654	2,456
Disposal	出售	—	(900)
Transfer from properties under development	自發展中物業轉撥	—	875,179
Fair value gain	公允值收益	87,795	403,691
Exchange difference	匯兌差額	20,368	(10,214)
As at 30 June/31 December	於6月30日／12月31日	8,635,684	2,806,731

12. Properties under development

12. 發展中物業

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
As at 1 January	於1月1日	4,287,431	3,880,470
Exchange difference	匯兌差額	51,197	(24,872)
Additions	添置	402,127	1,307,012
Transfer to investment properties under development	轉撥至發展中投資物業	–	(875,179)
Acquisition of subsidiaries (Note 19(a))	收購附屬公司(附註19(a))	12,487,798	–
As at 30 June/31 December	於6月30日/12月31日	17,228,553	4,287,431
Properties under development comprise:	發展中物業包括：		
Land use rights	土地使用權	14,950,349	2,402,304
Construction cost and capitalised expenditure	建造成本及資本化開支	2,011,164	1,679,121
Interest expense capitalised	資本化利息開支	267,040	206,006
		17,228,553	4,287,431

13. Receivables and prepayments

13. 應收賬款及預付金

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Trade receivables	貿易應收賬款		
– third parties	– 第三方	686,811	733,698
– provision for impairment	– 減值撥備	(423)	(423)
		686,388	733,275
Retention receivables	保固金應收賬款		
– third parties	– 第三方	1,246,423	1,230,854
– provision for impairment	– 減值撥備	(125)	(125)
		1,246,298	1,230,729
		1,932,686	1,964,004
Other receivables – third parties	其他應收賬款 – 第三方	60,362	63,203
Deposits and prepayments – third parties	按金及預付金 – 第三方	462,260	367,000
		2,455,308	2,394,207

The ageing analysis of trade receivables by due date is as follows:

貿易應收賬款按到期日之賬齡分析如下：

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Not yet due	未到期	608,251	607,259
1 to 30 days	1至30天	45,511	71,654
31 to 90 days	31至90天	11,027	23,483
91 to 180 days	91至180天	5,764	7,587
Over 180 days	180天以上	15,835	23,292
		686,388	733,275

The Group's credit terms for its contracting business, property rental and property and facility management services are negotiated with and entered into under normal commercial terms with its trade customers. The credit period for the trade receivables for contracting business and property and facility management services generally ranges from 30 to 60 days (31 December 2014: 30 to 60 days). Retention receivables in respect of contracting business are settled in accordance with the terms of respective contracts. Rental income is billed in advance of the rental period.

本集團建造業務、物業租賃與物業及設施管理服務之信貸期乃按照一般商業條款與貿易客戶商議及簽訂。建造業務及物業及設施管理服務的貿易應收賬款之信貸期一般介乎30至60天（2014年12月31日：30至60天）。建造業務之保固金應收賬款按照個別合約之條款結算。租賃收入則於每月租賃期前開發賬單預收。

14. Bank loans

14. 銀行貸款

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Bank loans, wholly repayable within 5 years	須於5年內悉數償還之銀行貸款：		
– secured	– 有抵押	1,520,627	2,336,423
– unsecured	– 無抵押	2,579,966	1,099,375
		4,100,593	3,435,798
The repayment schedule of bank loans is as follows:			
Short term revolving bank loans	短期循環銀行貸款	1,772,954	1,436,382
Portion of bank loans due for repayment within one year	須於一年內償還之銀行貸款	775,661	477,711
		2,548,615	1,914,093
Portion of bank loans due for repayment after one year which contain a repayment on demand clause			
(i) in the second year	(i) 於第二年	264,760	137,860
(ii) in the third to fifth years, inclusive	(ii) 於第三至第五年 (包括首尾兩年)	316,871	142,165
Portion of bank loans due for repayment after one year which do not contain a repayment on demand clause			
(i) in the second year	(i) 於第二年	451,717	546,335
(ii) in the third to fifth years, inclusive	(ii) 於第三至第五年 (包括首尾兩年)	518,630	695,345
		1,551,978	1,521,705
Less: Amount due after one year shown under non-current liabilities	減：以非流動負債列賬之 須於一年後償還金額	4,100,593 (970,347)	3,435,798 (1,241,680)
		3,130,246	2,194,118

Note: As at 30 June 2015, the bank loans of the Group were secured by its leasehold land and building amounting HK\$506,000,000 (31 December 2014: HK\$506,000,000), investment property amounting HK\$2,627,400,000 (31 December 2014: HK\$1,606,049,000), properties under development amounting HK\$229,654,000 (31 December 2014: HK\$229,569,000), restricted cash amounting HK\$25,953,000 (31 December 2014: HK\$29,775,000) and certain other assets and equity interest of the Group's certain subsidiaries.

附註：於2015年6月30日，本集團之銀行貸款乃由其金額為港幣506,000,000元（2014年12月31日：港幣506,000,000元）之租賃土地及樓宇、金額為港幣2,627,400,000元之投資物業（2014年12月31日：港幣1,606,049,000元）、金額為港幣229,654,000元（2014年12月31日：港幣229,569,000元）之發展中物業、金額為港幣25,953,000元（2014年12月31日：港幣29,775,000元）之受限制現金及本集團之若干其他資產及其若干附屬公司之股權作抵押。

15. Payables and accruals

15. 應付賬款及應計費用

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Trade payables – third parties	貿易應付賬款－第三方	1,916,007	2,191,654
Retention payables – third parties	保固金應付賬款－第三方	925,670	905,818
		2,841,677	3,097,472
Other payables, deposits and accruals	其他應付賬款、按金及應計費用		
– third parties	－ 第三方	1,713,953	761,534
– accruals for tax liabilities on acquisition of land parcels in Tieling	－ 就收購鐵嶺地塊之 應計稅項負債	368,854	368,723
		4,924,484	4,227,729

The ageing analysis of trade payables by due date is as follows:

貿易應付賬款按到期日之賬齡分析如下：

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Not yet due	未到期	1,745,422	1,989,573
1 to 30 days	1至30天	59,013	84,309
31 to 90 days	31至90天	36,993	47,848
91 to 180 days	91至180天	24,742	31,502
Over 180 days	180天以上	49,837	38,422
		1,916,007	2,191,654

16. Senior notes

In May 2015, the Company issued senior notes with principal amounts of US\$300 million (the "Senior Notes"). The Senior Notes bear interest of 8.75% per annum, which are repayable semi-annually. The Senior Notes will mature on 18 May 2018. The Company may at its option, at any time prior to 18 May 2018, redeem the Senior Notes in whole but not in part, at a redemption price equal to 100% of the principal amount plus the applicable premium as of, and accrued and unpaid interest to the redemption date. The Senior Notes are listed on The Stock Exchange and can be dealt with by way of debt issues for professional investors only.

16. 優先票據

於2015年5月，本公司發行了本金額300,000,000美元的優先票據（「優先票據」）。該等優先票據以8.75%之年利率計息，每半年償還一次。該等優先票據於2018年5月18日到期。本公司可自行選擇於2018年5月18日之前任何時候按相當於本金額100%加截至贖回日期的適當溢價以及應計及未支付利息的贖回價贖回全部而非部分優先票據。該等優先票據於聯交所上市且僅可以向專業投資者發行債務的方式處理。

17. Other borrowings

The other borrowings from financial institutions bearing interests ranging from 2.5% to 14% per annum were acquired from the business combinations completed during the period. Other borrowings balance amounting to HK\$2,375,545,000, HK\$43,865,000 and HK\$669,743,000 will be repayable within one year, in the second year and in the third to fifth years, inclusive, respectively. As at 30 June 2015, the other borrowings were secured by the Group's investment properties of HK\$4,556,103,000 and properties under development of HK\$12,676,834,000.

18. Share capital

17. 其他借貸

來自金融機構之利息介乎年息2.5厘至14厘之其他借貸乃來自於本期間完成的業務合併。金額為港幣2,375,545,000元、港幣43,865,000元及港幣669,743,000元之其他借貸結餘將分別須於一年內、第二年及第三至第五年（包括首尾兩年）償還。於2015年6月30日，其他借貸以本集團之投資物業港幣4,556,103,000元及發展中物業港幣12,676,834,000元作抵押擔保。

18. 股本

		Unaudited 30 June 2015 未經審核 2015年6月30日		Audited 31 December 2014 經審核 2014年12月31日	
		Number of shares 股份數目 '000 千股	HK\$'000 港幣千元	Number of shares 股份數目 '000 千股	HK\$'000 港幣千元
Authorised, ordinary shares of HK\$0.1 each:	法定，每股面值港幣0.1元之普通股：				
At 1 January	於1月1日	30,000,000	3,000,000	5,000,000	500,000
Addition	增加	-	-	25,000,000	2,500,000
At 30 June/31 December	於6月30日／12月31日	30,000,000	3,000,000	30,000,000	3,000,000
Authorised, preference shares of HK\$0.1 each:	法定，每股面值港幣0.1元之優先股：				
At 1 January	於1月1日	15,000,000	1,500,000	-	-
Addition	增加	-	-	15,000,000	1,500,000
At 30 June/31 December	於6月30日／12月31日	15,000,000	1,500,000	15,000,000	1,500,000
Ordinary shares, issued and fully paid:	已發行及繳足之普通股：				
At 1 January	於1月1日	2,858,167	285,817	2,858,167	285,817
Issue of rights shares (note 1)	發行供股股份（附註1）	857,450	85,745	-	-
Issue of new placing shares (note 1)	發行新配售股份（附註1）	1,472,960	147,296	-	-
At 30 June/31 December	於6月30日／12月31日	5,188,577	518,858	2,858,167	285,817
Preference shares, issued and fully paid:	已發行及繳足之優先股：				
At 1 January	於1月1日	-	-	-	-
Issue of shares for business combination (note 2)	就業務合併而發行股份（附註2）	4,559,730	455,973	-	-
At 30 June/31 December	於6月30日／12月31日	4,559,730	455,973	-	-
		9,748,307	974,831	2,858,167	285,817

18. Share capital (continued)

Notes:

- On 8 January 2015, a total of 857,449,996 rights shares offered under the rights issue and a total of 1,472,960,000 new placing shares at the placing price of HK\$1.00 per new placing share were issued pursuant to the announcement and rights issue prospectus of the Company dated 9 December 2014.
- On 8 January 2015, upon completion of the rights issue and new placing, all conditions precedent set out in the acquisition agreement to acquire the entire issued share capital of Goleman International Limited were satisfied and the acquisition was completed. 4,559,729,988 shares of convertible preference shares were issued as consideration.

19. Business combination

- On 8 January 2015, the Group acquired the entire issued share capital of Goleman International Limited, which, through its wholly owned subsidiaries (collectively, the "Goleman Group"), is the legal and beneficial owner of 7 parcels of land in Foshan City, Guangdong Province, at a consideration of HK\$6,008,663,000.

18. 股本 (續)

附註：

- 於2015年1月8日，根據本公司日期為2014年12月9日之公告及供股章程，供股項下提呈之合共857,449,996股供股股份及合共1,472,960,000股配售價為每股新配售股份港幣1.00元之新配售股份已獲發行。
- 於2015年1月8日，於完成供股及新配售事項後，有關收購Goleman International Limited全部已發行股本之收購協議所載之所有先決條件均已獲達成，收購事項已完成。4,559,729,988股可換股優先股作為代價獲發行。

19. 業務合併

- 於2015年1月8日，本集團收購Goleman International Limited（其透過其全資附屬公司（統稱「Goleman 集團」），為廣東省佛山市7幅地塊之法定及實益擁有人）之全部已發行股本，代價為港幣6,008,663,000元。

		Provisional fair value 臨時公允值 HK\$'000 港幣千元
Identifiable assets acquired and liabilities assumed	所收購之可辨別資產及所承擔之負債	
Property, plant and equipment	物業、機器及設備	5,830
Investment properties	投資物業	2,681,731
Tax indemnification assets (note 1)	稅項彌償資產（附註1）	1,975,804
Properties under development	發展中物業	12,487,798
Receivables and prepayments	應收賬款及預付金	24,231
Cash and bank deposits	現金及銀行存款	280
Other borrowings	其他借貸	(2,918,593)
Payables and accruals	應付賬款及應計費用	(318,785)
Deferred tax liabilities	遞延稅項負債	(6,100,884)
		7,837,412
Gain on bargain purchase	議價收購收益	(1,828,749)
Total consideration	代價總額	6,008,663
Satisfied by:	以下列方式支付：	
Issuance of convertible preference shares on 8 January 2015 (note 2)	於2015年1月8日發行可換股優先股（附註2）	4,514,132
Issuance of convertible preference shares on 8 July 2015 (note 2)	於2015年7月8日發行可換股優先股（附註2）	1,084,092
Contingent consideration payable (note 3)	應付或然代價（附註3）	410,439
		6,008,663
Net cash inflow in respect of business combination:	有關業務合併之現金流入淨額：	
Cash and bank deposits acquired	已取得現金及銀行存款	280

19. Business combination (continued)

(a) (continued)

Notes:

1. The tax indemnification assets of RMB1,564 million (approximately HK\$1,976 million) at the acquisition date represent the tax indemnity granted by the vendor in respect of estimated taxation charge arising from the sales of properties ("Property Sales Taxation") when the aggregate amount of Property Sales Taxation paid or accrued exceeds the first RMB2,500 million. A total of 2,604 million shares of issued convertible preference shares are withheld and redeemable by the Group within a period of 10 years starting from the share issuance date to safeguard the Group against the potential tax liabilities.
2. Convertible preference shares were issued at a fair value of HK\$0.99 per share.
3. In accordance with the acquisition agreement, a certain number of convertible preference shares were remained held back pending (i) the issuance of a state-owned land use rights certificate for a land; and (ii) the determination of any final adjustments to the acquisition consideration on the account of any fines, fees or penalties for delays in commencement of construction works on the property and the certified work value. As part of the purchase consideration, it is estimated that 414,583,000 shares of convertible preference shares, with a fair value of approximately HK\$410 million will be issued, subject to fulfillment of certain conditions by 31 December 2015 as stated in the acquisition agreement.
4. Acquisition-related costs of HK\$17,253,000 have been charged to administrative expenses in the condensed consolidated interim income statement for the period ended 30 June 2015.
5. The acquired business contributed no revenue and net loss of HK\$932,000 to the Group for the period from 8 January 2015 to 30 June 2015. If the acquisition had been completed on 1 January 2015, consolidated revenue and consolidated profit for the half-year ended 30 June 2015 would have no material difference since revenue and profit or loss of the Goleman Group for the period from 1 January 2015 to 7 January 2015 were immaterial.
6. The fair value of receivables and prepayments is HK\$24,231,000 and there is no objective evidence that the receivables and prepayments are not fully collectible.
7. The gain on bargain purchase was mainly attributable to the decrease in the Company's share price.

19. 業務合併 (續)

(a) (續)

附註:

1. 於收購當日價值為人民幣15.64億元(約港幣19.76億元)之稅項彌償資產,指當已付或累計的物業銷售稅項總額超過首筆人民幣25.00億元時,賣方就銷售物業所產生的估計稅項支出(「物業銷售稅項」)所授出的稅項彌償。合共26.04億股已發行可換股優先股自股份發行日期起計10年內由本集團保管且可由本集團贖回,以防止本集團承擔潛在稅項負債。
2. 可換股優先股發行的公允值為每股港幣0.99元。
3. 根據收購協議,部份可換股優先股暫緩發行,以待(i)發出一地塊之國有土地使用權證;及(ii)因延遲開始該物業之建設工程之任何罰款、費用或懲罰以及核證工程價值而釐定對收購代價之任何最終調整。作為收購代價的一部份,預計將發行公允值約港幣410,000,000元的414,583,000股可換股優先股,惟仍需視乎收購協議中某些條件於2015年12月31日前的履行情況。
4. 於截至2015年6月30日止期間,收購相關成本港幣17,253,000元於簡明綜合中期收益表之行政開支列支。
5. 於2015年1月8日至2015年6月30日期間,所收購業務並無為本集團貢獻收益並產生虧損淨額港幣932,000元。倘收購事項於2015年1月1日完成,截至2015年6月30日止半年度之綜合收益及綜合溢利將不會有重大差別,原因為2015年1月1日至2015年1月7日期間Goleman集團之收益及損益並不重大。
6. 應收款項及預付款項之公允值為港幣24,231,000元,無客觀證據證明應收款項及預付款項不能悉數收回。
7. 議價收購收益主要乃由於本公司之股價下降所致。

19. Business combination (continued)

- (b) On 31 March 2015, the Group acquired the entire issued share capital of Pure Benefits Limited which indirectly owns 2 parcels of land situated at Taian City, Shandong Province, at a consideration of HK\$1,042,363,000.

19. 業務合併 (續)

- (b) 於2015年3月31日，本集團收購Pure Benefits Limited (其間接擁有位於山東省泰安市的兩幅地塊)之全部已發行股本，代價為港幣1,042,363,000元。

		Provisional fair value 臨時公允值 HK\$'000 港幣千元
Identifiable assets acquired and liabilities assumed	所收購之可辨別資產及所承擔之負債	
Property, plant and equipment	物業、機器及設備	6
Investment properties	投資物業	1,843,221
Receivables and prepayments	應收賬款及預付金	674
Cash and bank deposits	現金及銀行存款	4,181
Other borrowings	其他借貸	(252,496)
Payables and accruals	應付賬款及應計費用	(37,882)
Deferred tax liabilities	遞延稅項負債	(332,609)
		1,225,095
Gain on bargain purchase	議價收購之收益	(182,732)
Total consideration	代價總額	1,042,363
Satisfied by:	以下列方式支付：	
Cash	現金	808,879
Repayment of former shareholder's loan	償還前股東貸款	233,484
		1,042,363
Net cash outflow in respect of business combination:	有關業務合併之現金流出淨額：	
Cash and bank deposits acquired	已取得現金及銀行存款	4,181
Cash consideration paid	已付現金代價	(808,879)
Repayment of former shareholder's loan	償還前股東貸款	(233,484)
		(1,038,182)

Notes:

- Acquisition-related costs of HK\$1,090,000 have been charged to administrative expenses in the condensed consolidated interim income statement for the period ended 30 June 2015.
- The acquired business contributed no revenue and net loss of HK\$548,000 to the Group for the period from 31 March 2015 to 30 June 2015. If the acquisition had been completed on 1 January 2015, consolidated profit of the Group for the half-year ended 30 June 2015 would have been HK\$2,070,926,000 and there would have been no difference in the consolidated revenue for the same period.
- The fair value of receivables and prepayments is HK\$674,000 and there is no objective evidence that the receivables and prepayments are not fully collectible.
- The gain on bargain purchase was a discount on consideration over the net asset value acquired after commercial negotiation with the vendor.

附註：

- 於截至2015年6月30日止期間，收購相關成本港幣1,090,000元於簡明綜合中期收益表之行政開支列支。
- 於2015年3月31日至2015年6月30日期間，所收購業務並無為本集團貢獻收益並產生虧損淨額港幣548,000元。倘收購事項於2015年1月1日完成，截至2015年6月30日止半年度之本集團綜合溢利將為港幣2,070,926,000元，而同期綜合收益將無變動。
- 應收款項及預付款項之公允值為港幣674,000元，無客觀證據證明應收款項及預付款項不能悉數收回。
- 議價收購收益為於與賣方進行商業磋商後，代價較所收購資產淨值之折讓。

19. Business combination (continued)

- (c) On 29 April 2015, the Group acquired the entire issued share capital of Wisdom Top International Limited which owns a commercial property in Guangzhou City, Guangdong Province, at a consideration of HK\$477,600,000.

19. 業務合併 (續)

- (c) 於2015年4月29日，本集團收購高慧國際有限公司（其於廣東省廣州市擁有一項商業物業）之全部已發行股本，代價為港幣477,600,000元。

		Provisional fair value 臨時公允值 HK\$'000 港幣千元
Identifiable assets acquired and liabilities assumed	所收購之可辨別資產及所承擔之負債	
Investment properties	投資物業	1,014,184
Cash and bank deposits	現金及銀行存款	196
Bank loan	銀行貸款	(370,386)
Payables and accruals	應付賬款及應計費用	(54,375)
Deferred tax liabilities	遞延稅項負債	(102,262)
		487,357
Gain on bargain purchase	議價收購收益	(9,757)
Total consideration	代價總額	477,600
Satisfied by:	以下列方式支付：	
Cash	現金	477,600
Net cash outflow in respect of business combination:	有關業務合併之現金流出淨額：	
Cash and bank deposits acquired	已取得現金及銀行存款	196
Cash consideration paid	已付現金代價	(477,600)
		(477,404)

Notes:

- Acquisition-related costs of HK\$4,474,000 have been charged to administrative expenses in the condensed consolidated interim income statement for the period ended 30 June 2015.
- The acquired business contributed revenue of HK\$10,697,000 and net profit of HK\$7,425,000 to the Group for the period from 29 April 2015 to 30 June 2015. If the acquisition had been completed on 1 January 2015, consolidated revenue and consolidated profit of the Group for the half-year ended 30 June 2015 would have been HK\$8,000,989,000 and HK\$2,086,376,000 respectively.
- The gain on bargain purchase was a discount on consideration over the net asset value acquired after commercial negotiation with the vendor.

附註：

- 於截至2015年6月30日止期間，收購相關成本港幣4,474,000元於簡明綜合中期收益表之行政開支列支。
- 於2015年4月29日至2015年6月30日期間，所收購業務為本集團貢獻收益港幣10,697,000元及淨溢利港幣7,425,000元。倘收購事項於2015年1月1日完成，截至2015年6月30日止半年度之本集團綜合收益及綜合溢利將分別為港幣8,000,989,000元及港幣2,086,376,000元。
- 議價收購收益為於與賣方進行商業磋商後，代價較所收購資產淨值之折讓。

The business combinations were accounted for by acquisition method. The gains on bargain purchase are calculated based on the provisional fair values of the identifiable assets acquired and liabilities assumed at the acquisition date and the fair value of the consideration of the respective acquisition. The Group will finalise the accounting and adjust the provisional amounts to determine the gains on bargain purchase in the Group's annual report for the year ending 31 December 2015.

業務合併採用收購法入賬。議價收購收益乃根據收購當日所收購之可辨別資產及所承擔負債之臨時公允值以及各收購事項代價之公允值進行計算。本集團將完成會計事宜並對暫定金額作出調整，以於本集團截至2015年12月31止年度之年報釐定議價收購收益。

20. Commitments under operating leases

As at 30 June 2015, the Group had future aggregate minimum lease payments payable under non-cancellable operating leases as follows:

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Land and buildings	土地及樓宇		
– not later than one year	– 第一年內	19,821	20,095
– later than one year but not later than five years	– 第二年至第五年內	13,854	15,459
		33,675	35,554
Office equipment	辦公室設備		
– not later than one year	– 第一年內	585	392
– later than one year but not later than five years	– 第二年至第五年內	1,043	960
		1,628	1,352
		35,303	36,906

As at 30 June 2015, the Group had future aggregate minimum lease payments receivable under non-cancellable operating leases, which typically run for a period of one to five years, as follows:

於2015年6月30日，本集團根據不可撤銷之營運租約於未來之最低應付租賃款項總額如下：

於2015年6月30日，本集團根據不可撤銷之營運租約（一般租賃期為一至五年）於未來之最低應收租賃款項總額如下：

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Land and buildings	土地及樓宇		
– not later than one year	– 第一年內	48,203	47,555
– later than one year but not later than five years	– 第二年至第五年內	104,471	106,250
– more than five years	– 超過五年	61,135	69,079
		213,809	222,884

21. Capital commitments

As at 30 June 2015, the Group had capital commitments as follows:

		Unaudited 30 June 2015 未經審核 2015年 6月30日 HK\$'000 港幣千元	Audited 31 December 2014 經審核 2014年 12月31日 HK\$'000 港幣千元
Contracted but not provided for – Properties under development	已訂約但未撥備 – 發展中物業	2,222,922	2,362,278

21. 資本承擔

於2015年6月30日，本集團有下列資本承擔：

22. Related party transactions

Details of significant related party transactions between the Group and its related parties are as follows:

22. 關連人士交易

本集團與其關連人士之重大關連人士交易之詳情如下：

		Unaudited Six months ended 30 June 未經審核 截至6月30日止六個月 2015 HK\$'000 港幣千元	2014 HK\$'000 港幣千元
Key management compensation	主要管理人員之酬金	57,544	52,428
Membership fee and golfing expenses paid to a former substantial shareholder (note)	支付予一名前主要股東之會籍及 高爾夫球會費用（附註）	–	473

Note:

Membership fee and golfing expenses paid to a former substantial shareholder were concluded on terms and prices agreed by both parties.

附註：

已付一名前主要股東之會籍及高爾夫球會費用乃按雙方協定之條款及價格而訂立。

Independent Auditor's Report

獨立核數師報告

**TO THE SHAREHOLDERS OF
HSIN CHONG CONSTRUCTION GROUP LTD.**
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hsin Chong Construction Group Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 98 to 185, which comprise the consolidated and company balance sheets as at 31 December 2014, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the 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 judgement, 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.

* for identification purposes only

致HSIN CHONG CONSTRUCTION GROUP LTD.
(新昌營造集團有限公司*)股東
(於百慕達註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審計列載於第98頁至185頁之Hsin Chong Construction Group Ltd. (新昌營造集團有限公司*)(以下簡稱「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,此綜合財務報表包括於2014年12月31日的綜合和公司資產負債表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表,以及主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》的披露規定編製綜合財務報表,以令綜合財務報表作出真實而公平的反映,及落實其認為編製綜合財務報表所必要的內部控制,以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見,並按照百慕達《1981年公司法》第90條僅向整體股東報告,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審計。該等準則要求我們遵守道德規範,並規劃及執行審計,以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

審計涉及執执行程序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷,包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時,核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制,以設計適當的審計程序,但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性,以及評價綜合財務報表的整體列報方式。

我們相信,我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

* 僅供識別

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 19 March 2015

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於2014年12月31日的事務狀況，及 貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，2015年3月19日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2014
截至2014年12月31日止年度

		Notes 附註	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Revenue	收益	5	14,010,505	11,505,979
Cost of sales	銷售成本	8	(13,377,607)	(10,929,245)
Gross profit	毛利		632,898	576,734
Other income and other gains, net	其他收入及其他收益淨額	6	8,516	9,545
Net exchange (loss)/gain	匯兌(虧損)/收益淨額		(2,026)	3,272
Selling and general administrative expenses	銷售及一般行政開支		(435,652)	(406,954)
Gain on bargain purchase	議價收購收益	36	–	73,210
Gain on redemption of convertible bonds	贖回可換股債券收益	32(b)	–	18,774
Fair value gain/(loss) on investment properties	投資物業公允值溢利/(虧損)	16	403,691	(17,620)
Amortisation of intangible assets	無形資產攤銷	17	(12,269)	(14,002)
Interest income	利息收入		1,370	6,869
Interest expenses	利息開支	7	(43,036)	(24,286)
Profit before taxation	除稅前溢利	8	553,492	225,542
Taxation	稅項	12	(150,617)	(32,127)
Profit for the year	本年度溢利		402,875	193,415
Profit attributable to:	應佔溢利：			
Equity holders of the Company	本公司權益持有人		387,558	185,402
Non-controlling interests	非控股權益		15,317	8,013
			402,875	193,415
Basic earnings per share (HK cents)	每股基本盈利(港幣仙)	13	13.6	12.0
Diluted earnings per share (HK cents)	每股攤薄盈利(港幣仙)	13	13.6	9.6
Dividends	股息	14	243,045	83,021

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2014
截至2014年12月31日止年度

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Profit for the year	本年度溢利	402,875	193,415
Other comprehensive income/(loss)	其他全面收益／（虧損）		
<i>Items that will not be reclassified to profit or loss:</i>	<i>將不會重新分類為損益之項目：</i>		
Actuarial (loss)/gain on retirement benefit obligations	退休福利責任之精算（虧損）／收益	(2,158)	4,579
Fair value gain on leasehold land and building	租賃土地及樓宇之公允值收益	139,291	38,573
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允值收益之遞延稅項	(22,983)	(6,365)
<i>Items that may be subsequently reclassified to profit or loss:</i>	<i>其後可能重新分類為損益之項目：</i>		
Fair value gain on available-for-sale financial asset	可供出售財務資產之公允值收益	17,608	—
Deferred tax on fair value gain of available-for-sale financial asset	可供出售財務資產公允值收益之遞延稅項	(4,402)	—
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	(33,371)	88,652
Other comprehensive income for the year, net of tax	本年度經扣除稅項後之其他全面收益	93,985	125,439
Total comprehensive income for the year, net of tax	本年度經扣除稅項後之全面收益總額	496,860	318,854
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	481,976	309,430
Non-controlling interests	非控股權益	14,884	9,424
		496,860	318,854

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2014
於2014年12月31日

		Notes 附註	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	15	578,521	463,963
Investment properties	投資物業	16	2,806,731	1,536,519
Intangible assets	無形資產	17	87,543	98,863
Goodwill	商譽	18	42,002	42,002
Available-for-sale financial asset	可供出售之財務資產	21	27,798	10,190
Deposit paid for property, plant and equipment	已付物業、機器及設備之按金		–	5,425
Deferred tax assets	遞延稅項資產	27	15,632	11,859
			3,558,227	2,168,821
Current assets	流動資產			
Properties under development	發展中物業	22	4,287,431	3,880,470
Stocks and contracting work-in-progress	存貨及興建中工程	23	2,051,994	2,429,323
Receivables and prepayments	應收賬款及預付金	24	2,394,207	1,715,975
Amounts due from non-controlling interests	應收非控股權益股東款項	25	3,910	4,340
Amounts due from other partners of joint operations	應收共同經營之其他合作 夥伴款項	20	2,886	18,444
Deposits, cash and cash equivalents	存款、現金及等同現金項目	26		
– restricted	– 受限制		30,708	4,592
– unrestricted	– 不受限制		863,960	921,188
			9,635,096	8,974,332
Current liabilities	流動負債			
Bank loans	銀行貸款	28	(2,194,118)	(1,592,840)
Notes	票據	29	(154,741)	–
Payables and accruals	應付賬款及應計費用	30	(4,227,729)	(3,797,509)
Amounts due to other partners of joint operations	應付共同經營之其他合作 夥伴款項	20	(10,750)	(17,937)
Current tax liabilities	當期稅項負債		(58,924)	(42,106)
			(6,646,262)	(5,450,392)
Net current assets	流動資產淨值		2,988,834	3,523,940
Total assets less current liabilities	總資產減流動負債		6,547,061	5,692,761
Non-current liabilities	非流動負債			
Bank loans	銀行貸款	28	(1,241,680)	(928,112)
Long service payment liabilities	長期服務金負債	33	(3,749)	(3,548)
Deferred tax liabilities	遞延稅項負債	27	(643,182)	(519,349)
Total non-current liabilities	非流動負債總計		(1,888,611)	(1,451,009)
Net assets	資產淨值		4,658,450	4,241,752

	Notes 附註	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	34	285,817	285,817
Other reserves		3,347,055	3,244,779
Retained profits		762,028	612,430
Proposed dividends		214,463	57,163
		4,609,363	4,200,189
Non-controlling interests		49,087	41,563
Total equity		4,658,450	4,241,752

Wilfred WONG Ying Wai 王英偉
Chairman and Chief Executive Officer 主席兼行政總裁

Joseph CHOI Kin Hung 蔡健鴻
Executive Director 執行董事

Company Balance Sheet

公司資產負債表

As at 31 December 2014
於2014年12月31日

		Notes 附註	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	15	10,859	5,422
Intangible assets	無形資產	17	6,409	9,833
Investment in subsidiaries	附屬公司投資	19	2,177,149	2,127,899
Loans to subsidiaries	貸款予附屬公司	19	592,000	482,000
Deferred tax assets	遞延稅項資產	27	3,586	–
			2,790,003	2,625,154
Current assets	流動資產			
Loan to a subsidiary	貸款予一間附屬公司	19	46,940	53,440
Amounts due from subsidiaries	應收附屬公司款項	19	3,490,440	2,268,865
Receivables and prepayments	應收賬款及預付金	24	146,709	20,028
Cash and cash equivalents	現金及等同現金項目	26	1,137	1,450
			3,685,226	2,343,783
Current liabilities	流動負債			
Bank loans	銀行貸款	28	(781,814)	(735,454)
Notes	票據	29	(154,741)	–
Payables and accruals	應付賬款及應計費用	30	(27,830)	(13,065)
Loan from a subsidiary	來自一間附屬公司之貸款	19	(74,000)	–
Amounts due to subsidiaries	應付附屬公司款項	19	(1,317,639)	(328,984)
			(2,356,024)	(1,077,503)
Net current assets	流動資產淨值		1,329,202	1,266,280
Total assets less current liabilities	總資產減流動負債		4,119,205	3,891,434
Non-current liabilities	非流動負債			
Loan from a subsidiary	來自一間附屬公司之貸款	19	(376,000)	(120,000)
Long service payment liabilities	長期服務金負債	33	(216)	(450)
Total non-current liabilities	非流動負債總計		(376,216)	(120,450)
Net assets	資產淨值		3,742,989	3,770,984
Equity	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔資本及儲備			
Share capital	股本	34	285,817	285,817
Other reserves	其他儲備	35	2,749,042	2,743,513
Retained profits	保留溢利	35	493,667	684,491
Proposed dividends	擬派股息	35	214,463	57,163
Total equity	權益總計		3,742,989	3,770,984

Wilfred WONG Ying Wai 王英偉
Chairman and Chief Executive Officer 主席兼行政總裁

Joseph CHOI Kin Hung 蔡健鴻
Executive Director 執行董事

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2014
截至2014年12月31日止年度

	Notes 附註	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Operating activities	經營活動		
Net cash outflow from operations	經營之現金流出淨額	42	(851,086)
Interest received	已收利息		1,370
Interest paid	已付利息		(107,958)
Tax paid	已付稅項		(37,905)
Long service payment	長期服務金		(2,210)
Advance from other partners of joint operations	來自共同經營之 其他合作夥伴之墊款		15,558
Repayment to other partners of joint operations	還款予共同經營之 其他合作夥伴		(7,187)
Net cash outflow from operating activities	經營活動之現金流出淨額		(989,418)
Investing activities	投資活動		
Net cash paid for consideration for business combination	已付業務合併代價之 現金淨額	36	–
(Placement)/release of time deposit over three months	三個月以上定期存款之 (存放)/解除		(452)
Payment to non-controlling interest upon dissolution of a non-wholly owned subsidiary	因解散一間非全資擁有附屬 公司而支付非控股 權益股東款項		(225)
Purchase of property, plant and equipment	購買物業、機器及設備		(36,893)
Purchase of intangible assets	購買無形資產		(949)
Additions of investment properties	添置投資物業		(2,456)
Addition of available-for-sale financial asset	添置可供出售財務資產		–
Deposits paid for property, plant and equipment	已付物業、機器及設備之按金		–
Net cash paid to settle former shareholders loan in a subsidiary	已付現金淨額以償付一間 附屬公司之前股東貸款	36	–
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備 所得款		250
Proceeds from disposal of investment properties	出售投資物業所得款		1,353
Receipt from disposal of held-to-maturity investments	出售持有至到期投資 之收入		–
Net cash outflow from investing activities	投資活動之現金流出淨額		(39,372)
Financing activities	融資活動		
Drawdown of bank loans	提取銀行貸款		1,893,613
Proceeds from issuance of notes, net of transaction costs	發行票據之所得款項， 扣除交易成本		148,719
Proceeds from issuance of shares by Synergis to non-controlling interests upon exercise of share options	因行使認股權而新昌管理 向非控股權益股東發行 股份所得款項		3,341
Dividends paid to non-controlling interests	已派予非控股權益股東股息		(11,020)
Dividends paid to the Company's shareholders	已派予本公司股東股息		(85,745)
Repayment of bank loans	償還銀行貸款		(975,156)
Proceeds from issuance of shares	發行股份所得款		–
Issuance of shares by exercise of warrants	通過行使認股權證發行股份		–
Transaction cost for issuance of shares	發行股份之交易成本		–
Payment on redemption of coupon bonds	贖回票息債券之付款		–
Payment on redemption of convertible bonds	贖回可換股債券之付款		–
Payment on redemption of 4% convertible bonds	贖回4%票息可換股債券 之付款		–
Net cash inflow from financing activities	融資活動之現金流入淨額		973,752

Consolidated Cash Flow Statement
綜合現金流量表

	Notes 附註	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Decrease in cash and cash equivalents	現金及等同現金項目減少	(55,038)	(572,092)
Cash and cash equivalents at the beginning of the year	於年初之現金及等同現金項目	907,725	1,476,963
Exchange (loss)/gain on cash and cash equivalents	現金及等同現金項目之匯兌(虧損)/收益	(2,642)	2,854
Cash and cash equivalents at the end of the year	於年末之現金及等同現金項目	850,045	907,725
Analysis of the balances of cash and cash equivalents:	現金及等同現金項目結存之分析：		
Bank balances and cash – unrestricted	銀行結存及現金—不受限制	863,960	921,188
Less: Time deposit over three months	減：三個月以上定期存款	(13,915)	(13,463)
Cash and cash equivalents at the end of the year	於年末之現金及等同現金項目	850,045	907,725

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2014
截至2014年12月31日止年度

		Share capital	Share premium	Exchange reserve	Capital redemption and general reserve	Special reserve	Revaluation reserve	Share options reserve	Convertible bonds and warrants equity reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	匯兌儲備	資本贖回及普通儲備	特別儲備	重估儲備	認股權儲備	可換股債券及認股權儲備	其他儲備	保留溢利	總計	非控股權益	權益總計
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	(Note i) 附註i HK\$'000 港幣千元	(Note ii) 附註ii HK\$'000 港幣千元	(Note iii) 附註iii HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	(Note iv) 附註iv HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1 January 2013	於2013年1月1日	94,835	517,435	54,516	14,420	332,046	239,287	26,599	220,835	74,137	540,459	2,114,569	39,029	2,153,598
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	-	185,402	185,402	8,013	193,415
Other comprehensive income/(loss)	其他全面收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain on retirement benefit obligations	退休福利責任之精算收益	-	-	-	-	-	-	-	-	-	4,579	4,579	-	4,579
Fair value gain on leasehold land and building	租賃土地及樓宇之公允價值溢利	-	-	-	-	-	38,573	-	-	-	-	38,573	-	38,573
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允價值溢利之遞延稅項	-	-	-	-	-	(6,365)	-	-	-	-	(6,365)	-	(6,365)
Exchange difference arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	87,241	-	-	-	-	-	-	-	87,241	1,411	88,652
Total comprehensive income	全面收益總額	-	-	87,241	-	-	32,208	-	-	-	189,981	309,430	9,424	318,854
Issue of shares upon conversion of 4% convertible bonds	因轉換4%票息可換股債券而發行股份	3,800	34,672	-	-	-	-	-	(2,020)	-	-	36,452	-	36,452
Issue of shares upon exercise of Warrants	因行使認股權證而發行股份	18,900	187,934	-	-	-	-	-	(17,834)	-	-	189,000	-	189,000
Issue of shares upon conversion of convertible bonds	因轉換可換股債券而發行股份	33,282	492,144	-	-	-	-	-	(134,474)	-	-	390,952	-	390,952
Redemption of convertible bonds (Note 32(b))	贖回可換股債券(附註32(b))	-	-	-	-	-	-	-	(66,021)	-	(10,813)	(76,834)	-	(76,834)
Issuance of shares for business combination	就業務合併發行股份	135,000	1,153,100	-	-	-	-	-	-	-	-	1,288,100	-	1,288,100
Equity settled share-based transactions	以股份為基礎之股權結算交易	-	-	-	-	-	-	2,411	-	-	-	2,411	440	2,851
Transfer upon share options lapsing	因認股權失效而轉撥	-	-	-	-	-	-	(3,371)	-	-	3,371	-	-	-
Transfer upon redemption of convertible bonds	因贖回可換股債券而轉撥	-	-	-	-	-	-	-	(486)	-	486	-	-	-
Dividends paid	已派股息	-	-	-	-	-	-	-	-	-	(53,891)	(53,891)	(7,330)	(61,221)
		190,982	1,867,850	-	-	-	-	(960)	(220,835)	-	(60,847)	1,776,190	(6,890)	1,769,300
At 31 December 2013	於2013年12月31日	285,817	2,385,285	141,757	14,420	332,046	271,495	25,639	-	74,137	669,593	4,200,189	41,563	4,241,752
At 1 January 2014	於2014年1月1日	285,817	2,385,285	141,757	14,420	332,046	271,495	25,639	-	74,137	669,593	4,200,189	41,563	4,241,752
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	-	387,558	387,558	15,317	402,875
Other comprehensive income/(loss)	其他全面收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial loss on retirement benefit obligations	退休福利責任之精算虧損	-	-	-	-	-	-	-	-	-	(2,158)	(2,158)	-	(2,158)
Fair value gain on leasehold land and building	租賃土地及樓宇之公允價值溢利	-	-	-	-	-	139,291	-	-	-	-	139,291	-	139,291
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允價值溢利之遞延稅項	-	-	-	-	-	(22,983)	-	-	-	-	(22,983)	-	(22,983)
Fair value gain on available-for-sale financial asset	可供出售財務資產之公允價值溢利	-	-	-	-	-	17,608	-	-	-	-	17,608	-	17,608
Deferred tax on fair value gain of available-for-sale financial asset	可供出售財務資產公允價值溢利之遞延稅項	-	-	-	-	-	(4,402)	-	-	-	-	(4,402)	-	(4,402)
Exchange difference arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	(32,938)	-	-	-	-	-	-	-	(32,938)	(433)	(33,371)
Total comprehensive income	全面收益總額	-	-	(32,938)	-	-	129,514	-	-	-	385,400	481,976	14,884	496,860
Issue of shares by Synergis to non-controlling interests upon exercise of share options	因行使認股權而新昌管理向非控股權益股東發行股份	-	-	-	-	-	-	(556)	-	-	-	(556)	3,897	3,341
Equity settled share-based transactions	以股份為基礎之股權結算交易	-	-	-	-	-	-	2,609	-	-	(793)	1,816	(12)	1,804
Transfer upon share options lapsing	因認股權失效而轉撥	-	-	-	-	-	-	(8,036)	-	-	8,036	-	-	-
Recognition of warrants	確認認股權證	-	-	-	-	-	-	-	11,683	-	-	11,683	-	11,683
Payment to non-controlling interest upon dissolution of a non-wholly owned subsidiary	因解散一間非全資擁有附屬公司而支付非控股權益股東款項	-	-	-	-	-	-	-	-	-	-	-	(225)	(225)
Dividends paid	已派股息	-	-	-	-	-	-	-	-	-	(85,745)	(85,745)	(11,020)	(96,765)
		-	-	-	-	-	-	(5,983)	11,683	-	(78,502)	(72,802)	(7,360)	(80,162)
At 31 December 2014	於2014年12月31日	285,817	2,385,285	108,819	14,420	332,046	401,009	19,656	11,683	74,137	976,491	4,609,363	49,087	4,658,450

Consolidated Statement of Changes in Equity

綜合權益變動表

Notes:

- (i) Capital redemption reserve was created during the repurchase of shares of HK\$4,420,000. General reserve amounts to HK\$10,000,000.
- (ii) Special reserve comprises the difference between the fair value of the consideration, net of deferred taxation and fair value of acquiring land parcels in Tieling, the People's Republic of China (the "PRC"). This reserve will be recognised through the retained profits upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates, in proportion to the percentage the Group disposes.
- (iii) Revaluation reserve comprises the fair value gains, net of deferred tax, on leasehold land and building held for own use and available-for-sale financial assets.
- (iv) Other reserve was arisen from the Group's reorganisation and realignment of business activities.

On 30 November 2012, the Company completed the disposal of Interiors & Special Projects division to Driven Power Management Limited ("Driven Power"), a wholly owned subsidiary of Synergis Holdings Limited ("Synergis"), a separately listed subsidiary of the Company. The transaction was accounted for as a transaction with non-controlling interests.

As part of the settlement of the consideration, Synergis issued 58,666,667 convertible preference shares ("CPS") to the Company. In determining the Group's economic interest in Synergis after the transaction, management has taken into account the rights of the CPS holders, among other things, potential voting rights and the same entitlement to dividends and other distributions as the ordinary shareholders, and that a holder of the CPS is entitled to the return of capital in priority of ordinary shares in case of winding up of Synergis. Accordingly, the Group's economic interest in Synergis increased from 50.94% to 58.31% and the gain on disposals to non-controlling interests of HK\$77,664,000 was recognised in equity.

附註：

- (i) 因購回股份而產生港幣4,420,000元之資本贖回儲備。普通儲備達港幣10,000,000元。
- (ii) 特別儲備為收購於中華人民共和國(「中國」)鐵嶺地塊的代價公允值(扣除遞延稅項)與取得地塊之公允值的差額。此儲備將於出售該等附屬公司時，或該等附屬公司出售所涉及的資產時(以較早者為準)，按本集團出售的比例，確認於保留溢利。
- (iii) 重估儲備包括用作自用之租賃土地及樓宇及可供出售財務資產經扣除遞延稅項後之公允值溢利。
- (iv) 其他儲備因本集團重組及業務調整而產生。

於2012年11月30日，本公司完成向Driven Power Management Limited (「Driven Power」)，Synergis Holdings Limited (新昌管理集團有限公司* (「新昌管理」)，本公司之獨立上市附屬公司)的全資擁有附屬公司出售室內裝飾及特殊項目分部。該項交易入賬作為與非控股權益之交易。

作為償付代價的一部份，新昌管理向本公司發行58,666,667股可轉換優先股(「可轉換優先股」)。為於完成交易後釐定本集團於新昌管理的經濟權益，管理層認為可轉換優先股持有人的權利應計算在內，當中包括潛在投票權及與普通股持有人享有同等權利獲得股息及其他分派，而倘新昌管理清盤，可轉換優先股持有人相對普通股持有人有權優先取回資本。因此，本集團於新昌管理的經濟權益由50.94%增至58.31%，而出售予非控股權益的港幣77,664,000元收益則確認於權益中。

* for identification purposes only

* 僅供識別

1 General information

Hsin Chong Construction Group Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) are engaged in building construction, civil engineering, electrical and mechanical installation, interiors and special projects, property development and investment, and provision of property and facility management services.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company has its primary listing on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The financial statements are presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated, and were approved for issue by the board of directors of the Company on 19 March 2015.

2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, leasehold land and building and available-for-sale financial assets which are carried at fair value.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

* for identification purposes only

1 一般資料

Hsin Chong Construction Group Ltd. (新昌營造集團有限公司*) (「本公司」) 及其附屬公司 (統稱「本集團」) 從事樓宇建造、土木工程、機電安裝工程、室內裝飾及特殊項目、物業發展及投資，以及提供物業及設施管理服務。

本公司為於百慕達註冊成立的有限責任公司。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda。本公司以香港聯合交易所有限公司(「聯交所」)主板作第一上市。

除另有列明外，本財務報表以港幣千元為單位列示，並已於2015年3月19日獲本公司董事會批准刊發。

2 主要會計政策概要

編製財務報表所採納之主要會計政策載列如下。除另有說明外，該等政策已於所有呈報年度貫徹應用。

(a) 編製基準

本綜合財務報表乃根據香港會計師公會(「香港會計師公會」)所頒佈之香港財務報告準則(「香港財務報告準則」)而編製。綜合財務報表按歷史成本慣例編製，並已就按公允值列賬之投資物業重估、租賃土地及樓宇及可供出售之財務資產作出修訂。

本財政年度及比較期間繼續沿用前公司條例(第32章)之適用規定編製綜合財務報表。

在遵照香港財務報告準則編製財務報表時，須採用若干重大會計估計，管理層亦須在應用本集團會計政策之過程中作出判斷。附註4載述涉及較多判斷或較複雜之範疇、或假設及估計對綜合財務報表有重大影響之範疇。

* 僅供識別

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(i) New and amended standards adopted by the Group

The following new/revised HKFRSs, amendments and interpretations are mandatory for the first time for the financial year beginning 1 January 2014.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Interpretation 21	Leases

The adoption of the new/revised HKFRSs, amendments and interpretations that are relevant to the Group's operations and mandatory for annual periods beginning on 1 January 2014 has had no material impact on the Group's results and financial position.

2 主要會計政策概要 (續)

(a) 編製基準 (續)

(i) 本集團採納之新訂及經修訂準則

以下新訂／經修訂之香港財務報告準則、修訂及詮釋須於2014年1月1日開始之財政年度首次採納。

香港財務報告準則 第10號、香港 財務報告準則 第12號及香港 會計準則第27號 (修訂本) (2011年)	投資實體
香港會計準則第32號 (修訂本)	財務資產及財務負債之抵銷
香港會計準則第36號 (修訂本)	非財務資產之可收回款項披露
香港會計準則第39號 (修訂本)	衍生工具更替及對沖會計法之 延續
香港(國際財務報告 詮釋委員會) — 詮釋第21號	徵費

採用與本集團之業務相關並於2014年1月1日開始之年度期間強制生效之新訂／經修訂香港財務報告準則、修訂本及詮釋對本集團之業績及財務狀況並無重大影響。

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

- (ii) New and amended standards have been issued and relevant to the Group, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted in preparing these consolidated financial statements

Annual Improvements Project	Annual Improvement 2010 – 2012 Cycle ¹
Annual Improvements Project	Annual Improvement 2011 – 2013 Cycle ¹
Annual Improvements Project	Annual Improvement 2012 – 2014 Cycle ²
Amendments to HKFRS 11	Accounting for acquisitions of Interest in Joint Operations ²
Amendments to HKAS16 and HKAS38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS27	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10 and HKAS28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
HKFRS 15	Revenue from Contracts with Customers ³
HKFRS 9 (2014)	Financial Instruments ⁴

¹ Effective for annual periods beginning on 1 January 2015

² Effective for annual periods beginning on 1 January 2016

³ Effective for annual periods beginning on 1 January 2017

⁴ Effective for annual periods beginning on 1 January 2018

The Group is in the process of assessing the impact of the above new standards and amendments to existing standards on the Group's consolidated financial statements.

2 主要會計政策概要 (續)

(a) 編製基準 (續)

- (ii) 於編製該等綜合財務報表時並無提早採納於2014年1月1日開始之財政年度已頒佈且與本集團有關但尚未生效之新訂及經修訂準則

年度改進項目	2010年至2012年週期的年度改進 ¹
年度改進項目	2011年至2013年週期的年度改進 ¹
年度改進項目	2012年至2014年週期的年度改進 ²
香港財務報告準則第11號(修訂本)	收購共同經營權益之會計法 ²
香港會計準則第16號及香港會計準則第38號(修訂本)	澄清折舊及攤銷之可接受方法 ²
香港會計準則第27號(修訂本)	獨立財務報表之權益法 ²
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營或合營企業之間的資產出售或注資 ²
香港財務報告準則第15號	與客戶之合約收益 ³
香港財務報告準則第9號(2014年)	財務工具 ⁴

¹ 於2015年1月1日開始之年度期間生效

² 於2016年1月1日開始之年度期間生效

³ 於2017年1月1日開始之年度期間生效

⁴ 於2018年1月1日開始之年度期間生效

本集團正在評估上述新訂準則及現有準則之修訂本對本集團綜合財務報表之影響。

2 Summary of significant accounting policies (continued)

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2014.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business Combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

For purchase of subsidiaries which constitutes a purchase of assets rather than a business combination, the assets and liabilities acquired are accounted for in accordance with the relevant accounting policies for the assets and liabilities rather than the acquisition method of accounting.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the accounting policies adopted by the Group.

2 主要會計政策概要 (續)

(b) 綜合

綜合財務報表包括本公司及其所有附屬公司截至2014年12月31日止之財務報表。

附屬公司(包括結構性實體)指本集團對其有控制權之所有實體。當本集團因參與實體而面臨或有權享有可變回報,且能夠透過其對實體的控制權影響相關回報時,本集團控制該有關實體。附屬公司於其控制權轉移至本集團當日綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

(i) 業務合併

本集團應用收購會計法將業務合併入賬。收購附屬公司之收購轉讓代價為所轉讓之資產、被收購方前擁有人所產生之負債及本集團所發行之股本權益之公允值。轉讓代價包括或然轉讓代價之安排所產生之任何資產或負債之公允值。收購之相關成本在產生時支銷。在業務合併過程中所收購之可辨別資產,所承擔之負債及或然負債,均於收購當日按其公允值作出初步計量。本集團可就個別收購基準按公允值或依據非控股權益應佔被收購方之已確認可辨認資產淨值之比例,確認任何於被收購方之非控股權益。

所轉讓代價,於收購被收購方的任何非控股權益金額及任何先前於被收購方的權益於收購日期的公允值高於所收購可辨認資產淨值的公允值時,其差額以商譽列賬。就議價購買而言,如轉讓代價、已確認非控股權益及先前持有的權益總額低於所收購附屬公司資產淨值的公允值,其差額將直接在收益表中確認。

倘收購附屬公司構成收購資產而非業務合併,則所取得的資產及負債根據處理資產及負債的相關會計政策(而非收購會計法)入賬。

公司間交易、集團公司間交易之結餘及未變現盈虧已對銷。於必要時,附屬公司所呈報之金額已經作出調整,以符合本集團所採納之會計政策。

2 Summary of significant accounting policies (continued)

(b) Consolidation (continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures; depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. For the joint arrangements that specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements, they are classified as joint operations. For the remaining joint arrangements, they are classified as joint ventures.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK dollars"), which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

2 主要會計政策概要 (續)

(b) 綜合 (續)

(ii) 在不改變控制權的情況下，附屬公司之擁有權益變動

不導致失去控制權之非控股權益交易入賬列作權益交易—即以彼等為擁有人之身份與擁有人進行交易。任何已付代價公允值與所收購相關應佔附屬公司資產淨值賬面值之差額列作權益。向非控股權益出售之盈虧亦列作權益。

(c) 共同安排

於共同安排之投資分類為共同經營業務或合營企業，乃根據各投資方之合約權利及責任（而非共同安排之法定架構）進行分類。就闡明共同安排訂約方對有關共同安排的資產擁有權利而對有關共同安排的負債負有義務的共同安排而言，其被分類為共同經營業務。就剩餘的共同安排而言，其被分類為合營企業。

(d) 外幣換算

(i) 功能及呈報貨幣

本集團各實體之財務報表所包括之項目，乃按該實體經營所在之主要經濟環境之貨幣（「功能貨幣」）計量。綜合財務報表以本公司之功能貨幣及本集團之呈報貨幣港幣（「港幣」）呈列。

(ii) 交易及結餘

外幣交易均按交易當日之通行匯率換算為功能貨幣。因上述交易結算及按結算日之匯率兌換以外幣計值之貨幣資產及負債而產生之匯兌盈虧，均於綜合收益表確認。

非貨幣性財務資產（例如分類為可供出售之權益）之換算差額計入其他全面收益內。

2 Summary of significant accounting policies (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

On consolidation, currency translation differences arising from the translation of the net investment in foreign entities, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(e) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2 主要會計政策概要 (續)

(d) 外幣換算 (續)

(iii) 集團公司

集團旗下所有實體如持有與呈報貨幣不一致之功能貨幣，當中並無任何公司持有嚴重通脹之經濟體系貨幣，其業績和財務狀況均按以下方法換算為呈報貨幣：

- 每項資產負債表之資產及負債均按照該資產負債表結算日之收市匯率換算為呈報貨幣；
- 每項收益表之收入和開支均按照平均匯率換算為呈報貨幣；及
- 所有產生之匯兌差額均於其他全面收益確認。

因收購海外實體而產生之商譽及公允值調整，均作為海外實體之資產與負債處理，並按收市匯率換算。所產生之匯兌差額乃於其他全面收益確認。

在綜合賬目時，換算海外公司投資淨額而產生之匯兌差額，均列入股東權益內。當出售海外業務時，此等匯兌差額將於綜合收益表內確認為出售收益或虧損之一部份。

(e) 無形資產

(i) 商譽

商譽指收購成本高出收購日本集團所佔收購附屬公司之可辨認淨資產公允值之金額。商譽每年進行減值測試，並按成本減累積減值虧損列賬。商譽之減值虧損不會撥回。計算出售企業之盈虧包括與該企業相關之商譽賬面值。

就減值測試而言，商譽會被分配至現金產生單位，分配乃根據按營業分類所識別、預期可從有關業務合併中得益之現金產生單位或現金產生單位組別。

2 Summary of significant accounting policies (continued)

(e) Intangible assets (continued)

(ii) Trademarks and trade names

Separately acquired trademarks and trade names are shown at historical cost. Trademarks and trade names acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks and trade names that have a finite useful life are carried at cost less accumulated amortisation.

Trademarks that have indefinite useful lives are not amortised. They are subject to impairment testing annually and whenever there is an indication that it may be impaired.

(iii) Secured contracts

Secured contracts acquired in a business combination are recognised at fair value at the acquisition date. The secured contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contracts of 5 years.

(iv) Client relationships

Client relationships acquired in a business combination are recognised at fair value at the acquisition date. The client relationships have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the client relationships of 9 years.

2 主要會計政策概要 (續)

(e) 無形資產 (續)

(ii) 商標及商號名稱

獨立購入之商標及商號名稱按歷史成本列賬。在業務合併中購入之商標及商號名稱按收購日之公允值確認。

有指定可使用年期之商標及商號名稱具按成本減累積攤銷列賬。

沒有指定可使用年期之商標不作攤銷。但每年會進行減值測試，當測試顯示有減損時作出減值。

(iii) 取得合約

在業務合併中購入之取得合約按收購日之公允值確認。取得合約具有有限可使用年期，並按成本減累積攤銷列賬。攤銷乃根據預計5年可使用合約期以直線法計算。

(iv) 客戶關係

在業務合併中購入之客戶關係按收購日之公允值確認。客戶關係具有有限可使用年期，並按成本減累積攤銷列賬。攤銷乃根據客戶關係之預計9年可使用年期以直線法計算。

2 Summary of significant accounting policies (continued)

(e) Intangible assets (continued)

(v) Computer software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and to use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

(f) Investment properties

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the companies in the Group. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if the property would otherwise meet the definition of an investment property and the lessee uses the fair value model for the asset recognised.

2 主要會計政策概要 (續)

(e) 無形資產 (續)

(v) 電腦軟件

與維修電腦軟件程式相關的成本已於產生時確認為費用支銷。設計及測試由集團控制的可識別及獨有軟件產品直接應佔之開發成本於符合下列條件時確認為無形資產：

- 在技術上完成該軟件產品以使其可供使用是可行的；
- 管理層有意完成及使用或出售該軟件產品；
- 有能力使用或出售該軟件產品；
- 可證實該軟件產品如何產生很有可能出現的未來經濟利益；
- 有足夠的技術、財務和其他資源完成開發及使用或出售該軟件產品；及
- 該軟件產品在開發期內應佔的開支能可靠地計量。

可資本化成為軟件產品一部份的直接應佔成本包括軟件開發的員工成本和適當比例的相關經常開支。

不符合以上條件的其他開發成本在產生時確認為開支。過往確認為開支的開發成本不會在往後期間確認為資產。

確認為資產的電腦軟件開發成本乃按估計不超過三年之可使用年期攤銷。

(f) 投資物業

投資物業是指持有作為長期收取租金或／及為資本增值，而並非由本集團內企業所佔用之物業。當投資物業之餘下定義均獲符合時，持作營運租約之土地入賬為投資物業。於此情況下，有關營運租約則被視為猶如金融租約入賬。倘有關物業能符合投資物業之其他定義及承租人以公允值模式作資產確認，則根據營運租約承租人所持之物業權益可能分類及入賬為投資物業。

2 Summary of significant accounting policies (continued)

(f) *Investment properties (continued)*

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at the end of the reporting period by independent professional qualified valuers.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections.

Subsequent expenditure is recognised in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial year in which they are incurred.

Changes in fair values are charged in the consolidated income statement.

(g) *Property, plant and equipment*

- (i) Property comprises leasehold land (classified as a finance lease) and a building held for own use and is stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the consolidated income statement to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

When a revalued asset is sold, the amount included in the revaluation reserve is transferred to retained earnings.

2 主要會計政策概要 (續)

(f) *投資物業 (續)*

投資物業初步按成本列賬，並包括相關之交易費用。於初步確認後，投資物業按獨立專業合資格估值師於報告期間之結算日根據公開市價釐定之公允值列賬。

公允值按活躍市價釐定，倘有需要，會就指定資產於性質、地點或狀況三方面之任何差異作出調整。倘並無有關資料，本集團將會採用其他估值方法，例如活躍程度稍遜市場之最近期價格或貼現現金流量預測。

其後支出只有在與有關項目有關之未來經濟利益有可能流入本集團，而有關項目之成本亦能可靠地衡量時，才確認於資產賬面值中。所有其他維修及保養成本在產生之財政年度內於綜合收益表支銷。

公允值之變動計入綜合收益表。

(g) *物業、機器及設備*

- (i) 物業包括用作自用之租賃土地（分類為融資租約）及樓宇，並以公允值減其後任何累積折舊及其後累積減值虧損列賬，並由獨立專業合資格估值師定期進行物業重估。重估產生之變動於其他全面收益中處理，其累積變動反映於重估儲備中。若重估出現虧損時，就緊接重估前之同一項資產而言，超出計入儲備之金額，其超出部份於綜合收益表列支。

於物業重估日，任何累積折舊與該資產賬面總值對銷，該資產之賬面淨值因而重列至該資產之重估金額。

當出售一項已被重估之資產，其於重估儲備內之金額將轉撥至保留溢利。

2 Summary of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

- (ii) All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial year in which they are incurred.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land classified as finance lease	over the unexpired period of the lease
Building	5%
Leasehold improvements	over the unexpired period of the lease
Plant and machinery	10%-50%
Furniture, fixtures and equipment	10%-50%
Motor vehicles	25%-30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

2 主要會計政策概要 (續)

(g) 物業、機器及設備 (續)

- (ii) 所有其他物業、機器及設備以歷史成本減累積折舊及累積減值虧損列賬。歷史成本包括直接歸屬於購置該等項目之開支。

當與有關項目相關之未來經濟利益可流入本集團，而項目之成本又能可靠計算時，則其後之成本計入該資產賬面值或確認為獨立資產（倘適用）。所有其他維修及保養費用於產生之財政年度於綜合收益表中支銷。

物業、機器及設備按資產預計可使用年期以直線法平均攤銷資產之成本值減累積減值。主要折舊年率如下：

分類為融資租約之租賃土地	按租約尚餘期間折舊
樓宇	5%
租賃物業裝修	按租約尚餘期間折舊
機器及設備	10%-50%
傢俬、固定裝置及設備	10%-50%
汽車	25%-30%

於每個結算日均會檢討及調整（如適用）資產之餘值及其可使用年期。

倘資產之賬面值高於其估計可收回金額，則資產賬面值即時撇減至其可收回金額。

物業、機器及設備之出售盈虧乃銷售所得款淨額與相關資產之賬面值差額，並於綜合收益表中確認入賬。

2 Summary of significant accounting policies (continued)

(h) Properties under development

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

The costs of properties under development comprises costs of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period.

If a property under development becomes an investment property under development when there is a change in use, any difference resulting between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

(i) Stocks and contracting work-in-progress

Stocks are stated at the lower of the cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Contracting work-in-progress is valued at cost incurred plus an appropriate proportion of profits after deducting progress payments and allowances for foreseeable losses. Cost comprises direct materials, labour and overheads expenses incurred in bringing the work-in-progress to its present condition.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and retention receivables. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(j) Financial assets

The Group classifies its investments as available-for-sale financial assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2 主要會計政策概要 (續)

(h) 發展中物業

發展中物業以成本及可變現淨值之較低者列賬。可變現淨值經考慮最終預計可變現價格，減去適用可變動銷售開支及預期竣工成本予以估計。

發展中物業的成本包括土地使用權費用、合資格資產撥充資本之建築成本、借貸成本及在建期間產生的專業費用。

倘發展中物業於用途發生變動時成為發展中投資物業，該物業於該日期之公允值與其過往賬面值之所產生之任何差額乃於損益表中確認。

(i) 存貨及興建中工程

存貨是按其成本及可變現淨值兩者中之較低者報值。可變現淨值乃按預計銷售所得款項扣除估計營銷開支計算。

興建中工程則按成本加適當比例之應佔利潤減已收工程賬款及可預見虧損準備列值。成本包括使興建中工程達致現況所需支付之直接物料、勞工及間接開支。

倘進行中合約所產生成本加上已確認溢利或減已確認虧損超出進度發票額，本集團按資產呈列為應收客戶之工程款項毛額。客戶尚未支付之進度發票額及保固金，計入貿易及保固金應收賬款。倘進行中合約之進度發票額超出所產生成本加上已確認溢利或減已確認虧損，本集團按負債呈列為應付客戶之工程款項毛額。

(j) 財務資產

本集團分類其投資為可供出售之財務資產。

可供出售之財務資產即指定為這一類別或不屬於其他類別之非衍生財務資產。除非管理層有意於結算日起計十二個月內出售該等投資，否則該等項目入賬列為非流動資產。

一般之財務資產買賣於本集團承諾購買或出售該資產之交易日確認。所有非按照公允值計入溢利或虧損之財務資產初步按公允值加交易成本確認。財務資產於收取現金流量之權利已屆滿或已轉讓，及本集團已將擁有權所涉之大部份風險與回報轉移時取消確認。

2 Summary of significant accounting policies (continued)

(j) *Financial assets (continued)*

Available-for-sale financial assets are subsequently carried at fair value. Changes in carrying amount are recognised in other comprehensive income.

The fair values of quoted financial assets are based on current bid prices. For financial assets that are not traded in an active market (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

(k) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases.

(i) *The Group is the lessee*

Payments made under operating leases net of any incentives received from the lessors are charged to the consolidated income statement on a straight-line basis over the lease periods.

(ii) *The Group is the lessor*

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income from an operating lease is recognised over the term of the lease on a straight-line basis.

2 主要會計政策概要 (續)

(j) *財務資產 (續)*

可供出售之財務資產其後按公允值入賬。賬面值之變動則計入其他全面收益內。

有報價之財務資產以其現時競價為公允值。倘財務資產並非於活躍市場作買賣（及就非上市證券而言），本集團會利用估值技術釐定公允值。有關技術包括參考近期之公平交易，參考其他大致上相同之投資工具，貼現現金流量分析及股權定價模式，並盡最大程度使用市場數據及在可能情況下越少依據實體之個別數據。

本集團將於每個結算日評估財務資產或一組財務資產有否出現減值之客觀證據。若股票證券被劃分為可供出售之財務資產，在判斷該證券有否減值時，須考慮其公允值是否大幅或長期低於其成本。如可供出售之財務資產出現此等跡象，其累積虧損（收購成本與現時公允值之差額，減去該財務資產以前已計入綜合收益表之任何減值虧損）將從權益賬扣除，並計入於綜合收益表。已計入綜合收益表之股權工具減值虧損不會透過綜合收益表回撥。

(k) *營運租約*

資產擁有權之重大部份風險及得益實質由出租公司保留之租約皆以營運租約方式入賬。

(i) *本集團為承租人*

營運租約支出在扣除自出租公司收取之任何獎勵金後，按租賃期於綜合收益表中以直線法平均支銷。

(ii) *本集團為出租人*

根據營運租約出租之資產按其性質包括在資產負債表內。來自營運租約之租賃收入以直線法，在租賃期內確認。

2 Summary of significant accounting policies (continued)

(l) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to the consolidated income statement.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less from the date of investment, and bank overdrafts.

(n) Impairment of investments in subsidiaries, and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed and considered for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 主要會計政策概要 (續)

(l) 應收賬款

應收賬款初期按公允值確認，其後以實際利率法按攤銷成本扣除減值撥備計量。應收賬款之減值撥備於出現客觀證據表明本集團無法按應收賬款之原有條款收回所有金額時確立。債務人遇到重大之財務困難使其有可能面臨破產或財務重組及有可能違約或拖欠付款，均顯示應收賬款已出現減值。撥備金額為資產賬面值與估計未來現金流量現值（按實際利率貼現計算）之差額。撥備金額於綜合收益表內確認。當一項應收賬款被認為不可收回，其數額將從應收賬款撥備撤銷。其後收回已撤銷之應收賬款於綜合收益表中內抵免。

(m) 現金及等同現金項目

現金及等同現金項目包括庫存現金、銀行通知存款、其他原到期日為由投資日期起計三個月或以下之短期高流通性投資以及銀行透支。

(n) 附屬公司及非財務資產投資之減值

沒有確定使用年期之資產（例如商譽）無需攤銷，但每年須進行減值測試。各項資產於當有事件出現或情況改變顯示賬面值可能無法收回時，須就減值進行檢討。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產之公允值扣除銷售成本或使用價值兩者之間較高者為準。資產按可分開識別現金流量（現金產生單位）之最低層次組合作分類進行減值評估。除商譽外，已蒙受減值之非財務資產在每個報告日均就減值是否可以撥回進行檢討及考慮。

當收到附屬公司投資之股息時，而股息超過附屬公司在股息宣派期間之全面收益總額，或在單獨財務報表中之投資賬面值超出被投資方資產淨值於綜合財務報表中之賬面值（包括商譽），則必須對有關投資進行減值測試。

2 Summary of significant accounting policies (continued)

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Trade payable

Trade payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Current and deferred tax

The tax expense for the year comprises current and deferred tax.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and joint operations operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred taxation liability is settled.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint operations, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

2 主要會計政策概要 (續)

(o) 借款

借款初期以公允值扣除交易成本後確認。借款其後按攤銷成本列賬，所得款項（扣除交易成本）與贖回價值之任何差額則於借款期內以實際利率法於綜合收益表內確認。

除非本集團有權無條件於結算日期後將負債之結算遞延至少十二個月，否則借款分類為流動負債。

(p) 應付賬款

應付賬款初步按公允值確認，其後以實際利率法按攤銷成本計量。

(q) 當期及遞延稅項

本年度稅項開支包括當期及遞延稅項。

當期稅項支出以本公司及其附屬公司及共同經營業務營運及產生應課稅收入之國家於結算日已頒佈或實質頒佈之稅務法例計算。管理層就適用稅務法例詮釋所規限之情況定期評估報稅表之狀況，並在適用情況下根據預期須向稅務機關支付之稅款設定撥備。

遞延稅項採用負債法就資產及負債之稅基與它們在財務報表之賬面值兩者之暫時差異作全數撥備。然而，於非業務合併之交易中初次確認資產或負債而產生遞延稅項，而交易當時並無影響會計處理及應課稅溢利或虧損，則不會將遞延稅項入賬。遞延稅項按結算日前已實施或實際實施，並在變現有關遞延稅項資產或清償遞延稅項負債時預期將會適用之稅率（及法例）而釐定。

稅項於收益表中確認，但與在其他全面收益或直接在權益中確認之項目之相關稅項除外。在該情況下，有關稅項分別在其他全面收益或直接在權益中確認。

遞延稅項資產乃就有可能將未來應課稅溢利與可動用之暫時差異抵銷而確認。

遞延稅項乃就附屬公司及共同經營業務投資之暫時差異而撥備，但假若可以控制暫時差異撥回之時間，並有可能在可預見未來不會撥回則除外。

2 Summary of significant accounting policies (continued)

(q) *Current and deferred tax (continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) *Contingent liabilities*

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(t) *Employee benefits*

(i) *Retirement benefits*

The Group participates in mandatory provident fund schemes in Hong Kong which are defined contribution plan generally funded through payments to trustee-administered funds. The assets of the scheme are held separately from those of the Group in independently administered funds.

2 主要會計政策概要 (續)

(q) *當期及遞延稅項 (續)*

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延稅項資產和負債涉及由同一稅務機關對應同一應課稅實體或對應不同應課稅實體，並有意向以淨額基準結算稅項結餘時，則可將遞延稅項資產與負債互相抵銷。

(r) *撥備*

當本集團因已發生之事件而產生現有之法律或推定責任，並很有可能需要資源流出以償付責任及金額已能可靠地估計時，即會確認撥備。未來經營虧損不確認撥備。

如有多項類似責任會根據責任之類別整體考慮是否需要在償付中流出資源。即使在同一責任類別所包含之任何一個項目之相關資源流出之可能性極低，仍需確認撥備。

撥備採用稅前率按照預期需償付有關責任之開支現值計量，該稅前率反映當時市場對金錢時間值和有關責任固有風險之評估。隨著時間過去而增加之撥備確認為利息開支。

(s) *或然負債*

或然負債乃因過去事件而可能出現之責任，而僅視乎日後會否出現一項或多項非本集團可完全控制之事件而確認。或然負債也可能是因過去事件而產生之現有責任，但由於未必需要流出經濟資源或不能就該責任之數額作可靠估計而未有確認有關責任。

雖然或然負債不予確認，但須於財務報表附註中披露。倘情況有變可能導致資源流出時，或然負債則確認為撥備。

(t) *僱員福利*

(i) *退休福利*

本集團參與香港強制性公積金計劃，該計劃為一項透過向信託人管理基金付款之界定供款計劃。該計劃之資產由獨立管理之基金持有，與本集團之資產分隔。

2 Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

(i) Retirement benefits (continued)

Pursuant to the relevant regulations of the government in the People's Republic of China ("PRC"), the subsidiaries in the PRC participate in the municipal government contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government of the PRC is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme. The Group's contributions to the scheme are expensed as incurred.

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. It is the Group's policy to forfeit any untaken annual leave within a specific time period. Subject to regular assessment of staff turnover rate, a provision will be made or reversed. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Share-based compensation

The Group operates two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares and the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2 主要會計政策概要 (續)

(t) 僱員福利 (續)

(i) 退休福利 (續)

根據中華人民共和國(「中國」)政府之有關規例，中國國內之附屬公司須參與市政府之供款計劃，據此，附屬公司須就該計劃為合資格僱員提供退休福利供款。中國市政府負責支付予退休僱員所有福利承擔，本集團就該項計劃所承擔之唯一責任是根據該計劃規定持續作出供款。本集團對該計劃之供款於產生時作開支支銷。

(ii) 僱員應享假期

僱員應享之年假及長期服務假權利在僱員應該享有時確認。本集團截至結算日止已就僱員提供之服務就估計年假責任作出撥備。根據本集團政策，於指定時間內未曾動用之年假將被註銷。本集團定期評估員工的流失率，將計提或撥回撥備。僱員之病假及產假在僱員正式休假時確認。

(iii) 以股份為基礎之補償

本集團設有兩項以股份為基礎之股權結算補償計劃，根據該等計劃，實體收取僱員之服務作為本集團權益工具（認股權）之代價。僱員以獲取授予認股權而提供服務之公允值確認為開支。開支總金額乃參考授予之認股權公允值而釐定，但不包括任何非市場服務及表現歸屬條件（例如盈利能力、銷售增長目標和僱員在特定時期內留任實體）之影響。非市場歸屬條件包括在有關預期將予歸屬之認股權數目之假設中。開支總金額在歸屬期間內確認，歸屬期間指等待所有特定歸屬條件符合之期間。在每個結算日，本公司依據非市場歸屬條件修訂其對預期將予歸屬認股權數目的估計。對原估計修訂（如有）之影響在綜合收益表確認，並對權益作出相應調整。

當認股權獲行使時，本公司發行新股，而收取之所得款經扣除任何直接應計交易成本後，計入股本（面值）及股份溢價。

2 Summary of significant accounting policies (continued)

(t) Employee benefits (continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(v) Long service payment liabilities

The Group's net obligation in respect of long service accounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine the present value and reduced by entitlements accrued under the Group's retirement plans. The obligation is calculated using the projected unit credit method by a qualified actuary. Actuarial gains or losses were recognised immediately in current financial year.

(vi) Bonus plans

Provisions for bonus are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(u) Borrowing costs

General and specific 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

2 主要會計政策概要 (續)

(t) 僱員福利 (續)

(iv) 終止服務費用

終止服務費用在本集團於僱員正常退休日期前終止聘用，或當僱員接受自願遣散以換取此等福利時支付。本集團在能證明以下承諾時確認終止服務費用：根據一項詳細之正式計劃終止現有僱員之僱用而並無撤回之可能。在提出要約以鼓勵自願離職之情況下，終止服務費用乃根據預期接受要約之僱員人數計量。於報告期末之後超過十二個月到期支付之福利應貼現為現值。

(v) 長期服務金負債

本集團根據香港《僱傭條例》須在若干情況下於終止僱用時支付之長期服務賬款負債淨額，為僱員於本期間及以往期間因提供服務所賺取之未來利益金額，在釐定現值時，該項利益須予以貼現計算，並扣減根據本集團之退休計劃累計之權益。有關責任由合資格精算師採用預計單位信貸法計算。精算收益或虧損於本財政年度立即確認。

(vi) 花紅計劃

當本集團因僱員已提供之服務而產生現有法律或推定性責任，而責任金額能可靠估算時，花紅撥備即予以確認。

(u) 借貸費用

因收購、興建或生產合資格資產（即須相當長之時間方可作擬定用途或出售的資產）而直接產生之一般及特定借貸成本，乃資本化為該等資產之部份成本，直至當資產大體上可作擬定用途或出售時為止。

所有其他借貸成本在產生期間的損益中確認。

2 Summary of significant accounting policies (continued)

(v) Revenue recognition

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

Revenue from contracting work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to the gross billing value of contracting work to date as compared to the total contract sum receivable under the contracts.

Income from sale of stock of property is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advanced proceeds received from customers under current liabilities.

Operating lease rental income is recognised on a straight-line basis over the term of the lease.

Property and facility management fees are recognised when the services are rendered in accordance with the terms of agreements. There are two types of property and facility management agreements, namely management remuneration contracts ("MR Contracts") and lump sum contracts ("LS Contracts"). Under a MR Contract, the Group is remunerated based on a fixed percentage of the costs involved in the management of the property or facility as management remuneration and only such fee is recognised as revenue for the Group. Under a LS Contract, the Group is paid a lump sum fee which normally covers the costs involved in the management of the property or facility, thus the whole of the lump sum fee is recognised as revenue for the Group.

Revenue from provision of other supporting services for the management of the property or facility is recognised when the services are rendered.

2 主要會計政策概要 (續)

(v) 收益確認

合約成本於發生時記賬。當工程合約之結果未能可靠估算，合約收益只按照有可能收回之已發生合約成本記賬。當建築合約之結果能可靠估算，且合約很大可能會產生利潤，合約收益將按合約期記賬為收入。當總合約成本有可能超過總合約收入，預期之虧損即時列為開支。

合約變更項目、索償和獎勵金根據與客戶協議並能夠可靠地量度之數額列入合約收益內。

合約工程收益是根據工程完工階段入賬，惟有關工程完工階段及已開單之合約工程總額必須能作出可靠之測算。工程完工階段是依據至現今已開單之合約工程總額及應收之合約總價兩者作比較而確定。

出售物業存貨所產生之收入於物業之風險及回報轉移到買家，即當有關物業之興建已完工及該等物業已交付予買家及相關應收款項可合理保證收回時確認。就於收入確認日期前出售之物業所收到之按金及分期付款項乃計入綜合資產負債表作為流動負債項下之已收客戶之預付所得款項。

營運租約之租金收入於租賃期以直線攤銷法確認。

物業及設施管理服務費於根據協議條款提供服務時確認。物業及設施管理協議分為經理人酬金合約（「經理人酬金合約」）及全包賬式合約（「全包賬式合約」）兩種。根據經理人酬金合約，本集團將收取管理物業或設施所涉成本之固定百分比計算之收費作為經理人酬金，只有該等收費會確認為本集團之收益。根據全包賬式合約，本集團獲付一筆款項，該等款項一般足以支付管理物業或設施所涉成本，故此整筆款項會確認為本集團之收益。

為管理物業或設施而提供其他支援服務之收益，於提供服務時確認。

2 Summary of significant accounting policies (continued)

(v) *Revenue recognition (continued)*

Plant and plant staff hire income, secondment fee income, consultancy fee income, services centre charges, building management fee and copying service income are recognised when the services are rendered.

Interest income on bank deposits is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

(w) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions.

(x) *Financial guarantee contracts*

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficial holder of the guarantee (i.e. the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing its carrying amount of the net liability from the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated income statement immediately.

(y) *Dividend distribution*

Dividend distribution to the Company's equity holders is recognised as a liability in the financial statements in the year in which the dividend is approved by the Company's shareholders.

(z) *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2 主要會計政策概要 (續)

(v) *收益確認 (續)*

機械設備租賃及機械技術員工之聘用收入、僱員借調服務收入、顧問費收入、服務中心收費、物業管理費及複印服務費均於服務提供時確認。

銀行存款利息收入依據未償還本金額及適用利率按時間比例確認。

股息收入在收取股息之權利確定後確認。

(w) *分類報告*

營運分類報告方式與提供給予主要營運決策者之內部報告方式一致。主要營運決策者負責營運分類之資源分配與業績評估，並作出策略性決定。

(x) *財務擔保合約*

財務擔保合約乃要求發行人（即保證人）根據一項債務工具之條款，就一特定債務人未能於到期日償還款項而需支付特定款項，以補償擔保合約收益持有人（即持有人）所招致損失之一項合約。

本集團未就財務擔保之負債作初始確認，但於每個報告日就其財務擔保之負債淨額賬面值與其現行法定或推定責任之數額進行負債撥備恰當測試。假若其負債淨額賬面值是低於其現行法定或推定責任之數額時，相差之數額將即時全數直接於綜合收益表中確認。

(y) *分派股息*

向本公司權益持有人分派之股息在股息獲本公司股東批准之年度於財務報表中確認為負債。

(z) *股本*

普通股分類為權益。直接歸屬於發行新股份或認股權之新增成本於權益中列為所得款項之扣減項目（扣除稅項）。

2 Summary of significant accounting policies (continued)

(aa) Convertible bonds, coupon bonds and warrants

Convertible bonds that can be converted to share capital at the option of the holders, where the conversion price is at a stipulated price that will be adjusted, subject to terms and formulae provided for in the agreement of the convertible bonds, to adjust for the dilutive effects of share split or consolidation, capital distribution, capitalisation of profit or reserves, issuance of new shares or share options or warrants, and etc, are accounted for as compound financial instruments which contain both a liability component and an equity component.

The liability component of convertible bonds is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the convertible bonds as a whole and the fair value of the liability component.

Coupon bonds with detachable share purchase warrants are accounted for separately as debt instruments and equity instruments respectively, and are recognised initially at fair value.

Any directly attributable transaction costs of issuing convertible bonds and coupon bonds with detachable share purchase warrants are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of convertible bonds and the coupon bonds are measured at amortised cost using the effective interest method. The equity component of convertible bonds and the warrants are not re-measured subsequent to initial recognition.

If the bonds are converted, the convertible bonds equity reserve, together with the carrying amounts of the liability and derivative components at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the convertible bonds equity reserve is released directly to retained profits, and any difference between the amount paid relating to the liability component and the fair value of the liability and derivative components is recognised in profit or loss.

2 主要會計政策概要 (續)

(aa) 可換股債券、票息債券及認股權證

倘於轉換價列明價格可予調整(須根據可換股債券協議的條款及方案的規定,就股份分拆或合併、資本分派、溢利或儲備資本化、發行新股份、認股權或認股權證等的可攤薄影響而作出調整),則可供持有人選擇轉為股本之可換股債券作為附有負債成份及權益成份之複合金融工具列賬。

可換股債券的負債部份初步按並無權益轉換選擇權的類似負債的公允值確認。權益部份初步按可換股債券的整體公允值與負債部份的公允值之間的差額確認。

附有可分拆購股認股權證的票息債券分別入賬為負債工具及權益工具,並按公允值初步確認。

發行可換股債券及附有可分拆購股認股權證的票息債券的任何直接歸屬交易成本,按其初始賬面值的比例分配至負債及權益部份。

於初步確認後,可換股債券的負債部份及票息債券採用實際利率法按攤銷成本計量。可換股債券的權益部份及認股權證於初始確認後不再重新計量。

倘債券被轉換,可換股債券權益儲備連同負債部份及衍生部份於轉換時之賬面值將轉撥至股本及股份溢價,作為已發行股份之代價。倘債券獲贖回,可換股債券權益儲備將直接撥回至保留溢利,而與債務部份相關的已付款額與負債部份及衍生部份公允值之差額將於損益中確認。

3 Financial risk management

(a) Financial risk factors

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk

(1) Foreign exchange risk

Foreign exchange risk exposure arising from the Group's operation in Macau and the Chinese Mainland are monitored by proper synchronisation of receipts and payments in different operating currencies, hedging of risk is not considered because of insignificant exposure to the Group's working capital. The Group has no outstanding forward exchange contract as at 31 December 2013 and 2014, but will consider hedging the foreign currency exposure by using forward exchange contracts if needed.

As at 31 December 2014, if RMB had strengthened/weakened by 5% (2013: 5%) against Hong Kong dollars with all other variables held constant, the Group's profit for the year would have been approximately HK\$1.1 million (lower)/higher (2013: HK\$9.9 million higher/(lower)), mainly as a result of net foreign exchange (losses)/gains on translation of foreign currency denominated trade and other receivables, deposit, cash and bank balances and trade and other payables.

(2) Interest rate risk

Financial instruments at fixed and variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group's interest-rate risk arises mainly from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk due to fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

At 31 December 2014, if interest rates on bank borrowings had been 50 basis points (2013: 50 basis points) higher or lower with all other variables held constant, the Group's profit for the year would have decreased/increased by approximately HK\$8.9 million (2013: HK\$4.4 million) as a result of higher or lower interest expenses on floating rate bank borrowings.

(3) Price risk

The Group is exposed to equity securities price risk through financial asset held by the Group classified as available-for-sale financial asset. The Group considers the price risk exposure is not material.

3 財務風險管理

(a) 財務風險因素

本集團之整體風險管理計劃專注於財務市場之難預測性，並尋求盡量減低對本集團財務表現之潛在不利影響。

(i) 市場風險

(1) 外匯風險

就本集團在澳門及中國內地之業務產生之外匯風險，本集團將各種營運貨幣之收款及付款，透過適當地配合作出監察。對沖風險不予考慮，因為本集團營運資金面對之風險不重大。於2013年及2014年12月31日，本集團並無未償還遠期外匯合約，惟在有需要時，將考慮採用遠期外匯合約，對沖外匯風險。

於2014年12月31日，倘所有其他變動因素維持不變，若人民幣兌港幣之匯價升值／貶值5%（2013年：5%），本集團本年度溢利將（減少）／增加約港幣1,100,000元（2013年：增加／（減少）港幣9,900,000元）。主要由於換算以外幣計值之貿易及其他應收賬款、存款、現金及銀行結存及貿易及其他應付賬款所產生之外幣兌換淨（虧損）／收益所致。

(2) 利率風險

按固定利率及浮動利率計息之金融工具分別令本集團面對公允值利率風險及現金流利率風險。本集團利率風險主要源自銀行貸款。按浮動利率授出之本集團貸款，由於以港幣為單位，故受香港銀行同業拆息波動影響，致使本集團承受現金流量利率風險。

於2014年12月31日，假若以銀行貸款利率上升或下跌50基點（2013年：50基點）而所有其他因素維持不變，本集團本年度溢利將會由於浮動利率之銀行貸款利息開支增加或減少而減少／增加約港幣8,900,000元（2013年：港幣4,400,000元）。

(3) 價格風險

本集團持有之財務資產被分類為可供出售之財務資產，使其承擔股本證券價格風險。惟本集團認為其價格風險承擔並不重大。

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(ii) Credit risk

Credit risk of the Group mainly arises from deposits, cash and bank balances and receivables. The Group has no significant concentration of credit risk.

The credit risk associated with deposits and cash and bank balances is limited because the counterparties are banks with high credit rating.

Before entering into construction contracts, assessment on the potential customers is carried out as part of the acceptance procedures for the new contracts.

To manage the credit risk associated with receivables, the Group adopts risk control to assess the credit quality of the customers and debtors, taking into account of their financial position, past experience and other factors. Aging analysis is performed and reviewed regularly by management of each operating segment and follow up action will be taken, as appropriate.

(iii) Liquidity risk

The Group adopts prudent liquidity risk management which includes maintaining sufficient bank balances and cash, and having available funding through an adequate amount of committed credit facilities.

Cash flow forecast is performed in the operating segments of the Group and aggregated by corporate finance team. Corporate finance team monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. For bank loans containing a repayment on demand clause, after taking into account the Group's financial position, the Directors do not consider that the bank will exercise its discretion to demand immediate repayment, and believe that the bank loans will be repaid in accordance with the scheduled repayment dates set out in note 28. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payment.

However, for bank loans containing a repayment on demand clause, if the lenders were to invoke their unconditional rights to call the loans with immediate effect, the Group's and the Company's bank loans amounting approximately HK\$620,255,000 (2013: HK\$644,344,000) and HK\$256,814,000 (2013: HK\$360,454,000) will be on demand for repayment immediately, excluding interest payments.

3 財務風險管理 (續)

(a) 財務風險因素 (續)

(ii) 信貸風險

本集團之信貸風險主要來自存款、現金及銀行結存及應收賬款。本集團並無重大集中信貸風險。

存款以及現金及銀行結存的相關信貸風險有限，此乃由於交易對方為具高信貸評級之銀行。

於訂立建造合約前，本集團會對準客戶作出評估，作為接納新合約程序之一部份。

為管理應收賬款之相關信貸風險，本集團已採納風險控制，評估客戶及債務人之信貸質素，並考慮其財務狀況、過往經驗、以及其他因素。各營運分類之管理層定期進行及審閱賬齡分析，並於適當時候採取跟進行動。

(iii) 流動資金風險

本集團採用審慎之流動資金風險管理，包括維持充足銀行結餘及現金，並透過取得充裕之承諾信貸融資獲得可動用資金。

現金流預測乃於本集團各營運分類內進行，並由企業財務團隊彙集。企業財務團隊監察本集團的預測流動資金需求，確保本集團有充足現金應付營運所需。

下表顯示本集團及本公司之財務負債，按照相關之到期組別，根據由結算日至合約到期日之剩餘期間進行分析。就包含按要求償還條文之銀行貸款而言，各董事已經考慮本集團之財務狀況，認為銀行不會行使其權利要求即時償還款項，並相信本集團將根據載列於附註28中之還款時間表償還銀行貸款。在表內披露之金額為合約性未貼現之現金流量及包括利息開支。

然而，就包含按要求償還條文之銀行貸款而言，倘貸款人援引其無條件權利催還貸款並即時生效，則本集團及本公司之銀行貸款分別約港幣620,255,000元（2013年：港幣644,344,000元）及港幣256,814,000元（2013年：港幣360,454,000元）將被要求即時償還，不包括利息付款。

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

3 財務風險管理 (續)

(a) 財務風險因素 (續)

(iii) 流動資金風險 (續)

		The Group 本集團			Total 總額 HK\$'000 港幣千元
		Less than 1 year 少於一年 HK\$'000 港幣千元	Between 1 and 2 years 一年至兩年 HK\$'000 港幣千元	Between 2 and 5 years 兩年至五年 HK\$'000 港幣千元	
At 31 December 2014	於2014年12月31日				
Bank loans	銀行貸款				
– short term revolving	— 短期循環銀行貸款	1,438,182	–	–	1,438,182
– with repayment on demand clause	— 包含按要求償還 條文之銀行貸款	356,193	144,021	145,094	645,308
– without repayment on demand clause	— 未包含按要求償還 條文之銀行貸款	190,675	595,530	749,198	1,535,403
Notes	票據	164,063	–	–	164,063
Payables and accruals	應付賬款及應計費用	2,881,112	269,624	305,172	3,455,908
Amounts due to other partners of joint operations	應付共同經營 其他夥伴 款項	10,750	–	–	10,750
Total	總計	5,040,975	1,009,175	1,199,464	7,249,614
At 31 December 2013	於2013年12月31日				
Bank loans	銀行貸款				
– short term revolving	— 短期循環銀行貸款	936,138	–	–	936,138
– with repayment on demand clause	— 包含按要求償還 條文之銀行貸款	201,418	323,386	166,615	691,419
– without repayment on demand clause	— 未包含按要求償還 條文之銀行貸款	63,019	108,218	969,798	1,141,035
Payables and accruals	應付賬款及應計費用	2,900,683	92,061	185,466	3,178,210
Amounts due to other partners of joint operations	應付共同經營 其他夥伴 款項	–	17,937	–	17,937
Total	總計	4,101,258	541,602	1,321,879	5,964,739

3 Financial risk management (continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

		The Company 本公司			Total 總額 HK\$'000 港幣千元
		Less than 1 year 少於一年 HK\$'000 港幣千元	Between 1 and 2 years 一年至兩年 HK\$'000 港幣千元	Between 2 and 5 years 兩年至五年 HK\$'000 港幣千元	
At 31 December 2014	於2014年12月31日				
Bank loans	銀行貸款				
– short term revolving	– 短期循環銀行貸款	525,283	–	–	525,283
– with repayment on demand clause	– 包含按要求償還 條文之銀行貸款	211,268	50,812	–	262,080
Notes	票據	164,063	–	–	164,063
Payables and accruals	應付賬款及應計費用	19,202	–	–	19,202
Amounts due to subsidiaries	應付附屬公司 款項	1,317,639	–	–	1,317,639
Loan from a subsidiary	來自一間附屬公司之 貸款	84,579	187,121	197,895	469,595
Total	總計	2,322,034	237,933	197,895	2,757,862
At 31 December 2013	於2013年12月31日				
Bank loans	銀行貸款				
– short term revolving	– 短期循環銀行貸款	375,613	–	–	375,613
– with repayment on demand clause	– 包含按要求償還 條文之銀行貸款	111,031	212,088	51,485	374,604
Payables and accruals	應付賬款及應計費用	13,065	–	–	13,065
Amounts due to subsidiaries	應付附屬公司 款項	328,984	–	–	328,984
Loan from a subsidiary	來自一間附屬公司之 貸款	–	122,736	–	122,736
Total	總計	828,693	334,824	51,485	1,215,002

3 財務風險管理 (續)

(a) 財務風險因素 (續)

(iii) 流動資金風險 (續)

3 Financial risk management (continued)

(b) Capital risk management

In managing capital, the Group's objectives are to safeguard its ability to continue operation as a going concern and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of total debt-to-tangible-net-assets ratio. Total debt is defined as bank loans and interest-bearing notes. Tangible net assets include total net assets of the Group and exclude goodwill and intangible assets. The ratio is 79.3% at 31 December 2014 (2013: 61.5%). As a result of long-term funding raising activity to cope with rapid expansion of property development in the Chinese Mainland, the Group has a net debt position of HK\$2.7 billion as at 31 December 2014 (2013: net asset HK\$1.6 billion). Net debt position is the sum of deposits, cash and equivalents less bank loans and interest-bearing notes.

(c) Fair value estimation

HKFRS 7 'Financial Instruments – Disclosures' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. These instruments are included in level 1. As at 31 December 2014 and 2013, the Group did not have financial instruments under this category.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 31 December 2014 and 2013, the Group did not have financial instruments under this category.

3 財務風險管理 (續)

(b) 資本風險管理

對於資金管理，本集團之目標為按持續經營之基準保障本集團有繼續營運之能力，並維持最佳之資本結構以減低資金成本。為保持或調整資本結構，本集團或會調整派發予股東之股息、退還股本予股東、發行新股份或出售資產以減低債務。

本集團按債務總額對有形資產淨額比率監察資本。債務總額界定為銀行貸款及計息票據。有形資產淨值包括本集團總資產淨值，但不包括商譽及無形資產。於2014年12月31日，比率為79.3%（2013年：61.5%）。由於為配合中國內地物業發展迅速增長而進行長期集資活動，本集團於2014年12月31日有債務淨額港幣27億元（2013年：資產淨值港幣16億元）。債務淨額乃指存款、現金及等同現金項目減銀行貸款及計息票據的總和。

(c) 公允值估計

香港財務報告準則第7號「金融工具－披露」規定按下列公允值計量架構披露公允值計量：

- 相同資產或負債在活躍市場之報價（未經調整）（第一層）。
- 除第一層所包括之報價外，可就資產或負債直接（即例如價格）或間接（即源自價格）觀察之輸入（第二層）。
- 資產或負債並非依據可觀察市場數據之輸入（即非可觀察輸入）（第三層）。

在活躍市場買賣之金融工具公允值根據結算日之市場報價列賬，該等金融工具列入第一層。於2014年及2013年12月31日，本集團無任何此類別之金融工具。

沒有在活躍市場買賣之金融工具（例如場外衍生工具）之公允值利用估值技術釐定。估值技術儘量利用可觀察市場數據（如有），儘量少依賴主體之特定估計。如計算一金融工具之公允值所需之所有重大輸入皆為可觀察數據，則該金融工具列入第二層。於2014年及2013年12月31日，本集團並無擁有此類別的金融工具。

3 Financial risk management (continued)

(c) Fair value estimation (continued)

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 31 December 2014 and 2013, the Group had available-for-sale financial asset under this category.

There was no transfer of financial instruments between level 1, 2 and 3 during the year.

Movement of financial asset under level 3 measurements is as follows:

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
At 1 January	於1月1日	10,190	9,831
Additions	添置	—	359
Fair value gain	公允值收益	17,608	—
At 31 December	於12月31日	27,798	10,190

4 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions having a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Business combination

The Group acquired subsidiaries which hold a property in Beijing, the PRC. Please refer to Note 36 for details of the acquisition in 2013.

The Group assessed the acquisition in accordance with HKFRS and concluded that the acquisition constitutes a business combination. To account for the assets and liabilities acquired, significant judgment was required in determining the fair value of the assets acquired and liabilities assumed.

For details of the respective estimates and assumptions being made for the investment properties, inventory and liabilities assumed, please refer to note 4(f) respectively.

3 財務風險管理 (續)

(c) 公允值估計 (續)

如一項或多項重大輸入並非根據可觀察市場數據，則該金融工具列入第三層。於2014年及2013年12月31日，本集團有列入此類別之可供出售之財務資產。

於本年度，並無金融工具於第一層、第二層及第三層之間進行轉撥。

按第三層計量的財務資產變動如下：

4 重大會計估計及假設

本集團對未來作出估計及假設。按照定義，所得出之會計估計甚少與有關之實際結果相同。對資產及負債賬面值有重大影響之估計及假設在下文論述：

(a) 業務合併

本集團收購了持有一處位於中國北京之物業之附屬公司。有關2013年收購事項之詳情，請參閱附註36。

本集團已根據香港財務報告準則評估收購事項並認定該收購事項為業務合併。為計及已收購資產與負債，於釐定已收購資產及已承擔負債之公允值時須作出重大判斷。

有關就投資物業、存貨及已承擔負債所作各項估計及假設之詳情，請分別參閱附註4(f)。

4 Critical accounting estimates and assumptions

(continued)

(b) *Fair value measurement of convertible bonds, bonds, warrants and notes*

On initial recognition and redemption, the fair values of convertible bonds that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select methods and make assumptions, including those based on market conditions on valuation date for valuation. The assessment of the fair value of the bonds and the liability component of the convertible bonds involved key management assumptions, among other things, the expected volatility, dividend yield, etc.

(c) *Construction contracts*

As explained in note 2(v), revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contract, as well as the work done to date. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred.

A considerable amount of judgement is required in estimating the total contract revenue, contract costs, variation orders and contract claims which may have an impact in terms of percentage of completion and job profit taken.

As at 31 December 2014, the Group had an arbitration claim of approximately RMB205 million against a subcontractor in the PRC (the "PRC Subcontractor") in respect of disputes between the Group and the PRC Subcontractor in a building construction contract in the PRC. The PRC Subcontractor raised a counterclaim against the Group in the sum of approximately RMB221 million. The case is under examination by the arbitrator and the directors are of the view that no provision is required as at 31 December 2014. The determination of the provision involved significant management estimation.

(d) *Allowances for bad and doubtful debts*

The allowances for bad and doubtful debts of the Group are based on the evaluation of collectability and aging analysis of account receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

4 重大會計估計及假設 (續)

(b) *可換股債券、債券、認股權證及票據的公允值計量*

於初步確認及贖回時，並非於在活躍市場買賣之可換股債券之公允值時乃利用估值技術釐定。本集團須判斷所選取的方法及作出假設，包括該等就計算估值以估值日期的市況為基準的假設。債券及可換股債券的負債分部公允值的評估牽涉到主要管理層假設，其中包括預期波動及股息率等。

(c) *建造合約*

如在附註2(v)中說明，工程收益確認取決於管理層就建造工程最終結果之估計，以及至現今已完成之工程額。隨著合約工程進度，本集團審查及修訂每一份建造合約之合約收益、合約成本、合約變更項目及合約索償之估計。建造收益預算是根據相關合約條款決定。建造成本預算由管理層不時參考主要承包商、供應商及售賣方提供之報價單加上管理層之經驗為基礎而釐定。為確保預算準確及更新，管理層對企業預算進行週期審查，比較預算金額及實際產生金額之差別。

由於估計總合約收益、合約成本、合約變更項目及合約索償需運用相當大之判斷，因而或會影響完工百分比及工程溢利之計算。

於2014年12月31日，本集團有一項針對一名中國分包商有關本集團與中國分包商就在中國的一份樓宇建設合約糾紛的仲裁申索，涉及金額約為人民幣205,000,000元。中國分包商已提出針對本集團的涉及金額共約人民幣221,000,000元的反申索。該案件正處於仲裁審查中，董事認為於2014年12月31日毋須作出撥備。有關撥備之釐定涉及管理層之重大判斷。

(d) *呆壞賬撥備*

本集團呆壞賬撥備政策以應收賬款可收回程度及其賬齡分析之評估，以及本集團管理層判斷為基準。在評估該等應收賬款之最終變現值，包括各客戶之信貸狀況及過往收款記錄，均須作出相當程度的判斷。

4 Critical accounting estimates and assumptions

(continued)

(e) Impairment of assets

The Group tests annually whether goodwill and trademark have suffered any impairment in accordance with the accounting policy stated in note 2(e). The recoverable amounts of goodwill and trademark are the higher of the assets' fair values less costs to sell and value in use.

A considerable amount of judgement and assumptions are required in estimating the recoverable amount of goodwill and trademark, including growth rate, gross margin and weighted average discount rate applied to the discounted cashflows.

The Group also assesses annually for an intangible asset that is not being amortised, to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. For the trademarks held by the Group, management carries out the assessment by performing an analysis of all of the relevant factors, including the ability to hold and use the trademarks and the market environment of relevant industry, to consider whether there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amounts of cash-generating units have been determined based on the higher of fair value less cost to sell or value-in-use calculations. These value-in-use calculations require the use of estimates.

No impairment was made during the year.

(f) Estimate of fair value of properties

The valuation of properties is performed in accordance with the 'The HKIS Valuation Standards (2012 Edition)' published by the Hong Kong Institute of Surveyors.

Details of the judgement and assumptions have been disclosed in note 15 and note 16.

The valuation is reviewed annually by qualified surveyors by considering the information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

4 重大會計估計及假設 (續)

(e) 資產減值

根據附註2(e)所述的會計政策，本集團每年測試商譽和商標是否出現減值。商譽和商標之可收回金額以資產公允值扣除銷售成本或使用價值兩者之間較高者為準。

在評估商譽和商標的可收回金額，包括增長率、毛利率及應用於貼現現金流量之加權平均貼現率，均須作出相當程度的判斷及假設。

本集團亦每年評估未有攤銷之無形資產，評估是否有任何事件及情況繼續支持評核資產具無指定可使用的期限。本集團持有之商標，管理層考慮所有相關因素之分析而作出評估，包括持有及使用商標之能力及有關行業之市場環境，以考慮該資產產生現金流入淨額至本集團並沒有可預見的期限。

其他資產之減值評估於有事件或情況改變顯示有關資產之賬面值高於其可收回金額時進行。現金產生單位之可收回金額以公允值減銷售成本或按使用價值兩者之間較高者為準。使用價值計算方法需要使用估計數據。

本年度無需減值。

(f) 物業公允值之估計

物業估值乃根據香港測量師學會就物業之估值發表之「香港測量師學會估值準則(2012年版)」。

有關判斷及假設之詳情已披露於附註15及附註16。

由合資格之測量師每年對估值作出審閱，有關審閱會考慮多方面之資料，包括：

- (i) 不同性質、狀況或地點之物業在活躍市場之當時價格，經調整以反映此等差別；
- (ii) 相類似物業在較不活躍市場之近期價格，附帶調整以反映該等價格出現之交易日期後經濟狀況之任何變動；及

4 Critical accounting estimates and assumptions

(continued)

(f) *Estimate of fair value of properties (continued)*

- (iii) rental income derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the rental income.

If information on current or recent prices of properties is not available, the fair values of properties are mainly determined using income capitalisation valuation techniques.

The Group uses assumptions that are mainly based on market conditions existing at balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(g) *Income taxes*

The Group is subject to income taxes in Hong Kong, Macau and the PRC. Significant judgement is required in determining the provision for PRC income taxes. There are a number of transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

(h) *PRC land appreciation taxes*

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

4 重大會計估計及假設 (續)

(f) *物業公允值之估計 (續)*

- (iii) 租金收入源自任何現有租賃及其他合約之條款，以及（如可能）來自例如在同一地點和狀況之相類似物業之當時市場租金等外間憑證，並利用資本化比率反映當時市場對租金收入之金額和時間方面不確定之評估。

如未能取得當時或近期物業價格之資料，物業之公允值主要利用收益資本化估值技術釐定。

本集團利用之假設主要根據結算日當時之市場情況釐定。

管理層對公允值估計之主要假設涉及：合約租金之收取、預期未來市場租金、無效期、維修規定及適當之貼現率。此等估值定期與實際之市場收益數據以及本集團之實際交易及該等市場報告作出比較。

預期未來市場租金按照相類似物業在同一地點和狀況之當時市場租金釐定。

(g) *所得稅*

本集團須繳納香港、澳門及中國之所得稅。於釐定中國所得稅時須作出重大判斷。因在日常業務中涉及大量交易數量以致最終稅項釐定不能確定，故須就所得稅作出若干撥備時作出判斷。本集團根據是否須繳納附加稅項之估計而確認潛在稅項風險之負債。倘若最終評稅結果與初步列賬之數額不同，則有關差額會影響釐定期間所得稅及遞延稅項之撥備。

(h) *中國土地增值稅*

本集團須支付中國之土地增值稅。然而，有關稅項之執行及結算在中國各城市不同稅務司法權區有異，而本集團尚未與中國地方稅務機關落實中國土地增值稅之計算及付款方法。因此，須作出重大判斷以釐定土地增值稅之金額。本集團根據管理層按其對稅務規則之理解作出之最佳估計，確認有關土地增值稅。最終稅務結果可能與初步記錄的金額有別，而有關差異將影響地方稅務機關落實有關稅項期間之所得稅開支及稅項撥備。

5 Segment information

(a) Operating segments

Revenue comprises gross billing value of contracting work to third parties, property and facility management services income, sales proceeds from stocks of properties, rental income from stocks of properties and investment properties and rental related income.

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, identified as the Executive Committee, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are (1) building construction; (2) civil engineering; (3) interiors & special projects; (4) electrical and mechanical engineering; (5) property and facility management services; and (6) property development and investment.

		Building construction	Civil engineering	Interiors & special projects	Electrical and mechanical	Property and facility management	Property development and investment	Corporate (Note 1) 行政	Total
		樓宇建造	土木工程	室內裝飾及 特殊項目	機電工程	設施管理	物業發展及投資	(附註1)	總額
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Year ended 31 December 2014	截至2014年12月31日止年度								
Revenue (excl. NSC (Note 2))	收益(不包括NSC(附註2))	4,550,453	1,820,546	1,007,487	689,767	848,049	122,085	-	9,038,387
Gross profit	毛利	290,086	96,988	69,428	52,876	100,793	22,727	-	632,898
Other income/(expenses)	其他收入/(開支)	236	3,627	2,990	(2)	1,384	466	(185)	8,516
Net exchange gain/(loss)	匯兌溢利/(虧損)淨額	214	-	(40)	340	(63)	12	(2,489)	(2,026)
Selling and marketing expenses	銷售及市場推廣開支	-	-	-	-	-	(41,890)	-	(41,890)
General and administrative expenses	一般行政開支	(74,107)	(47,140)	(29,181)	(28,311)	(77,816)	(51,593)	(85,614)	(393,762)
Fair value gain on investment properties	投資物業公允值收益	-	-	-	-	530	403,161	-	403,691
Operating profit/(loss)	經營溢利/(虧損)	216,429	53,475	43,197	24,903	24,828	332,883	(88,288)	607,427
Amortisation of intangible assets	無形資產攤銷	(896)	(150)	(165)	(121)	(7,896)	-	(3,041)	(12,269)
Interest income	利息收入	-	-	-	-	67	534	769	1,370
Interest expenses	利息開支	-	-	-	-	(1,521)	(33,358)	(8,157)	(43,036)
Profit/(loss) before taxation	除稅前溢利/(虧損)	215,533	53,325	43,032	24,782	15,478	300,059	(98,717)	553,492
Taxation	稅項								(150,617)
Profit for the year	本年度溢利								402,875
Capital expenditure	資本性開支	(21,292)	(516)	(480)	(421)	(3,473)	(6,870)	(9,266)	(42,318)
Depreciation	折舊	(12,452)	(366)	(615)	(201)	(5,232)	(42,317)	(3,442)	(64,625)
As at 31 December 2014	於2014年12月31日								
Deposits, cash and cash equivalents	存款、現金及等同現金項目	-	-	-	-	91,224	91,596	711,848	894,668
Bank loans	銀行貸款	-	-	-	-	(247,000)	(1,651,161)	(1,537,637)	(3,435,798)

5 分類資料

(a) 營運分類

收益包括已開單予第三者之合約工程總額、物業及設施管理服務收入、物業存貨之銷售所得款、物業存貨及投資物業之租金收入及與租賃相關之收入。

根據本集團提交予主要營運決策者(即執行委員會,由其負責分配資源、評估營運分類表現及作出策略性決定)之內部財務報告表,須予呈報之營運分類為(1)樓宇建造;(2)土木工程;(3)室內裝飾及特殊項目;(4)機電工程;(5)物業及設施管理服務;以及(6)物業發展及投資。

5 Segment information (continued)
(a) Operating segments (continued)

		Building construction	Civil engineering	Interiors & special projects 室內裝飾及 特殊項目	Electrical and mechanical 機電工程	Property and facility management 物業及 設施管理	Property development and investment 物業發展及投資	Corporate (Note 1) 行政 (附註1)	Total 總額
		HKS'000 港幣千元	HKS'000 港幣千元	HKS'000 港幣千元	HKS'000 港幣千元	HKS'000 港幣千元	HKS'000 港幣千元	HKS'000 港幣千元	HKS'000 港幣千元
Year ended 31 December 2013	截至2013年12月31日止年度								
Revenue (excl. NSC (Note 2))	收益 (不包括NSC (附註2))	5,201,633	1,835,324	694,248	575,452	791,439	49,693	-	9,147,789
Gross profit	毛利	236,904	90,374	55,177	39,524	117,335	37,420	-	576,734
Other income	其他收入	1,959	1,380	113	-	3,092	94,215	770	101,529
Net exchange gain/(loss)	匯兌溢利/(虧損)淨額	244	-	-	(2)	(195)	(70)	3,295	3,272
Selling and marketing expenses	銷售及市場推廣開支	-	-	-	-	-	(40,406)	-	(40,406)
General and administrative expenses	一般行政開支	(70,166)	(30,613)	(19,412)	(22,265)	(98,941)	(46,263)	(78,888)	(366,548)
Fair value gain/(loss) on investment properties	投資物業公允價值收益/ (虧損)	-	-	-	-	80	(17,700)	-	(17,620)
Operating profit/(loss)	經營溢利/(虧損)	168,941	61,141	35,878	17,257	21,371	27,196	(74,823)	256,961
Amortisation of intangible assets	無形資產攤銷	(427)	(103)	(84)	(52)	(11,977)	-	(1,359)	(14,002)
Interest income	利息收入	-	-	-	-	48	460	6,361	6,869
Interest expenses	利息開支	-	-	-	-	(1,737)	(10,475)	(12,074)	(24,286)
Profit/(loss) before taxation	除稅前溢利/(虧損)	168,514	61,038	35,794	17,205	7,705	17,181	(81,895)	225,542
Taxation	稅項								(32,127)
Profit for the year	本年度溢利								193,415
Capital expenditure	資本性開支	(15,988)	(61)	(264)	(35)	(5,379)	(19,945)	(4,232)	(45,904)
Depreciation	折舊	(7,892)	(151)	(1,164)	(303)	(6,069)	(24,840)	(3,214)	(43,633)
Write back of impairment on unsold stocks of properties	未出售物業存貨 減值回撥	-	-	-	-	-	2,393	-	2,393
As at 31 December 2013	於2013年12月31日								
Deposits, cash and cash equivalents	存款、現金及等同現金項目	-	-	-	-	75,447	22,398	827,935	925,780
Bank loans	銀行貸款	-	-	-	-	(276,000)	(1,435,186)	(809,766)	(2,520,952)

Notes:

- Corporate mainly represents corporate and administrative activities, and shared services.
- Nominated subcontractors' works of Macau Galaxy Resort Phase 2 project ("NSC").

附註：

- 行政主要為公司及行政活動，以及共享服務。
- 澳門銀河娛樂渡假村第二期項目的指定分判商工程（「NSC」）。

5 Segment information (continued)
(b) Geographical analysis

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Revenue	收益		
Hong Kong	香港	7,321,105	7,194,311
Macau	澳門	6,466,259	3,462,059
PRC	中國	223,141	843,609
Others	其他	–	6,000
		14,010,505	11,505,979
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Non-current assets	非流動資產		
Hong Kong	香港	686,786	591,225
Macau	澳門	538	845
PRC	中國	2,827,473	1,554,702
		3,514,797	2,146,772
Available-for-sale financial asset	可供出售之財務資產	27,798	10,190
Deferred tax assets	遞延稅項資產	15,632	11,859
		3,558,227	2,168,821
Total non-current assets	非流動資產總額		

(c) Customer base analysis

The Group's customer base is diversified and includes two (2013: one) customers with transactions exceeded 10% of the Group's total revenue. Aggregate revenue from those customers amounted to HK\$7,414.9 million and was derived from building construction (2013: HK\$3,007.5 million from building construction).

(d) Reconciliation of reportable segment revenue

(c) 客戶基礎分析

本集團之客戶基礎分散，而其中兩名（2013年：一名）客戶之交易額佔本集團總收益10%以上。該等客戶之收益來自樓宇建造合共為港幣7,414,900,000元（2013年：港幣3,007,500,000元來自樓宇建造）。

(d) 須予呈報分類收益之對賬

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Reportable segment revenue	須予呈報分類收益	9,038,387	9,147,789
Revenue – NSC	收益 – NSC	4,972,118	2,358,190
Revenue	收益	14,010,505	11,505,979

6 Other income and other gains, net

6 其他收入及其他收益淨額

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Write back of provision for impairment on unsold stocks of properties	未出售物業存貨減值撥備回撥	–	2,393
Net (loss)/gain on disposal of property, plant and equipment	出售物業、機器及設備之(虧損)/收益淨額	(674)	1,773
Gain on disposal of investment properties	出售投資物業之收益	453	–
Loss on trade receivables written off	貿易應收賬款撇銷之虧損	(2,537)	–
Secondment fee	僱員借調服務費	3,474	848
Gain on disposal of a subsidiary	出售一間附屬公司之收益	–	864
Miscellaneous	其他	7,800	3,667
		8,516	9,545

7 Interest expenses

7 利息開支

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Interest on bank loans and overdraft	銀行貸款及透支之利息	107,591	46,809
Interest expense on 4% coupon bonds	4%票息債券之利息開支	–	15,261
Interest expense on convertible bonds	可換股債券之利息開支	–	26,259
Interest expense on notes	票據利息開支	24,939	–
		132,530	88,329
Less: amounts capitalised on qualifying assets	減：於合資格資產資本化之款項	(89,494)	(64,043)
		43,036	24,286

The annual interest rates of bank loans are ranged from 1.6% to 8.2% (2013: from 1.6% to 8.2%), of which the capitalised interest rates are ranged from 1.6% to 8.2% (2013: from 3.0% to 7.4%). The imputed effective capitalised interest rate of securities issued after taking into account of the valuation of equity portion and transaction costs is 19.7% per annum (2013: from 6.5% to 21.1%).

銀行貸款之年利率介乎1.6%至8.2% (2013年：介乎1.6%至8.2%)，其中資本化利率介乎1.6%至8.2% (2013年：介乎3.0%至7.4%)。經計及權益部份的估值及交易成本後，已發行證券的估算實際資本化年利率為19.7% (2013年：介乎6.5%至21.1%)。

8 Profit before taxation

8 除稅前溢利

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Cost of sales	銷售成本		
Cost of construction	建造成本		
– Staff costs	– 員工成本	1,173,463	923,153
– Other construction costs	– 其他建造成本	11,357,530	9,319,716
		12,530,993	10,242,869
Cost of property and facility management services	物業及設施管理服務成本		
– Staff costs	– 員工成本	508,813	480,800
– Others	– 其他	238,443	193,304
		747,256	674,104
Cost of property development and investment	物業發展及投資成本		
– Stock of properties sold	– 已售物業存貨成本	56,437	8,631
– Others	– 其他	42,921	3,641
		99,358	12,272
		13,377,607	10,929,245
Depreciation of property, plant and equipment	物業、機器及設備之折舊	64,625	43,633
Auditor's remuneration	核數師酬金	5,562	4,965
Operating lease rentals for land and buildings	土地及樓宇經營租賃租金	18,435	16,503
Outgoings in respect of	以下各項之費用		
– investment properties	– 投資物業	27,615	3,189
– owner occupied property	– 自用之物業	4,119	5,127
Staff costs, included in general and administrative expenses	計入一般行政開支之員工成本	232,694	226,544

9 Directors' and chief executive's emoluments

The remuneration of the directors and chief executive officer for the year ended 31 December 2014 is set out below:

9 董事及行政總裁酬金

各董事及行政總裁於截至2014年12月31日止年度之酬金如下：

		2014					2013	
Names	姓名	Fees	Salaries, allowances and benefits in kind	Bonus	Contributions to retirement scheme	Share-based compensation (Note xi) 以股份為基礎之補償 (附註xi)	Total	Total
		袍金 HK\$'000 港幣千元	薪酬、津貼及實物收益 HK\$'000 港幣千元	花紅 HK\$'000 港幣千元	退休計劃供款 HK\$'000 港幣千元	基礎之補償 (附註xi) HK\$'000 港幣千元	總額 HK\$'000 港幣千元	總額 HK\$'000 港幣千元
Wilfred WONG Ying Wai ¹	王英偉 ¹	355	17,474	5,074	34	164	23,101	21,169
Joseph CHOI Kin Hung	蔡健鴻	220	4,141	2,400	-	-	6,761	6,530
ZHOU Wei (Note i)	周煒 (附註i)	130	260	-	-	-	390	-
Barry John BUTTIFANT (Note ii)	畢滌凡 (附註ii)	56	503	1,697	-	2	2,258	5,168
Catherine CHU (Note iii)	朱嘉盈 (附註iii)	146	1,222	592	53	47	2,060	3,883
Clifford King CHIU (Note iv)	邱令智 (附註iv)	165	-	-	-	-	165	-
ZHANG Xiaoying (Note v)	張小英 (附註v)	130	-	-	-	-	130	-
YAN Jie (Note v)	閻傑 (附註v)	130	-	-	-	-	130	-
Kenneth CHU Ting Kin (Note vi)	朱鼎健 (附註vi)	108	-	-	-	-	108	220
Joseph CHOW Ming Kuen	周明權	220	-	-	-	-	220	119
CHENG Sui Sang	鄭瑞生	220	-	-	-	-	220	-
GAO Jingyuan (Note vii)	高景遠 (附註vii)	143	-	-	-	-	143	-
LEE Jai Ying (Note viii)	李嘉音 (附註viii)	143	-	-	-	-	143	-
Jeffrey LAM Kin Fung (Note ix)	林健鋒 (附註ix)	78	-	-	-	-	78	220
Abraham SHEK Lai Him (Note x)	石禮謙 (附註x)	80	-	-	-	-	80	220
Alexander MAK Kwai Wing	麥貴榮	-	-	-	-	-	-	215
		2,324	23,600	9,763	87	213	35,987	37,744

¹ Chief Executive Officer

¹ 行政總裁

Notes:

附註：

- (i) Mr. ZHOU Wei was appointed as an Executive Director and a member of the Executive Committee with effect from 9 May 2014.
- (ii) Dr. Barry John BUTTIFANT tendered his resignation as an Executive Director and a member of the Executive Committee with effect from 18 February 2014.
- (iii) Dr. Catherine CHU tendered her resignation as an Executive Director and a member of the Executive Committee with effect from 26 May 2014.
- (iv) Mr. Clifford King CHIU was appointed as a Non-executive Director, a member of the Remuneration Committee and a member of the Audit Committee with effect from 2 April 2014, 12 May 2014 and 26 May 2014, respectively.
- (v) Mr. ZHANG Xiaoying and Mr. YAN Jie were appointed as Non-executive Directors with effect from 30 May 2014.
- (vi) Dr. Kenneth CHU Ting Kin tendered his resignation as a Non-executive Director and a member of the Audit Committee with effect from 26 May 2014.
- (vii) Mr. GAO Jingyuan was appointed as an Independent Non-executive Director and a member of the Remuneration Committee with effect from 9 May 2014.

- (i) 周煒先生已獲委任為執行董事及執行委員會成員，由2014年5月9日起生效。
- (ii) 畢滌凡博士已辭任執行董事及執行委員會成員，由2014年2月18日起生效。
- (iii) 朱嘉盈博士已辭任執行董事及執行委員會成員，由2014年5月26日起生效。
- (iv) 邱令智先生已獲委任為非執行董事、薪酬委員會成員及審核委員會成員，分別由2014年4月2日、2014年5月12日及2014年5月26日起生效。
- (v) 張小英先生及閻傑先生已獲委任為非執行董事，由2014年5月30日起生效。
- (vi) 朱鼎健博士已辭任非執行董事及審核委員會成員，由2014年5月26日起生效。
- (vii) 高景遠先生已獲委任為獨立非執行董事及薪酬委員會成員，由2014年5月9日起生效。

9 Directors' and chief executive's emoluments (continued)

Notes: (continued)

- (viii) Ms. LEE Jai Ying was appointed as an Independent Non-executive Director and the chairman of the Nomination Committee with effect from 9 May 2014.
- (ix) Mr. Jeffrey LAM Kin Fung tendered his resignation as an Independent Non-executive Director, a member of the Remuneration Committee and the chairman of the Nomination Committee with effect from 10 May 2014.
- (x) Mr. Abraham SHEK Lai Him retired by rotation as an Independent Non-executive Director at the annual general meeting held on 12 May 2014 and did not offer himself for re-election, and ceased to be the chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 12 May 2014.
- (xi) Share-based compensation represents the fair value of share options granted by the Group recognised during the year.

No benefit arose on shares issued and allotted to directors of the Company under the employee share subscription scheme of the Company adopted on 23 August 2002 for both years as no such share allotment was made for both years. None of the directors have waived their rights to receive emoluments for both years.

10 Five highest paid employees

There were two directors (2013: three) whose emoluments were among the five highest paid employees in the Group and included in the analysis set out in note 9.

Details of the emoluments paid to the other three (2013: two) individuals, who are not directors of the Company but whose emoluments were among the five highest paid employees in the Group are as follows:

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Salaries and other allowances	薪酬及其他津貼	10,364	6,752
Bonus	花紅	2,726	2,488
Contributions to retirement scheme	退休計劃供款	306	144
Share-based compensation	以股份為基礎之補償	81	223
Others	其他	1,142	172
		14,619	9,779

		Number of Individuals in each band 僱員人數	
Emolument bands	酬金範圍	2014	2013
HK\$4,500,001 – HK\$5,000,000	港幣4,500,001元–港幣5,000,000元	2	1
HK\$5,000,001 – HK\$5,500,000	港幣5,000,001元–港幣5,500,000元	1	1
		3	2

9 董事及行政總裁酬金 (續)

附註：(續)

- (viii) 李嘉音女士已獲委任為獨立非執行董事及提名委員會主席，由2014年5月9日起生效。
- (ix) 林健鋒先生已辭任獨立非執行董事、薪酬委員會成員及提名委員會主席，由2014年5月10日起生效。
- (x) 石禮謙先生於2014年5月12日舉行之股東周年大會上輪值退任獨立非執行董事，惟並無膺選連任，不再擔任薪酬委員會主席及提名委員會成員，由2014年5月12日起生效。
- (xi) 以股份為基礎之補償代表本集團授出認股權於年內確認之公允值。

兩個年度內並無根據本公司於2002年8月23日採納之僱員認購股份計劃配發股份予本公司董事，因此於兩個年度內沒有就發行及配發股份而產生任何利益。兩個年度內，概無董事放棄彼等收取酬金之權利。

10 五位最高薪酬僱員

本集團五位最高薪酬僱員中包括兩位董事（2013年：三位），其酬金已披露於附註9內。

其餘三位（2013年：兩位）最高薪酬人士，其職位並非本公司董事但屬於本集團五位最高薪酬僱員，其酬金詳列如下：

11 Staff costs

11 員工成本

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Wages, salaries and allowances (including directors' emoluments)	工資、薪酬及津貼 (已包括董事酬金)	1,864,748	1,571,397
Provision for annual leave	年假撥備	314	43
Termination benefits	終止服務費用	999	11,174
Long service payment	長期服務金費用	253	(386)
Contributions to defined contribution retirement schemes	界定供款退休計劃 之供款	46,852	45,418
Share-based compensation	以股份為基礎之補償	1,804	2,851
		1,914,970	1,630,497
Charged to cost of sales (Note 8)	已列支在銷售成本中(附註8)	(1,682,276)	(1,403,953)
		232,694	226,544

12 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year after application of available tax losses brought forward for both years. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of tax charged/(credited) to the consolidated income statement represents:

12 稅項

兩個年度的香港利得稅乃按有關年度之估計應課稅溢利扣除往年認可之稅損後依稅率16.5%撥備。本集團之海外溢利稅項是按本年度估計應課稅溢利以其經營國家之現行稅率計算。

在綜合收益表扣除／(計入)之稅項如下：

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Provision for the year	本年度撥備		
– Hong Kong profits tax	– 香港利得稅	24,778	33,138
– PRC and Macau profits tax	– 中國及澳門利得稅	33,179	7,801
(Over)/under provision in prior years	過往年度(超額撥備)／撥備不足	(3,234)	327
Deferred tax charge/(credit) (Note 27)	遞延稅項支出／(抵免)(附註27)	95,894	(9,139)
		150,617	32,127

12 Taxation (continued)

Taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the tax rate of the home country of the Company as follows:

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Profit before taxation	除稅前溢利	553,492	225,542
Taxation at Hong Kong profits tax rate at 16.5%	按香港利得稅率16.5%計算之稅項	91,326	37,214
Effect of different taxation rates in other tax jurisdictions	其他稅務司法權區不同稅率之影響	23,208	(8,098)
(Over)/under provision in prior years	過往年度(超額撥備)/撥備不足	(3,234)	327
Income not subject to taxation	無須課稅收入	(509)	(18,385)
Expenses not deductible for taxation purpose	不可扣稅之開支	6,979	8,562
Temporary differences not recognised	未有確認之暫時差異	9,756	(3,516)
Tax losses not recognised	未有確認之稅損	22,590	21,891
Utilisation of previously unrecognised tax losses	使用早前未有確認之稅損	(337)	(5,868)
Land appreciation tax	土地增值稅	1,118	—
Tax effect of land appreciation tax	土地增值稅之稅務影響	(280)	—
		150,617	32,127

13 Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

12 稅項 (續)

本集團除稅前溢利之稅項與假若採用本公司本土國家之稅率而計算之理論稅額之差額如下：

13 每股盈利

每股基本盈利乃按本公司權益持有人應佔本集團溢利除以年內已發行之普通股加權平均股數計算。

13 Earnings per share (continued)

Diluted earnings per share is calculated by dividing the Group's profit attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding after adjustment for the potential dilutive effect in respect of outstanding share options, convertible bonds and warrants during the year.

		2014	2013
Profit attributable to equity holders of the Company (HK\$'000)	本公司權益持有人應佔溢利 (港幣千元)	387,558	185,402
Weighted average ordinary shares issued ('000)	已發行之普通股加權平均股數 (千股)	2,858,167	1,545,320
Adjustment for share options	認股權調整	96	936
Adjustment for convertible bonds	可換股債券調整	—	372,944
Adjustment for warrants	認股權證調整	—	13,293
		2,858,263	1,932,493
Basic earnings per share (HK cents)	每股基本盈利 (港幣仙)	13.6	12.0
Diluted earnings per share (HK cents)	每股攤薄盈利 (港幣仙)	13.6	9.6

14 Dividends

Dividends recognised as distribution during the year:

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
2014 Interim dividend – 1.0 HK cent (2013 Interim dividend: 2.2 HK cents) per share	2014年中期股息—每股港幣1.0仙 (2013年中期股息：每股港幣2.2仙)	28,582	25,858
2013 Final dividend – 2.0 HK cents (2012 Final dividend: 2.5 HK cents) per share	2013年末期股息—每股港幣2.0仙 (2012年末期股息：每股港幣2.5仙)	57,163	25,984
		85,745	51,842
Additional prior year final dividend arising from increase of ordinary shares on the related record date	因往年相關登記日普通股數目增加而增加之末期股息	—	2,049
		85,745	53,891

At the board meeting held on 19 March 2015, the Board resolved to recommend the payment of a final dividend, amounting to HK\$214,463,000, of 2.2 HK cents per share for the year ended 31 December 2014. The proposed final dividend is not reflected as dividend payable in the consolidated financial statements until it has been approved by the shareholders at the forthcoming annual general meeting of the Company.

13 每股盈利 (續)

每股攤薄盈利乃按本公司權益持有人應佔本集團溢利除以就年內未行使認股權、可換股債券及認股權證之潛在攤薄影響作出調整後之已發行普通股加權平均股數計算。

14 股息

於年內確認分派之股息：

於2015年3月19日舉行之董事會會議上，董事會議決建議就截至2014年12月31日止年度派發末期股息每股港幣2.2仙，總額為港幣214,463,000元。此擬派末期股息並未於綜合財務報表內反映為應付股息，直至該股息於本公司即將舉行之股東周年大會上獲股東批准後方會入賬。

15 Property, plant and equipment

15 物業、機器及設備

		The Group 本集團					Total 總額
		Leasehold land and building 租賃土地 及樓宇 HK\$'000 港幣千元	Leasehold improvements 租賃物業裝修 HK\$'000 港幣千元	Plant and machinery 機械設備 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、固定 裝置及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	
Cost or valuation	成本或估值						
At 1 January 2013	於2013年1月1日	382,000	52,600	56,034	67,894	10,662	569,190
Exchange difference	匯兌差額	–	184	–	201	131	516
Additions	添置	796	18,837	12,468	11,122	2,681	45,904
Acquisition of subsidiaries (Note 36)	收購附屬公司(附註36)	–	–	–	4,834	3,061	7,895
Fair value gain on revaluation	公允值重估收益	16,204	–	–	–	–	16,204
Disposal	出售	–	(1,376)	(18,454)	(4,057)	(1,902)	(25,789)
At 31 December 2013	於2013年12月31日	399,000	70,245	50,048	79,994	14,633	613,920
Exchange difference	匯兌差額	–	(115)	–	(102)	(53)	(270)
Additions	添置	–	11,100	21,567	7,485	2,166	42,318
Fair value gain on revaluation	公允值重估收益	107,000	–	–	–	–	107,000
Disposal	出售	–	(479)	(2,087)	(1,423)	(365)	(4,354)
At 31 December 2014	於2014年12月31日	506,000	80,751	69,528	85,954	16,381	758,614
Accumulated depreciation	累積折舊						
At 1 January 2013	於2013年1月1日	–	(46,895)	(46,598)	(52,142)	(4,873)	(150,508)
Exchange difference	匯兌差額	–	(48)	–	(92)	(52)	(192)
Depreciation for the year (Note)	本年度折舊(附註)	(23,369)	(6,971)	(5,685)	(8,217)	(2,554)	(46,796)
Elimination of fair value gain on revaluation	對銷公允值 重估收益	23,369	–	–	–	–	23,369
Disposal	出售	–	1,376	18,073	3,464	1,257	24,170
At 31 December 2013	於2013年12月31日	–	(52,538)	(34,210)	(56,987)	(6,222)	(149,957)
Exchange difference	匯兌差額	–	(16)	–	20	11	15
Depreciation for the year (Note)	本年度折舊(附註)	(32,291)	(12,076)	(9,186)	(9,352)	(2,967)	(65,872)
Elimination of fair value gain on revaluation	對銷公允值 重估收益	32,291	–	–	–	–	32,291
Disposal	出售	–	475	1,766	1,010	179	3,430
At 31 December 2014	於2014年12月31日	–	(64,155)	(41,630)	(65,309)	(8,999)	(180,093)
Net book value or valuation	賬面淨值或估值						
At 31 December 2014	於2014年12月31日	506,000	16,596	27,898	20,645	7,382	578,521
At 31 December 2013	於2013年12月31日	399,000	17,707	15,838	23,007	8,411	463,963

Note: During the year, depreciation of HK\$1,247,000 (2013: HK\$2,163,000) was capitalised in properties under development.

附註：年內，港幣1,247,000元(2013年：港幣2,163,000元)之折舊已於發展中物業予以資本化。

15 Property, plant and equipment (continued)

The leasehold land and building was revalued at fair value by an independent valuer, Jones Lang LaSalle Limited. Valuation process of the Group is disclosed in note 16.

Fair value measurements using significant unobservable inputs (Level 3)

Fair value of leasehold land and building in Hong Kong is derived using the direct comparison method. This valuation method is by comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Significant inputs used to determine fair value of leasehold land and building at 31 December 2014

15 物業、機器及設備 (續)

租賃土地及樓宇由獨立估值師仲量聯行有限公司按公允值重估。本集團之估值程序於附註16論述。

採用重大不可觀察輸入數據之公允值計量 (第三層)

於香港之租賃土地及樓宇之公允值乃採用直接比較法得出。此估值法乃將直接估值之物業與其他近期交易之可比較物業進行比較。然而，鑒於房地產物業之錯綜複雜性質，通常須作出適當調整以計入任何或會影響很可能透過考慮中物業達致之價格的性質差異。

用於釐定於2014年12月31日之租賃土地及樓宇公允值之重大輸入數據

	Valuation method 估值方法	Unobservable input 不可觀察輸入數據	Relationship of unobservable inputs to fair value 不可觀察輸入數據與 公允值之關係
31 December 2014 2014年12月31日			
Leasehold land and building – Hong Kong 租賃土地及樓宇—香港	Direct comparison method 直接比較法	Average price per square feet: HK\$6,138 (2013: HK\$4,550) 每平方米平均價格： 港幣6,138元 (2013年：港幣4,550元)	The higher the average price, the higher the fair value 平均價格越高，公允值越高
If leasehold land and building had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of HK\$94,767,000 (2013: HK\$103,006,000).			
倘租賃土地及樓宇並無進行重估，則會按歷史成本減累積折舊港幣94,767,000元(2013年：港幣103,006,000元)計入該等綜合財務報表。			

15 Property, plant and equipment (continued)

The leasehold land and building is situated in Hong Kong with a medium-term lease.

As at 31 December 2014, the Group's leasehold land and building of approximately HK\$506,000,000 (2013: HK\$399,000,000) was pledged as collateral for the Group's banking facilities.

15 物業、機器及設備 (續)

租賃土地及樓宇位於香港，並附帶中期租賃。

於2014年12月31日，本集團的租賃土地及樓宇約港幣506,000,000元（2013年：港幣399,000,000元）已抵押作本集團銀行融資之抵押品。

		The Company 本公司			
		Leasehold improvements 租賃物業裝修 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、固定裝置及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Cost	成本				
At 1 January 2013	於2013年1月1日	21,018	14,028	2,480	37,526
Additions	添置	–	3,534	698	4,232
Disposal	出售	–	(379)	(650)	(1,029)
At 31 December 2013	於2013年12月31日	21,018	17,183	2,528	40,729
Additions	添置	6,235	3,031	–	9,266
Disposal	出售	–	(924)	–	(924)
At 31 December 2014	於2014年12月31日	27,253	19,290	2,528	49,071
Accumulated depreciation	累積折舊				
At 1 January 2013	於2013年1月1日	(19,862)	(11,779)	(1,102)	(32,743)
Depreciation for the year	本年度折舊	(802)	(1,826)	(586)	(3,214)
Disposal	出售	–	379	271	650
At 31 December 2013	於2013年12月31日	(20,664)	(13,226)	(1,417)	(35,307)
Depreciation for the year	本年度折舊	(733)	(2,114)	(596)	(3,443)
Disposal	出售	–	538	–	538
At 31 December 2014	於2014年12月31日	(21,397)	(14,802)	(2,013)	(38,212)
Closing net book value	期末賬面淨值				
At 31 December 2014	於2014年12月31日	5,856	4,488	515	10,859
At 31 December 2013	於2013年12月31日	354	3,957	1,111	5,422

16 Investment properties

16 投資物業

		The Group 本集團	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
At fair value:	按公允值：		
At 1 January	於1月1日	1,536,519	29,690
Acquisition of subsidiaries (Note 36)	收購附屬公司（附註36）	—	1,512,648
Addition	添置	2,456	—
Disposal	出售	(900)	—
Transfer from properties under development (Note 22)	自發展中物業轉撥（附註22）	875,179	—
Fair value gain/(loss)	公允值收益／（虧損）	403,691	(17,620)
Exchange difference	匯兌差額	(10,214)	11,801
At 31 December	於12月31日	2,806,731	1,536,519

The Group's interests in office units in Hong Kong were held by a 20-year freely assignable master lease which expired during the year ended 31 December 2014, its fair value was reduced to nil as at 31 December 2014.

本集團於香港之辦公單位的權益以20年可自由轉讓的主租約持有，已於截至2014年12月31日止年度到期，公允值於2014年12月31日減至零。

The Group's interests in investment properties are analysed as follows:

本集團投資之物業權益分析如下：

		The Group 本集團	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Properties in Hong Kong held under	根據以下租賃持有之香港物業		
– Short-term lease (less than ten years)	— 短期租賃（少於10年）	—	8,900
– Medium-term lease (more than ten years but less than fifty years)	— 中期租賃（超過10年但少於50年）	2,800	3,170
Properties outside Hong Kong held under	根據以下租賃持有之香港境外物業		
– Medium-term lease (more than ten years but less than fifty years)	— 中期租賃（超過10年但少於50年）	2,803,931	1,524,449
		2,806,731	1,536,519

As at 31 December 2014, the Group's investment properties of approximately HK\$1,606,049,000 (2013: HK\$1,524,449,000) were pledged as collaterals for the Group's banking facilities.

於2014年12月31日，本集團約港幣1,606,049,000元（2013年：港幣1,524,449,000元）之投資物業已抵押作本集團銀行融資之抵押品。

16 Investment properties (continued)

16 投資物業 (續)

		Carparks 車位	Completed commercial properties 已竣工商業物業	Commercial properties under development 發展中商業物業	Total 總計
		Hong Kong 香港	Hong Kong 香港	PRC 中國	
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
As at 1 January 2014	於2014年1月1日	3,170	8,900	1,524,449	1,536,519
Addition	添置	–	–	2,456	2,456
Transfer (Note)	轉撥 (附註)	–	–	875,179	875,179
Disposal	出售	(900)	–	–	(900)
Fair value gain/(loss)	公允值收益/(虧損)	530	(8,900)	91,874	403,691
Exchange difference	匯兌差額	–	–	(12,730)	(10,214)
At 31 December 2014	於2014年12月31日	2,800	–	1,606,049	2,806,731

Note:

During the year ended 31 December 2014, the development plan and certain leasing arrangements have been finalised for the commercial portion of the properties under development. The development costs of the said commercial portion amounting to HK\$875,179,000 (2013: nil) were transferred to investment properties under development held for investment purpose.

The properties in Hong Kong and the PRC were revalued at fair value by independent valuers, Jones Lang LaSalle Limited and Peak Vision Appraisals Limited, respectively. The following table analyses the investments properties carried at fair value, by valuation method.

The Group's finance department would review the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the finance department and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

附註：

於截至2014年12月31日止年度，發展中物業商業部份的發展計劃及若干租賃安排已經落實。上述商業部份的發展成本為港幣875,179,000元（2013年：無），已轉撥至持作投資之發展中投資物業。

於香港及中國之物業分別由獨立估值師仲量聯行有限公司及滙鋒評估有限公司按公允值重估。下表按估值方法分析以公允值列賬之投資物業。

本集團之財務部門將審閱獨立估值師為財務申報目的進行之估值。財務部門及估值師至少每六個月（與本集團之中期及年度申報日期一致）對估值程序及結果進行討論。

16 Investment properties (continued)

16 投資物業 (續)

		Fair value measurements as at 31 December 2014 using 使用下列估值方法作出之 於2014年12月31日之公允值計量		
Description	說明	Quoted prices in active markets for identical assets 相同資產 於活躍市場 之報價 (Level 1) (第一層) HK\$'000 港幣千元	Significant other observable inputs 其他重大 可觀察 輸入數據 (Level 2) (第二層) HK\$'000 港幣千元	Significant unobservable inputs 重大不可 觀察 輸入數據 (Level 3) (第三層) HK\$'000 港幣千元
Recurring fair value measurements	經常性公允值計量			
Investments properties:	投資物業：			
Carparks in Hong Kong	位於香港之車位	—	2,800	—
Shopping mall in the PRC	位於中國之購物商場	—	—	1,498,303
Carparks in the PRC	位於中國之車位	—	—	107,746
Commercial properties under development in the PRC	位於中國之發展中 商業物業	—	—	1,197,882

There was no transfer between level 1, 2 and 3 during the year.

於本年度，第一層、第二層及第三層之間並無進行轉撥。

Fair value measurements using significant other observable inputs (Level 2)

Fair values of carparks in Hong Kong are derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted.

採用其他重大可觀察輸入數據之公允值計量 (第二層)

香港車位之公允值採用直接比較法得出。此估值法乃基於將直接估值之物業與其他近期交易之可比物業進行比較。

Fair value measurements using significant unobservable inputs (Level 3)

Fair values of shopping mall, carparks and commercial properties under development in the PRC are derived using the combination of direct comparison method and investment method.

採用重大不可觀察輸入數據之公允值計量 (第三層)

中國購物商場、車位及發展中商業物業之公允值採用直接比較法及投資法相結合得出。

Direct comparison method is by comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

直接比較法基於將擬進行估值之物業直接與其他近期交易之可比物業作比較。然而，鑒於各房地產物業之性質互不相同，通常須作出適當之調整以納入任何質量上之差異，該等差異或會影響所考慮物業之價格。

16 Investment properties (continued)

Fair value measurements using significant unobservable inputs (Level 3) (continued)

The investment method is based on the capitalisation of net income at an appropriate discount rate or by taking into account the current rents passing and the reversionary income potential of the property. For commercial properties under development, construction costs that will be expended to complete the development to reflect the development potential of the property and the quality of the completed development are taken into account in the valuation.

Significant inputs used to determine fair value of investment properties at 31 December 2014

16 投資物業 (續)

採用重大不可觀察輸入數據之公允值計量 (第三層) (續)

投資法乃基於按適當的折現率將收入淨額予以資本化得出，或經考慮有關物業之現行租金及收入變化潛力。就發展中商業物業而言，建造成本將擴大至發展完成所需之成本，以反映該物業的發展潛力，且估值時會考慮完成發展之質素。

用於釐定2014年12月31日之投資物業公允值之重大輸入數據

	Valuation method 估值方法	Unobservable input 不可觀察輸入數據	Relationship of unobservable inputs to fair value 不可觀察輸入數據與公允值之關係
31 December 2014 2014年12月31日			
Shopping mall – PRC 購物商場－中國	Investment method (2013: Direct comparison method) (Note) 投資法 (2013年： 直接比較法) (附註)	Term yield: 5.25% (2013: nil) 年期回報率：5.25% (2013年：無)	The changes in the term yield would not materially affect the fair value. 年期回報率變動對公允值不會產生重大影響。
		Reversionary yield: 5.50% (2013: nil) 復歸回報率：5.50% (2013年：無)	The lower the reversionary yield, the higher the fair value 復歸回報率越低，公允值越高。
		Adjusted average market rent per sq.m per month: RMB250 (2013: adjusted average market transacted price per square metre: RMB29,000) 每月每平方米經調整平均市場 租金：人民幣250元 (2013年： 每平方米經調整平均市場交易 價：人民幣29,000元)	The higher the adjusted average market rent, the higher the fair value. 經調整平均市場租金越高，公允值 越高。

16 Investment properties (continued)

*Fair value measurements using significant unobservable inputs
(Level 3) (continued)*

16 投資物業 (續)

採用重大不可觀察輸入數據之公允值計量 (第三層) (續)

	Valuation method 估值方法	Unobservable input 不可觀察輸入數據	Relationship of unobservable inputs to fair value 不可觀察輸入數據與公允值之關係
Carparks – PRC 車位－中國	Direct comparison method 直接比較法	Adjusted average market transacted price per lot: RMB259,000 (2013: RMB242,000) 每個經調整平均市場交易價： 人民幣259,000元 (2013年：人民幣242,000元)	The higher the adjusted average market transacted price, the higher the fair value. 經調整平均市場交易價越高，公允 值越高。
Commercial properties under development – retail, PRC 發展中商業物業－零售，中國	Investment method 投資法	Term yield: 3.00% 年期回報率：3.00%	The changes in the term yield would not materially affect the fair value. 年期回報率變動對公允值不會產生 重大影響。
		Reversionary yield: 5.00% 復歸回報率：5.00%	The lower the reversionary yield, the higher the fair value 復歸回報率越低，公允值越高。
		Adjusted average market rent per sq.m per month: RMB130 每月每平方米經調整平均 市場租金：人民幣130元	The higher the adjusted average market rent, the higher the fair value. 經調整平均市場租金越高，公允值 越高。
Commercial properties under development – car parks, PRC 發展中商業物業－車位， 中國	Direct comparison method 直接比較法	Adjusted average market transacted price per lot: RMB122,000 每個經調整平均市場交易價：人 民幣122,000元	The higher the adjusted average market transacted price, the higher the fair value. 經調整平均市場交易價越高，公允 值越高。

Note: The directors consider the investment method is more applicable to the property.

附註：董事認為投資法更適用於該物業。

17 Intangible assets

17 無形資產

		The Group 本集團						
		Trademark (Note) 商標 (附註)	Secured contracts (Note) 取得合約 (附註)	Client relationships (Note) 客戶關係 (附註)	Sub-total	Other trademarks and trade names 其他商標 及商號名稱	Software cost	Total
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Cost	成本							
At 1 January 2013	於2013年1月1日	58,469	30,497	71,073	160,039	1,600	–	161,639
Additions	添置	–	–	–	–	–	11,858	11,858
At 31 December 2013	於2013年12月31日	58,469	30,497	71,073	160,039	1,600	11,858	173,497
Additions	添置	–	–	–	–	–	949	949
At 31 December 2014	於2014年12月31日	58,469	30,497	71,073	160,039	1,600	12,807	174,446
Accumulated amortisation	累積攤銷							
At 1 January 2013	於2013年1月1日	–	(26,416)	(34,216)	(60,632)	–	–	(60,632)
Amortisation for the year	本年度攤銷	–	(4,081)	(7,896)	(11,977)	–	(2,025)	(14,002)
At 31 December 2013	於2013年12月31日	–	(30,497)	(42,112)	(72,609)	–	(2,025)	(74,634)
Amortisation for the year	本年度攤銷	–	–	(7,896)	(7,896)	–	(4,373)	(12,269)
At 31 December 2014	於2014年12月31日	–	(30,497)	(50,008)	(80,505)	–	(6,398)	(86,903)
Net book value	賬面淨值							
At 31 December 2014	於2014年12月31日	58,469	–	21,065	79,534	1,600	6,409	87,543
At 31 December 2013	於2013年12月31日	58,469	–	28,961	87,430	1,600	9,833	98,863

Note:

Intangible assets arising from the acquisition of Synergis included a trademark, secured contracts and client relationships. The trademark has an indefinite useful life as there is no foreseeable limit to the period over which the trademark is expected to generate economic benefits to the Group.

As at 31 December 2014, the management of the Group determined there is no impairment of the trademark. The basis on how the recoverable amount of "Property and facility management" segment, to which the trademark is related, is determined, is the same as those used in the impairment assessment of the goodwill allocated to the "Property and facility management" segment (Note 18(i)).

The estimated useful lives of secured contracts and client relationships of 5 and 9 years respectively are based on the terms of existing contracts and historical data.

附註：

收購新昌管理所產生之無形資產，包括商標、取得合約及客戶關係。商標並沒有指定可使用年期，此乃由於商標對本集團所產生的經濟效益並沒有可預見的期限。

於2014年12月31日，本集團管理層確定商標並無出現減值。釐定與商標有關之「物業與設施管理」分類之可收回金額時，所依據的基準，與用於對分配至「物業與設施管理」分類的商譽進行減值評估時所採用者相同（附註18(i)）。

取得合約及客戶關係之預計可使用年期是根據現時合約之條款及歷史數據分別訂為五年及九年。

17 Intangible assets (continued)

17 無形資產 (續)

		The Company 本公司 Software cost 軟件成本 HK\$'000 港幣千元
Cost	成本	
At 1 January 2013	於2013年1月1日	—
Additions	添置	11,858
At 31 December 2013	於2013年12月31日	11,858
Additions	添置	949
At 31 December 2014	於2014年12月31日	12,807
Accumulated amortisation	累積攤銷	
At 1 January 2013	於2013年1月1日	—
Amortisation for the year	本年度攤銷	(2,025)
At 31 December 2013	於2013年12月31日	(2,025)
Amortisation for the year	本年度攤銷	(4,373)
At 31 December 2014	於2014年12月31日	(6,398)
Net book value	賬面淨值	
At 31 December 2014	於2014年12月31日	6,409
At 31 December 2013	於2013年12月31日	9,833

18 Goodwill

The carrying amount of goodwill was allocated to groups of cash-generating units that are expected to benefit from the business combination as follows:

18 商譽

商譽之賬面值按下列方式分配至預期從業務合併中獲得利益之現金產生單位組別：

		Notes 附註	The Group 本集團 HK\$'000 港幣千元
Property and facility management	物業及設施管理	(i)	18,753
Property development and investment	物業發展及投資	(ii)	23,249
At 1 January 2013, 31 December 2013 and 31 December 2014	於2013年1月1日、2013年12月31日及 2014年12月31日		42,002

18 Goodwill (continued)

Notes:

- (i) Goodwill arising from Synergis, allocated to the “Property and facility management” segment, amounting to HK\$92,618,000 (2013: HK\$92,618,000), was previously reduced through recognition of an impairment loss of HK\$73,865,000 (2013: HK\$73,865,000).

At 31 December 2014, the management of the Group determined that there is no further impairment of goodwill. The recoverable amount of the “Property and facility management” segment has been determined based on the higher of its fair value less costs to sell and its value in use. Management has calculated the fair value based on observable market price assessed that the fair value less costs to sell is higher than the carrying amount of “Property and facility management” segment and no impairment provision is considered necessary.

- (ii) Goodwill arising from Hsin Chong Property Development Limited (“HCPD”), allocated to the “Property development and investment” segment has been determined based on a value in use calculation. The value in use calculation is derived from cash flow projections based on financial budgets approved by management covering by a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below, which have been determined based on management expectations for the market development. The long term growth rates used are largely consistent with the range of forecasts included in industry reports. The key assumptions for the value in use calculations are as follows:

		2014	2013
Discount rate	貼現率	12%	12%
Growth rate	增長率	5%	5%

19 Subsidiaries

18 商譽 (續)

附註：

- (i) 新昌管理產生之商譽，已分配至「物業及設施管理」分類，金額為港幣92,618,000元（2013年：港幣92,618,000元），惟先前已透過確認減值虧損港幣73,865,000元（2013年：港幣73,865,000元）予以下調。

於2014年12月31日，本集團管理層確定商譽並無需進一步減值。「物業及設施管理」分類之可收回金額乃以其公允價值減銷售成本或按使用價值兩者之間較高者為準而釐定。管理層以可觀察市場價格計算公允價值，認為公允價值減銷售成本較「物業及設施管理」分類之賬面值高，故無須計提減值撥備。

- (ii) 分配至「物業發展及投資」分類來自新昌地產發展有限公司（「新昌地產發展」）的商譽，乃動用使用價值計算及計劃。使用價值乃基於管理層所批准之涵蓋三年期之財政預算的現金流預測計算。超過三年期之現金流量乃採用下文所述之估計增長率推算，並已根據管理層對市場發展之預期釐定。所採用之長期增長率與行業報告所載之預測範圍基本一致。計算使用價值所用的主要假設如下：

19 附屬公司

		The Company 本公司	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Unlisted shares, at cost	非上市股本，按成本	2,278,063	2,278,063
Less: impairment in value	減：減值	(100,914)	(150,164)
		2,177,149	2,127,899
Loans to subsidiaries	貸款予附屬公司		
– non-current	– 非即期	592,000	482,000
– current	– 即期	46,940	53,440
		638,940	535,440
Amounts due from subsidiaries	應收附屬公司款項	3,500,219	2,295,327
Less: provision	減：撥備	(9,779)	(26,462)
		3,490,440	2,268,865
Loan from a subsidiary	來自一間附屬公司之貸款		
– non-current	– 非即期	(376,000)	(120,000)
– current	– 即期	(74,000)	–
		(450,000)	(120,000)
Amounts due to subsidiaries	應付附屬公司款項	(1,317,639)	(328,984)

19 Subsidiaries (continued)

Loans to subsidiaries as at 31 December 2014 was unsecured and bore interest at HIBOR plus 2% per annum (2013: HIBOR plus 2% per annum). The loans amounting to HK\$592,000,000 (2013: HK\$482,000,000) are not repayable within one year and the loans of HK\$46,940,000 (2013: HK\$53,440,000) are repayable on demand with no fixed terms of repayment. The carrying amounts are denominated in Hong Kong dollars.

Loan from a subsidiary as at 31 December 2014 was unsecured, bore interest at HIBOR plus 2.7% per annum. (2013: HIBOR plus 2% per annum) The loan amounting to HK\$74,000,000 (2013: nil) was repayable within one year and the loan of HK\$376,000,000 (2013: HK\$120,000,000) was repayable after one year.

Amounts due from/to subsidiaries are unsecured, non-interest bearing, have no fixed terms of repayment and are denominated in Hong Kong dollars.

The carrying amounts of balances with subsidiaries approximate their fair values. Details of principal subsidiaries are set out in note 44.

20 Joint operations

Details of major investment in joint operations as at 31 December 2014 and 2013 are as follows:

Name 名稱	Place of operation 經營地點	Principal activities 主要業務	Participating shares 參股	
			2014	2013
CRCC – HC – CR15G Joint Venture 中鐵建－新昌－中鐵建15局聯營公司	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	30%	30%
GAS Joint Venture 英昌龍聯營公司	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Electrical and mechanical 機電工程	30%	30%
Hsin Chong Aster – China Comservice JV 新昌亞仕達－中國通信服務聯營公司	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Electrical and mechanical 機電工程	70%	70%
Hsin Chong – Maeda JV	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Building construction 樓宇建造	60%	60%
Hsin Chong-Wah Cheong Joint Venture (01)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Interiors and special projects 室內裝飾及特殊項目	30.2%	30.2%
Hsin Chong-Wah Cheong Joint Venture (02)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Interiors and special projects 室內裝飾及特殊項目	30.2%	30.2%
Hsin Chong – Yau Lee Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Building construction 樓宇建造	50%	50%

19 附屬公司 (續)

於2014年12月31日提供予附屬公司之貸款乃無抵押，並按年息以香港銀行同業拆息加2% (2013年：年息以香港銀行同業拆息加2%) 計算利息。貸款額港幣592,000,000元 (2013年：港幣482,000,000元) 無需於一年內償還，而貸款額港幣46,940,000元 (2013年：港幣53,440,000元) 為按要求還款，並無固定還款期。貸款額賬面值以港幣為單位。

於2014年12月31日，來自一間附屬公司之貸款為無抵押及按年息以香港銀行同業拆息加2.7% (2013年：年息以香港銀行同業拆息加2%) 計算利息。貸款額港幣74,000,000元 (2013年：無) 需於一年內償還，而貸款額港幣376,000,000元 (2013年：港幣120,000,000元) 為一年後還款。

應收／應付附屬公司款項乃無抵押、免息及無固定還款期，並以港幣為單位。

附屬公司款項之賬面值與其公允值相近。主要附屬公司之資料詳列於附註44。

20 共同經營業務

於2014年及2013年12月31日主要共同經營業務投資之詳情如下：

20 Joint operations (continued)

Name 名稱	Place of operation 經營地點	Principal activities 主要業務	Participating shares 參股	
			2014	2013
Hsin Chong Tsun Yip Joint Venture 新昌進業聯營	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	60%	60%
Hsin Chong Tsun Yip Joint Venture 新昌進業聯營(DC/2012/07)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	57%	57%
Hsin Chong Tsun Yip Joint Venture 新昌進業聯營(DC/2012/08)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	57%	57%
Hsin Chong Tsun Yip Joint Venture 新昌進業聯營(5/WSD/13)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	83%	83%
Laing O' Rourke – Hsin Chong – Paul Y. Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	22.5%	22.5%
Laing O' Rourke – Hsin Chong – Paul Y. (WKCD) Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	22.5%	22.5%
Maeda – Hitachi – Yokogawa – Hsin Chong Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	20%	20%
MBH Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	20%	20%
Samsung – Hsin Chong Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	40%	40%
Yau Lee – Hsin Chong Joint Venture 有利 – 新昌聯營	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Building construction 樓宇建造	40%	40%
CESL – HCCG Joint Venture	Unincorporated joint operation operating in Macau 在澳門經營之非屬法團共同經營業務	Building construction 樓宇建造	45%	–

Note:

Pursuant to the terms of the joint arrangements, the profit sharing for each year of all joint operations listed herein above shall be distributed to the joint operators in proportion to their respective participating interests.

Amounts due from/to other partners of joint operations are unsecured, non-interest bearing, have no fixed terms of repayment and are denominated in Hong Kong dollars.

The above table lists the joint operations of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint operations would, in the opinion of the directors, result in particulars of excessive length.

附註：

根據共同安排之條款，上述所有共同經營業務每年溢利之分配將依照各共同經營者所佔之參與權益按比例分配。

應收／應付共同經營之其他合作夥伴屬無抵押、不計息、無固定還款期及以港幣計值。

上表列示之本集團共同經營業務為董事認為主要影響本集團業績或資產之共同經營業務。董事認為，提供有關其他共同經營業務的詳情將使資料過於冗長。

20 共同經營業務（續）

21 Available-for-sale financial asset

Available-for-sale financial asset comprises the following:

		The Group 本集團	
		2014	2013
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Equity securities	股本證券		
Unlisted, at fair value	非上市·按公允值		
At 1 January	於1月1日	10,190	9,831
Additions	添置	–	359
Fair value gain	公允值收益	17,608	–
At 31 December	於12月31日	27,798	10,190

The fair value of unlisted securities is determined based on valuation report by independent valuers and has been referenced to net asset value of the unlisted securities as at reporting date.

21 可供出售之財務資產

可供出售之財務資產包括以下各項目：

		The Group 本集團	
		2014	2013
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Equity securities	股本證券		
Unlisted, at fair value	非上市·按公允值		
At 1 January	於1月1日	10,190	9,831
Additions	添置	–	359
Fair value gain	公允值收益	17,608	–
At 31 December	於12月31日	27,798	10,190

非上市證券之公允值乃根據獨立估值師之估值報告釐定，並已參考非上市證券於報告日期之資產淨值。

22 Properties under development

		The Group 本集團	
		2014	2013
		HK\$'000	HK\$'000
		港幣千元	港幣千元
At 1 January	於1月1日	3,880,470	2,838,784
Exchange difference	匯兌差額	(24,872)	88,962
Additions during the year	年內添置	1,307,012	952,724
Transfer to investment properties under development (Note 16)	轉撥至發展中投資物業 (附註16)	(875,179)	–
At 31 December	於12月31日	4,287,431	3,880,470

Properties under development comprise:

22 發展中物業

		The Group 本集團	
		2014	2013
		HK\$'000	HK\$'000
		港幣千元	港幣千元
At 1 January	於1月1日	3,880,470	2,838,784
Exchange difference	匯兌差額	(24,872)	88,962
Additions during the year	年內添置	1,307,012	952,724
Transfer to investment properties under development (Note 16)	轉撥至發展中投資物業 (附註16)	(875,179)	–
At 31 December	於12月31日	4,287,431	3,880,470

發展中物業包括：

		The Group 本集團	
		2014	2013
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Land use rights	土地使用權	2,402,304	2,556,309
Construction cost and capitalised expenditure	建造成本及資本化開支	1,679,121	1,197,460
Interest expense capitalised	資本化利息開支	206,006	126,701
		4,287,431	3,880,470

22 Properties under development (continued)

As at 31 December 2014, the amount of properties under development expected to be completed and available for sale within one year is approximately HK\$967,763,000 (2013: HK\$900,276,000). The remaining balance is expected to be recovered after one year.

As at 31 December 2014, a portion of the Group's properties under development with cost of approximately HK\$229,569,000 (2013: HK\$231,615,000) was pledged as collateral for the Group's banking facilities.

22 發展中物業 (續)

於2014年12月31日，預期將於一年內竣工及可供出售之發展中物業金額約為港幣967,763,000元（2013年：港幣900,276,000元）。餘額預期將於一年後收回。

於2014年12月31日，本集團之發展中物業部份成本約港幣229,569,000元（2013年：港幣231,615,000元）已抵押作為本集團銀行信貸之抵押品。

23 Stocks and contracting work-in-progress

23 存貨及興建中工程

		The Group 本集團	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Gross amounts due from customers for contract work	應收客戶之工程款項毛額	1,407,721	1,722,303
Raw materials, at cost	原料，按成本	1,412	1,344
Stocks of properties, at cost	物業存貨，按成本	642,861	705,676
		2,051,994	2,429,323
Note:	附註：		
Cost plus attributable profit less foreseeable losses	成本加應佔溢利減可預見虧損	28,792,382	18,766,155
Less: progress payments received and receivable	減：已收及應收工程賬款	(27,721,873)	(17,248,910)
Contracting work-in-progress	興建中工程	1,070,509	1,517,245
Representing:	代表：		
Gross amounts due from customers for contract work included in stocks and contracting work-in-progress	存貨及興建中工程項下包括應收客戶之工程款項毛額	1,407,721	1,722,303
Gross amounts due to customers for contract work included in payables and accruals	應付賬款及應計費用項下包括應付客戶之工程款項毛額	(337,212)	(205,058)
		1,070,509	1,517,245

24 Receivables and prepayments

24 應收賬款及預付金

		The Group 本集團		The Company 本公司	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Trade receivables	貿易應收賬款				
– third parties	– 第三方	733,698	653,338	–	–
– provision for impairment	– 減值撥備	(423)	(423)	–	–
		733,275	652,915	–	–
Retention receivables	保固金應收賬款				
– third parties	– 第三方	1,230,854	807,153	–	–
– provision for impairment	– 減值撥備	(125)	(125)	–	–
		1,230,729	807,028	–	–
		1,964,004	1,459,943	–	–
Other receivables	其他應收賬款				
– subsidiaries	– 附屬公司	–	–	–	8,101
– third parties	– 第三方	63,203	37,108	8,731	–
– joint operations	– 共同經營業務	–	–	–	35
Deposits and prepayments	按金及預付金				
– subsidiaries	– 附屬公司	–	–	135,953	2,025
– third parties (Note)	– 第三方 (附註)	367,000	218,924	2,025	9,867
		2,394,207	1,715,975	146,709	20,028

Note: Balance included a RMB23,000,000 refundable deposit paid to a PRC company for entering into the tender of an interior fitting out project in Hainan, the PRC and an earnest deposit of HK\$130 million paid in respect of a potential acquisition of a property project in the PRC.

附註：結餘包括就一個位於中國海南的室內裝修項目訂立投標向一間中國公司支付之可退還按金人民幣23,000,000元及就於中國潛在收購一處物業而支付之誠意金港幣130,000,000元。

The carrying amounts of the Group's and the Company's receivables and prepayments are denominated in the following currencies:

本集團及本公司應收賬款及預付金賬面值以下列貨幣為單位：

		The Group 本集團		The Company 本公司	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Hong Kong dollar	港幣	1,866,816	1,393,974	146,709	20,028
Renminbi	人民幣	109,615	156,247	–	–
Macau pataca	澳門幣	417,776	165,754	–	–
		2,394,207	1,715,975	146,709	20,028

24 Receivables and prepayments (continued)

(a) Trade and retention receivables

- (i) The aging analysis of trade receivables by due date is as follows:

		The Group 本集團	
		2014	2013
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Not yet due	未到期	607,259	442,722
1 to 30 days	1至30天	71,654	143,877
31 to 90 days	31至90天	23,483	25,613
91 to 180 days	91至180天	7,587	2,536
Over 180 days	180天以上	23,292	38,167
		733,275	652,915

- (ii) As at 31 December 2014, for the receivables which are not yet due, there is no indication that they will be non-performing as there is no history of default of the customers.

- (iii) The Group's credit terms for its contracting business, property rental and property and facility management services are negotiated with and entered into under normal commercial terms with its trade customers. The credit period for the trade receivables for contracting business and property and facility management generally ranges from 30 to 60 days (2013: 30 to 60 days).

Retention receivables in respect of the contracting business are settled in accordance with the terms of the respective contracts. Rental income is billed in advance of the rental period. At 31 December 2014, retention receivables held by customers for contract works amounting to approximately HK\$860,809,000 (2013: HK\$518,711,000) are expected to be recovered or settled in more than twelve months from the end of the reporting period.

- (iv) There is no concentration of credit risk with respect to trade and retention receivables, as the Group has a large number of customers.

24 應收賬款及預付金 (續)

(a) 貿易及保固金應收賬款

- (i) 貿易應收賬款按到期日之賬齡分析如下：

		The Group 本集團	
		2014	2013
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Not yet due	未到期	607,259	442,722
1 to 30 days	1至30天	71,654	143,877
31 to 90 days	31至90天	23,483	25,613
91 to 180 days	91至180天	7,587	2,536
Over 180 days	180天以上	23,292	38,167
		733,275	652,915

- (ii) 於2014年12月31日，尚未到期的應收賬款因並無客戶有拖欠還款之記錄，故沒有任何顯示有不獲履行之情況。

- (iii) 本集團建造業務、物業租賃與物業及設施管理服務之信貸期乃按照一般商業條款與客戶商議及簽訂。建造業務及物業及設施管理的貿易應收賬款之信貸期一般介乎30至60天（2013年：30至60天）。

建造業務之保固金應收賬款按照個別合約之條款結算。租務收入則於每月租賃期前開發賬單預收。於2014年12月31日，客戶就建造合約工程持有之保固金應收賬款約港幣860,809,000元（2013年：港幣518,711,000元），預期將於報告期結束時起計超過十二個月後收回或結付。

- (iv) 由於本集團客戶為數不少，故貿易及保固金應收賬款並無信貸集中之風險。

24 Receivables and prepayments (continued)

(a) Trade and retention receivables (continued)

- (v) Depending on the credit history and financial position of each individual customer, trade receivables that are less than 180 days past due are not considered impaired. As at 31 December 2014, trade receivables of HK\$23,292,000 (2013: HK\$38,167,000), net of provision for impairment, were past due over 180 days but not impaired as there are no recent history of default of independent customers and no objective evidence of the receivables being not fully collectible.
- (vi) Movements in the provision for impairment of trade and retention receivables are as follows:

		The Group 本集團	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
At the beginning and at the end of the year	於年初 及年末	548	548

The provision for impairment represents trade and retention receivables aged over 180 days in both years.

減值撥備指兩個年度內賬齡超過180天之貿易及保固金應收賬款。

(b) Provision for impairment of other receivables

Movements on the provision for impairment of other receivables are as follows:

		The Group 本集團	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
At the beginning of the year	於年初	—	201
Amount written off as uncollectible	撇銷不可收回之款項	—	(201)
At the end of the year	於年末	—	—

As at 31 December 2014 and 2013, the Group does not hold any collateral.

於2014年及2013年12月31日，本集團並無持有任何抵押品。

25 Amounts due from non-controlling interests

Amounts due from non-controlling interests are unsecured, non-interest bearing and have no fixed terms of repayment. The carrying amounts approximate their fair values, and are mainly denominated in Hong Kong dollars.

24 應收賬款及預付金 (續)

(a) 貿易及保固金應收賬款 (續)

- (v) 視乎個別客戶之信貸記錄及財務狀況而定，貿易應收賬款逾期少於180天不被視為需要減值。於2014年12月31日，已扣除減值撥備之貿易應收賬款港幣23,292,000元(2013年：港幣38,167,000元)經已逾期超過180天，但並無作出減值，原因是每個客戶近期沒有拖欠還款記錄，亦無客觀證據顯示該等應收賬款無法全數收回。
- (vi) 貿易及保固金應收賬款之減值撥備變動如下：

(b) 其他應收賬款之減值撥備

其他應收賬款之減值撥備變動如下：

25 應收非控股權益款項

應收非控股權益款項乃無抵押、免息及無固定還款期。其賬面值與其公允值相近，並主要以港幣為單位。

26 Deposits, cash and cash equivalents

26 存款、現金及等同現金項目

		The Group 本集團		The Company 本公司	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Cash at bank and in hand	銀行結存及手頭現金	827,923	192,642	1,137	1,450
Short term bank deposits (Note i)	短期銀行存款 (附註i)	22,122	715,083	–	–
		850,045	907,725	1,137	1,450
Time deposit over three months (Note ii)	三個月以上定期存款 (附註ii)	13,915	13,463	–	–
Unrestricted deposits, cash and bank balances	不受限制之存款、 現金及銀行結存	863,960	921,188	1,137	1,450
Restricted bank deposits (Note iii)	受限制之銀行存款 (附註iii)	30,708	4,592	–	–
		894,668	925,780	1,137	1,450

Deposits, cash and cash equivalents are denominated in the following currencies:

存款、現金及等同現金項目以下列貨幣為單位：

		The Group 本集團		The Company 本公司	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Hong Kong dollar	港幣	699,110	441,285	1,116	1,450
United States dollar	美元	36,217	582	–	–
Renminbi	人民幣	85,496	179,614	–	–
Macau pataca	澳門幣	71,436	294,890	–	–
Other	其他	2,409	9,409	21	–
		894,668	925,780	1,137	1,450

Notes:

附註：

- (i) The short term bank deposits of the Group have original maturities of three months or less.
- (ii) The time deposits of the Group carry an effective interest rate of 3.0% (2013: 2.8%) per annum and have an average maturity period of 184 (2013: 183) days.
- (iii) As at 31 December 2014, restricted bank deposits of HK\$29,775,000 (2013: HK\$4,301,000) represent deposits placed in banks on which charges are created to secure banking facilities.

- (i) 本集團之短期銀行存款最初到期日為三個月或以下。
- (ii) 本集團的定期存款按實際年利率3.0% (2013年：2.8%) 計息，平均到期日為184 (2013年：183) 天。
- (iii) 於2014年12月31日，受限制之銀行存款港幣29,775,000元 (2013年：港幣4,301,000元) 指抵押予銀行以取得銀行融資之銀行存款。

27 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates. The movement of the deferred tax is as follows:

The Group

		Deferred tax liabilities 遞延稅項負債					Deferred tax assets 遞延稅項資產		
		Accelerated tax depreciation	Properties under development/ Properties held for sale 發展中物業/ 持作出售之物業	Fair value gains	Convertible bonds	Intangible assets	Depreciation in excess of depreciation allowance 折舊免稅額	Tax losses	Total
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1 January 2013	於2013年1月1日	2,127	(6,174)	(47,284)	(39,414)	(16,403)	(107,148)	174	-
Exchange difference	匯兌差額	(11)	(1,658)	(1,725)	-	-	(3,394)	-	-
Acquisition of subsidiaries (Note 36)	收購附屬公司(附註36)	-	(213,991)	(221,052)	-	-	(435,043)	-	-
Redemption of convertible bonds	贖回可換股債券	-	-	-	34,841	-	34,841	-	-
Charged to other comprehensive income	在其他全面收益內扣除	-	-	(6,365)	-	-	(6,365)	-	-
Transfer to reserve upon conversion of 4% convertible bonds	因轉換4%票息可換股債券而轉撥至儲備	-	-	-	306	-	306	-	-
(Charged)/credited to consolidated income statement	在綜合收益表內(扣除)/計入	(7,418)	(1,371)	-	4,267	1,976	(2,546)	5,711	5,974
At 31 December 2013	於2013年12月31日	(5,302)	(223,194)	(276,426)	-	(14,427)	(519,349)	5,885	5,974
Exchange difference	匯兌差額	(3)	2,057	1,165	-	-	3,219	-	-
Charged to other comprehensive income	在其他全面收益內扣除	-	-	(27,385)	-	-	(27,385)	-	-
(Charged)/credited to consolidated income statement	在綜合收益表內(扣除)/計入	(12,683)	14,728	(103,015)	-	1,303	(99,667)	(503)	4,276
At 31 December 2014	於2014年12月31日	(17,988)	(206,409)	(405,661)	-	(13,124)	(643,182)	5,382	10,250

The Company

Deferred tax assets

遞延稅項資產

Tax losses

稅項虧損

HK\$'000

港幣千元

At 1 January and 31 December 2013	於2013年1月1日及12月31日	-
Credited to income statement	在收益表內計入	3,586
At 31 December 2014	於2014年12月31日	3,586

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised deferred tax assets in respect of tax losses amounting to HK\$307,469,000 (2013: HK\$152,537,000) which can be carried forward against future taxable income. Tax losses amounting to HK\$242,566,000 are expiring from 2015 through 2019 (2013: HK\$54,357,000 expiring from 2014 through 2018). The remaining tax losses do not have expiry dates.

27 遞延稅項

遞延稅項採用負債法就暫時差額按本集團營運所在國家的現行適用稅率作全數計算。遞延稅項之變動如下：

本集團

遞延稅項資產乃就結轉之稅項虧損而確認，以相關稅務利益在有可能透過未來應課稅溢利變現之數額為限。本集團有未確認遞延稅項資產，源自稅損港幣307,469,000元（2013年：港幣152,537,000元），其可結轉以抵銷未來應課稅收入。為數港幣242,566,000元之稅損將於2015年至2019年內屆滿（2013年：港幣54,357,000元之稅損將於2014年至2018年內屆滿）。其餘稅損沒有屆滿時限。

28 Bank loans

28 銀行貸款

		The Group 本集團		The Company 本公司	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Bank loans, wholly payable within five years	須於五年內悉數償還之銀行貸款				
– secured	— 有抵押	2,336,423	1,479,187	60,000	50,000
– unsecured	— 無抵押	1,099,375	1,041,765	721,814	685,454
		3,435,798	2,520,952	781,814	735,454
The repayment schedule of bank loans is as follows:	銀行貸款之還款期如下：				
Short term revolving bank loans	短期循環銀行貸款	1,436,382	934,312	525,000	375,000
Portion of bank loans due for repayment within one year	須於一年內償還之銀行貸款部份	477,711	192,981	206,814	103,640
		1,914,093	1,127,293	731,814	478,640
Portions of bank loans due for repayment after one year but contain a repayment on demand clause	須於一年後償還但包含按要求償還條文之銀行貸款部份				
(i) in the second year	(i) 於第二年到期	137,860	307,548	50,000	206,814
(ii) in the third to fifth years, inclusive	(ii) 於第三至第五年到期（首尾兩年包括在內）	142,165	157,999	—	50,000
Portions of bank loans due for repayment after one year and do not contain a repayment on demand clause	須於一年後償還但並無包含按要求償還條文之銀行貸款部份				
(i) in the second year	(i) 於第二年到期	546,335	61,015	—	—
(ii) in the third to fifth years, inclusive	(ii) 於第三至第五年到期（首尾兩年包括在內）	695,345	867,097	—	—
		1,521,705	1,393,659	50,000	256,814
		3,435,798	2,520,952	781,814	735,454
Less: Amounts due after one year shown under non-current liabilities	減：非流動負債項下一年後到期之金額	(1,241,680)	(928,112)	—	—
		2,194,118	1,592,840	781,814	735,454

As at 31 December 2014, the Group had bank loans of HK\$2,669,504,000 (2013: HK\$1,694,001,000), HK\$306,526,000 (2013: HK\$304,495,000) and HK\$459,768,000 (2013: HK\$522,456,000) denominated in Hong Kong dollar, United States dollar and Renminbi respectively. All of the Company's bank loans were denominated in Hong Kong dollar as at 31 December 2014 and 2013.

於2014年12月31日，本集團分別以港幣、美元及人民幣計值之銀行貸款為港幣2,669,504,000元（2013年：港幣1,694,001,000元）、港幣306,526,000元（2013年：港幣304,495,000元）及港幣459,768,000元（2013年：港幣522,456,000元）。本公司於2014年及2013年12月31日之銀行貸款全部以港幣計值。

28 Bank loans (continued)

Notes:

- (a) The bank loans of the Group and the Company carried weighted average interest rates of 3.69% and 2.0% (2013: 3.2% and 1.9%) per annum respectively.
- (b) As at 31 December 2014, the bank loans of the Group were secured by leasehold land and building (note 15); investment properties (note 16); properties under development (note 22); restricted cash of HK\$29,775,000 (2013: HK\$4,301,000); and certain other assets and equity interests of the Group's certain subsidiaries.
- (c) The carrying amounts of bank loans approximate their fair value.

29 Notes

On 27 January 2014, the Company issued notes with a principal amount of HK\$156,250,000. The notes, which are denominated in Hong Kong dollars, were redeemed at 100% of the principal amount plus 5% interest on 27 January 2015.

Warrants have been issued (for no additional payment) to the first registered holders of the notes on the basis of 1,000,000 warrants for every whole multiple of HK\$1,250,000 in the principal amount of the notes taken up. The warrants are detachable from the notes and the warrants and the notes can be transferred individually and separately.

30 Payables and accruals

28 銀行貸款 (續)

附註：

- (a) 本集團及本公司之銀行貸款的加權平均年利率分別為3.69%及2.0% (2013年：3.2%及1.9%)。
- (b) 於2014年12月31日，本集團之銀行貸款以租賃土地及樓宇 (附註15)：投資物業 (附註16)：發展中物業 (附註22)：港幣29,775,000元之受限制現金 (2013年：港幣4,301,000元)：及若干其他資產及本集團若干附屬公司之股權作抵押。
- (c) 銀行貸款之賬面值與其公允值相近。

29 票據

於2014年1月27日，本公司發行本金金額港幣156,250,000元的票據。票據以港幣計值，並已於2015年1月27日，按100%本金金額加利息5%贖回。

認股權證已發行予票據之首批登記持有人 (毋須支付額外款項)，基準為每承購整倍本金金額港幣1,250,000元的票據，可獲發1,000,000份認股權證。認股權證可自票據分離，而認股權證與票據可個別及獨立地轉讓。

30 應付賬款及應計費用

		The Group 本集團		The Company 本公司	
		2014	2013	2014	2013
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Trade payables	貿易應付賬款				
– third parties	– 第三方	2,191,654	2,212,719	2,357	–
Retention payables	保固金應付賬款				
– third parties	– 第三方	905,818	573,810	–	–
		3,097,472	2,786,529	2,357	–
Other payables, deposits and accruals	其他應付賬款、				
	按金及應計費用				
– third parties	– 第三方	761,534	637,096	20,714	11,646
– accruals for tax liabilities on acquisition of land parcels in Tieling	– 就收購於鐵嶺地塊之應計稅項負債	368,723	372,010	–	–
– payables related to acquisition of a subsidiary (Note)	– 涉及收購一間附屬公司之應付款項 (附註)	–	1,874	–	–
– subsidiaries	– 附屬公司	–	–	4,759	1,419
		4,227,729	3,797,509	27,830	13,065

30 Payables and accruals (continued)

The carrying amounts of the Group's and the Company's payables and accruals are denominated in the following currencies:

		The Group 本集團		The Company 本公司	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Hong Kong dollar	港幣	2,590,802	2,167,581	27,830	13,065
Renminbi	人民幣	747,496	728,513	—	—
Macau pataca	澳門幣	889,204	901,415	—	—
Other	其他	227	—	—	—
		4,227,729	3,797,509	27,830	13,065

The aging analysis of trade payables by due date is as follow:

30 應付賬款及應計費用 (續)

本集團及本公司應付賬款及應計費用之賬面值以下列貨幣計值：

貿易應付賬款按到期日之賬齡分析如下：

		The Group 本集團	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Not yet due	未到期	1,989,573	1,995,775
1 to 30 days	1至30天	84,309	115,914
31 to 90 days	31至90天	47,848	47,239
91 to 180 days	91至180天	31,502	14,059
Over 180 days	180天以上	38,422	39,732
		2,191,654	2,212,719

Note:

As at 31 December 2013, the payables related to acquisition of a subsidiary included an amount due to a director of HK\$1,874,000. The amount due to a director was unsecured, non-interest bearing and had no fixed repayment term.

Retention payables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 31 December 2014, retention payables held by the Group amounting to approximately HK\$574,796,000 (2013: HK\$277,527,000) are expected to be settled in more than twelve months from the end of the reporting period.

附註：

於2013年12月31日，與收購一間附屬公司有關之應付賬款包括應付一名董事款項港幣1,874,000元。應付董事款項為無抵押、免息及無固定還款期。

建造業務之保固金應付賬款乃根據各自合約之條款結算。於2014年12月31日，本集團所持有之保固金應付賬款約港幣574,796,000元（2013年：港幣277,527,000元）預期將自報告期結束起計超過十二個月後結算。

31 4% coupon bonds

On 19 June 2012, the Company issued 4% coupon bonds at a principal amount of HK\$135,000,000 (the "Bonds 1") for a consideration of HK\$135,000,000. 135,000,000 warrants (the "Warrants 1") were issued, for no additional payment, by the Company to the first holders of the Bonds 1 on the basis of one warrant for every HK\$1.00 in the principal amount of the Bonds 1 taken up. On 3 August 2012, the Company issued another 4% coupon bonds at a principal amount of HK\$54,000,000 (the "Bonds 2") for a consideration of HK\$54,000,000. 54,000,000 warrants (the "Warrants 2") were issued, for no additional payment, by the Company to the first holders of the Bonds 2 on the basis of one warrant for every HK\$1.00 in the principal amount of the Bonds 2 taken up.

Both the Bonds 1 and the Bonds 2 bore interest at 4% per annum and matured on the date immediately following twelve months after the issue of Bonds.

The movements of the liability component of the 4% coupon bonds are set out below:

		Bonds 1 債券1 HK\$'000 港幣千元	Bonds 2 債券2 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 January 2013	於2013年1月1日	127,604	49,373	176,977
Redemption of 4% coupon bonds	贖回4%票息債券	(135,000)	(54,000)	(189,000)
Imputed interest expense	估算利息開支	7,396	4,627	12,023
At 31 December 2013, 1 January 2014 and 31 December 2014	於2013年12月31日、 2014年1月1日及 2014年12月31日	-	-	-

32 Convertible bonds**(a) 4% convertible bonds**

On 15 August 2012, the Company issued 4% convertible bonds with a principal amount of HK\$49,000,000. The 4% convertible bonds were denominated in Hong Kong dollars and have been redeemed at 100% of the principal amount plus 4% interest on 14 August 2013.

The 4% convertible bonds entitled the holders to convert them into ordinary shares of the Company at the conversion price of HK\$1.00 per share. During the year ended 31 December 2013, 4% convertible bonds of HK\$38,000,000 were converted into 38,000,000 ordinary shares. The remaining balance of 4% convertible bonds of HK\$9,000,000 was fully repaid.

31 4%票息債券

於2012年6月19日，本公司發行4%票息債券，票面本金金額為港幣135,000,000元（「債券1」），代價為港幣135,000,000元。135,000,000份認股權證（「認股權證1」）由本公司發行予債券1之首批持有人，彼等毋須額外付款，基準為每承購債券1本金金額中港幣1.00元，可獲發一份認股權證。於2012年8月3日，本公司發行另一份4%票息債券，票面本金金額為港幣54,000,000元（「債券2」），代價為港幣54,000,000元。54,000,000份認股權證（「認股權證2」）由本公司發行予債券2之首批持有人，彼等毋須額外付款，基準為每承購債券2本金金額中港幣1.00元，可獲發一份認股權證。

債券1及債券2均按年息率4%計息，並將於緊隨債券發行後滿十二個月翌日到期。

4%票息債券負債部份之變動載列如下：

32 可換股債券**(a) 4%票息可換股債券**

於2012年8月15日，本公司發行本金金額港幣49,000,000元的4%票息可換股債券。4%票息可換股債券以港幣計值，並已於2013年8月14日，按100%本金額加利息4%贖回。

4%票息可換股債券賦予持有人權利可按兌換價每股港幣1.00元將其兌換為本公司普通股。於截至2013年12月31日止年度，為數港幣38,000,000元之4%票息可換股債券獲兌換為38,000,000股普通股。餘下為數港幣9,000,000元之4%票息可換股債券已悉數償還。

32 Convertible bonds (continued)

(b) Convertible bonds

On 18 November 2011, the Company issued zero coupon convertible bonds with a principal amount of HK\$759,210,000 in settlement of the Tieling Acquisition. The convertible bonds were denominated in Hong Kong dollars and were designed to be redeemed at 100% of the principal amount on 17 November 2018.

The convertible bonds entitled the holders to convert them into ordinary shares of the Company at a conversion price of HK\$1.53 per share. On 25 September 2013, the Company redeemed convertible bonds for a total principal amount of HK\$250,000,000. Immediately after the redemption, the remaining balances of convertible bonds were converted into ordinary shares of the Company at HK\$1.53 per share (the "Conversion"). A gain on redemption of convertible bonds of approximately HK\$18,774,000 from the Conversion was recognised in profit or loss for the year ended 31 December 2013.

The movements of the liability component of the convertible bonds and 4% convertible bonds are set out below:

32 可換股債券 (續)

(b) 可換股債券

於2011年11月18日，本公司發行本金額為港幣759,210,000元之零票息可換股債券，以作為結付鐵嶺收購事項之代價。可換股債券以港幣計值，原定於2018年11月17日按100%本金額贖回。

可換股債券賦予持有人權利可按兌換價每股港幣1.53元將其兌換為本公司普通股。於2013年9月25日，本公司贖回本金總額港幣250,000,000元之可換股債券。緊隨贖回後，餘下可換股債券已按每股港幣1.53元獲兌換為本公司普通股（「兌換」）。兌換產生之贖回可換股債券收益約港幣18,774,000元已於截至2013年12月31日止年度之損益確認。

可換股債券及4%票息可換股債券之負債部份變動載列如下：

		Convertible bonds 可換股債券 HK\$'000 港幣千元	4% convertible bonds 4%票息 可換股債券 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 January 2013	於2013年1月1日	523,157	44,184	567,341
Redemption of convertible bonds	贖回可換股債券	(180,467)	(9,000)	(189,467)
Imputed interest expense	估算利息開支	24,893	962	25,855
Conversion to ordinary shares of the Company (Note 34)	轉換為本公司普通股 (附註34)	(367,583)	(36,146)	(403,729)
At 31 December 2013, 1 January 2014 and 31 December 2014	於2013年12月31日、 2014年1月1日及 2014年12月31日	—	—	—

33 Long service payment liabilities

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's defined contribution retirement scheme that is attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

Movements of present value of defined benefit obligations are as follows:

33 長期服務金負債

根據香港《僱傭條例》，本集團有責任向服務年資達五年或以上而在若干情況下停止受僱的僱員支付一筆過的金額。所支付的金額乃根據僱員的最終薪金及服務年數而釐定，並扣除僱員在本集團界定供款退休計劃下應計權益中本集團所供之款項。本集團並無撥出任何資產以為任何餘下的責任提供資金。

界定福利責任之現值之變動如下：

		The Group 本集團		The Company 本公司	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
At 1 January	於1月1日	3,548	9,030	450	450
Amounts recognised in income statement	於收益表中確認之金額				
Current service cost	即期服務成本	195	(438)	(393)	—
Interest cost on defined benefit obligation	界定福利責任之利息成本	58	52	4	—
		253	(386)	(389)	—
Amounts recognised in other comprehensive income	於其他全面收益中確認之金額				
Remeasurement:	重新計量：				
Actuarial loss/(gain) arising from:	自以下各項產生之精算虧損／（收益）：				
Experience adjustment	經驗調整	1,862	(2,347)	165	—
Financial assumptions	財務假設	298	(1,943)	—	—
Demographic assumptions	人口統計假設	(2)	(289)	—	—
		2,158	(4,579)	165	—
Others	其他				
Benefits paid	已付福利	(2,210)	(517)	(10)	—
At 31 December	於12月31日	3,749	3,548	216	450

33 Long service payment liabilities (continued)

The principal actuarial assumptions used for accounting purpose are as follows:

33 長期服務金負債 (續)

就會計目的採用之主要精算假設如下：

		The Group (excl. Synergis) 本集團 (不包括新昌管理)		Synergis 新昌管理	
		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Discount rate	貼現率	2.0%	2.60%	0.9%	0.90%
Long-term salary increase rate	長期薪金增長率	3.0%	2.80%	3.5%	2.20%-4.00%
Long term average expected return on mandatory provident fund scheme assets	強制性公積金計劃資產之長期平均預期回報	2.0%	2.0%	4.5%	4.50%

The sensitivity analysis of the defined benefit obligation to changes in the significant principal assumptions is as follows:

界定福利責任對重大主要假設變動的敏感度分析載列如下：

		Impact on defined benefit obligation (HK\$'000) 對界定福利責任的影響 (港幣千元)		
		Change in assumption 假設變動	Increase in assumption 假設增加	Decrease in assumption 假設減少
The Group (excl. Synergis)	本集團 (不包括新昌管理)			
Discount rate	貼現率	0.50%	(461)	546
Long-term salary increase rate	長期薪金增長率	0.50%	84	(97)

		Impact on defined benefit obligation (HK\$'000) 對界定福利責任的影響 (港幣千元)		
		Change in assumption 假設變動	Increase in assumption 假設增加	Decrease in assumption 假設減少
Synergis	新昌管理			
Discount rate	貼現率	0.25%	(13)	13
Long-term salary increase rate	長期薪金增長率	0.25%	60	(58)
Long term average expected return on mandatory provident fund scheme assets	強制性公積金計劃資產之長期平均預期回報	0.25%	(50)	51

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

以上敏感度分析是基於一項假設變動，而所有其他假設不變。實際上，此不太可能發生，其中一些假設之變動可能是互相關聯的。當計算界定福利責任對重大精算假設的敏感度時，應用了相同方法（於報告期末以預計單位計入法計算界定福利責任的現值）。

The weighted average duration of the defined benefit obligation is 14.6 years as at 31 December 2014.

於2014年12月31日界定福利責任的加權平均期限為14.6年。

34 Share capital and share options
(a) Share capital

34 股本及認股權
(a) 股本

		2014		2013	
		Number of shares '000 股份數目 千股	HK\$'000 港幣千元	Number of shares '000 股份數目 千股	HK\$'000 港幣千元
Authorised, ordinary shares of HK\$0.1 each:	法定，每股面值港幣 0.1元之普通股：				
At the beginning of the year	於年初	5,000,000	500,000	5,000,000	500,000
Addition	增加	25,000,000	2,500,000	—	—
At the end of the year	於年末	30,000,000	3,000,000	5,000,000	500,000
Authorised, preference shares of HK\$0.1 each:	法定，每股面值港幣 0.1元之優先股：				
At the beginning of the year	於年初	—	—	—	—
Addition	增加	15,000,000	1,500,000	—	—
At the end of the year	於年末	15,000,000	1,500,000	—	—
Ordinary shares, issued and fully paid:	已發行及繳足之普通股：				
At the beginning of the year	於年初	2,858,167	285,817	948,350	94,835
Issue of shares upon conversion of 4% convertible bonds ¹	因轉換4%票息可換股債券而發行股份 ¹	—	—	38,000	3,800
Issue of shares upon conversion of convertible bonds ²	因轉換可換股債券而發行股份 ²	—	—	332,817	33,282
Issue of shares upon exercise of Warrants 1 and Warrants 2 ³	因行使認股權證1及認股權證2而發行股份 ³	—	—	189,000	18,900
Issue of shares for business combination ⁴	就業務合併而發行股份 ⁴	—	—	1,350,000	135,000
At the end of the year	於年末	2,858,167	285,817	2,858,167	285,817

Notes:

- During the year ended 31 December 2013, these shares were issued pursuant to the exercise of 4% convertible bonds issued on 15 August 2012. These shares rank pari passu in all respects with other shares in issue.
- On 18 November 2011, the Company issued convertibles bonds for acquiring land parcels in Tieling. During the year ended 31 December 2013, the convertible bonds with principal amount of HK\$509,210,000 were converted to approximate 332,817,000 shares at HK\$1.53 each. These shares rank pari passu in all respects with other shares in issue.
- During the year ended 31 December 2013, these shares were issued pursuant to the exercise of Warrants 1 and Warrants 2 issued on 19 June 2012 and 3 August 2012. These shares rank pari passu in all respects with other shares in issue.
- On 25 September 2013, the Company issued 1,350,000,000 shares of HK\$1.0 each to independent third parties through placing agent. The net proceeds were used to pay for the consideration of business combination (note 36) and redemption of convertible bonds (note 32(b)). These shares rank pari passu in all respects with other shares in issue.

附註：

- 於截至2013年12月31日止年度，該等股份乃因於2012年8月15日4%票息可換股債券獲行使而發行。該等股份將於各方面與其他已發行股份享有同等地位。
- 於2011年11月18日，本公司發行可換股債券，以收購位於鐵嶺之地塊。於截至2013年12月31日止年度，本金額為港幣509,210,000元之可換股債券按每股港幣1.53元獲兌換為約332,817,000股股份。該等股份將於各方面與其他已發行股份享有同等地位。
- 於截至2013年12月31日止年度，該等股份乃因於2012年6月19日及2012年8月3日認股權證1及認股權證2獲行使而獲發行。該等股份將於各方面與其他已發行股份享有同等地位。
- 於2013年9月25日，本公司透過配售代理向獨立第三方發行1,350,000,000股每股面值港幣1.0元之股份。所得款項淨額已用作支付業務合併（附註36）及贖回可換股債券（附註32(b)）之代價。該等股份將於各方面與其他已發行股份享有同等地位。

34 Share capital and share options (continued)

(b) Share options

2008 Option Scheme

The Company adopted a share option scheme on 22 May 2008 (the "2008 Option Scheme"). Pursuant to the 2008 Option Scheme, the directors of the Company may, at their absolute discretion, grant options to eligible persons (as defined in the rules of the 2008 Option Scheme) who might include, inter alia, any employee, executive director, non-executive director and independent non-executive director of the Company or its subsidiaries.

Movements in the options under the 2008 Option Scheme during the year and options outstanding as at the beginning and end of the year and their related average exercise prices are as follows:

		Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options 認股權數目 '000 千份
At 1 January 2013	於2013年1月1日	1.76	39,874
Lapsed	已失效	1.47	(3,668)
At 31 December 2013	於2013年12月31日	1.79	36,206
Lapsed	已失效	1.60	(10,702)
At 31 December 2014	於2014年12月31日	1.87	25,504

Out of 25,504,000 outstanding options (2013: 36,206,000 options), 25,504,000 options (2013: 35,456,000 options) were exercisable with the average exercise price of HK\$1.87 (2013: HK\$1.80).

Share options outstanding have the following expiry date and exercise price:

Expiry date	到期日	Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options ('000) 認股權數目 (千份)	
			2014	2013
22 May 2018	2018年5月22日	2.13	19,000	23,200
3 December 2019	2019年12月3日	1.02	4,254	8,256
25 April 2021	2021年4月25日	1.70	—	2,000
31 August 2021	2021年8月31日	1.29	2,250	2,750

34 股本及認股權 (續)

(b) 認股權

2008年認股權計劃

本公司於2008年5月22日採納一項認股權計劃 (「2008年認股權計劃」)。根據2008年認股權計劃，本公司董事可行使絕對酌情權向合資格人士 (定義見2008年認股權計劃之規則)，應包括 (當中包括) 本公司或其附屬公司之任何僱員、執行董事、非執行董事及獨立非執行董事授出認股權。

於2008年認股權計劃下之認股權年內變動，及於年初及年末之未行使認股權及與彼等有關之平均行使價詳情如下：

於25,504,000份未行使之認股權 (2013年：36,206,000份認股權) 中，有25,504,000份認股權 (2013年：35,456,000份認股權) 為可予行使，平均行使價為每股港幣1.87元 (2013年：港幣1.80元)。

尚未行使認股權之到期日及行使價如下：

34 Share capital and share options (continued)

(b) Share options (continued)

Synergis Option Scheme

Synergis adopted a share option scheme on 19 September 2003 (the "Synergis Option Scheme") pursuant to the shareholders' resolutions of Synergis passed on 19 September 2003. Pursuant to the Synergis Option Scheme, the directors of Synergis, at their absolute discretion, may grant share options to eligible persons (as defined in the rules of the Synergis Option Scheme) who might include, inter alia, any employee, executive director, non-executive director and independent non-executive director of Synergis or its subsidiaries.

Movements in the share options under the Synergis Option Scheme during the year and share options outstanding as at the beginning and end of the year and their related average exercise prices are as follows:

		Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options 購股權數目 '000 (千份)
As at 1 January 2013	於2013年1月1日	0.82	13,250
Granted	已授出	0.94	24,300
Lapsed	已失效	0.88	(6,150)
As at 31 December 2013 and 1 January 2014	於2013年12月31日及 2014年1月1日	0.90	31,400
Exercised	已行使	0.86	(3,890)
Lapsed	已失效	0.91	(4,950)
As at 31 December 2014	於2014年12月31日	0.90	22,560

Out of 22,560,000 outstanding options (2013: 31,400,000), 5,470,000 options (2013: 5,760,000) were exercisable with an average exercise price of HK\$0.88 (2013: HK\$0.84).

於22,560,000份尚未行使的購股權(2013年: 31,400,000份)中, 5,470,000份購股權(2013年: 5,760,000份)是可行使的, 平均行使價為港幣0.88元(2013年: 港幣0.84元)。

Share options outstanding have the following expiry date and exercise price:

尚未行使購股權之到期日及行使價如下:

Expiry date	到期日	Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options ('000) 購股權數目(千份)	
			2014	2013
31 August 2015	2015年8月31日	0.76	1,500	1,500
24 September 2015	2015年9月24日	0.82	3,500	6,500
24 September 2015	2015年9月24日	0.83	150	150
27 May 2017	2017年5月27日	0.952	1,200	1,800
6 June 2017	2017年6月6日	0.86	910	1,650
15 October 2018	2018年10月15日	0.85	2,400	3,600
27 May 2019	2019年5月27日	0.952	12,900	16,200

35 Reserves of the Company

35 本公司儲備

		Share premium	Capital redemption reserve	Share options reserve	Special reserve	Convertible bonds and warrants equity reserve 可換股債券及 認股權證 權益儲備	Retained profits	Total
		股份溢價 HK\$'000 港幣千元	股本贖回儲備 HK\$'000 港幣千元	認股權儲備 HK\$'000 港幣千元	特別儲備 HK\$'000 港幣千元	可換股債券及 認股權證 權益儲備 HK\$'000 港幣千元	保留溢利 HK\$'000 港幣千元	總額 HK\$'000 港幣千元
At 1 January 2013	於2013年1月1日	515,374	4,420	25,552	332,046	220,835	766,282	1,864,509
Profit for the year	本年度溢利	–	–	–	–	–	37,398	37,398
Issue of shares upon conversion of 4% convertible bonds	因轉換4%票息可換股 債券而發行股份	34,672	–	–	–	(2,020)	–	32,652
Issue of shares upon exercise of Warrants	因行使認股權證 而發行股份	187,934	–	–	–	(17,834)	–	170,100
Issue of shares upon conversion of convertible bonds	因可換股債券獲轉換 而發行股份	492,144	–	–	–	(134,474)	–	357,670
Redemption of convertible bonds (Note 32(b))	贖回可換股債券 (附註32(b))	–	–	–	–	(66,021)	(10,813)	(76,834)
Issuance of shares	發行股份	1,153,100	–	–	–	–	–	1,153,100
Equity settled share-based transactions	以股份為基礎之股權 結算交易	–	–	463	–	–	–	463
Transfer upon share options lapsing	因認股權失效而轉撥	–	–	(2,192)	–	–	2,192	–
Transfer upon redemption of 4% convertible bonds	因贖回4%票息可換股 債券而轉撥	–	–	–	–	(486)	486	–
Dividends paid	已派股息	–	–	–	–	–	(53,891)	(53,891)
		1,867,850	–	(1,729)	–	(220,835)	(62,026)	1,583,260
At 31 December 2013	於2013年12月31日	2,383,224	4,420	23,823	332,046	–	741,654	3,485,167
Profit for the year	本年度溢利	–	–	–	–	–	45,779	45,779
Other comprehensive income Actuarial gain on retirement benefit obligations	其他全面收益 退休福利責任之 精算收益	–	–	–	–	–	165	165
Total comprehensive income	全面收益總額	–	–	–	–	–	45,944	45,944
Recognition of warrants	確認認股權證	–	–	–	–	11,683	–	11,683
Equity settled share-based transactions	以股份為基礎之股權 結算交易	–	–	123	–	–	–	123
Transfer upon share options lapsing	因認股權失效而轉撥	–	–	(6,277)	–	–	6,277	–
Dividends paid	已派股息	–	–	–	–	–	(85,745)	(85,745)
		–	–	(6,154)	–	11,683	(79,468)	(73,939)
At 31 December 2014	於2014年12月31日	2,383,224	4,420	17,669	332,046	11,683	708,130	3,457,172
Representing: Reserves	代表: 儲備	2,383,224	4,420	23,823	332,046	–	684,491	3,428,004
Final dividend proposed in respect of the year ended 31 December 2013	擬派截至2013年 12月31日止年度之 末期股息	–	–	–	–	–	57,163	57,163
At 31 December 2013	於2013年12月31日	2,383,224	4,420	23,823	332,046	–	741,654	3,485,167
Representing: Reserves	代表: 儲備	2,383,224	4,420	17,669	332,046	11,683	493,667	3,242,709
Final dividend proposed in respect of the year ended 31 December 2014	擬派截至2014年 12月31日止年度之 末期股息	–	–	–	–	–	214,463	214,463
At 31 December 2014	於2014年12月31日	2,383,224	4,420	17,669	332,046	11,683	708,130	3,457,172

36 Business combination

On 25 September 2013, the Group acquired the entire issued share capital of Datawin Trading Limited ("Datawin"), which holds 100% equity interest of Beijing Zhong Ji Xin He Real Estate Co., Ltd. ("Beijing Zhongji"), at a total consideration of HK\$965,370,000. Beijing Zhongji is principally engaged in the property investment business. The property is situated in Beijing.

The Directors are of the view that the acquisition, which enhances the Group's investment property portfolio, will further improve the profitability and facilitate the sustainable development of the Group. The acquisition method of accounting was adopted for this acquisition, resulting in a gain on bargain purchase of HK\$73,210,000. The bargain purchase gain was mainly contributed from the appreciation of Renminbi on the net assets acquired, as well as the reduced amount payable for liabilities acquired resulted from claims under the deed of indemnity.

36 業務合併

於2013年9月25日，本集團收購德勝貿易有限公司（「德勝」，其持有北京中基信和置業有限公司（「北京中基」）之100%權益）之全部已發行股本，總代價為港幣965,370,000元。北京中基主要從事物業投資業務。該物業位於北京。

董事認為，收購事項可加強本集團之投資物業組合，並將進一步提升本集團之盈利能力及促進其可持續發展。本集團就該收購事項採用收購法入賬，產生議價收購收益港幣73,210,000元。議價收購收益主要來自所收購資產淨值之人民幣升值及彌償契據項下之索償產生的所收購負債應付金額減少。

		Carrying amount before business combination 業務合併前 賬面值 HK\$'000 港幣千元	Adjustments on acquisition 因收購調整 HK\$'000 港幣千元	Fair value 公允值 HK\$'000 港幣千元
Investment properties	投資物業	683,987	828,661	1,512,648
Property, plant and equipment	物業、機器及設備	7,895	—	7,895
Stocks	存貨	223,844	461,677	685,521
Other receivables and prepayments	其他應收賬款及預付金	4,094	—	4,094
Cash and bank deposits	現金及銀行存款	3,846	—	3,846
Accounts and other payables	應付及其他應付賬款	(35,449)	—	(35,449)
Loan to former shareholders	貸款予前股東	(329,942)	—	(329,942)
Bank borrowings	銀行借貸	(374,990)	—	(374,990)
Deferred tax liabilities	遞延稅項負債	—	(435,043)	(435,043)
		183,285	855,295	1,038,580
Gain on bargain purchase	議價收購收益			(73,210)
Total consideration	代價總額			965,370
Satisfied by:	以下列方式支付：			
Cash consideration paid by issuance of shares	透過發行股份支付之 現金代價			965,370
Net cash outflow in respect of business combination:	有關業務合併之 現金流出淨額：			
Cash consideration paid	已付現金代價			965,370
Cash and bank deposits acquired	已取得現金及銀行存款			(3,846)
				961,524

39 Related party transactions (continued)
(b) Key management compensation

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Salaries and other benefits	薪酬及其他福利	71,230	78,676
Bonus	花紅	19,842	21,840
Contributions to retirement scheme	退休福利計劃供款	1,556	2,101
Share-based compensation	以股份為基礎之報酬	336	677
		92,964	103,294

40 Capital Commitments

At the balance sheet date, the Group had capital commitments as follow:

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Contracted but not provided for	已訂約但未撥備		
– Properties under development	– 發展中物業	2,362,278	1,549,091

41 Commitments under operating leases

At the balance sheet date, the Group had future aggregate minimum lease payable under non-cancellable operating leases as follows:

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Land and buildings	土地及樓宇		
– not later than one year	– 第一年內	20,095	14,218
– later than one year but not later than five years	– 第二年至第五年內	15,459	10,844
		35,554	25,062
Office equipment	辦公室設備		
– not later than one year	– 第一年內	392	247
– later than one year but not later than five years	– 第二年至第五年內	960	618
		1,352	865
		36,906	25,927

39 關連公司交易 (續)
(b) 主要管理人員之補償

40 資本承擔

於結算日，本集團有下列資本承擔：

41 營運租約承擔

於結算日，本集團根據不可撤銷之營運租約需於未來支付之最低租賃款項總額如下：

41 Commitments under operating leases (continued)

At the balance sheet date, the Group had future aggregate minimum lease receivable under non-cancellable operating leases, which typically run for a period of one to five years, as follows:

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Land and buildings	土地及樓宇		
– not later than one year	– 第一年內	47,555	60,005
– later than one year but not later than five years	– 第二年至第五年內	106,250	120,653
– more than five years	– 五年以上	69,079	64,766
		222,884	245,424

41 營運租約承擔 (續)

於結算日，本集團根據不可撤銷之營運租約（一般租賃期為一至五年）於未來之最低租賃應收款項總額如下：

42 Notes to the consolidated cash flow statement

Reconciliation of profit before taxation to net cash outflow from operations is shown as below:

42 綜合現金流量表附註

除稅前溢利與經營之現金流出淨額對賬如下：

		2014 HK\$'000 港幣千元	2013 HK\$'000 港幣千元
Profit before taxation	除稅前溢利	553,492	225,542
Gain on bargain purchase	議價收購收益	–	(73,210)
Amortisation of intangible assets	無形資產攤銷	12,269	14,002
Depreciation of property, plant and equipment	物業、機器及設備之折舊	64,625	43,633
Fair value (gain)/loss on investment properties	投資物業公允值（收益）／虧損	(403,691)	17,620
Gain on redemption of convertible bonds	贖回可換股債券收益	–	(18,774)
Net finance costs	融資成本淨額	41,666	17,417
Gain on disposal of investment properties	出售投資物業收益	(453)	–
Net loss/(gain) on disposal of property, plant and equipment	出售物業、機器及設備虧損／（收益）淨額	674	(1,773)
Provision for/(write back of provision for) long service payment liabilities	長期服務金負債撥備／（撥備回撥）	253	(386)
Share-based compensation	以股份為基礎之報酬	1,804	2,851
Write back of impairment on unsold stocks of properties	未出售物業存貨減值回撥	–	(2,393)
Operating profit before working capital changes	營運資金變動前之經營溢利	270,639	224,529
Increase in properties under development	發展中物業增加	(1,223,505)	(746,569)
Decrease/(increase) in stocks and contracting work-in-progress	存貨及興建中工程減少／（增加）	377,329	(911,806)
Increase in receivables and prepayments	應收賬款及預付金增加	(678,232)	(372,178)
Decrease/(increase) in amounts due from non-controlling interests	應收非控股權益款項減少／（增加）	430	(894)
Increase in payables and accruals	應付賬款及應計費用增加	432,045	630,456
Increase in restricted deposits	受限制存款增加	(26,116)	(4,301)
Exchange differences	匯兌差額	(3,676)	(11,891)
Net cash outflow from operations	經營之現金流出淨額	(851,086)	(1,192,654)

43 Subsequent events

On 8 January 2015, a total of 857,449,996 Rights Shares offered under the Rights Issue and a total of 1,472,960,000 New Placing Shares at the Placing Price of HK\$1.00 per New Placing Share were issued pursuant to the announcement and right issue prospectus of the Company dated 9 December 2014. Upon completion of the Rights Issue and New Placing, all condition precedents set out in the acquisition agreement of the entire issued share capital of Goleman International Limited ("Goleman") were satisfied and the acquisition was completed on the same date. Goleman, through its subsidiaries, held 5 land parcels in Foshan and is engaged in property investment business. The acquisition consideration is satisfied by issuance of consideration preference shares. Up to the date of this report, the Group is still finalising the fair value of the assets acquired and liabilities assumed as well as the completion account as at the acquisition date which is a condition precedent in determining the final acquisition consideration. As a result, it is impracticable to disclose the financial impact of the acquisition to the Group at this stage.

44 Principal subsidiaries

Company 公司	Place of incorporation/ registration/ operation 成立/註冊/經營地點	The Group's effective percentage of interest held by the Company Subsidiaries 本集團所持實際權益百分比 本公司 附屬公司		Issued and paid up capital 已發行及繳足股本	Principal activities 主要業務
Beijing Zhong Ji Xin He Real Estate Co., Ltd.* (Note 2) 北京中基信和置業有限公司(附註2)	The People's Republic of China 中華人民共和國	—	100%	US\$40,000,000 美金40,000,000元	Property investment 物業投資
Cogent Spring Limited	Hong Kong 香港	—	100%	HK\$85,000,002 港幣85,000,002元	Property investment 物業投資
Datawin Trading Limited 德勝貿易有限公司*	British Virgin Islands 英屬處女群島	—	100%	US\$100,000 美金100,000元	Investment holding 投資控股
Ever Apex Construction (Macau) Company Limited 永發建築(澳門)有限公司	Macau 澳門	—	100%	MOP25,000 澳門幣25,000元	Registered Contractor services 承建商服務
Guangzhou Fengyu Real Estate Co., Ltd.* (Notes 1 & 3) 廣州豐裕房地產有限公司(附註1及3)	The People's Republic of China 中華人民共和國	—	42%	HK\$80,000,000 港幣80,000,000元	Real estate development 房地產發展
HCCG Building and Civil Engineering (Macau) Limited 新營房屋及土木工程(澳門)有限公司	Macau 澳門	—	100%	MOP25,000 澳門幣25,000元	Building construction and civil engineering 樓宇建造及土木工程
Hsin Chong – Hsin Chong Aster Joint Venture (Note 4) 新昌—新昌亞仕達聯營*(附註4)	Hong Kong 香港	—	100%	—	Building construction and mechanical, electrical and building services 樓宇建造及機電工程及 屋宇設備

* for identification purposes only

* 僅供識別

44 Principal subsidiaries (continued)

44 主要附屬公司 (續)

Company 公司	Place of incorporation/ registration/ operation 成立／註冊／經營地點	The Group's effective percentage of interest held by the Company Subsidiaries 本集團所持實際權益百分比 本公司 附屬公司		Issued and paid up capital 已發行及繳足股本	Principal activities 主要業務
Hsin Chong – China Comservice JV (Note 4) 新昌－中國通信服務聯營(附註4)	Hong Kong 香港	–	100%	–	Building construction 樓宇建造
Hsin Chong Aster Building Services Limited 新昌亞仕達屋宇設備有限公司	Hong Kong 香港	–	100%	HK\$5,000,000 港幣5,000,000元	Mechanical, electrical and building services 機電工程及屋宇設備
Hsin Chong Construction (Asia) Limited 新昌營造廠(亞洲)有限公司	Hong Kong 香港	–	100%	Ordinary: HK\$70,002,000 Non-voting deferred: HK\$10,000,000 普通股: 港幣70,002,000元 無投票權 遞延股份: 港幣10,000,000元	Building construction and civil engineering 樓宇建造及土木工程
Hsin Chong Construction (BVI) Ltd.	British Virgin Islands 英屬處女群島	100%	–	HK\$150,000 港幣150,000元	Investment holding 投資控股
Hsin Chong Construction Company Limited 新昌營造廠有限公司	Hong Kong 香港	–	100%	Ordinary: HK\$85,002,000 Non-voting deferred: HK\$20,000,000 普通股: 港幣85,002,000元 無投票權 遞延股份: 港幣20,000,000元	Building construction and civil engineering 樓宇建造及土木工程
Hsin Chong Construction Company Limited* (Notes 1 & 2) 新昌營造建築有限公司(附註1及2)	The People's Republic of China 中華人民共和國	–	100%	RMB141,353,600 人民幣 141,353,600元	Building construction and civil engineering 樓宇建造及土木工程
Hsin Chong Construction (Macau) Limited 新昌營造(澳門)有限公司	Hong Kong 香港	–	100%	HK\$2 港幣2元	Construction management services 建造管理服務
Hsin Chong Construction Management Services Limited 新昌營造管理服務有限公司	Hong Kong 香港	–	100%	HK\$1,000,000 港幣1,000,000元	Construction management services 建造管理服務

* for identification purposes only

* 僅供識別

44 Principal subsidiaries (continued)

44 主要附屬公司 (續)

Company 公司	Place of incorporation/ registration/ operation 成立／註冊／經營地點	The Group's effective percentage of interest held by the Company Subsidiaries 本集團所持實際權益百分比 本公司 附屬公司		Issued and paid up capital 已發行及繳足股本	Principal activities 主要業務
Hsin Chong Engineering (Macau) Limited 新昌工程(澳門)有限公司	Macau 澳門	–	100%	MOP25,000 澳門幣25,000元	Construction management services 建造管理服務
Hsin Chong Property Holdings Limited 新昌地產控股有限公司	British Virgin Islands 英屬處女群島	100%	–	US\$227,355,000 美金227,355,000元	Investment holding 投資控股
Hsin Chong Property Development Limited 新昌地產發展有限公司	Hong Kong 香港	–	100%	US\$2,502,191 美金2,502,191元	Provision of investment and asset management consultancy services 提供投資及資產管理顧問服務
Liaoning Huisheng Property Investment Limited* (Notes 1 & 2) 遼寧滙盛置業有限公司(附註1及2)	The People's Republic of China 中華人民共和國	–	100%	US\$122,050,000 美金122,050,000元	Real estate development 房地產發展
Liaoning Tongji Property Investment Limited* (Notes 1 & 2) 遼寧同濟置業有限公司(附註1及2)	The People's Republic of China 中華人民共和國	–	100%	US\$147,259,920 美金147,259,920元	Real estate development 房地產發展
Rosy China Investments Limited	British Virgin Islands 英屬處女群島	–	100%	US\$1 美金1元	Investment holding 投資控股
Rife Yard Limited	Hong Kong 香港	–	100%	HK\$1,000 港幣1,000元	Real estate development 房地產發展
Smart Lane Holdings Limited	British Virgin Islands 英屬處女群島	100%	–	US\$1 美金1元	Investment holding 投資控股
Sorano Investments Limited	British Virgin Islands 英屬處女群島	–	100%	US\$1 美金1元	Investment holding 投資控股
Everich Construction (Macau) Limited 恆裕建築(澳門)有限公司	Macau 澳門	–	60.4%	MOP25,000 澳門幣25,000元	Provision of renovation and fitting-out works 提供翻新及室內裝修工程
Hsin Chong Construction (Engineering) Limited 新昌營造廠(工程)有限公司	Hong Kong 香港	–	60.4%	HK\$22,000,000 港幣22,000,000元	Demolition work and addition and alteration 拆建工程與加建及改建工程
Hsin Chong Interiors (Hong Kong) Limited 新昌室內裝飾(香港)有限公司	Hong Kong 香港	–	60.4%	HK\$5,000,000 港幣5,000,000元	Fitting-out, renovation and addition and alteration 室內裝修、翻新與加建及 改建工程

* for identification purposes only

* 僅供識別

44 Principal subsidiaries (continued)

44 主要附屬公司 (續)

Company 公司	Place of incorporation/ registration/ operation 成立／註冊／經營地點	The Group's effective percentage of interest held by the Company Subsidiaries 本集團所持實際權益百分比 本公司 附屬公司		Issued and paid up capital 已發行及繳足股本	Principal activities 主要業務
Laundrimate Service Limited 洗衣樂服務有限公司	Hong Kong 香港	—	60.4%	HK\$2 港幣2元	Provision of laundry services 提供洗衣服務
Master Clean Service Limited 宏潔服務有限公司	Hong Kong 香港	—	60.4%	HK\$200,000 港幣200,000元	Provision of cleaning services 提供清潔服務
Optimum Engineering Limited 卓領工程有限公司	Hong Kong 香港	—	60.4%	HK\$2 港幣2元	Provision of repair and maintenance services 提供維修及保養服務
S-Club Limited	Hong Kong 香港	—	60.4%	HK\$1 港幣1元	Sales of products, provision of copying services and property holding 銷售產品、提供複印服務及 持有物業
SecurExpert Solutions Limited 新盛保安服務有限公司	Hong Kong 香港	—	60.4%	HK\$2 港幣2元	Provision of security and consultancy services 提供保安及顧問服務
Service Pro Limited 諾迅服務有限公司	Hong Kong 香港	—	60.4%	HK\$2 港幣2元	Provision of property services 提供物業服務
Synergis Holdings Limited 新昌管理集團有限公司*	Bermuda / Hong Kong 百慕達／香港	—	60.4%	Ordinary shares: HK\$33,589,000 Convertible preference shares: HK\$8,000,000 普通股： 港幣33,589,000元 可轉換優先股： 港幣8,000,000元	Investment holding 投資控股
Synergis Management Services Limited 新昌管理服務有限公司	Hong Kong 香港	—	60.4%	HK\$206,837 港幣206,837元	Provision of property management services and investment holding 提供物業管理服務及投資控股
Synergis Facility Management Limited 新昌設施管理有限公司	Hong Kong 香港	—	60.4%	HK\$2 港幣2元	Provision of facility management services 提供設施管理服務

* for identification purposes only

* 僅供識別

44 Principal subsidiaries (continued)

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- 1 Companies not audited by PricewaterhouseCoopers
- 2 A wholly foreign owned enterprise
- 3 A company controlled by the Group through a non-wholly owned subsidiary
- 4 Unincorporated joint operations

44 主要附屬公司 (續)

上表列示之本集團附屬公司為董事認為主要影響本集團業績或資產之附屬公司。董事認為，提供有關其他附屬公司的詳情將使資料過於冗長。

附註：

- 1 並非由羅兵咸永道會計師事務所審核之公司
- 2 一間外資獨資企業
- 3 由本集團透過一間非全資附屬公司控制之公司
- 4 非屬法團共同經營業務

Independent Auditor's Report

獨立核數師報告

**TO THE SHAREHOLDERS OF
HSIN CHONG CONSTRUCTION GROUP LTD.**
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Hsin Chong Construction Group Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 83 to 174, which comprise the consolidated and company balance sheets as at 31 December 2013, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the 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.

致Hsin Chong Construction Group Ltd.
(新昌營造集團有限公司*)股東
(於百慕達註冊成立之有限公司)

本核數師(以下簡稱「我們」)已審計列載於第83頁至174頁Hsin Chong Construction Group Ltd. (新昌營造集團有限公司*) (以下簡稱「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表,此綜合財務報表包括於二零一三年十二月三十一日的綜合和公司資產負債表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表,以及主要會計政策概要及其他附註解釋資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港《公司條例》的披露規定編製綜合財務報表,以令綜合財務報表作出真實而公平的反映,及落實其認為編製綜合財務報表所必要的內部控制,以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表作出意見,並按照百慕達《一九八一年公司法》第90條僅向整體股東報告,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

我們已根據香港會計師公會頒佈的香港審計準則進行審計。該等準則要求我們遵守道德規範,並規劃及執行審計,以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

審計涉及執行政序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷,包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時,核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制,以設計適當的審計程序,但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性,以及評價綜合財務報表的整體列報方式。

我們相信,我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

* for identification purposes only 僅供識別

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2014

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映 貴公司及 貴集團於二零一三年十二月三十一日的事務狀況，及 貴集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》的披露規定妥為編製。

羅兵咸永道會計師事務所
執業會計師

香港，二零一四年三月十七日

Consolidated Income Statement

綜合收益表

For the year ended 31 December 2013
截至二零一三年十二月三十一日止年度

		Notes 附註	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Revenue	收益	5	11,505,979	8,810,112
Cost of sales	銷售成本	8	(10,929,245)	(8,257,401)
Gross profit	毛利		576,734	552,711
Other income and other gains, net	其他收入及其他收益淨額	6	12,817	23,192
Gain on bargain purchase	議價收購收益	36	73,210	–
Gain on redemption of convertible bonds	贖回可換股債券收益	32(b)	18,774	–
Selling and general administrative expenses	銷售及一般行政開支		(406,954)	(342,650)
Fair value loss on investment properties	投資物業公允值虧損	16	(17,620)	(16,390)
Amortisation of intangible assets	無形資產攤銷	17	(14,002)	(13,992)
Interest income	利息收入		6,869	18,014
Interest expenses	利息開支	7	(24,286)	(10,252)
Profit before taxation	除稅前溢利	8	225,542	210,633
Taxation	稅項	11	(32,127)	(30,543)
Profit for the year	本年度溢利		193,415	180,090
Profit attributable to:	應佔溢利：			
Equity holders of the Company	本公司權益持有人		185,402	180,008
Non-controlling interests	非控股權益		8,013	82
			193,415	180,090
Basic earnings per share (HK cents)	每股基本盈利 (港幣仙)	12	12.0	19.0
Diluted earnings per share (HK cents)	每股攤薄盈利 (港幣仙)	12	9.6	15.4
Dividends	股息	13	83,021	49,643

Consolidated Statement of Comprehensive Income

綜合全面收益表

For the year ended 31 December 2013
截至二零一三年十二月三十一日止年度

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Profit for the year	本年度溢利	193,415	180,090
Other comprehensive income/(loss)	其他全面收益／（虧損）		
<i>Items that will not be reclassified to profit or loss:</i>	<i>將不會重新分類為損益之項目：</i>		
Actuarial gain on retirement benefit obligations	退休福利責任之精算收益	4,579	—
Fair value gain on leasehold land and building	租賃土地及樓宇之公允值溢利	38,573	49,582
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允值溢利之遞延稅項	(6,365)	(8,181)
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss:</i>	<i>已予重新分類或其後可能重新分類為損益之項目：</i>		
Exchange differences arising on	匯兌差額產生：		
– translation of foreign operations	– 海外業務之換算	88,652	19,603
– dissolution of a subsidiary	– 解散一間附屬公司	—	(4,230)
Other comprehensive income for the year, net of tax	本年度經扣除稅項後之其他全面收益	125,439	56,774
Total comprehensive income for the year, net of tax	本年度經扣除稅項後之全面收益總額	318,854	236,864
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	309,430	237,682
Non-controlling interests	非控股權益	9,424	(818)
		318,854	236,864

Consolidated Balance Sheet

綜合資產負債表

As at 31 December 2013
於二零一三年十二月三十一日

		Notes 附註	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2011 HK\$'000 港幣千元 (Restated) (經重列)
Non-current assets	非流動資產				
Property, plant and equipment	物業、機器及設備	15	463,963	418,682	388,086
Investment properties	投資物業	16	1,536,519	29,690	46,080
Intangible assets	無形資產	17	98,863	101,007	114,999
Goodwill	商譽	18	42,002	42,002	42,002
Available-for-sale financial asset	可供出售之財務資產	21	10,190	9,831	2,991
Deposit paid for property, plant and equipment	已付物業、機器及設備之 按金		5,425	—	—
Deferred tax assets	遞延稅項資產	27	11,859	174	192
			2,168,821	601,386	594,350
Current assets	流動資產				
Properties under development	發展中物業	22	3,880,470	2,838,784	2,522,163
Stocks and contracting work-in-progress	存貨及興建中工程	23	2,429,323	829,603	880,318
Receivables and prepayments	應收賬款及預付金	24	1,715,975	1,339,703	1,326,825
Amount due from non-controlling interests	應收非控股權益款項	31	4,340	3,446	—
Amounts due from joint operations/ other partners of joint operations	應收共同經營業務／其他 共同經營夥伴款項	20	18,444	—	—
Held-to-maturity investments	持至到期之投資	25	—	2,486	—
Deposits, cash and cash equivalents — restricted	存款、現金及現金等值 — 受限制	26	4,592	291	4,006
— unrestricted	— 不受限制		921,188	1,595,046	1,037,437
			8,974,332	6,609,359	5,770,749
Current liabilities	流動負債				
Bank loans	銀行貸款	28	(1,592,840)	(1,166,904)	(894,647)
4% coupon bonds	4%票息債券	29	—	(176,977)	—
4% convertible bonds	4%票息可換股債券	32(a)	—	(44,184)	—
Payables and accruals	應付賬款及應計費用	30	(3,797,509)	(2,995,750)	(2,380,170)
Amounts due to joint operations/ other partners of joint operations	應付共同經營業務／其他 共同經營夥伴款項	20	(17,937)	(2,963)	(4,688)
Amounts due to non-controlling interests	應付非控股權益款項		—	—	(9,546)
Current tax liabilities	當期稅項負債		(42,106)	(31,034)	(22,311)
			(5,450,392)	(4,417,812)	(3,311,362)
Net current assets	流動資產淨值		3,523,940	2,191,547	2,459,387
Total assets less current liabilities	總資產減流動負債		5,692,761	2,792,933	3,053,737

Consolidated Balance Sheet
綜合資產負債表

		Notes 附註	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2011 HK\$'000 港幣千元 (Restated) (經重列)
Non-current liabilities	非流動負債				
Senior loan note	優先貸款票據		—	—	(500,000)
Bank loans	銀行貸款	28	(928,112)	—	—
Convertible bonds	可換股債券	32(b)	—	(523,157)	(491,063)
Long service payment liabilities	長期服務金負債	33	(3,548)	(9,030)	(7,654)
Deferred tax liabilities	遞延稅項負債	27	(519,349)	(107,148)	(102,825)
Total non-current liabilities	非流動負債總計		(1,451,009)	(639,335)	(1,101,542)
Net assets	資產淨值		4,241,752	2,153,598	1,952,195
Equity	權益				
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔資本及儲備				
Share capital	股本	34	285,817	94,835	94,635
Other reserves	其他儲備		3,244,779	1,479,275	1,323,798
Retained profits	保留溢利		612,430	514,475	383,067
Proposed dividends	擬派股息		57,163	25,984	23,659
			4,200,189	2,114,569	1,825,159
Non-controlling interests	非控股權益		41,563	39,029	127,036
Total equity	權益總計		4,241,752	2,153,598	1,952,195

Wilfred WONG Ying Wai 王英偉

Chairman and Chief Executive Officer 主席兼行政總裁

Catherine CHU 朱嘉盈

Executive Director 執行董事

Company Balance Sheet

公司資產負債表

As at 31 December 2013
於二零一三年十二月三十一日

	Notes 附註	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、機器及設備	15	5,422
Intangible assets	無形資產	17	9,833
Investment in subsidiaries	附屬公司投資	19	2,127,899
Loans to subsidiaries	貸款予附屬公司	19	482,000
		2,625,154	2,611,077
Current assets	流動資產		
Loans to subsidiaries	貸款予附屬公司	19	53,440
Amounts due from subsidiaries	應收附屬公司款項	19	2,268,865
Receivables and prepayments	應收賬款及預付金	24	20,028
Cash and cash equivalents	現金及現金等值	26	1,450
		2,343,783	901,760
Current liabilities	流動負債		
Bank loans	銀行貸款	28	(735,454)
4% coupon bonds	4%票息債券	29	-
4% convertible bonds	4%票息可換股債券	32(a)	-
Payables and accruals	應付賬款及應計費用	30	(13,065)
Amounts due to subsidiaries	應付附屬公司款項	19	(328,984)
		(1,077,503)	(890,472)
Net current assets	流動資產淨值	1,266,280	11,288
Total assets less current liabilities	總資產減流動負債	3,891,434	2,622,365
Non-current liabilities	非流動負債		
Convertible bonds	可換股債券	32(b)	-
Loan due to a subsidiary	應向一間附屬公司償還之貸款	19	(120,000)
Long service payment liabilities	長期服務金負債	33	(450)
Deferred tax liabilities	遞延稅項負債	27	-
		(120,450)	(663,021)
Total non-current liabilities	非流動負債總計	(120,450)	(663,021)
Net assets	資產淨值	3,770,984	1,959,344
Equity	權益		
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔資本及儲備		
Share capital	股本	34	285,817
Other reserves	其他儲備	35	2,743,513
Retained profits	保留溢利	35	684,491
Proposed dividends	擬派股息	35	57,163
		3,770,984	1,959,344
Total equity	權益總計	3,770,984	1,959,344

Wilfred WONG Ying Wai 王英偉
Chairman and Chief Executive Officer 主席兼行政總裁

Catherine CHU 朱嘉盈
Executive Director 執行董事

Consolidated Cash Flow Statement

綜合現金流量表

For the year ended 31 December 2013
截至二零一三年十二月三十一日止年度

	Notes 附註	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Operating activities	經營業務		
Net cash (outflow)/inflow from operations	經營之現金(流出)/流入淨額 43	(1,192,654)	564,499
Interest received	已收利息	6,869	7,254
Interest paid	已付利息	(54,549)	(19,853)
Tax paid	已付稅項	(30,194)	(26,401)
Long service payment	長期服務金	(517)	—
Advance from partners of joint operations	來自共同經營夥伴之墊款	14,974	—
Repayment to partners of joint operations	還款予共同經營夥伴	(18,444)	(1,725)
Net cash (outflow)/inflow from operating activities	經營業務之現金(流出)/流入淨額	(1,274,515)	523,774
Investing activities	投資業務		
Net cash paid for consideration for business combination	已付業務合併代價之現金淨額 36	(961,524)	(14,500)
Release/(placement) of time deposit over three months	三個月以上定期存款之解除/(存放)	104,620	(74,893)
Repayment to non-controlling interests	還款予非控股權益股東	—	(9,546)
Purchase of property, plant and equipment	購買物業、機器及設備	(45,904)	(18,290)
Purchase of intangible assets	購買無形資產	(11,858)	—
Purchase of held-to-maturity financial assets	購買持至到期之財務資產	—	(2,486)
Addition of available-for-sale financial asset	添置可供出售財務資產	(359)	—
Deposits paid for property, plant and equipment	已付物業、機器及設備之按金	(5,425)	—
Net cash paid to settle former shareholders loan in a subsidiary	已付現金淨額以償付一間附屬公司前股東貸款 36	(329,942)	—
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款	3,392	197
Receipt from held-to-maturity investments	來自持有至到期投資之收入	2,486	—
Net cash outflow from investing activities	投資業務之現金流出淨額	(1,244,514)	(119,518)
Financing activities	融資業務		
Drawdown of bank loans	提取銀行貸款	2,095,498	905,000
Proceeds from issuance of 4% coupon bonds, net of transaction costs	發行4%票息債券之所得款項，扣除交易成本	—	183,834
Proceeds from issuance of 4% convertible bonds, net of transaction costs	發行4%票息可換股債券之所得款項，扣除交易成本	—	47,775
Proceeds from issuance of shares	發行股份所得款	1,350,000	—
Issuance of shares by exercise of warrants	通過行使認股權證發行股份	189,000	—
Transaction cost for issuance of shares	發行股份之交易成本	(61,900)	—
Transaction cost for Group reorganisation	集團重組之交易成本	—	(3,527)
Dividends paid to non-controlling interests	已派予非控股權益股東股息	(7,330)	(8,470)
Dividends paid to the Company's shareholders	已派予本公司股東股息	(53,891)	(47,318)
Payment to non-controlling interests due to dissolution of a non-wholly owned subsidiary	因解散非全資擁有附屬公司而支付非控股權益股東款項	—	(1,081)
Payment on redemption of coupon bonds	贖回票息債券之付款	(189,000)	—
Payment on redemption of convertible bonds	贖回可換股債券之付款	(250,000)	—
Payment on redemption of 4% convertible bonds	贖回4%票息可換股債券之付款	(9,000)	—
Repayment of senior loan note	償還優先貸款票據款項	—	(365,711)
Repayment of bank loans	償還銀行貸款	(1,116,440)	(632,743)
Net cash inflow from financing activities	融資業務之現金流入淨額	1,946,937	77,759

Consolidated Cash Flow Statement
綜合現金流量表

	Notes 附註	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
(Decrease)/increase in cash and cash equivalents	現金及現金等值之 (減少)/增加	(572,092)	482,015
Cash and cash equivalents at the beginning of year	於年初現金及現金等值	1,476,963	994,247
Exchange gains on cash and cash equivalents	現金及現金等值之匯兌收益	2,854	701
Cash and cash equivalents at the end of the year	於年末現金及現金等值	907,725	1,476,963
Analysis of the balances of cash and cash equivalents:	現金及現金等值結存之分析：		
Bank balances and cash – unrestricted	銀行結存及現金 – 不受限制	921,188	1,595,046
Less: Time deposit over three months	減：三個月以上定期存款	(13,463)	(118,083)
Cash and cash equivalents at the end of the year	於年末現金及現金等值	907,725	1,476,963

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2013
截至二零一三年十二月三十一日止年度

		Share capital	Share premium	Exchange reserve	Capital redemption and general reserve	Special reserve	Revaluation reserve	Share options reserve	Convertible bonds and warrants equity reserve	Other reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	匯兌儲備	資本贖回及普通儲備	特別儲備	重估儲備	認股權儲備	債券及認股權儲備	其他儲備	保留溢利	總計	非控股權益	權益總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2012	於二零一二年一月一日	94,635	515,613	38,243	14,420	332,046	197,886	25,094	200,496	-	406,726	1,825,159	127,036	1,952,195
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	-	180,008	180,008	82	180,090
Other comprehensive income/(loss)	其他全面收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value gain on leasehold land and building	租賃土地及樓宇之公允價值溢利	-	-	-	-	-	49,582	-	-	-	-	49,582	-	49,582
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允價值溢利之遞延稅項	-	-	-	-	-	(8,181)	-	-	-	-	(8,181)	-	(8,181)
Exchange difference arising on:	匯兌差額產生:	-	-	-	-	-	-	-	-	-	-	-	-	-
- dissolution of a subsidiary	- 解散一間附屬公司	-	-	(2,961)	-	-	-	-	-	-	-	(2,961)	(1,269)	(4,230)
- translation of foreign operations	- 海外業務之換算	-	-	19,234	-	-	-	-	-	-	-	19,234	369	19,603
Total comprehensive income	全面收益總額	-	-	16,273	-	-	41,401	-	-	-	180,008	237,682	(818)	236,864
Issue of shares upon conversion of 4% convertible bonds	因轉換4%票息可換股債券而發行股份	200	1,822	-	-	-	-	-	(139)	-	-	1,883	-	1,883
Recognition of warrants	確認認股權證	-	-	-	-	-	-	-	17,834	-	-	17,834	-	17,834
Equity settled share-based transactions	以股份為基礎之股權結算交易	-	-	-	-	-	-	2,548	-	-	-	2,548	26	2,574
Transfer upon share options lapsing	因購股權失效而轉撥	-	-	-	-	-	-	(1,043)	-	-	1,043	-	-	-
Recognition of equity component of 4% convertible bonds	確認4%票息可換股債券之權益部份	-	-	-	-	-	-	-	3,409	-	-	3,409	-	3,409
Deferred tax liability on recognition of equity component of 4% convertible bonds	確認4%票息可換股債券權益部分之遞延稅項負債	-	-	-	-	-	-	-	(765)	-	-	(765)	-	(765)
Payment to non-controlling interests due to dissolution of a non-wholly owned subsidiary	因解散一家非全資擁有附屬公司而支付非控股權益股東款項	-	-	-	-	-	-	-	-	-	-	-	(1,081)	(1,081)
Change in ownership interests in subsidiaries without loss of control (Note 37)	在沒有失去控制權的情況下，附屬公司之擁有權益變動(附註37)	-	-	-	-	-	-	-	-	77,664	-	77,664	(77,664)	-
Equity transaction arising from re-organisation	重組產生的權益交易	-	-	-	-	-	-	-	-	(3,527)	-	(3,527)	-	(3,527)
Dividends paid	已派股息	-	-	-	-	-	-	-	-	-	(47,318)	(47,318)	(8,470)	(55,788)
		200	1,822	-	-	-	-	1,505	20,339	74,137	(46,275)	51,728	(87,189)	(35,461)
At 31 December 2012	於二零一二年十二月三十一日	94,835	517,435	54,516	14,420	332,046	239,287	26,599	220,835	74,137	540,459	2,114,569	39,029	2,153,598
At 1 January 2013	於二零一三年一月一日	94,835	517,435	54,516	14,420	332,046	239,287	26,599	220,835	74,137	540,459	2,114,569	39,029	2,153,598
Profit for the year	本年度溢利	-	-	-	-	-	-	-	-	-	185,402	185,402	8,013	193,415
Other comprehensive income/(loss)	其他全面收益/(虧損)	-	-	-	-	-	-	-	-	-	-	-	-	-
Actuarial gain on retirement benefit obligations	退休福利責任精算收益	-	-	-	-	-	-	-	-	-	4,579	4,579	-	4,579
Fair value gain on leasehold land and building	租賃土地及樓宇之公允價值溢利	-	-	-	-	-	38,573	-	-	-	-	38,573	-	38,573
Deferred tax on fair value gain of leasehold land and building	租賃土地及樓宇公允價值溢利之遞延稅項	-	-	-	-	-	(6,365)	-	-	-	-	(6,365)	-	(6,365)
Exchange difference arising on translation of foreign operations	匯兌差額產生自海外業務之換算	-	-	87,241	-	-	-	-	-	-	-	87,241	1,411	88,652
Total comprehensive income	全面收益總額	-	-	87,241	-	-	32,208	-	-	-	189,981	309,430	9,424	318,854
Issue of shares upon conversion of 4% convertible bonds	因轉換4%票息可換股債券而發行股份	3,800	34,672	-	-	-	-	-	(2,020)	-	-	36,452	-	36,452
Issue of shares upon exercise of warrants	因行使認股權證而發行股份	18,900	187,934	-	-	-	-	-	(17,834)	-	-	189,000	-	189,000
Issue of shares upon conversion of convertible bonds	因轉換可換股債券而發行股份	33,282	492,144	-	-	-	-	-	(134,474)	-	-	390,952	-	390,952
Redemption of convertible bonds (Note 32b)	贖回可換股債券(附註32b)	-	-	-	-	-	-	-	(66,021)	-	(10,813)	(76,834)	-	(76,834)
Issuance of shares	發行股份	135,000	1,153,100	-	-	-	-	-	-	-	-	1,288,100	-	1,288,100
Equity settled share-based transactions	以股份為基礎之股權結算交易	-	-	-	-	-	-	2,411	-	-	-	2,411	440	2,851
Transfer upon share options lapsing	因購股權失效而轉撥	-	-	-	-	-	-	(3,371)	-	-	3,371	-	-	-
Transfer upon redemption of 4% convertible bonds	因贖回4%票息可換股債券而轉撥	-	-	-	-	-	-	-	(486)	-	486	-	-	-
Dividends paid	已派股息	-	-	-	-	-	-	-	-	-	(53,891)	(53,891)	(7,330)	(61,221)
		190,982	1,867,850	-	-	-	-	(960)	(220,835)	-	(60,847)	1,776,190	(6,890)	1,769,300
At 31 December 2013	於二零一三年十二月三十一日	285,817	2,385,285	141,757	14,420	332,046	271,495	25,639	-	74,137	669,593	4,200,189	41,563	4,241,752

Consolidated Statement of Changes in Equity

綜合權益變動表

Notes:

- (i) Capital redemption reserve created during the repurchase of shares of HK\$4,420,000. General reserve amounts to HK\$10,000,000.
- (ii) Special reserve comprises the difference between the fair value of the consideration, net of deferred taxation and fair value of acquiring land parcels in Tieling, the People's Republic of China (the "PRC"). This reserve will be recognised through the retained profits upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates, in proportion to the percentage the Group disposes.
- (iii) Revaluation reserve comprises the fair value gain, net of deferred tax, on leasehold land and building held for own use.
- (iv) Other reserve was resulted from the Group's reorganisation and realignment of business activities.

On 30 November 2012, the Company completed the disposal of Interiors & Special Projects division ("ISP division") to Driven Power Management Limited ("Driven Power"), a wholly owned subsidiary of Synergis Holdings Limited ("Synergis"), a separately listed subsidiary. The transaction was accounted for as a transaction with non-controlling interests.

As part of the settlement of the consideration, Synergis issued 58,666,667 convertible preference shares ("CPS") to the Company. In determining the Group's economic interest in Synergis after the transaction, management has taken into account the rights of the CPS holders, among other things, potential voting rights and the same entitlement to dividends and other distributions as the ordinary shareholders, and that a holder of the CPS is entitled to the return of capital in priority of ordinary shares in case of winding up of Synergis. Accordingly, the Group's economic interest in Synergis increased from 50.94% to 58.31% and the gain on disposals to non-controlling interests of HK\$77,664,000 was recognised in equity (Note 37).

附註：

- (i) 資本贖回儲備於購回股份期間以港幣4,420,000元增設。一般儲備達港幣10,000,000元。
- (ii) 特別儲備的構成部份為收購於中華人民共和國（「中國」）鐵嶺地塊的代價公允值（扣除遞延稅項）與取得地塊之公允值的差額。此儲備將於出售該等附屬公司時，或該等附屬公司出售所涉及的資產時（以較早者為準），按本集團出售的比例，確認於保留溢利。
- (iii) 重估儲備包括用作自用之租賃土地及樓宇經扣除遞延稅項後之公允值溢利。
- (iv) 其他儲備因集團重組及業務調整而產生。

於二零一二年十一月三十日，本公司完成向Driven Power Management Limited（「Driven Power」），Synergis Holdings Limited（新昌管理集團有限公司*）（「新昌管理」）的全資擁有附屬公司（獨立上市附屬公司）出售室內裝飾及特殊項目分部（「室內裝飾及特殊項目分部」）。該項交易入賬作為與非控股權益之交易。

作為償付代價的一部份，新昌管理向本公司發行58,666,667股可轉換優先股（「可轉換優先股」）。為完成交易後釐定本集團於新昌管理的股份經濟權益，管理層認為可轉換優先股持有人的權利應計算在內，當中包括投票權及與普通股持有人享有同等權利獲得股息及其他分派，而倘新昌管理清盤，可轉換優先股持有人相對普通股持有人有權優先取回資本。因此，本集團於新昌管理的股份經濟權益由50.94%增至58.31%，而出售予非控股權益的港幣77,664,000元收益則確認於權益中（附註37）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

1 General information

Hsin Chong Construction Group Ltd. (the “Company”) and its subsidiaries (collectively, the “Group”) are engaged in building construction, civil engineering, electrical and mechanical installation, interiors and special projects, property development and investment, and provision of property and facility management services.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda. The Company has its primary listing on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The financial statements are presented in thousands of Hong Kong dollars (HK\$'000), unless otherwise stated, and were approved for issue by the board of directors of the Company on 17 March 2014.

2 Summary of significant accounting policies

The significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, leasehold land and building and available-for-sale financial assets which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

1 一般資料

Hsin Chong Construction Group Ltd. (新昌營造集團有限公司*) (「本公司」) 及其附屬公司 (統稱「本集團」) 從事樓宇建造、土木工程、機電安裝工程、室內裝飾及特殊項目、物業發展及投資，以及提供物業及設施管理服務。

本公司為於百慕達註冊成立的有限責任公司。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton, HM 11, Bermuda。本公司以香港聯合交易所有限公司(「聯交所」)主板作第一上市。

除另有列明外，本財務報表以港幣千元為單位列示，並已於二零一四年三月十七日獲本公司董事會批准刊發。

2 主要會計政策概要

編製財務報表所採納之主要會計政策載列如下。除另有說明外，該等政策已於所有呈報年度貫徹應用。

(a) 編製基準

本財務報表乃根據香港會計師公會所頒佈之香港財務報告準則(「香港財務報告準則」)而編製。財務報表按歷史成本慣例編製，並已就按公允值列賬之投資物業重估、租賃土地及樓宇及可供出售之財務資產作出修訂。

在遵照香港財務報告準則編製財務報表時，須採用若干重大會計估計，管理層亦須在應用本集團會計政策之過程中作出判斷。附註4載述涉及較多判斷或較複雜之範疇、或假設及估計對財務報表有重大影響之範疇。

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****(i) New and amended standards adopted by the Group**

The following new/revised HKFRSs, amendments and interpretations are mandatory for the first time for the financial year beginning 1 January 2013.

HKAS 1 (Amendment)	Presentation of Financial Statements – Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefits
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosure – offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual Improvements Project	Annual Improvements 2009 – 2011 Cycle
Annual Improvements Project	Annual Improvements 2012 – Amendment to HKFRS 13 “Fair Value Measurement”
Annual Improvements Project	Annual Improvements 2013 – Amendment to HKFRS 1 “First Time Adoption”
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the above new/revised HKFRSs, amendments and interpretations in the current year has had no material impact on the Group's results and financial position except for the application of HKAS 19 (Amendment), retrospective application of HKFRS 11 and certain disclosures in respect of HKAS 1 (Amendment), HKFRS 12 and HKFRS 13.

2 主要會計政策概要 (續)**(a) 編製基準 (續)****(i) 本集團採納之新訂及經修訂準則**

以下新訂／經修訂之香港財務報告準則、修訂及詮釋須於二零一三年一月一日開始之財政年度首次採納。

香港會計準則第1號 (修訂本)	財務報表之呈列 – 其他全面收益
香港會計準則第19號 (修訂本)	僱員福利
香港財務報告準則第1號 (修訂本)	政府借款
香港財務報告準則第7號 (修訂本)	金融工具：披露－抵銷財務資產及財務負債
香港財務報告準則第10號、第11號及第12號 (修訂本)	綜合財務報表、共同安排及披露於其他實體的權益：有關過渡指引
年度改進項目	二零零九年至二零一一年之週期年度改進
年度改進項目	二零一二年之年度改進－對香港財務報告準則第13號「公允值計量」之修訂
年度改進項目	二零一三年之年度改進－對香港財務報告準則第1號「首次採納」之修訂
香港財務報告準則第10號	綜合財務報表
香港財務報告準則第11號	共同安排
香港財務報告準則第12號	披露於其他實體之權益
香港財務報告準則第13號	公允值計量
香港會計準則第27號 (二零一一年修訂)	獨立財務報表
香港會計準則第28號 (二零一一年修訂)	對聯營公司及合營企業之投資
香港 (國際財務報告詮釋委員會) – 詮釋第20號	露天礦生產階段之剝離成本

於年內，除了因應用香港會計準則第19號 (修訂本)、香港財務報告準則第11號追溯性應用及香港會計準則第1號 (修訂本)、香港財務報告準則第12號及香港財務報告準則第13號之部份披露外，應用上述新訂／經修訂香港財務報告準則對本集團之業績及財務狀況並無產生重大影響。

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****(i) New and amended standards adopted by the Group (continued)****HKAS 19 (Amendment) Employee Benefits**

HKAS 19 (Amendment) includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now recognised immediately in other comprehensive income and permanently excluded from profit or loss; expected returns on plan assets are no longer recognised in profit or loss and instead, interest on the net defined benefit liability (asset) in profit or loss is calculated using the discount rate used to measure the defined benefit obligation and; unvested past service costs are now recognised in profit or loss in the year and not amortised over the vesting period.

The adoption of HKAS 19 (Amendment) had an impact on the retirement benefit obligations primarily due to the immediate recognition of actuarial gains and losses in other comprehensive income.

HKFRS 11 Joint Arrangements

Under HKFRS 11, classification of joint arrangements focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint ventures is no longer permitted.

Upon the application of HKFRS 11, the directors concluded that all of the Group's unincorporated joint arrangements that were previously classified as joint ventures under HKAS 31 and accounted for using the equity method, should be classified as joint operations under HKFRS 11 taking into account the relevant joint arrangement agreements that specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements. 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. The comparative figures have been restated to reflect the change (see below for details).

2 主要會計政策概要 (續)**(a) 編製基準 (續)****(i) 本集團採納之新訂及經修訂準則 (續)****香港會計準則第19號 (修訂本) 僱員福利**

香港會計準則第19號 (修訂本) 對界定福利計劃之會計處理方式作多項修訂，包括精算收益及虧損即時於其他全面收益內確認及不再包括於損益內；預期計劃資產回報不再於損益內確認，反而界定福利負債（資產）淨額之利息（以計量界定福利責任所使用之貼現率計算）則列進損益內；以及未歸屬之過去服務成本現於期內之損益內確認而不會在歸屬期間攤銷。

採納香港會計準則第19號 (修訂本) 對退休福利責任構成的影響，主要是在其他全面收益即時確認精算收益及虧損。

香港財務報告準則第11號共同安排

根據香港財務報告準則第11號，共同安排之分類取決於安排訂約方之權利及責任，而非其法律形式。共同安排有兩個類別：共同經營業務及合營企業。倘投資者對安排之資產擁有權利並對負債負有責任，則為共同經營業務。共同經營者將其分佔之資產、負債、收入及開支入賬。倘投資者對安排之資產淨值擁有權利，則為合營企業。合營企業應根據權益法入賬。不得再允許合營企業按比例合併法入賬。

於應用香港財務報告準則第11號後，董事得出結論，本集團先前根據香港會計準則第31號分類為合營企業並使用權益法入賬之所有非屬法團共同安排，經計及有關共同安排協議，其訂明共同安排訂約方對有關共同安排之資產擁有權利並對負債負有責任，根據香港財務報告準則第11號，應分類為共同經營業務。共同經營業務的投資的入賬方法為各共同經營者確認其資產（包括其對任何共同持有資產應佔的份額）、其負債（包括其對任何共同產生負債應佔的份額）、其營業額（包括其對出售共同經營業務產生的營業額應佔的份額）及其費用（包括其對任何共同產生費用應佔的份額）。各共同經營者根據適用準則，就其於共同經營業務中的權益，將其分佔之資產、負債、收入及開支入賬。比較數字已予以重列以反映有關變動（有關詳情見下文）。

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****(i) New and amended standards adopted by the Group (continued)**

The effect of the application of HKFRS 11 on the Group's consolidated financial statements for the prior years are as follows:

Impact on the results for the years ended 31 December 2013 and 2012 by line items presented in the consolidated income statement is as follows:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Increase in revenue	收益增加	1,394,543	1,560,800
Increase in cost of sales	銷售成本增加	(1,314,694)	(1,468,436)
Decrease in other income	其他收入減少	(254)	—
Increase in general and administrative expenses	一般行政開支增加	(267)	(181)
Decrease in share of results of joint ventures	應佔合營企業業績減少	(64,381)	(81,529)
Increase in interest income	利息收入增加	495	123
Increase in interest expense	利息開支增加	(554)	(1,368)
Increase in income tax expense, net	所得稅開支增加淨額	(14,888)	(9,409)
Net change in profit for the year	年內溢利變動淨額	—	—

There is no impact on earnings per share.

2 主要會計政策概要 (續)**(a) 編製基準 (續)****(i) 本集團採納之新訂及經修訂準則 (續)**

應用香港財務報告準則第11號對本集團於過往年度之綜合財務報表之影響如下：

按綜合收益表中呈列之項目對截至二零一三年及二零一二年十二月三十一日止年度業績之影響如下：

	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
收益增加	1,394,543	1,560,800
銷售成本增加	(1,314,694)	(1,468,436)
其他收入減少	(254)	—
一般行政開支增加	(267)	(181)
應佔合營企業業績減少	(64,381)	(81,529)
利息收入增加	495	123
利息開支增加	(554)	(1,368)
所得稅開支增加淨額	(14,888)	(9,409)
年內溢利變動淨額	—	—

對每股盈利並無影響。

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****(i) New and amended standards adopted by the Group (continued)**

Impact on the consolidated balance sheet of the Group as at 1 January 2012 is as follows:

2 主要會計政策概要 (續)**(a) 編製基準 (續)****(i) 本集團採納之新訂及經修訂準則 (續)**

對本集團於二零一二年一月一日之綜合資產負債表之影響如下：

		At 1 January 2012 (Previously stated) 於二零一二年 一月一日 (原列)	Adjustments for HKFRS11 香港財務報告 準則第11號 之調整	At 1 January 2012 於 二零一二年 一月一日 (Restated) (經重列) HK\$'000 港幣千元
Non-current assets	非流動資產			
Joint ventures	合營企業	71,298	(71,298)	—
Current assets	流動資產			
Gross amounts due from customers for contract work	應收客戶之工程款項	692,290	168,037	860,327
Raw materials, at cost	毛額	1,991	—	1,991
Stocks of properties, at net realisable value	原料·按成本 物業存貨·按可變現淨值	18,000	—	18,000
		712,281	168,037	880,318
Trade receivables	貿易應收賬款	804,900	59,337	864,237
Retention receivables	保固金應收賬款	304,128	51,742	355,870
Other receivables	其他應收賬款	57,082	729	57,811
Deposits and prepayments	按金及預付金	42,160	6,747	48,907
		1,208,270	118,555	1,326,825
Deposits, cash and cash equivalents – unrestricted	存款、現金及現金等值 — 不受限制	892,939	144,498	1,037,437
Current liabilities	流動負債			
Bank loans	銀行貸款	(830,647)	(64,000)	(894,647)
Trade payables	貿易應付賬款	(1,191,223)	(138,802)	(1,330,025)
Retention payables	保固金應付賬款	(234,258)	(14,022)	(248,280)
Other payables, deposits and accruals	其他應付賬款、按金及應計費用	(670,103)	(131,762)	(801,865)
		(2,095,584)	(284,586)	(2,380,170)
Amounts due to joint operations/partners of joint operations	應付共同經營業務／ 共同經營夥伴款項	—	(4,688)	(4,688)
Current tax liabilities	當期稅項負債	(15,793)	(6,518)	(22,311)
Other assets and liabilities	其他資產及負債	2,009,431	—	2,009,431
Net assets	資產淨值	1,952,195	—	1,952,195

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****(i) New and amended standards adopted by the Group (continued)**

Impact on the consolidated balance sheet of the Group as at 31 December 2012 is as follows:

2 主要會計政策概要 (續)**(a) 編製基準 (續)****(i) 本集團採納之新訂及經修訂準則 (續)**

對本集團於二零一二年十二月三十一日之綜合資產負債表之影響如下：

		At 31 December 2012 (Previously stated) 於二零一二年 十二月三十一日 (原列)	Adjustments for HKFRS11 香港財務報告 準則第11號 之調整	At 31 December 2012 於 二零一二年 十二月三十一日 (Restated) (經重列) HK\$'000 港幣千元
Non-current assets	非流動資產			
Joint ventures	合營企業	194,348	(194,348)	–
Current assets	流動資產			
Gross amounts due from customers for contract work	應收客戶之工程款項	656,357	151,829	808,186
Raw materials, at cost	原料，按成本	1,417	–	1,417
Stocks of properties, at net realisable value	物業存貨，按可變現淨值	20,000	–	20,000
		677,774	151,829	829,603
Trade receivables	貿易應收賬款	562,747	93,156	655,903
Retention receivables	保固金應收賬款	418,893	125,078	543,971
Other receivables	其他應收賬款	62,374	(13,644)	48,730
Deposits and prepayments	按金及預付金	81,368	9,731	91,099
		1,125,382	214,321	1,339,703
Deposits, cash and cash equivalents – unrestricted	存款、現金及現金等值 – 不受限制	1,314,534	280,512	1,595,046
Current liabilities	流動負債			
Bank loans	銀行貸款	(1,142,904)	(24,000)	(1,166,904)
Trade payables	貿易應付賬款	(1,265,722)	(375,437)	(1,641,159)
Retention payables	保固金應付賬款	(312,490)	(49,870)	(362,360)
Other payables, deposits and accruals	其他應付賬款、按金及應計費用	(807,694)	(184,537)	(992,231)
		(2,385,906)	(609,844)	(2,995,750)
Amounts due to joint operations/partners of joint operations	應付共同經營業務／共同經營夥伴款項	–	(2,963)	(2,963)
Current tax liabilities	當期稅項負債	(17,979)	(13,055)	(31,034)
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	(106,440)	(708)	(107,148)
Amounts due to joint ventures	應付合營企業款項	(198,256)	198,256	–
Other assets and liabilities	其他資產及負債	2,693,045	–	2,693,045
Net assets	資產淨值	2,153,598	–	2,153,598

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)****(i) New and amended standards adopted by the Group (continued)**

Impact on the consolidated balance sheet of the Group as at 31 December 2013 is as follows:

2 主要會計政策概要 (續)**(a) 編製基準 (續)****(i) 本集團採納之新訂及經修訂準則 (續)**

對本集團於二零一三年十二月三十一日之綜合資產負債表之影響如下：

		At 31 December 2013 於二零一三年 十二月三十一日 (原列)	Adjustments for HKFRS11 香港財務報告 準則第11號 之調整	At 31 December 2013 於 二零一三年 十二月三十一日 (As presented) (呈列)
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Non-current assets	非流動資產			
Joint ventures	合營企業	308,276	(308,276)	–
Current assets	流動資產			
Gross amounts due from customers for contract work	應收客戶之工程款項	1,436,670	285,633	1,722,303
Raw materials, at cost	原料，按成本	1,344	–	1,344
Stocks of properties, at net realisable value	物業存貨，按可變現淨值	705,676	–	705,676
		2,143,690	285,633	2,429,323
Trade receivables	貿易應收賬款	526,121	126,794	652,915
Retention receivables	保固金應收賬款	662,105	144,923	807,028
Other receivables	其他應收賬款	74,709	(37,601)	37,108
Deposits and prepayments	按金及預付金	163,911	55,013	218,924
		1,426,846	289,129	1,715,975
Amounts due from joint operations/partners of joint operations	應收共同經營業務／共同經營夥伴款項	–	18,444	18,444
Deposits, cash and cash equivalents	存款、現金及現金等值			
– restricted	– 受限制	3,294	1,298	4,592
– unrestricted	– 不受限制	848,994	72,194	921,188
Current liabilities	流動負債			
Bank loans	銀行貸款	(1,564,840)	(28,000)	(1,592,840)
Trade payables	貿易應付賬款	(1,949,249)	(263,470)	(2,212,719)
Retention payables	保固金應付賬款	(513,312)	(60,498)	(573,810)
Other payables, deposits and accruals	其他應付賬款、按金及應計費用	(910,997)	(99,983)	(1,010,980)
		(3,373,558)	(423,951)	(3,797,509)
Amounts due to joint operations/partners of joint operations	應付共同經營業務／共同經營夥伴款項	–	(17,937)	(17,937)
Current tax liabilities	當期稅項負債	(13,622)	(28,484)	(42,106)
Non-current liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	(518,743)	(606)	(519,349)
Amounts due to joint ventures	應付合營企業款項	(140,556)	140,556	–
Other assets and liabilities	其他資產及負債	5,121,971	–	5,121,971
Net assets	資產淨值	4,241,752	–	4,241,752

2 Summary of significant accounting policies (continued)**(a) Basis of preparation** (continued)

- (i) New and amended standards adopted by the Group
-
- (continued)

Impacts on consolidated statement of cash flows are as follows:

2 主要會計政策概要 (續)**(a) 編製基準** (續)

- (i) 本集團採納之新訂及經修訂準則 (續)

對綜合現金流量表之影響如下：

		2013 HK\$'000 港幣千元
Decrease in net cash inflow from operating activities	經營業務現金流入淨額 減少	(212,318)
Decrease in net cash outflow from investing activities	投資業務現金流出淨額 減少	22,553
Increase in net cash inflow from financing activities	融資業務現金流入淨額 增加	4,000
Net decrease in cash and cash equivalents	現金及現金等值減少淨額	(185,765)
Decrease in time deposit over three months	三個月以上定期存款減少	(22,553)
		(208,318)

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)**

- (i) New and amended standards adopted by the Group
-
- (continued)

2 主要會計政策概要 (續)**(a) 編製基準 (續)**

- (i) 本集團採納之新訂及經修訂準則 (續)

		2012 HK\$'000 港幣千元
Operating activities	經營業務	
Increase in profit before taxation	除稅前溢利增加	9,409
Decrease in net finance income	融資收入淨額減少	1,245
Decrease in share of net profits of jointly controlled entities	應佔共同控制實體溢利淨額減少	81,529
Decrease in stocks and contracting work-in-progress	存貨及在建合約工程減少	16,208
Increase in receivables and prepayments	應收賬款及預付金增加	(95,766)
Increase in payables and accruals	應付賬款及應計費用增加	325,258
Increase in interest received	已收利息增加	123
Increase in interest paid	已付利息增加	(1,368)
Increase in tax paid	已付稅項增加	(2,164)
Increase in repayment to partners of joint operations	向共同經營夥伴還款增加	(1,725)
Increase in net cash inflow from operating activities	經營業務之現金流入淨額增加	332,749
Investing activities	投資業務	
Increase in time deposit over three months	三個月以上定期存款增加	(22,553)
Decrease in advance to jointly controlled entities	向共同控制實體墊款減少	12,976
Decrease in dividend income from jointly controlled entities	來自共同控制實體之股息收入減少	(27,587)
Decrease in advance from/repayment from jointly controlled entities	來自共同控制實體之墊款／還款減少	(142,124)
Increase in net cash outflow from investing activities	投資業務之現金流出淨額增加	(179,288)
Financing activities	融資業務	
Increase in repayment of bank loans	銀行貸款還款增加	(40,000)
Decrease in net cash inflow from financing activities	融資業務之現金流入淨額減少	(40,000)
Net increase in cash and cash equivalents	現金及現金等值增加淨額	113,461
Increase in time deposit over three months	三個月以上定期存款增加	22,553
Increase in deposits, cash and cash equivalents at the beginning of the year	於年初之存款、現金及現金等值增加	136,014
		144,498
Net effect to deposits, cash and cash equivalents	對存款、現金及現金等值之影響淨額	280,512

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)**

- (ii) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted

Amendments to HKAS 19	Employee Benefits: Defined Benefit Plans – Employees 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
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ³
HKFRS 9	Financial Instruments ³
HKFRS 14	Regulatory Deferral Accounts ⁴
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities ¹
HK(IFRIC)-Int 21	Levies ¹
Annual Improvement Project	Annual Improvement to HKFRS 2010-2012 Cycle ²
Annual Improvement Project	Annual Improvement to HKFRS 2011-2013 Cycle ²

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

² Effective for annual periods beginning on or after 1 January 2015

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 January 2016

2 主要會計政策概要 (續)**(a) 編製基準 (續)**

- (ii) 新訂及經修訂準則已頒佈，惟尚未於二零一三年一月一日開始之財政年度生效，且並未獲提早採納

香港會計準則第19號 (修訂本)	僱員福利：界定福利計劃－僱員供款 ²
香港會計準則第32號 (修訂本)	財務資產及財務負債之抵銷 ¹
香港會計準則第36號 (修訂本)	非財務資產之可收回款項披露 ¹
香港會計準則第39號 (修訂本)	衍生工具更替及對沖會計法之延續 ¹
香港財務報告準則第7號 (修訂本) 及第9號	香港財務報告準則第9號強制性生效日期及過渡性披露 ³
香港財務報告準則第9號	金融工具 ³
香港財務報告準則第14號	監管遞延賬戶 ⁴
香港財務報告準則第10號 (修訂本)、第12號及香港會計準則第27號 (二零一一年)	投資實體 ¹
香港 (國際財務報告詮釋委員會)－詮釋第21號	徵費 ¹
年度改進項目	二零一零年至二零一二年週期的香港財務報告準則年度改進 ²
年度改進項目	二零一一年至二零一三年週期的香港財務報告準則年度改進 ²

¹ 於二零一四年一月一日或之後開始之年度期間生效

² 於二零一五年一月一日或之後開始之年度期間生效

³ 可應用－強制生效日期將於香港財務報告準則第9號的尚待確實階段落實後釐定

⁴ 於二零一六年一月一日或之後開始之年度期間生效

2 Summary of significant accounting policies (continued)**(a) Basis of preparation (continued)**

- (ii) New and amended standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted (continued)

The Group will adopt the above new or revised standards and amendments to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group, but is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December 2013.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(i) Business Combinations

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

2 主要會計政策概要 (續)**(a) 編製基準 (續)**

- (ii) 新訂及經修訂準則已頒佈，惟尚未於二零一三年一月一日開始之財政年度生效，且並未獲提早採納 (續)

有準則的修訂本生效時採納該等準則。本集團已開始評估該等準則對本集團帶來之影響，但尚未能指出其對本集團之營運業績及財務狀況會否帶來重大影響。

(b) 綜合

綜合財務報表包括本公司及其所有附屬公司截至二零一三年十二月三十一日止之財務報表。

附屬公司 (包括結構性實體) 指本集團對其有控制權之所有實體。當本集團因參與實體而面臨或有權享有可變回報，且能夠透過其對實體的控制權影響相關回報時，本集團控制著有關實體。附屬公司於其控制權轉移至本集團當日綜合入賬。附屬公司在控制權終止之日起停止入賬。

(i) 業務合併

本集團應用收購會計法將業務合併入賬。收購附屬公司之收購轉讓價為所獲之資產、被收購方前擁有人所產生之負債及本集團所發行之股本權益之公允值。收購轉讓價包括或然轉讓價之安排所產生之任何資產或負債之公允值。收購之相關成本在產生時支銷。在業務合併過程中所收購之可辨別資產，所承擔之負債及或然負債，均於收購當日按其公允值作出初步計量。本集團可就個別收購基準按公允值或依據非控股權益應佔被收購方之已確認可辨別資產淨值之比例，計算被收購方之非控股權益。

所轉讓代價、被收購方的任何非控股權益金額及任何先前於被收購方的權益於收購日期的公允值高於所收購可辨別資產淨值的公允值時，其差額以商譽列賬。就議價購買而言，如轉讓代價、已確認非控股權益及先前持有的權益總額低於所收購附屬公司資產淨值的公允值，其差額將直接在收益表中確認。

2 Summary of significant accounting policies (continued)**(b) Consolidation (continued)****(i) Business Combinations (continued)**

For purchase of subsidiaries which constitutes a purchase of assets rather than a business combination, the assets and liabilities acquired are accounted for in accordance with the relevant accounting policies for the assets and liabilities rather than the acquisition method of accounting.

Inter-company transactions, balances and unrealized gains and losses on transactions between group companies are eliminated. Where necessary, amounts reported by subsidiaries have been adjusted to conform to the accounting policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2012. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures; depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

Before 1 January 2013, the Group's interests in its joint ventures were accounted for using equity method. Under HKFRS 11, the directors concluded that all of the Group's joint arrangements that were previously classified as joint ventures under HKAS 31 and accounted for using the equity method, should be classified as joint operations under HKFRS 11 taking into account the relevant joint arrangement agreements that specify that the parties to the joint arrangements have rights to the assets and obligations to the liabilities relating to the joint arrangements. Please see note 2(a)(i) for the impact on the Group's consolidated financial statements upon adoption of HKFRS 11.

(d) Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HK dollars"), which is the Company's functional and the Group's presentation currency.

2 主要會計政策概要 (續)**(b) 綜合 (續)****(i) 業務合併 (續)**

倘收購附屬公司構成收購資產而非業務合併，則所取得的資產及負債根據處理資產及負債的相關會計政策（而非收購會計法）入賬。

公司間交易、集團公司間之結餘及未變現盈虧已對銷。於必要時，附屬公司所呈報之金額已經作出調整，以符合本集團所採納之會計政策。

(ii) 在不改變控制權的情況下，附屬公司之擁有權益變動

不導致失去控制權之非控股權益交易入賬列作權益交易—即以彼等為擁有人之身分與擁有人進行交易。任何已付代價公允值與所收購相關應佔附屬公司資產淨值賬面值之差額列作權益。向非控股權益出售之盈虧亦列作權益。

(c) 共同安排

本集團已對截至二零一二年一月一日之所有共同安排應用香港財務報告準則第11號。根據香港財務報告準則第11號之修訂，於共同安排之投資分類為共同經營業務或合營企業，乃根據各投資方之合約權利及責任（而非共同安排之法定架構）進行分類。

於二零一三年一月一日前，本集團於其合營企業之權益乃使用權益法入賬。根據香港財務報告準則第11號，董事得出結論，本集團先前根據香港會計準則第31號分類為合營企業並使用權益法入賬之所有共同安排，經計及有關共同安排協議，其訂明共同安排訂約方對有關共同安排之資產擁有權利並對負債負有責任，根據香港財務報告準則第11號，應分類為共同經營業務。有關於採納香港財務報告準則第11號對本集團綜合財務報表之影響，請參閱附註2(a)(i)。

(d) 外幣換算**(i) 功能及呈報貨幣**

本集團各實體之財務報表所包括之項目，乃按該實體經營所在之主要經濟環境之貨幣（「功能貨幣」）計量。綜合財務報表以本公司之功能貨幣及本集團之呈報貨幣港幣（「港幣」）呈列。

2 Summary of significant accounting policies (continued)**(d) Foreign currency translation (continued)****(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the consolidated income statement as part of the gain or loss on sale.

(e) Intangible assets**(i) Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2 主要會計政策概要 (續)**(d) 外幣換算 (續)****(ii) 交易及結餘**

外幣交易均按交易當日之通行匯率換算為功能貨幣。因上述交易結算及按結算日之匯率兌換以外幣計值之貨幣資產及負債而產生之匯兌盈虧，均於綜合收益表確認。

非貨幣性財務資產（例如分類為可供出售之權益）之換算差額包括在其他全面收益內。

(iii) 集團公司

集團旗下所有實體如持有與呈報貨幣不一致之功能貨幣，當中並無任何公司持有嚴重通脹之經濟體系貨幣，其業績和財務狀況均按以下方法換算為呈報貨幣：

- 每項資產負債表之資產及負債均按照該資產負債表結算日之匯率換算為呈報貨幣；
- 每項收益表之收入和開支均按照平均匯率換算為呈報貨幣；及
- 所有產生之匯兌差額均於其他全面收益確認。

因收購海外實體而產生之商譽及公允值調整，均作為海外實體之資產與負債處理，並按收市匯率換算。所產生之匯兌差額乃於其他全面收益確認。

在綜合賬目時，換算海外公司投資淨額而產生之匯兌差異，均列入股東權益內。當出售海外業務時，此等匯兌差額將於綜合收益表內確認為出售收益或虧損之一部份。

(e) 無形資產**(i) 商譽**

商譽指收購成本高出收購日本集團所佔收購附屬公司之可辨認淨資產公允值之金額。商譽每年進行減值測試，並按成本減累積減值虧損列賬。商譽之減值虧損不會撥回。計算出售企業之盈虧包括與該企業相關之商譽賬面值。

就減值測試而言，因業務合併而產生之商譽會被分配至現金產生單位，分配乃根據按營業分類所識別之現金產生單位或現金產生單位組別預期可從有關業務合併中得益。

2 Summary of significant accounting policies (continued)**(e) Intangible assets (continued)****(ii) Trademarks and trade names**

Separately acquired trademarks and trade names are shown at historical cost. Trademarks and trade names acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks and trade names that have a definite useful life are carried at cost less accumulated amortisation.

Trademarks that have indefinite useful lives are not amortised. They subject to impairment testing annually and whenever there is an indication that it may be impaired.

(iii) Secured contracts

Secured contracts acquired in a business combination are recognised at fair value at the acquisition date. The secured contracts have a finite useful life and carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the contracts of 5 years.

(iv) Client relationships

Client relationships acquired in a business combination are recognised at fair value at the acquisition date. The client relationships have a finite useful life and carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected life of the client relationships of 9 years.

(f) Investment properties

Investment property is held for long-term rental yields or for capital appreciation or both, and is not occupied by the companies in the Group. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. A property interest that is held by a lessee under an operating lease may be classified and accounted for as investment property if the property would otherwise meet the definition of an investment property and the lessee uses the fair value model for the asset recognised.

Investment property is measured initially at its cost, including related transaction costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at the end of the reporting period by independent professional qualified valuers.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections.

Subsequent expenditure is recognised in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial year in which they are incurred.

Changes in fair values are charged in the consolidated income statement.

2 主要會計政策概要 (續)**(e) 無形資產 (續)****(ii) 商標及商號名稱**

獨立購入之商標及商號名稱按歷史成本列賬。在業務合併中購入之商標及商號名稱按收購日之公允值確認。

有指定可使用年期之商標及商號名稱具按成本減累積攤銷列賬。

沒有指定可使用年期之商標不作攤銷。但每年會進行減值測試，當測試顯示有減值時作出減值。

(iii) 取得合約

在業務合併中購入之取得合約按收購日之公允值確認。取得合約具有可使用年期，並按成本減累積攤銷列賬。攤銷乃根據預計五年可使用合約期以直線法計算。

(iv) 客戶關係

在業務合併中購入之客戶關係按收購日之公允值確認。客戶關係具有可使用年期，並按成本減累積攤銷列賬。攤銷乃根據客戶關係之預計九年可使用年期以直線法計算。

(f) 投資物業

投資物業是指持有作為長期收取租金或／及為資本增值，而非由本集團內企業所佔用之物業。當投資物業之餘下定義均獲符合時，持作營運租約之土地入賬為投資物業。於此情況下，有關營運租約則被視為猶如金融租約入賬。根據營運租約承租人所持之物業權益可能分類及入賬為投資物業倘該物業能符合投資物業之其他定義及承租人以公允值模式作資產確認。

投資物業初步按成本列賬，並包括相關之交易費用。於初步確認後，投資物業按獨立專業合資格測量師於報告期間之結算日根據公開市價釐定之公允值列賬。

公允值按活躍市價釐定，倘有需要，會就指定資產於性質、地點或狀況三方面之任何差異作出調整。倘並無有關資料，本集團將會採用其他估值方法，例如活躍程度稍遜市場之最近期價格或貼現現金流量預測。

其後支出只有在與該支出有關之未來經濟利益有可能流入本集團，而該支出之成本亦能可靠地衡量時，才確認於資產賬面值中。所有其他維修及保養成本在產生之財政年度內於綜合收益表支銷。

公允值之變動計入綜合收益表。

2 Summary of significant accounting policies (continued)**(g) Property, plant and equipment**

- (i) Property comprises leasehold land (classified as a finance lease) and a building held for own use and is stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the consolidated income statement to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

When a revalued asset is sold, the amount included in the revaluation reserve is transferred to retained earnings.

- (ii) All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial year in which they are incurred.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Leasehold land classified as finance lease	over the unexpired period of the lease
Building	5%
Leasehold improvements	over the unexpired period of the lease
Plant and machinery	10%-50%
Furniture, fixtures and equipment	10%-50%
Motor vehicles	25%-30%

2 主要會計政策概要 (續)**(g) 物業、機器及設備**

- (i) 物業包括用作自用之租賃土地(分類為融資租約)及樓宇以公允值減其後任何累積折舊及其後累積減值虧損列賬,並由獨立專業合資格測量師定期進行物業重估。重估產生之變動於其他全面收益中處理,其累積變動反映於重估儲備中。若重估出現虧損時,就同一項資產而言,超出過往計入儲備之金額,其超出部份於綜合收益表列支。

於物業重估日,任何累積折舊與該資產賬面總值對銷,該資產之賬面淨值因而重列至重估金額。

當出售一項已被重估之資產,其於重估儲備內之重估金額將轉撥至保留溢利。

- (ii) 其他物業、機器及設備以歷史成本減累積折舊及累積減值虧損列賬。歷史成本包括直接歸屬於購置該等項目之開支。

當其後成本之未來經濟利益可流入本集團,而項目之成本又能可靠計算時,則其後之成本計入該資產賬面值或確認為獨立資產(倘適用)。其他維修及保養費用於產生之財政年度於綜合收益表中支銷。

物業、機器及設備按資產預計可用年限以直線法平均攤銷資產之成本值減累積減值。主要折舊年率如下:

分類為融資租約之租賃土地	按租約尚餘期間折舊
物業	5%
租賃物業裝修	按租約尚餘期間
機器及設備	10%-50%
傢俬、固定裝置及設備	10%-50%
汽車	25%-30%

2 Summary of significant accounting policies (continued)**(g) Property, plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the consolidated income statement.

(h) Properties under development

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

The costs of properties under development comprises costs of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period.

(i) Stocks and contracting work-in-progress

Stocks are stated at the lower of the cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Contracting work-in-progress is valued at cost incurred plus an appropriate proportion of profits after deducting progress payments and allowances for foreseeable losses. Cost comprises direct materials, labour and overheads expenses incurred in bringing the work-in-progress to its present condition.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceed progress billings. Progress billings not yet paid by customers and retention are included within trade and retention receivables. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

(j) Financial assets

The Group classifies its investments as available-for-sale financial assets and held-to-maturity financial assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

2 主要會計政策概要 (續)**(g) 物業、機器及設備 (續)**

於每個結算日均會檢討及修訂 (如適用) 資產之餘值及其可使用年期。

倘資產之賬面值高於其估計可收回金額，則資產賬面值即時撇減至其可收回金額。

物業、機器及設備之出售盈虧乃銷售所得款淨額與相關資產之賬面值差額，並於綜合收益表中確認入賬。

(h) 發展中物業

發展中物業以成本及可變現淨值之較低者列賬。可變現淨值經考慮最終預計可變現價格，減去適用可變動銷售開支及預期竣工成本予以估計。

發展中物業的成本包括土地使用權費用、合資格資產撥充資本之建築成本、借貸成本及在建築期間產生的專業費用。

(i) 存貨及興建中工程

存貨是按其成本及可變現淨值兩者中之較低者報值。可變現淨值乃按預計銷售所得款項扣除估計營銷開支計算。

興建中工程則按成本加適當比例之應佔利潤減已收工程賬款及可預見虧損準備列值。成本包括使興建中工程達致現況所需支付之直接物料、勞工及間接開支。

倘進行中合約所產生成本加上已確認溢利或減已確認虧損超出進度發票額，本集團按資產呈列為應收客戶之工程款項毛額。客戶尚未支付之進度發票額及保固金，計入貿易及其他應收賬款。倘進行中合約之進度發票額超出所產生成本加上已確認溢利或減已確認虧損，本集團按負債呈列為應付客戶之工程款項毛額。

(j) 財務資產

本集團分類其投資為可供出售之財務資產及持至到期之財務資產。

可供出售之財務資產即指定為這一類別或不屬於其他類別之非衍生財務資產。除非管理層有意於結算日起計十二個月內出售該等資產，否則該等項目入賬列為非流動資產。

2 Summary of significant accounting policies (continued)**(j) Financial assets (continued)**

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets are subsequently carried at fair value. Changes in carrying amount are recognised in other comprehensive income.

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available for sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which are classified as current assets.

The fair values of quoted financial assets are based on current bid prices. For financial assets that are not traded in an active market (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the consolidated income statement – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2 主要會計政策概要 (續)**(j) 財務資產 (續)**

一般之財務資產買賣於本集團承諾購買或出售該資產之交易日確認。所有非按照公允值計入溢利或虧損之財務資產初步按公允值加交易成本確認。財務資產於收取投資現金流量之權利已屆滿或已轉讓，及本集團已將擁有權所涉之大部份風險與回報轉移時取消確認。

可供出售之財務資產其後按公允值入賬。賬面值之變動則計入其他全面收益內。

持有至到期財務資產是指設有固定或可予釐定的款項，並具備固定到期日且管理層明確打算並能夠持有至到期日的非衍生財務資產。倘本集團出售持有至到期財務資產（金額微不足道者除外），整個類別將受到影響，並重新分類至可供出售的財務資產。持有至到期財務資產計入非流動資產，惟於報告期末起計十二個月內到期者，則分類為流動資產。

有報價之財務資產以其現時競價為公允值。倘財務資產並非於活躍市場作買賣（及就非上市證券而言），本集團會利用估值技術釐定公允值。有關技術包括參考近期之公平交易，參考其他大致上相同之投資工具，貼現現金流量分析及股權定價模式，並盡最大程度使用市場數據及在可能情況下越少依據實體之個別數據。

本集團將於每個結算日評估財務資產或一組財務資產有否出現減值之客觀證據。若股票證券被劃分為可供出售之財務資產，在判斷該證券有否減值時，須考慮其公允值是否大幅或長期低於其成本。如可供出售之財務資產出現此等跡象，其累積虧損（收購成本與現時公允值之差額，減去該財務資產以前已計入綜合收益表之任何減值虧損）將從權益賬扣除，並計入於綜合收益表。已計入綜合收益表之股權工具減值虧損不會透過綜合收益表回撥。

2 Summary of significant accounting policies (continued)**(k) Operating leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases.

(i) The Group is the lessee

Payments made under operating leases net of any incentives received from the lessors are charged to the consolidated income statement on a straight-line basis over the lease periods.

(ii) The Group is the lessor

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income from an operating lease is recognised over the term of the lease on a straight-line basis.

(l) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the consolidated income statement. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited to in the consolidated income statement.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less from the date of investment, and bank overdrafts.

(n) Impairment of investments in subsidiaries, and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed and considered for possible reversal of the impairment at each reporting date.

2 主要會計政策概要 (續)**(k) 營運租約**

資產擁有權之重大部份風險及得益實質由出租公司保留之租約皆以營運租約方式入賬。

(i) 本集團為承租人

營運租約支出在扣除自出租公司收取之任何獎勵金後，按租賃期於綜合收益表中以直線法平均支銷。

(ii) 本集團為出租人

根據營運租約出租之資產按其性質包括在資產負債表內。來自營運租約之租賃收入以直線法，在租賃期內確認。

(l) 應收賬款

應收賬款初期按公允值確認，其後以實際利率法按攤銷成本扣除減值撥備計量。應收賬款之減值撥備於出現客觀證據表明本集團無法按應收賬款之原有條款收回所有金額時確立。債務人遇到重大之財務困難使其有可能面臨破產或財務重組及有可能違約或拖欠付款，均顯示應收賬款已蒙受損害。撥備金額為資產賬面值與估計未來現金流量現值（按實際利率貼現計算）之差額。撥備金額於綜合收益表內確認。當一項應收賬款被認為不可收回，其數額將從應收賬款撥備撇銷。其後收回已撇銷之應收賬款於綜合收益表中內抵免。

(m) 現金及現金等值

現金及現金等值包括庫存現金、銀行通知存款、其他原到期日為三個月或以下之短期高流通性投資以及銀行透支。

(n) 附屬公司及非財務資產投資之減值

沒有確定使用年期之資產（例如商譽）無需攤銷，但每年須就減值進行測試。各項資產於當有事件出現或情況改變顯示賬面值可能無法收回時，須就減值進行檢討。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產之公允值扣除銷售成本或使用價值兩者之間較高者為準。資產按可分開識別現金流量（現金產生單位）之最低層次組合作分類進行減值評估。除商譽外，已蒙受減值之非財務資產在每個報告日均就減值是否可以撥回進行檢討及考慮。

2 Summary of significant accounting policies (continued)**(n) Impairment of investments in subsidiaries and non-financial assets**

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(o) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Trade payable

Trade payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(q) Current and deferred tax

The tax expense for the year comprises current and deferred tax.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and joint operations operate and generate taxable income. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred taxation liability is settled.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 主要會計政策概要 (續)**(n) 附屬公司及非財務資產投資之減值**

當收到附屬公司投資之股息時，而股息超過附屬公司在股息宣派期間之全面收益總額，或在單獨財務報表中之投資賬面值超出被投資方資產淨值於綜合財務報表中之賬面值（包括商譽），則必須對有關投資進行減值測試。

(o) 借款

借款初期以公允值扣除交易成本後確認。借款其後按攤銷成本列賬，所得款項（扣除交易成本）與贖回價值之任何差額則於借款期內以實際利率法於綜合收益表內確認。

除非本集團有權無條件於結算日期後將負債之結算遞延至少十二個月，否則借款分類為流動負債。

(p) 應付賬款

應付賬款初步按公允值確認，其後以實際利率法按攤銷成本計量。

(q) 當期及遞延稅項

本年度稅項開支包括當期及遞延稅項。

當期稅項支出以本公司及其附屬公司及共同經營業務營運及產生應課稅收入之國家於結算日已頒佈或實質頒佈之稅務法例計算。管理層就適用稅務法例詮釋所規限之情況定期評估報稅表之狀況，並在適用情況下根據預期須向稅務機關支付之稅款設定撥備。

遞延稅項採用負債法就資產及負債之稅基與它們在財務報表之賬面值兩者之短暫時差作全數撥備。然而，於非業務合併之交易中初次確認資產或負債而產生遞延稅項，而交易當時並無影響會計處理及應課稅溢利或虧損，則不會將遞延稅項入賬。遞延稅項按結算日前已實施或實際實施，並在變現有關遞延稅項資產或清償遞延稅項負債時預期將會適用之稅率（及法例）而釐定。

稅項於收益表中確認，但與在其他全面收益或直接在權益中確認之項目之相關稅項除外。在該情況下，有關稅項分別在其他全面收益或直接在權益中確認。

2 Summary of significant accounting policies (continued)**(q) Current and deferred tax (continued)**

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and joint operations, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(s) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 主要會計政策概要 (續)**(q) 當期及遞延稅項 (續)**

遞延稅項資產乃就有可能將未來應課稅溢利與可動用之短暫時差抵銷而確認。

遞延稅項乃就附屬公司及共同經營業務投資之短暫時差而撥備，但假若可以控制時差之撥回，並有可能在可預見未來不會撥回則除外。

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延稅項資產和負債涉及由同一稅務機關對應同一應課稅實體或對應不同應課稅實體，並有意向以淨額基準結算稅項結餘時，則可將遞延稅項資產與負債互相抵銷。

(r) 撥備

當本集團因已發生之事件而產生現有之法律或推定責任，並很有可能需要資源流出以償付責任及金額已能可靠地估計時，即會確認撥備。未來經營虧損不作撥備。

如有多項類似責任會根據責任之類別整體考慮是否需要在償付中流出資源。即使在同一責任類別所包含之任何一個項目之相關資源流出之可能性極低，仍需確認撥備。

撥備採用稅前率按照預期需償付有關責任之開支現值計量，該稅前率反映當時市場對金錢時間值和有關責任固有風險之評估。隨著時間過去而增加之撥備確認為利息開支。

(s) 或然負債

或然負債乃因過去事件而可能出現之責任，而僅視乎日後會否出現一項或多項非本集團可完全控制之事件而確實。或然負債也可能是因過去事件而產生之現有責任，但由於未必需要流出經濟利益或不能就該責任之數額作可靠估計而未有確認有關責任。

雖然或然負債不予確認，但須於財務報表附註中披露。倘情況有變可能導致資源流出時，或然負債則確認為撥備。

2 Summary of significant accounting policies (continued)**(t) Employee benefits****(i) Retirement benefits**

The Group participates in mandatory provident fund schemes in Hong Kong which are defined contribution plan generally funded through payments to trustee-administered funds. The assets of the scheme are held separately from those of the Group in independently administered funds.

Pursuant to the relevant regulations of the government in the People's Republic of China ("PRC"), the subsidiaries in the PRC participate in the municipal government contribution scheme whereby the subsidiaries are required to contribute to the scheme for the retirement benefit of eligible employees. The municipal government of the PRC is responsible for the entire benefit obligations payable to the retired employees. The only obligation of the Group with respect to the scheme is to pay the ongoing contributions required by the scheme. The Group's contributions to the scheme are expensed as incurred.

(ii) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. It is the Group's policy to forfeit any untaken annual leave within a specific time period. Subject to regular assessment of staff turnover rate, a provision will be made or reversed. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Share-based compensation

The Group operates two equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted, excluding the impact of any non-market service and performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total amount expensed is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At each balance sheet date, the Company revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the consolidated income statement with a corresponding adjustment to equity.

2 主要會計政策概要 (續)**(t) 僱員福利****(i) 退休福利**

本集團參與香港強制性公積金計劃，該計劃為一項透過向信託人管理基金付款之界定供款退休計劃。該計劃之資產由獨立管理之基金持有，與本集團之資產分隔。

根據中華人民共和國（「中國」）政府之有關規例，中國內之附屬公司須參與市政府之供款計劃，據此，附屬公司須就該計劃為合資格僱員提供退休福利供款。中國市政府負責支付予退休僱員所有福利承擔，本集團就該項計劃所承擔之唯一責任是根據該計劃規定持續作出供款。本集團對該計劃之供款於產生時作開支支銷。

(ii) 僱員應享假期

僱員應享之年假及長期服務假權利在僱員應該享有時確認。本集團截至結算日止已就僱員提供之服務作出僱員年假撥備。根據本集團政策，於指定時間內未曾動用之年假將被註銷。本集團定期評估員工的流失率，將計提或撥回撥備。僱員之病假及產假在僱員正式休假時確認。

(iii) 以股份為基礎之補償

本集團設有兩項以股份為基礎之股權結算補償計劃，根據該等計劃，實體收取僱員之服務作為本集團權益工具（認股權）之代價。僱員以獲取授予認股權而提供服務之公允值確認為開支。開支總金額乃參考授予之認股權公允值而釐定，但不包括任何非市場服務及表現歸屬條件（例如盈利能力、銷售增長目標和僱員在特定時期內留任實體）之影響。非市場歸屬條件包括在有關預期可予以行使之認股權數目之假設中。開支總金額在歸屬期間內確認，歸屬期間指等待所有特定歸屬條件符合之期間。在每個結算日，本公司依據非市場歸屬條件修訂其對預期可以行使認股權數目的估計。對原估計修訂（如有）之影響在綜合收益表確認，並對權益作出相應調整。

2 Summary of significant accounting policies (continued)**(t) Employee benefits (continued)****(iii) Share-based compensation (continued)**

When the options are exercised, the Company issues new shares and the proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(v) Long service payment liabilities

The Group's net obligation in respect of long service accounts payable on cessation of employment in certain circumstances under the Hong Kong Employment Ordinance is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine the present value and reduced by entitlements accrued under the Group's retirement plans. The obligation is calculated using the projected unit credit method by a qualified actuary. Actuarial gains or losses were recognized immediately in current financial year.

(vi) Bonus plans

Provisions for bonus are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(u) Borrowing costs

General and specific 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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

2 主要會計政策概要 (續)**(t) 僱員福利 (續)****(iii) 以股份為基礎之補償 (續)**

當認股權獲行使時，本公司發行新股，而收取之所得款經扣除任何直接應計交易成本後，計入股本（面值）及股份溢價。

(iv) 終止服務費用

終止服務費用在本集團於僱員正常退休日期前終止聘用，或當僱員接受自願遣散以換取此等福利時支付。本集團在能證明以下承諾時確認終止服務費用：根據一項詳細之正式計劃終止現有僱員之僱用而並無撤回之可能。在提出要約以鼓勵自願離職之情況下，終止服務費用乃根據預期接受要約之僱員人數計量。於報告期末之後超過十二個月到期支付之福利應貼現為現值。

(v) 長期服務金負債

本集團根據香港《僱傭條例》須在若干情況下於終止僱用時支付之長期服務賬款負債淨額，為僱員於本期間及以往期間因提供服務所賺取之未來利益金額，在釐定現值時，該項利益須予以貼現計算，並扣減根據本集團之退休計劃累計之權益。有關責任由合資格精算師採用預計單位信貸法計算。精算收益或虧損於本年度立即入賬。

(vi) 花紅計劃

當本集團因僱員已提供之服務而產生現有法律或推定性責任，而責任金額能可靠估算時，花紅撥備即予以確認。

(u) 借貸費用

因收購、興建或生產合資格資產（即須相當長之時間方可作擬定用途或出售的資產）而直接產生之一般及特定借貸成本，乃資本化為該等資產之部分成本，直至當資產大體上可作擬定用途或出售時為止。

所有其他借貸成本在產生期間的損益中確認。

2 Summary of significant accounting policies (continued)**(v) Revenue recognition**

Contract costs are recognised when incurred. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured.

Revenue from contracting work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to the gross billing value of contracting work to date as compared to the total contract sum receivable under the contracts.

Income from sale of stock of property is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers and collectibility of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advanced proceeds received from customers under current liabilities.

Operating lease rental income is recognised on a straight-line basis over the term of the lease.

Property and facility management fees are recognised when the services are rendered in accordance with the terms of agreements. There are two types of property and facility management agreements, namely management remuneration contracts ("MR Contracts") and lump sum contracts ("LS Contracts"). Under a MR Contract, the Group is remunerated based on a fixed percentage of the costs involved in the management of the property or facility as management remuneration and only such fee is recognised as revenue for the Group. Under a LS Contract, the Group is paid a lump sum fee which normally covers the costs involved in the management of the property or facility, thus the whole of the lump sum fee is recognised as revenue for the Group.

Revenue from provision of other supporting services for the management of the property or facility is recognised when the services are rendered.

2 主要會計政策概要 (續)**(v) 收益確認**

合約成本於發生時記賬。當工程合約之結果未能可靠估算，合約收益只按照有可能收回之已發生合約成本記賬。當建築合約之結果能可靠估算，且合約很大可能會產生利潤，合約收益將按合約期記賬為收入。當總合約成本有可能超過總合約收入，預期之虧損即時列為開支。

合約變更項目、索償和獎勵金根據與客戶協議並能夠可靠地量度之數額列入合約收益內。

合約工程收益是根據工程完工階段入賬，惟有關工程完工階段及已開單之合約工程總額必須能作出可靠之測算。工程完工階段是依據至現今已開單之合約工程總額及應收之合約總價兩者作比較而確定。

出售物業存貨所產生之收入於物業之風險及回報轉移到買家，即當有關物業之興建已完工及該等物業已交付予買家及相關應收款項可合理保證收回時確認。就於收入確認前出售之物業所收到之按金及分期款項乃計入綜合資產負債表作為流動負債項下之已收客戶之預付所得款項。

營運租約之租金收入於租賃期以直線攤銷法確認。

物業及設施管理服務費於根據協議條款提供服務時確認。物業及設施管理協議分為經理人酬金合約（「經理人酬金合約」）及全包賬式合約（「全包賬式合約」）兩種。根據經理人酬金合約，本集團將收取管理物業或設施所涉成本之固定百分比計算之收費作為經理人酬金，只有該等收費會確認為本集團之收益。根據全包賬式合約，本集團獲付一筆款項，該等款項一般足以支付管理物業或設施所涉成本，故此整筆款項會確認為本集團之收益。

為管理物業或設施而提供其他支援服務之收益，於提供服務時確認。

2 Summary of significant accounting policies (continued)**(v) Revenue recognition (continued)**

Plant and plant staff hire income, secondment fee income, consultancy fee income, services centre charges, building management fee and copying service income are recognised when the services are rendered.

Interest income on bank deposits is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Dividend income is recognised when the right to receive payment is established.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions.

(x) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficial holder of the guarantee (i.e. the holder) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

The Group does not recognise liabilities for financial guarantees at inception, but performs a liability adequacy test at each reporting date by comparing its carrying amount of the net liability from the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised in the consolidated income statement immediately.

(y) Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the financial statements in the year in which the dividend is approved by the Company's shareholders.

(z) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(aa) Convertible bonds, coupon bonds and warrants

Convertible bonds that can be converted to share capital at the option of the holders, where the conversion price is at a stipulated price that will be adjusted, subject to terms and formulae provided for in the agreement of the convertible bonds, to adjust for the dilutive effects of share split or consolidation, capital distribution, capitalisation of profit or reserves, issuance of new shares or share options or warrants, and etc, are accounted for as compound financial instruments which contain both a liability component and an equity component.

2 主要會計政策概要 (續)**(v) 收益確認 (續)**

機械設備租賃及機械技術員工之聘用收入、僱員借調服務收入、顧問費收入、服務中心收費、物業管理費及複印服務費均於服務提供時確認。

銀行存款利息收入依據未償還本金額及適用利率按時間比例確認。

股息收入在收取股息之權利確定後確認。

(w) 分類報告

營運分類報告方式與提供給予主要營運決策者之內部報告方式一致。主要營運決策者負責營運分類之資源分配與業績評估，並作出策略性決定。

(x) 財務擔保合約

財務擔保合約乃要求發行人（即保證人）根據一項債務工具之條款，就一特定債務人未能於到期日償還款項而需支付特定款項，以補償擔保合約收益持有人（即持有人）所招致損失之一項合約。

本集團未就財務擔保之負債作初始確認，但於每個報告日就其財務擔保之負債淨額賬面值與其現行法定或推定責任之數額進行負債撥備恰當測試。假若其負債淨額賬面值是低於其現行法定或推定責任之數額時，相差之數額將即時全數直接於綜合損益賬中確認。

(y) 分派股息

向本公司權益持有人分派之股息在股息獲本公司股東批准之年度於財務報表中確認為負債。

(z) 股本

普通股分類為權益。直接歸屬於發行新股份或認股權之新增成本於權益中列為所得款項之扣減項目（扣除稅項）。

(aa) 可換股債券、票息債券及認股權證

倘於轉換價列明價格可予調整（須根據可換股債券協議的條款及方案的規定，就股份分拆或合併、資本分派、溢利或儲備資本化、發行新股份、購股權或認股權證等的可攤薄影響而作出調整），則可供持有人選擇轉為股本之可換股債券作為附有負債成份及權益成份之複合金融工具列賬。

2 Summary of significant accounting policies (continued)**(aa) Convertible bonds, coupon bonds and warrants (continued)**

The liability component of convertible bonds is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the convertible bonds as a whole and the fair value of the liability component.

Coupon bonds with detachable share purchase warrants are accounted for separately as debt instruments and equity instruments respectively, and are recognised initially at fair value.

Any directly attributable transaction costs of issuing convertible bonds and coupon bonds with detachable share purchase warrants are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of convertible bonds and the coupon bonds are measured at amortised cost using the effective interest method. The equity component of convertible bonds and the warrants are not re-measured subsequent to initial recognition.

If the bonds are converted, the convertible bonds equity reserve, together with the carrying amounts of the liability and derivative components at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the convertible bonds equity reserve is released directly to retained profits, and any difference between the amount paid relating to the liability component and the fair value of the liability and derivative components is recognised in profit or loss.

3 Financial risk management**(a) Financial risk factors**

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Market risk**(1) Foreign exchange risk**

Foreign exchange risk exposure arising from the Group's operation in Macau and the Chinese Mainland are monitored by proper synchronisation of receipts and payments in different operating currencies, hedging of risk is not considered because of insignificant exposure to the Group's working capital. The Group has no outstanding forward exchange contract as at 31 December 2012 and 2013, but will consider hedging the foreign currency exposure by using forward exchange contracts if needed.

2 主要會計政策概要 (續)**(aa) 可換股債券、票息債券及認股權證 (續)**

可換股債券的負債部份初步按並無權益轉換選擇權的類似負債的公允值確認。權益部份初步按可換股債券的整體公允值與負債部份的公允值之間的差額確認。

附有可分拆購股認股權證的票息債券及該認股權證分別入賬為負債工具及權益工具，並按公允值初步確認。

發行可換股債券及附有可分拆購股認股權證的票息債券的任何直接歸屬交易成本，按其初始賬面值的比例分配至負債及權益部份。

於初步確認後，可換股債券的負債部份及票息債券採用實際利率法按攤銷成本計量。可換股債券的權益部份及認股權證於初始確認後不再重新計量。

倘債券被轉換，可換股債券權益儲備連同負債部份及衍生部份於轉換時之賬面值將轉撥至股本及股份溢價，作為已發行股份之代價。倘債券獲贖回，可換股債券權益儲備將直接撥回至保留溢利，而與債務部份相關的已付款額與負債部份及衍生部份公允值之差額將於損益中確認。

3 財務風險管理**(a) 財務風險因素**

本集團之整體風險管理計劃專注於財務市場之難預測性，並尋求儘量減低對本集團財務表現之潛在不利影響。

(i) 市場風險**(1) 外匯風險**

就本集團在澳門及中國內地之業務產生之外匯風險，本集團將各種營運貨幣之收款及付款，透過適當地配合作出監察。對沖風險不予考慮，因為本集團營運資金面對之風險不重大。於二零一二年及二零一三年十二月三十一日，本集團並無未償還遠期外匯合約，惟在有需要時，將考慮採用遠期外匯合約，對沖外匯風險。

3 Financial risk management (continued)**(a) Financial risk factors (continued)****(i) Market risk (continued)****(1) Foreign exchange risk (continued)**

As at 31 December 2013, if RMB had strengthened/weakened by 5% (2012: 5%) against Hong Kong dollars with all other variables held constant, the Group's profit for the year would have been approximately HK\$9.9 million (2012: HK\$5.5 million) higher/(lower), mainly as a result of net foreign exchange gains/(losses) on translation of foreign currency denominated trade and other receivables, deposit, cash and bank balances and trade and other payables.

(2) Interest rate risk

Financial instruments at fixed and variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group's interest-rate risk arises mainly from bank borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk due to fluctuation of HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

At 31 December 2013, if interest rates on bank borrowings had been 50 basis points (2012: 50 basis points) higher or lower with all other variables held constant, the Group's profit for the year would have decreased/increased by approximately HK\$4.4 million (2012: HK\$2.7 million) as a result of higher or lower interest expenses on floating rate bank borrowings.

(3) Price risk

The Group is exposed to equity securities price risk through financial asset held by the Group classified as available-for-sale financial asset. The Group considers the price risk exposure is not material.

(ii) Credit risk

Credit risk of the Group mainly arises from deposits, cash and bank balances and receivables. The Group has no significant concentration of credit risk.

The credit risk associated with deposits and cash and bank balances is limited because the counterparties are banks with high credit rating.

3 財務風險管理 (續)**(a) 財務風險因素 (續)****(i) 市場風險 (續)****(1) 外匯風險 (續)**

於二零一三年十二月三十一日，倘其他變動因素維持不變，若人民幣兌港幣之匯價升值／貶值5%（二零一二年：5%），本集團本年度溢利將大約增加／（減少）港幣9,900,000元（二零一二年：港幣5,500,000元）。主要由於換算以外幣計值之貿易及其他應收賬款、存款、現金及銀行結存及貿易及其他應付賬款所產生之外幣兌換淨收益／（虧損）所致。

(2) 利率風險

按固定利率及浮動利率計息之金融工具分別令本集團面對公允值利率風險及現金流利率風險。本集團利率風險主要源自銀行貸款。按浮動利率授出之本集團貸款，由於以港幣為單位，故受香港銀行同業拆息波動影響，致使本集團承受現金流量利率風險。

於二零一三年十二月三十一日，假若以銀行貸款利率上升或下跌50基點（二零一二年：50基點）而所有其他因素維持不變，本集團本年度溢利將會由於浮動利率之銀行貸款利息開支增加或減少而減少／增加約港幣4,400,000元（二零一二年：港幣2,700,000元）。

(3) 價格風險

本集團持有之財務資產被分類為可供出售之財務資產，使其承擔股本證券價格風險。惟本集團認為其價格風險承擔並不重大。

(ii) 信貸風險

本集團之信貸風險主要來自存款、現金及銀行結存及應收賬款。本集團並無重大集中信貸風險。

存款以及現金及銀行結存的相關信貸風險有限，此乃由於交易對方為具高信貸評級之銀行。

3 Financial risk management (continued)**(a) Financial risk factors** (continued)**(ii) Credit risk** (continued)

Before entering into construction contracts, assessment on the potential customers is carried out as part of the acceptance procedures for the new contracts.

To manage the credit risk associated with receivables, the Group adopts risk control to assess the credit quality of the customers and debtors, taking into account of their financial position, past experience and other factors. Aging analysis is performed and reviewed regularly by management of each operating segment and follow up action will be taken, as appropriate.

(iii) Liquidity risk

The Group adopts prudent liquidity risk management which includes maintaining sufficient bank balances and cash, and having available funding through an adequate amount of committed credit facilities.

Cash flow forecast is performed in the operating segments of the Group and aggregated by corporate finance team. Corporate finance team monitors forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. For bank loans containing a repayment on demand clause, after taking into account the Group's financial position, the Directors do not consider that the bank will exercise its discretion to demand immediate repayment, and believe that the bank loans will be repaid in accordance with the scheduled repayment dates set out in note 28. The amounts disclosed in the table are the contractual undiscounted cash flows, including interest payment.

However, for bank loans containing a repayment on demand clause, if the lenders were to invoke their unconditional rights to call the loans with immediate effect, the Group's and the Company's bank loans amounting approximately HK\$644,344,000 (2012: HK\$517,904,000) and HK\$360,454,000 (2012: HK\$337,904,000) will be on demand for repayment immediately, excluding interest payments.

3 財務風險管理 (續)**(a) 財務風險因素** (續)**(ii) 信貸風險** (續)

於訂立建造合約前，本集團會對準客戶作出評估，作為接納新合約程序之一部份。

為管理應收賬款之相關信貸風險，本集團已採納風險控制，評估客戶及債務人之信貸質素，並考慮其財務狀況、過往經驗、以及其他因素。各營運分類之管理層定期進行及審閱賬齡分析，並於適當時候採取跟進行動。

(iii) 流動資金風險

本集團採用審慎之流動資金風險管理，包括維持充足銀行結餘及現金，並透過取得充裕之承諾信貸融資獲得可動用資金。

現金流預測乃於本集團各營運分類內進行，並由企業財務團隊彙集。企業財務團隊監察本集團的預測流動資金需求，確保本集團有充足現金應付營運所需。

下表顯示本集團及本公司之財務負債，按照相關之到期組別，根據由結算日至合約到期日之剩餘期間進行分析。就包含按要求償還條文之銀行貸款而言，各董事已經考慮本集團之財務狀況，認為銀行不會行使其權利要求即時償還款項，並相信本集團將根據載列於附註28中之還款時間表償還銀行貸款。在表內披露之金額為合約性未貼現之現金流量及包括利息開支。

然而，就包含按要求償還條文之銀行貸款而言，倘貸款人援引其無條件權利催還貸款並即時生效，則本集團及本公司之銀行貸款分別約港幣644,344,000元（二零一二年：港幣517,904,000元）及港幣360,454,000元（二零一二年：港幣337,904,000元）將被要求即時償還，不包括利息付款。

3 Financial risk management (continued)**(a) Financial risk factors (continued)****(iii) Liquidity risk (continued)****3 財務風險管理 (續)****(a) 財務風險因素 (續)****(iii) 流動資金風險 (續)**

		The Group 本集團			Total 總額 HK\$'000 港幣千元
		Less than 1 year 少於一年 HK\$'000 港幣千元	Between 1 and 2 years 一年至兩年 HK\$'000 港幣千元	Between 2 and 5 years 兩年至五年 HK\$'000 港幣千元	
At 31 December 2013	於二零一三年 十二月三十一日				
Bank loans	銀行貸款				
– short term revolving bank loans	– 短期循環銀行貸款	936,138	–	–	936,138
– bank loans contain a repayment on demand clause	– 包含按要求償還條文之銀行貸款	201,418	323,386	166,615	691,419
– bank loans do not contain a repayment on demand clause	– 未包含按要求償還條文之銀行貸款	63,019	108,218	969,798	1,141,035
Payables and accruals	應付賬款及應計費用	2,900,683	92,061	185,466	3,178,210
Amounts due to joint operations/other partners of joint operations	應付共同經營／共同經營其他夥伴款項	–	17,937	–	17,937
Total	總額	4,101,258	541,602	1,321,879	5,964,739
At 31 December 2012 (Restated)	於二零一二年 十二月三十一日 (經重列)				
Bank loans	銀行貸款				
– short term revolving bank loans	– 短期循環銀行貸款	650,319	–	–	650,319
– bank loans contain a repayment on demand clause	– 包含按要求償還條文之銀行貸款	104,248	118,267	334,150	556,665
4% coupon bonds	4%票息債券	196,560	–	–	196,560
4% convertible bonds	4%票息可換股債券	48,901	–	–	48,901
Payables and accruals	應付賬款及應計費用	2,211,940	66,581	72,419	2,350,940
Amounts due to joint operations/other partners of joint operations	應付共同經營／共同經營其他夥伴款項	–	2,963	–	2,963
Convertible bonds	可換股債券	–	–	759,210	759,210
Total	總額	3,211,968	187,811	1,165,779	4,565,558

3 Financial risk management (continued)**(a) Financial risk factors** (continued)**(iii) Liquidity risk** (continued)**3 財務風險管理** (續)**(a) 財務風險因素** (續)**(iii) 流動資金風險** (續)

		The Company 本公司			Total 總額 HK\$'000 港幣千元
		Less than 1 year 少於一年 HK\$'000 港幣千元	Between 1 and 2 years 一年至兩年 HK\$'000 港幣千元	Between 2 and 5 years 兩年至五年 HK\$'000 港幣千元	
At 31 December 2013	於二零一三年 十二月三十一日				
Bank loans	銀行貸款				
– short term revolving bank loans	– 短期循環 銀行貸款	375,613	–	–	375,613
– bank loans contain a repayment on demand clause	– 包含按要求償還 條文之銀行貸款	111,031	212,088	51,485	374,604
Payables and accruals	應付賬款及應計費用	13,065	–	–	13,065
Amounts due to subsidiaries	應付附屬公司款項	328,984	–	–	328,984
Loan due to a subsidiary	應向一間附屬公司 償還之貸款	–	122,736	–	122,736
Total	總額	828,693	334,824	51,485	1,215,002
At 31 December 2012	於二零一二年 十二月三十一日				
Bank loans	銀行貸款				
– short term revolving bank loans	– 短期循環 銀行貸款	250,420	–	–	250,420
– bank loans contain a repayment on demand clause	– 包含按要求償還 條文之銀行貸款	73,534	88,448	190,065	352,047
4% coupon bonds	4%票息債券	196,560	–	–	196,560
4% convertible bonds	4%票息可換股債券	48,901	–	–	48,901
Payables and accruals	應付賬款及應計費用	17,175	–	–	17,175
Amounts due to subsidiaries	應付附屬公司款項	64,232	–	–	64,232
Loan due to a subsidiary	應向一間附屬公司 償還之貸款	–	102,280	–	102,280
Convertible bonds	可換股債券	–	–	759,210	759,210
Total	總額	650,822	190,728	949,275	1,790,825

3 Financial risk management (continued)**(b) Capital risk management**

In managing capital, the Group's objectives are to safeguard its ability to continue operation as a going concern and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of total debt-to-tangible-net-assets ratio. Total debt is defined as bank loans, interest-bearing coupon bonds and interest-bearing convertible bonds. Tangible net assets include total net assets of the Group and exclude goodwill and intangible assets. The ratio is 61.5% at 31 December 2013 (2012: 69.0%). As a result of long-term funding raising activity to cope with rapid expansion of property development in the Chinese Mainland, the Group has a net debt position of HK\$1.6 billion as at 31 December 2013 (2012: net asset HK\$207 million). Net debt position is the sum of deposits, cash and equivalents less bank loans, interest-bearing coupon bonds and interest-bearing convertible bonds.

(c) Fair value estimation

HKFRS 7 'Financial Instruments – Disclosures' requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. These instruments are included in level 1. As at 31 December 2013 and 2012, the Group did not have financial instruments under this category.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. As at 31 December 2013 and 2012, the Group did not have financial instruments under this category.

3 財務風險管理 (續)**(b) 資本風險管理**

對於資金管理，本集團之目標為按持續經營之基準保障本集團有繼續營運之能力，並維持最佳之資本結構以減低資金成本。為保持或調整資本結構，本集團或會調整派發予股東之股息、退還股本予股東、發行新股本或出售資產以減低債務。

本集團按債務總額對有形資產淨額比率監察資本。債務總額界定為銀行貸款、計息票息債券及計息可換股債券。有形資產淨值包括本集團總資產淨值，但不包括商譽及無形資產。於二零一三年十二月三十一日，比率為61.5%（二零一二年：69.0%）。為配合中國內地物業發展迅速增長的長期集資活動，本集團於二零一三年十二月三十一日已有債務狀況淨額港幣1,600,000,000元（二零一二年：資產淨額港幣207,000,000元）。債務狀況淨額乃指存款總額、現金及現金等值減銀行貸款、計息可換股債券及計息可換股債券。

(c) 公允值估計

香港財務報告準則第7號「金融工具－披露」規定按下列公允值計量架構披露公允值計量：

- 相同資產或負債在活躍市場之報價（未經調整）（第一層）。
- 除了第一層所包括之報價外，資產或負債亦包含其他直接（即例如價格）或間接（即源自價格）可觀察之其他輸入（第二層）。
- 資產或負債並非依據可觀察市場數據之輸入（即非可觀察輸入）（第三層）。

在活躍市場買賣之金融工具公允值根據結算日之市場報價列賬，該等金融工具列入第一層。於二零一三年及二零一二年十二月三十一日，本集團無任何此類別之金融工具。

沒有在活躍市場買賣之金融工具（例如場外衍生工具）之公允值利用估值技術釐定。估值技術儘量利用可觀察市場數據（如有），儘量少依賴主體之特定估計。如計算一金融工具之公允值所需之所有重大輸入皆為可觀察數據，則該金融工具列入第二層。於二零一三年及二零一二年十二月三十一日，本集團並無擁有此類別的金融工具。

3 Financial risk management (continued)**(c) Fair value estimation (continued)**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. As at 31 December 2013 and 2012, the Group had available-for-sale financial asset under this category.

There were no transfer of financial instruments between level 1, 2 and 3 during the year.

The fair value of available-for-sale financial asset is calculated as the present value of the estimated future cash flows.

Movement of financial asset under level 3 measurements is as follows:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
At 1 January	於一月一日	9,831	2,991
Additions	添置	359	6,840
At 31 December	於十二月三十一日	10,190	9,831

4 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions having a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Business combination

The Group acquired subsidiaries which hold a property in Beijing, the PRC. Please refer to Note 36 for details of the acquisition.

The Group assessed the acquisition in accordance with HKFRS and concluded that the acquisition constitutes a business combination. To account for the assets and liabilities acquired, significant judgment was required in determining the fair value of the assets acquired and liabilities assumed.

For details of the respective estimates and assumptions being made for the investment properties, inventory and liabilities assumed, please refer to note 4(f) respectively.

3 財務風險管理 (續)**(c) 公允值估計 (續)**

如一項或多項重大輸入並非根據可觀察市場數據，則該金融工具列入第三層。於二零一三年及二零一二年十二月三十一日，本集團有列入此類別之可供出售之財務資產。

於本年度，並無金融工具於第一層、第二層及第三層之間進行轉撥。

可供出售之財務資產之公允值按估計未來現金流量之現值計算。

按第三層計量的財務資產變動如下：

4 重大會計估計及假設

本集團對未來作出估計及假設。按照定義，所得出之會計估計甚少與有關之實際結果相同。對資產及負債賬面值有重大影響之估計及假設在下文論述：

(a) 業務合併

本集團收購了持有一處位於中國北京之物業之附屬公司。收購事項詳情請參閱附註36。

本集團已根據香港財務報告準則評估收購事項並斷定該收購事項為業務合併。為計及已收購資產與負債，於釐定已收購資產及已承擔負債之公允值時須作出重大判斷。

有關就投資物業、存貨及已承擔負債所作各估計及假設之詳情，請分別參閱附註4(f)。

4 Critical accounting estimates and assumptions

(continued)

(b) Fair value measurement of convertible bonds, bonds and warrants

On initial recognition and redemption, the fair values of convertible bonds that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select methods and make assumptions, including those based on market conditions on valuation date for valuation. The assessment of the fair value of the bonds and the liability component of the convertible bonds involved key management assumptions, among other things, the expected volatility, dividend yield, etc.

(c) Construction contracts

As explained in note 2(v), revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contract, as well as the work done to date. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and contract claims prepared for each construction contract as the contract progresses. Budgeted construction income is determined in accordance with the terms set out in the relevant contracts. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred.

A considerable amount of judgement is required in estimating the total contract revenue, contract costs, variation works and contract claims which may have an impact in terms of percentage of completion and job profit taken.

(d) Allowances for bad and doubtful debts

The allowances for bad and doubtful debts of the Group are based on the evaluation of collectability and aging analysis of account receivables and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer.

4 重大會計估計及假設 (續)**(b) 可換股債券、債券及認股權證的公允值計量**

於初步確認及贖回時，並非於在活躍市場買賣之可換股債券之公允值時乃利用估值技術釐定。本集團須判斷所選取的方法及作出假設，包括該等就計算估值以估值日期的市況為基準的假設。債券及可換股債券的負債分部公允值的評估牽涉到主要管理層假設，其中包括預期波動及股息率等。

(c) 建造合約

如在附註2(v)中說明，工程收益確認取決於管理層就建造工程最終結果之估計，以及至現今已完成之工程額。隨著合約工程進度，本集團審查及修訂每一份建造合約之合約收益、合約成本、合約變更項目及合約索償之估計。建造收益預計是根據相關合約條款決定。建造成本預計由管理層不時參考主要承包商、供應商及售賣方提供之報價單加上管理層之經驗為基礎而釐定。為確保預算準確及更新，管理層對企業預算進行週期審查，比較預計金額及實際金額之差別。

由於估計總合約收益、合約成本、合約變更項目及合約索償需運用相當大之判斷，因而或會影響完工百分比及工程溢利之計算。

(d) 呆壞賬撥備

本集團呆壞賬撥備政策以應收賬款可收回程度及其賬齡分析之評估，以及本集團管理層判斷為基準。在評估該等應收賬款之最終變現值，包括各客戶之信貸狀況及過往收款記錄，均須作出相當程度的判斷。

4 Critical accounting estimates and assumptions

(continued)

(e) Impairment of assets

The Group tests annually whether goodwill and trademark have suffered any impairment in accordance with the accounting policy stated in note 2(e). The recoverable amounts of goodwill and trademark are the higher of the assets' fair values less costs to sell and value in use.

A considerable amount of judgement and assumptions are required in estimating the recoverable amount of goodwill and trademark, including growth rate, gross margin and weighted average discount rate applied to the discounted cashflows.

The Group also assesses annually for an intangible asset that is not being amortised, to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. For the trademarks held by the Group, management carries out the assessment by performing an analysis of all of the relevant factors, including the ability to hold and use the trademarks and the market environment of relevant industry, to consider whether there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amounts of cash-generating units have been determined based on the higher of fair value less cost to sell or value-in-use calculations. These value-in-use calculations require the use of estimates.

No impairment was made during the year.

(f) Estimate of fair value of properties

The valuation of properties is performed in accordance with the 'The HKIS Valuation Standards (2012 Edition)' published by the Hong Kong Institute of Surveyors.

4 重大會計估計及假設 (續)**(e) 資產減值**

根據附註2(e)所述的會計政策，本集團每年測試商譽和商標是否出現減值。商譽和商標之可收回金額以其公允值扣除銷售成本或使用價值兩者之間較高者為準。

在評估商譽和商標的可收回金額，包括增長率、毛利率及應用於貼現現金流量之加權平均貼現率，均須作出相當程度的判斷及假設。

本集團亦每年評估未有攤銷之無形資產，評估是否有任何事件及情況繼續支持評核資產具無指定可使用之期限。本集團持有之商標，管理層考慮所有相關因素之分析而作出評估，包括持有及使用商標之能力及有關行業之市場環境，以考慮該資產產生現金流入淨額至本集團並沒有可預見之期限。

其他資產之減值評估於有事件或情況改變顯示有關資產之賬面值高於其可收回金額時進行。現金產生單位之可收回金額以公允值減銷售成本或按使用價值兩者之間較高者為準。使用價值計算方法需要使用估計數據。

本年度無需減值。

(f) 物業公允值之估計

物業估值乃根據香港測量師學會就物業之估值發表之「香港測量師學會估值準則（二零一二年版）」。

4 Critical accounting estimates and assumptions

(continued)

(f) Estimate of fair value of properties (continued)

The valuation is reviewed annually by qualified surveyors by considering the information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) rental income derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using capitalisation rates that reflect current market assessments of the uncertainty in the amount and timing of the rental income.

If information on current or recent prices of properties is not available, the fair values of properties are mainly determined using income capitalisation valuation techniques.

The Group uses assumptions that are mainly based on market conditions existing at balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; void periods; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(g) Income taxes

The Group is subject to income taxes in Hong Kong, Macau and the PRC. Significant judgement is required in determining the provision for PRC income taxes. There are a number of transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

4 重大會計估計及假設 (續)**(f) 物業公允值之估計 (續)**

由合資格之測量師每年對估值作出審閱，有關審閱會考慮多方面之資料，包括：

- (i) 不同性質、狀況或地點之物業在活躍市場之當時價格，經調整以反映此等差別；
- (ii) 相類似物業在較不活躍市場之近期價格，附帶調整以反映該等價格出現之交易日期後經濟狀況之任何變動；及
- (iii) 租金收入源自任何現有租賃及其他合約之條款，以及（如可能）來自例如在同一地點和狀況之相類似物業之當時市場租金等外間憑證，並利用資本化比率反映當時市場對租金收入之金額和時間方面不確定之評估。

如未能取得當時或近期物業價格之資料，物業之公允值主要利用收益資本化估值技術釐定。

本集團利用之假設主要根據結算日當時之市場情況釐定。

管理層對公允值估計之主要假設涉及：合約租金之收取、預期未來市場租金、無效期、維修規定及適當之貼現率。此等估值定期與實際之市場收益數據以及本集團之實際交易及該等市場報告作出比較。

預期未來市場租金按照相類似物業在同一地點和狀況之當時市場租金釐定。

(g) 所得稅

本集團須繳納香港、澳門及中國之所得稅。於釐定中國所得稅時須作出重大判斷。因在日常業務中涉及大量交易數量以致最終稅項釐定不能確定，故須就所得稅作出若干撥備時作出判斷。本集團根據是否須繳納附加稅項之估計而確認潛在稅項風險之負債。倘若最終評稅結果與初步列賬之數額不同，則有關差額會影響釐定期間所得稅及遞延稅項之撥備。

5 Segment information**(a) Operating segments**

Revenue comprises gross billing value of contracting work to third parties, property and facility management services income, sales proceeds from stocks of properties, rental income from stocks of properties and investment properties and rental related income.

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, identified as the Executive Committee, who are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are (1) building construction; (2) civil engineering; (3) interiors & special projects; (4) electrical and mechanical engineering; (5) property and facility management services; and (6) property development and investment.

5 分類資料**(a) 營運分類**

收益包括已開單予第三者之合約工程總額、物業及設施管理服務收入、物業存貨之銷售所得款、物業存貨及投資物業之租金收入及與租賃相關之收入。

根據本集團提交予主要營運決策者（即執行委員會，由其負責分配資源、評估營運分類表現及作出策略性決定）之內部財務報告表，須予呈報之營運分類為(1)樓宇建造；(2)土木工程；(3)室內裝飾及特殊項目；(4)機電工程；(5)物業及設施管理服務；以及(6)物業發展及投資。

		Building construction	Civil engineering	Interiors & special projects	Electrical & mechanical	Property and facility management	Property development and investment	Corporate (Note 1)	Total
		樓宇建造 HK\$'000 港幣千元	土木工程 HK\$'000 港幣千元	室內裝飾及 特殊項目 HK\$'000 港幣千元	機電工程 HK\$'000 港幣千元	設施管理 HK\$'000 港幣千元	物業發展及投資 HK\$'000 港幣千元	(附註1) 行政 HK\$'000 港幣千元	總額 HK\$'000 港幣千元
Year ended 31 December 2013	截至二零一三年十二月三十一日 止年度								
Revenue (excl. NSC (Note 2))	收益(不包括NSC(附註2))	5,201,633	1,835,324	694,248	575,452	791,439	49,693	-	9,147,789
Gross profit	毛利	236,904	90,374	55,177	39,524	117,335	37,420	-	576,734
Other income/(expenses)	其他收入/(開支)	2,203	1,380	113	(2)	2,897	94,145	4,065	104,801
Selling and marketing expenses	銷售及市場推廣開支	-	-	-	-	-	(40,406)	-	(40,406)
General and administrative expenses	一般行政開支	(70,166)	(30,613)	(19,412)	(22,265)	(98,941)	(46,263)	(78,888)	(366,548)
Fair value gain/(loss) on investment properties	投資物業公允價值收益/(虧損)	-	-	-	-	80	(17,700)	-	(17,620)
Operating profit	經營溢利	168,941	61,141	35,878	17,257	21,371	27,196	(74,823)	256,961
Amortization of intangible assets	無形資產攤銷	(427)	(103)	(84)	(52)	(11,977)	-	(1,359)	(14,002)
Interest income	利息收入	-	-	-	-	48	460	6,361	6,869
Interest expenses	利息開支	-	-	-	-	(1,737)	(10,475)	(12,074)	(24,286)
Profit before taxation	除稅前溢利	168,514	61,038	35,794	17,205	7,705	17,181	(81,895)	225,542
Taxation	稅項								(32,127)
Profit for the year	本年度溢利								193,415
Capital expenditure	資本性開支	(15,988)	(61)	(264)	(35)	(5,379)	(19,945)	(4,232)	(45,904)
Depreciation	折舊	(7,892)	(151)	(1,164)	(303)	(6,069)	(24,840)	(3,214)	(43,633)
Write back of impairment on unsold stocks of properties	未出售物業存貨減值回撥	-	-	-	-	-	2,393	-	2,393
As at 31 December 2013	於二零一三年十二月三十一日								
Deposits, cash and cash equivalents	存款、現金及現金等值	-	-	-	-	75,447	22,398	827,935	925,780
Bank loans	銀行貸款	-	-	-	-	(276,000)	(1,435,186)	(809,766)	(2,520,952)

5 Segment information (continued)

(a) Operating segments (continued)

		Building construction	Civil engineering	Interiors & special projects	Electrical & mechanical	Property and facility management	Property development and investment	Corporate (Note 1)	Total
		樓宇建造	土木工程	室內裝飾及 特殊項目	機電工程	物業及 設施管理	物業發展及投資	行政 (附註1)	總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Year ended 31 December 2012 (Restated)	截至二零一二年十二月三十一日 止年度 (經重列)								
Revenue	收益	5,214,275	1,595,954	819,840	342,697	803,993	33,353	-	8,810,112
Gross profit	毛利	220,352	90,268	53,419	38,877	122,729	27,066	-	552,711
Other income(expenses)	其他收入/(開支)	4,011	345	54	7,087	2,041	8,349	1,305	23,192
General and administrative expenses	一般行政開支	(77,303)	(43,532)	(16,976)	(22,226)	(103,281)	(23,087)	(56,245)	(342,650)
Fair value gain/(loss) on investment properties	投資物業公允價值收益/(虧損)	-	-	-	-	410	(16,800)	-	(16,390)
Operating profit	經營溢利	147,060	47,081	36,497	23,738	21,899	(4,472)	(54,940)	216,863
Amortization of intangible assets	無形資產攤銷	-	-	-	-	(13,992)	-	-	(13,992)
Interest income	利息收入	-	-	-	-	111	11,218	6,685	18,014
Interest expenses	利息開支	-	-	-	-	(573)	-	(9,679)	(10,252)
Profit before taxation	除稅前溢利	147,060	47,081	36,497	23,738	7,445	6,746	(57,934)	210,633
Taxation	稅項								(30,543)
Profit for the year	本年度溢利								180,090
Capital expenditure	資本性開支	(6,880)	(103)	(246)	(182)	(4,338)	(3,850)	(2,691)	(18,290)
Depreciation	折舊	(5,673)	(446)	(1,305)	(522)	(6,867)	(19,899)	(2,468)	(37,180)
Write back of impairment on unsold stocks of properties	未出售物業存貨減值回撥	-	-	-	-	-	4,418	-	4,418
As at 31 December 2012	於二零一二年十二月三十一日								
Deposits, cash and cash equivalents	存款、現金及現金等值	-	-	-	-	90,718	-	1,504,619	1,595,337
Bank loans	銀行貸款	-	-	-	-	(180,000)	-	(986,904)	(1,166,904)

Notes:

- Corporate mainly represents corporate and administrative activities, and shared services.
- Nominated subcontractors' works of Macau Galaxy Resort Phase 2 project ("NSC").

附註:

- 行政主要為公司及行政活動，以及共享服務。
- 澳門銀河娛樂渡假村第二期項目的指定分判商工程（「NSC」）。

5 Segment information (continued)
(b) Geographical analysis

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Revenue	收益		
Hong Kong	香港	7,194,311	7,131,764
Macau	澳門	3,462,059	580,114
PRC	中國	843,609	1,082,278
Others	其他	6,000	15,956
		11,505,979	8,810,112
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Non-current assets	非流動資產		
Hong Kong	香港	591,225	588,833
Macau	澳門	845	50
PRC	中國	1,554,702	2,498
		2,146,772	591,381
Available-for-sale financial asset	可供出售之財務資產	10,190	9,831
Deferred tax assets	遞延稅項資產	11,859	174
		2,168,821	601,386

(c) Customer base analysis

The Group's customer base is diversified and includes one (2012: one) customer with transactions exceeded 10% of the Group's total revenue. Aggregate revenue from that customer amounted to HK\$3,007.5 million and was derived from building construction (2012: HK\$998.1 million from building construction).

(c) 客戶基礎分析

本集團之客戶基礎分散，而其中一名（二零一二年：一名）客戶之交易額佔本集團總收益10%以上。該客戶之收益來自樓宇建造合共為港幣3,007,500,000元（二零一二年：港幣998,100,000元來自樓宇建造）。

(d) Reconciliation of reportable segment revenue

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Reportable segment revenue	須予呈報分類收益	9,147,789	8,810,112
Revenue – NSC	收益 – NSC	2,358,190	–
Revenue	收益	11,505,979	8,810,112

(d) 須予呈報分類收益之對賬

6 Other income and other gains, net**6 其他收入及其他收益淨額**

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Net exchange gain	匯兌溢利淨額	3,272	7,180
Write back of provision for impairment on unsold stocks of properties	未出售物業存貨減值撥備回撥	2,393	4,418
Net gain on disposal of property, plant and equipment	出售物業、機器及設備收益淨額	1,773	65
Secondment fee	僱員借調服務費	848	1,608
Gain on disposal of a subsidiary	出售一間附屬公司之收益	864	—
Dividend income from available-for-sale financial asset	可供出售財務資產的股息收入	—	7,463
Miscellaneous	其他	3,667	2,458
		12,817	23,192

7 Interest expenses**7 利息開支**

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Interest on bank loans and overdraft	銀行貸款及透支之利息	46,809	18,744
Interest expense on 4% coupon bonds	4%票息債券之利息開支	15,261	14,749
Interest expense on convertible bonds	可換股債券之利息開支	26,259	34,504
Reversal of interest expense upon early repayment of senior loan note	因提早償還優先貸款票據而回撥之 利息開支	—	(1,262)
		88,329	66,735
Less: amounts capitalized on qualifying assets	減：於合資格資產資本化之款項	(64,043)	(56,483)
		24,286	10,252

The annual interest rates of bank loans are ranged from 1.6% to 8.2% (2012: from 1.7% to 3.7%), of which the capitalized interest rates are ranged from 3.0% to 7.4% (2012: from 3.0% to 3.1%). The imputed effective capitalized interest rates of securities issued after taking into account of the valuation of equity portion and transaction costs are ranged from 6.5% to 21.1% per annum (2012: from 6.5% to 21.1%).

銀行貸款之年利率介乎1.6%至8.2%（二零一二年：介乎1.7%至3.7%），其中資本化利率介乎3.0%至7.4%（二零一二年：介乎3.0%至3.1%）。經計及權益部份的估值及交易成本後，已發行證券的估算實際資本化年利率介乎6.5%至21.1%（二零一二年：介乎6.5%至21.1%）。

8 Profit before taxation

8 除稅前溢利

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Cost of sales	銷售成本		
Cost of construction	建造成本		
– Staff costs	– 員工成本	923,153	776,100
– Other construction costs	– 其他建造成本	9,319,716	6,793,750
		10,242,869	7,569,850
Cost of property and facility management services	物業及設施管理服務成本		
– Staff costs	– 員工成本	480,800	482,885
– Others	– 其他	193,304	198,379
		674,104	681,264
Cost of property development and investment	物業發展及投資成本		
– Stock of properties sold	– 已售物業存貨成本	8,631	3,201
– Others	– 其他	3,641	3,086
		10,929,245	8,257,401
Depreciation of property, plant and equipment	物業、機器及設備之折舊	43,633	37,180
Auditor's remuneration	核數師酬金	4,965	3,682
Operating lease rentals for land and buildings	土地及樓宇經營租賃租金	16,503	11,638
Outgoings in respect of	以下各項之費用		
– investment properties	– 投資物業	3,189	3,125
– owned property	– 擁有之物業	5,127	5,487
Staff costs, included in general administrative expenses (Note 14)	計入一般行政開支之員工成本 (附註14)	226,544	224,667

9 Directors' and chief executive's emoluments

The remuneration of the directors and chief executive officer for the year ended 31 December 2013 is set out below:

		2013					2012	
Names	姓名	Fees	Salaries, allowances and benefits in kind	Bonus	Contributions to retirement scheme	Share-based compensation (Note v) 以股份為基礎之補償 (附註v)	Total	Total
		袍金	薪酬、津貼及實物收益	花紅	退休福利計劃供款	基礎之補償	總額	總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Wilfred WONG Ying Wai	王英偉 ¹	356	15,484	5,180	30	119	21,169	17,577
Catherine CHU	朱嘉盈	355	2,459	866	123	80	3,883	3,626
Joseph CHOI Kin Hung	蔡健鴻	176	3,943	2,411	–	–	6,530	–
Barry John BUTTIFANT	畢滌凡	425	3,138	1,500	–	105	5,168	5,396
Kenneth CHU Ting Kin	朱鼎健	220	–	–	–	–	220	314
Jeffrey LAM Kin Fung	林健鋒	220	–	–	–	–	220	220
Abraham SHEK Lai Him	石禮謙	220	–	–	–	–	220	220
Joseph CHOW Ming Kuen (Note ii)	周明權 (附註ii)	119	–	–	–	–	119	–
Alexander MAK Kwai Wing (Note iii)	麥貴榮 (附註iii)	215	–	–	–	–	215	220
Edmund LEUNG Kwong Ho (Note iv)	梁廣灝 (附註iv)	–	–	–	–	–	–	5,240
		2,306	25,024	9,957	153	304	37,744	32,813

¹ Chief Executive Officer

Notes:

- (i) Mr. Joseph CHOI Kin Hung was appointed as an Executive Director with effect from 22 March 2013.
- (ii) Dr. Joseph CHOW Ming Kuen was appointed as an Independent Non-executive Director and a member of the Audit Committee with effect from 17 June 2013.
- (iii) Mr. Alexander MAK Kwai Wing tendered his resignation as an Independent Non-executive Director and the chairman of the Audit Committee with effect from 24 December 2013. Mr. CHENG Sui Sang was appointed as an Independent Non-executive Director and the Chairman of the Audit Committee with effect from 1 January 2014.
- (iv) Mr. Edmund LEUNG Kwong Ho retired as an Executive Director and ceased to be a member of the Executive Committee upon expiration of his service contract with effect from 1 October 2012.
- (v) Share-based compensation represents the fair value of share options granted by the Group recognised during the year.

No benefit arose on shares issued and allotted to directors of the Company under the employee share subscription scheme of the Company adopted on 23 August 2002 for both years as no such share allotment was made for the year.

None of the directors have waived their rights to receive emoluments for both years.

9 董事及行政總裁酬金

各董事及行政總裁於截至二零一三年十二月三十一日止年度之酬金如下：

		2013					2012	
Names	姓名	Fees	Salaries, allowances and benefits in kind	Bonus	Contributions to retirement scheme	Share-based compensation (Note v) 以股份為基礎之補償 (附註v)	Total	Total
		袍金	薪酬、津貼及實物收益	花紅	退休福利計劃供款	基礎之補償	總額	總額
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
Wilfred WONG Ying Wai	王英偉 ¹	356	15,484	5,180	30	119	21,169	17,577
Catherine CHU	朱嘉盈	355	2,459	866	123	80	3,883	3,626
Joseph CHOI Kin Hung	蔡健鴻	176	3,943	2,411	–	–	6,530	–
Barry John BUTTIFANT	畢滌凡	425	3,138	1,500	–	105	5,168	5,396
Kenneth CHU Ting Kin	朱鼎健	220	–	–	–	–	220	314
Jeffrey LAM Kin Fung	林健鋒	220	–	–	–	–	220	220
Abraham SHEK Lai Him	石禮謙	220	–	–	–	–	220	220
Joseph CHOW Ming Kuen (Note ii)	周明權 (附註ii)	119	–	–	–	–	119	–
Alexander MAK Kwai Wing (Note iii)	麥貴榮 (附註iii)	215	–	–	–	–	215	220
Edmund LEUNG Kwong Ho (Note iv)	梁廣灝 (附註iv)	–	–	–	–	–	–	5,240
		2,306	25,024	9,957	153	304	37,744	32,813

¹ 行政總裁

附註：

- (i) 蔡健鴻先生於二零一三年三月二十二日起獲委任為執行董事。
- (ii) 周明權博士於二零一三年六月十七日起獲委任為獨立非執行董事及審核委員會成員。
- (iii) 麥貴榮先生於二零一三年十二月二十四日起辭任獨立非執行董事及審核委員會主席。鄭瑞生先生於二零一四年一月一日起獲委任為獨立非執行董事及審核委員會主席。
- (iv) 由於服務合約屆滿，梁廣灝先生於二零一二年十月一日起退任執行董事及不再擔任執行委員會的成員。
- (v) 以股份為基礎之補償代表本集團授出認股權於年內確認之公允值。

這兩個年度內並無根據本公司於二零零二年八月二十三日採納之僱員認購股份計劃配發股份予本公司董事，因此沒有就發行及配發股份而產生任何利益。

這兩個年度內並無董事放棄其收取酬金之權利。

10 Five highest paid employees

There were three directors (2012: three) whose emoluments were among the five highest in the Group and included in the analysis set out in note 9.

Details of the emoluments paid to the other two (2012: two) individuals, who are not directors but whose emoluments were among the five highest in the Group are as follows:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Salaries and other allowances	薪酬及其他津貼	6,752	7,081
Bonus	花紅	2,488	2,687
Contributions to retirement scheme	退休福利計劃供款	144	6
Share-based compensation	以股份為基礎之補償	223	84
Others	其他	172	—
		9,779	9,858

		Number of Individuals in each band 僱員人數	
Emolument bands	酬金範圍	2013	2012
HK\$3,500,001 – HK\$4,000,000	港幣3,500,001元—港幣4,000,000元	—	—
HK\$4,000,001 – HK\$4,500,000	港幣4,000,001元—港幣4,500,000元	—	—
HK\$4,500,001 – HK\$5,000,000	港幣4,500,001元—港幣5,000,000元	1	1
HK\$5,000,001 – HK\$5,500,000	港幣5,000,001元—港幣5,500,000元	1	1
		2	2

11 Taxation

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year after application of available tax losses brought forward for both years. Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of tax charged/(credited) to the consolidated income statement represents:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Provision for the year	本年度撥備		
– Hong Kong profits tax	— 香港利得稅	33,138	23,189
– PRC and Macau profits tax	— 中國及澳門利得稅	7,801	12,271
Under/(over) provision in prior years	過往年度撥備不足／(超額撥備)	327	(336)
Deferred tax (Note 27)	遞延稅項(附註27)	(9,139)	(4,581)
		32,127	30,543

10 五位最高薪酬僱員

本集團五位最高薪酬僱員中包括三位董事(二零一二年:三位),其酬金已披露於附註9內。

其餘兩位(二零一二年:兩位)最高薪酬人士,其職位並非本公司董事但屬於本集團五位最高薪酬僱員,其酬金詳列如下:

11 稅項

兩個年度的香港利得稅乃按有關年度之估計應課稅溢利扣除往年認可之稅損後依稅率百分之十六點五撥備。本集團之海外溢利稅項是按本年度估計應課稅溢利以其經營國家之現行稅率計算。

在綜合收益表扣除／(計入)之稅項如下:

11 Taxation (continued)

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Profit before taxation	除稅前溢利	225,542	210,633
Taxation at Hong Kong profits tax rate at 16.5%	按香港利得稅率16.5%計算之稅項	37,214	34,754
Effect of different taxation rates in other tax jurisdictions	其他稅務司法權區不同稅率之影響	(8,098)	(2,236)
Under/(over) provision in prior years	過往年度不足／(超額)撥備	327	(336)
Income not subject to taxation	無須課稅收入	(18,385)	(6,028)
Expenses not deductible for taxation purpose	不可扣稅之開支	8,562	7,041
Temporary differences not recognised	未有確認之暫時差異	(3,516)	(1,673)
Tax losses not recognised	未有確認之稅損	21,891	9,274
Utilisation of previously unrecognised tax losses	使用早前未有確認之稅損	(5,868)	(10,253)
		32,127	30,543

12 Earnings per share

Basic earnings per share is calculated by dividing the Group's profit attributable to the equity holders by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing the Group's profit attributable to the equity holders by the weighted average number of ordinary shares outstanding after adjustment for the potential dilutive effect in respect of outstanding share options, convertible bonds and warrants during the year.

12 每股盈利

每股基本盈利乃按本集團權益持有人應佔溢利除以年內已發行之普通股加權平均股數計算。

每股攤薄盈利乃按本集團之權益持有人應佔溢利除以就年內未行使認股權、可換股債券及認股權證之潛在攤薄影響作出調整後之已發行普通股加權平均股數計算。

		2013	2012
Profit attributable to equity holders (HK\$'000)	權益持有人應佔溢利(港幣千元)	185,402	180,008
Weighted average ordinary shares issued ('000)	已發行之普通股加權平均股數(千股)	1,545,320	946,574
Adjustment for share options	認股權調整	936	24
Adjustment for convertible bonds	可換股債券調整	372,944	220,052
Adjustment for warrants	認股權證調整	13,293	813
		1,932,493	1,167,463
Basic earnings per share (HK cents)	每股基本盈利(港幣仙)	12.0	19.0
Diluted earnings per share (HK cents)	每股攤薄盈利(港幣仙)	9.6	15.4

13 Dividends

Dividends recognised as distribution during the year:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
2013 Interim dividend – HK2.2 cents (2012: HK2.5 cents) per share	二零一三年中期股息－每股港幣2.2仙 (二零一二年：每股港幣2.5仙)	25,858	23,659
2012 Final dividend – HK2.5 cents (2011: HK2.5 cents) per share	二零一二年末期股息－每股港幣2.5仙 (二零一一年：每股港幣2.5仙)	25,984	23,659
		51,842	47,318
Additional prior year final dividend arising from increase of ordinary shares on the related record date	因往年相關登記日普通股數目 增加而增加之末期股息	2,049	—
		53,891	47,318

At the board meeting held on 17 March 2014, the Board resolved to recommend the payment of a final dividend, amounting to HK\$57,163,000, of HK2.0 cents per share for the year ended 31 December 2013. The proposed final dividend is not reflected as dividend payable in the consolidated financial statements until it has been approved by the shareholders at the forthcoming annual general meeting of the Company.

13 股息

於年內確認為分派之股息：

於二零一四年三月十七日舉行之董事會會議上，董事會議決建議就截至二零一三年十二月三十一日止年度派發末期股息每股港幣2.0仙，總額為港幣57,163,000元。此擬派末期股息並未於綜合財務報表內反映為應付股息，直至該股息於本公司即將舉行之股東周年大會上獲股東批准後方會入賬。

14 Staff costs

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Wages, salaries and allowances (including directors' emoluments)	工資、薪酬及津貼 (已包括董事酬金)	1,571,397	1,428,130
Provision for/(reversal of) provision for annual leave	年假撥備／(撥備撥回)	43	(14,428)
Termination benefits	終止服務費用	11,174	10,728
Long service payment	長期服務金費用	(386)	1,376
Contributions to defined contribution retirement schemes	向界定供款退休計劃之供款	45,418	55,272
Share-based compensation	以股份為基礎之補償	2,851	2,574
		1,630,497	1,483,652
Charged to cost of sales (Note 8)	已列支在銷售成本中(附註8)	(1,403,953)	(1,258,985)
		226,544	224,667

14 員工成本

15 Property, plant and equipment

15 物業、機器及設備

		The Group 本集團					
		Leasehold land and building 租賃土地 及樓宇 HK\$'000 港幣千元	Leasehold improvements 租賃物業裝修 HK\$'000 港幣千元	Plant and machinery 機械設備 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、固定 裝置及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Cost or valuation	成本或估值						
At 1 January 2012	於二零一二年一月一日	350,000	49,434	52,959	62,842	7,001	522,236
Exchange difference	匯兌差額	–	11	–	36	26	73
Additions	添置	–	3,964	4,344	6,250	3,732	18,290
Fair value gain on revaluation	公允值重估收益	32,000	–	–	–	–	32,000
Disposal	出售	–	(809)	(1,269)	(1,234)	(97)	(3,409)
At 31 December 2012	於二零一二年十二月三十一日	382,000	52,600	56,034	67,894	10,662	569,190
Exchange difference	匯兌差額	–	184	–	201	131	516
Additions	添置	796	18,837	12,468	11,122	2,681	45,904
Acquisition of subsidiaries (Note 36)	收購附屬公司(附註36)	–	–	–	4,834	3,061	7,895
Fair value gain on revaluation	公允值重估收益	16,204	–	–	–	–	16,204
Disposal	出售	–	(1,376)	(18,454)	(4,057)	(1,902)	(25,789)
At 31 December 2013	於二零一三年十二月三十一日	399,000	70,245	50,048	79,994	14,633	613,920
Accumulated depreciation	累積折舊						
At 1 January 2012	於二零一二年一月一日	–	(43,913)	(43,276)	(43,938)	(3,023)	(134,150)
Exchange difference	匯兌差額	–	(4)	–	(23)	(10)	(37)
Depreciation for the year	本年度折舊	(17,582)	(3,779)	(4,548)	(9,342)	(1,929)	(37,180)
Elimination of fair value gain on revaluation	對銷公允值重估收益	17,582	–	–	–	–	17,582
Disposal	出售	–	801	1,226	1,161	89	3,277
At 31 December 2012	於二零一二年十二月三十一日	–	(46,895)	(46,598)	(52,142)	(4,873)	(150,508)
Exchange difference	匯兌差額	–	(48)	–	(92)	(52)	(192)
Depreciation for the year (Note)	本年度折舊(附註)	(23,369)	(6,971)	(5,685)	(8,217)	(2,554)	(45,796)
Elimination of fair value gain on revaluation	對銷公允值重估收益	23,369	–	–	–	–	22,369
Disposal	出售	–	1,376	18,073	3,464	1,257	24,170
At 31 December 2013	於二零一三年十二月三十一日	–	(52,538)	(34,210)	(56,987)	(6,222)	(149,957)
Net book value or valuation	賬面淨值或估值						
At 31 December 2013	於二零一三年十二月三十一日	399,000	17,707	15,838	23,007	8,411	463,963
At 31 December 2012	於二零一二年十二月三十一日	382,000	5,705	9,436	15,752	5,789	418,682

Note: During the year, depreciation of HK\$2,163,000 was capitalised in properties under development.

附註：年內，折舊港幣2,163,000元已於發展中物業予以資本化。

15 Property, plant and equipment (continued)

The leasehold land and building was revalued at fair value by an independent valuer, Knight Frank Petty Limited. Valuation process of the Group is disclosed in note 16.

Fair value measurements using significant unobservable inputs (Level 3)

Fair value of leasehold land and building in Hong Kong is derived using the direct comparison method. This valuation method is by comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Significant inputs used to determine fair value of leasehold land and building at 31 December 2013

15 物業、機器及設備 (續)

租賃土地及樓宇由獨立估值師萊坊測計師行有限公司按公允值重估。本集團之估值程序於附註16論述。

採用重大不可觀察輸入數據之公允值計量 (第三層)

於香港之租賃土地及樓宇之公允值乃採用直接比較法得出。此估值法乃將直接估值之物業與其他近期交易之可比較物業進行比較。然而，鑑於房地產物業之錯綜複雜性質，通常須作出適當調整以計入任何或會影響很可能透過考慮中物業達致之價格的性質差異。

用於釐定於二零一三年十二月三十一日之租賃土地及樓宇公允值之重大輸入數據

	Valuation method 估值方法	Unobservable input 不可觀察輸入數據	Relationship of unobservable inputs to fair value 不可觀察輸入數據與 公允值之關係
31 December 2013 二零一三年十二月三十一日			
Leasehold land and building – Hong Kong 租賃土地及樓宇—香港	Direct comparison method 直接比較法	Average price per square feet: HK\$4,550 每平方米平均價格： 港幣4,550元	The higher the average price, the higher the fair value 平均價格越高，公允值越高
If leasehold land and building had not been revalued, it would have been included in these consolidated financial statements at historical cost less accumulated depreciation of HK\$103,006,000 (2012: HK\$111,245,000).		倘租賃土地及樓宇並無進行重估，則會按歷史成本減累積折舊港幣103,006,000元（二零一二年：港幣111,245,000元）計入該等綜合財務報表。	

15 Property, plant and equipment (continued)

The leasehold land and building is situated in Hong Kong with a medium-term lease.

As at 31 December 2013, the Group's leasehold land and building of approximately HK\$399,000,000 (2012: HK\$382,000,000) were pledged as collateral for the Group's banking facilities.

15 物業、機器及設備 (續)

租賃土地及樓宇位於香港，並附帶中期租賃。

於二零一三年十二月三十一日，本集團的租賃土地及樓宇約港幣399,000,000元（二零一二年：港幣382,000,000元）已就本集團取得銀行融資作為抵押。

		The Company 本公司			
		Leasehold improvements 租賃物業裝修 HK\$'000 港幣千元	Furniture, fixtures and equipment 傢俬、固定裝置及設備 HK\$'000 港幣千元	Motor vehicles 汽車 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Cost	成本				
At 1 January 2012	於二零一二年一月一日	19,718	13,877	1,830	35,425
Additions	添置	1,300	713	650	2,663
Disposal	出售	—	(562)	—	(562)
At 31 December 2012	於二零一二年十二月三十一日	21,018	14,028	2,480	37,526
Additions	添置	—	3,534	698	4,232
Disposal	出售	—	(379)	(650)	(1,029)
At 31 December 2013	於二零一三年十二月三十一日	21,018	17,183	2,528	40,729
Accumulated depreciation	累積折舊				
At 1 January 2012	於二零一二年一月一日	(19,189)	(11,114)	(532)	(30,835)
Depreciation for the year	本年度折舊	(673)	(1,225)	(570)	(2,468)
Disposal	出售	—	560	—	560
At 31 December 2012	於二零一二年十二月三十一日	(19,862)	(11,779)	(1,102)	(32,743)
Depreciation for the year	本年度折舊	(802)	(1,826)	(586)	(3,214)
Disposal	出售	—	379	271	650
At 31 December 2013	於二零一三年十二月三十一日	(20,664)	(13,226)	(1,417)	(35,307)
Closing net book value	期末賬面淨值				
At 31 December 2013	於二零一三年十二月三十一日	354	3,957	1,111	5,422
At 31 December 2012	於二零一二年十二月三十一日	1,156	2,249	1,378	4,783

16 Investment properties

16 投資物業

		The Group 本集團	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
At fair value:	按公允值：		
At 1 January	於一月一日	29,690	46,080
Acquisition of subsidiaries (Note 36)	收購附屬公司（附註36）	1,512,648	—
Fair value loss	公允值虧損	(17,620)	(16,390)
Exchange difference	匯兌差額	11,801	—
At 31 December	於十二月三十一日	1,536,519	29,690

The Group's interests in investment properties are analysed as follows:

本集團投資物業權益分析如下：

		The Group 本集團	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Properties in Hong Kong held under	根據以下租賃持有香港物業		
– Short lease (less than ten years)	— 短期租賃（少於10年）	8,900	26,600
– Medium-term lease (more than ten years but less than fifty years)	— 中期租賃（超過10年但少於50年）	3,170	3,090
Properties outside Hong Kong held under	根據以下租賃持有香港境外物業		
– Medium-term lease (more than ten years but less than fifty years)	— 中期租賃（超過10年但少於50年）	1,524,449	—
		1,536,519	29,690

As at 31 December 2013, the Group's investment properties of approximately HK\$1,524,449,000 (2012: Nil) were pledged as collateral for the Group's banking facilities.

於二零一三年十二月三十一日，本集團約港幣1,524,449,000元（二零一二年：無）之投資物業已抵押作本集團銀行融資之抵押品。

16 Investment properties (continued)

The properties in Hong Kong and the PRC were revalued at fair value by independent valuers, Knight Frank Petty Limited and DTZ Debenham Tie Leung Limited, respectively. The following table analyses the investments properties carried at fair value, by valuation method.

The Group's finance department would review the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the finance department and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

16 投資物業 (續)

於香港及中國之物業分別由獨立估值師萊坊測計師行有限公司及戴德梁行有限公司按公允值重估。下表按估值方法分析以公允值列賬之投資物業。

本集團之財務部門將審閱獨立估值師為財務申報目的進行之估值。財務部門及估值師至少每六個月(與本集團之中期及年度申報日期一致)對估值程序及結果進行討論。

		Fair value measurements as at 31 December 2013 using 使用下列估值方法作出之 於二零一三年十二月三十一日之公允值計量		
Description	說明	Quoted prices in active markets for identical assets 相同資產 於活躍市場 之報價 (Level 1) (第一層) HK'000 港幣千元	Significant other observable inputs 其他重大 可觀察 輸入數據 (Level 2) (第二層) HK\$'000 港幣千元	Significant unobservable inputs 重大不可 觀察 輸入數據 (Level 3) (第三層) HK\$'000 港幣千元
Recurring fair value measurements	經常性公允值計量			
Investments properties:	投資物業:			
Office units in Hong Kong	位於香港之辦公單位	—	—	8,900
Carparks in Hong Kong	位於香港之車位	—	3,170	—
Shopping mall in the PRC	位於中國之購物商場	—	—	1,422,137
Carparks in the PRC	位於中國之車位	—	—	102,312

There were no transfer between level 1, 2 and 3 during the year.

於本年度，第一層、第二層及第三層之間並無進行轉撥。

Fair value measurements using significant other observable inputs (Level 2)

Fair values of carparks in Hong Kong are derived using the direct comparison method. This valuation method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted.

採用其他重大可觀察輸入數據之公允值計量 (第二層)

香港車位之公允值採用直接比較法得出。此估值法乃基於將直接估值之物業與其他近期交易之可比物業進行比較。

16 Investment properties (continued)**Fair value measurements using significant unobservable inputs (Level 3)**

Fair values of office units in Hong Kong are derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers' view of recent lettings, within the subject properties and other comparable properties.

Fair values of shopping mall and carparks in the PRC are derived using the direct comparison method. This valuation method is by comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration.

Significant inputs used to determine fair value of investment properties at 31 December 2013**16 投資物業 (續)****採用重大不可觀察輸入數據之公允值計量 (第三層)**

位於香港之辦公單位之公允值一般使用收益資本法得出。此估值方法乃基於通過採用適當之資本化比率，將收入淨額及收入變化潛力予以資本化，而資本化比率乃通過對銷售交易及估值師分析當時投資者之要求或期望而得出。在估值中採用之市值租金乃根據估值師對該物業及其他類似物業近期租務情況之意見而釐定。

位於中國之購物商場及車位之公允值，乃使用直接比較法而得出。此估值方法將予估值之物業直接與近期曾進行交易之其他可資比較物業進行比較。然而，鑑於房地產物業之異構性質，通常須作出適當調整，以允許存在可能會影響考慮中物業很可能取得之價格之任何本質差異。

用於釐定二零一三年十二月三十一日之投資物業公允值之重大輸入數據

	Valuation method 估值方法	Unobservable input 不可觀察輸入數據	Relationship of unobservable inputs to fair value 不可觀察輸入數據與公允值之關係
31 December 2013 二零一三年十二月三十一日			
Office units – Hong Kong 辦公單位—香港	Discounted cash flow 貼現現金流量	Discount rate: 10% 貼現率：10%	The lower the discount rate, the higher the fair value. 貼現率越低，公允值越高。
		Terminal yield: 10% 最終資本化率：10%	The lower the terminal rate, the higher the fair value. 最終資本化率越低，公允值越高。
		Market rent per square foot: HK\$28.6 每平方米市場租金：港幣28.6元	The higher the market rent, the higher the fair value. 市場租金越高，公允值越高。
		Passing rent per square foot: HK\$22.2 每平方米現行租金：港幣22.2元	The higher the passing rent, the higher the fair value. 現行租金越高，公允值越高。
Shopping mall – PRC 購物商場—中國	Direct comparison method 直接比較法	Adjusted average market transacted price per square metre: RMB29,000 每平方米經調整平均市場交易價：人民幣29,000元	The higher the adjusted average market transacted price, the higher the fair value. 經調整平均市場交易價越高，公允值越高。
Carparks – PRC 車位—中國	Direct comparison method 直接比較法	Adjusted average market transacted price per lot: RMB242,000 每個經調整平均市場交易價：人民幣242,000元	The higher the adjusted average market transacted price, the higher the fair value. 經調整平均市場交易價越高，公允值越高。

17 Intangible assets

17 無形資產

		Trademark (Note) 商標 (附註) HK\$'000 港幣千元	Secured contracts (Note) 取得合約 (附註) HK\$'000 港幣千元	The Group 本集團 Client relationships (Note) 客戶關係 (附註) HK\$'000 港幣千元	Sub-total 小計 HK\$'000 港幣千元	Other trademarks and trade names 其他商標 及商號名稱 HK\$'000 港幣千元	Software cost 軟件成本 HK\$'000 港幣千元	Total 總額 HK\$'000 港幣千元
Cost	成本							
At 1 January 2012 and 31 December 2012	於二零一二年一月一日及 二零一二年十二月三十一日	58,469	30,497	71,073	160,039	1,600	-	161,639
Additions	添置	-	-	-	-	-	11,858	11,858
31 December 2013	二零一三年十二月三十一日	58,469	30,497	71,073	160,039	1,600	11,858	173,497
Accumulated amortisation	累積攤銷							
At 1 January 2012	於二零一二年一月一日	-	(20,320)	(26,320)	(46,640)	-	-	(46,640)
Amortisation for the year	本年度攤銷	-	(6,096)	(7,896)	(13,992)	-	-	(13,992)
At 31 December 2012	於二零一二年十二月三十一日	-	(26,416)	(34,216)	(60,632)	-	-	(60,632)
Amortisation for the year	本年度攤銷	-	(4,081)	(7,896)	(11,977)	-	(2,025)	(14,002)
As at 31 December 2013	於二零一三年十二月三十一日	-	(30,497)	(42,112)	(72,609)	-	(2,025)	(74,634)
Net book value	賬面淨值							
At 31 December 2013	於二零一三年十二月三十一日	58,469	-	28,961	87,430	1,600	9,833	98,863
At 31 December 2012	於二零一二年十二月三十一日	58,469	4,081	36,857	99,407	1,600	-	101,007

Note:

Intangible assets arising from the acquisition of Synergis included a trademark, secured contracts and client relationships. The trademark has an indefinite useful life as there is no foreseeable limit to the period over which the trademark is expected to generate economic benefits to the Group.

As at 31 December 2013, the management of the Group determined there is no impairment of the trademark. The basis on how the recoverable amount of "Property and facility management" segment, to which the trademark is related, is determined, are the same as those used in the impairment assessment of the goodwill allocated to the "Property and facility management" segment (Note 18(i)).

The estimated useful lives of secured contracts and client relationships of 5 and 9 years respectively are based on the terms of existing contracts and historical data.

附註：

收購新昌管理所產生之無形資產，包括商標、取得合約及客戶關係。商標並沒有指定可使用年期，此乃由於商標對本集團所產生的經濟效益並沒有可預見的期限。

於二零一三年十二月三十一日，本集團管理層確定商標並無出現減值。釐定與商標有關之「物業與設施管理」分類之可收回金額時，所依據的基準，與用於對分配至「物業與設施管理」分類的商譽進行減值評估時所採用者相同（附註18(i)）。

取得合約及客戶關係之預計可使用年期是根據現時合約之條款及歷史數據分別訂為五年及九年。

17 Intangible assets (continued)**17 無形資產** (續)

The Company
本公司
Software cost
軟件成本
HK\$'000
港幣千元

Cost	成本	
At 1 January 2012 and 31 December 2012	於二零一二年一月一日及 二零一二年十二月三十一日	—
Additions	添置	11,858
31 December 2013	二零一三年十二月三十一日	11,858
Accumulated amortisation	累積攤銷	
At 1 January 2012 and 31 December 2012	於二零一二年一月一日及 二零一二年十二月三十一日	—
Amortisation for the year	本年度攤銷	(2,025)
As at 31 December 2013	於二零一三年十二月三十一日	(2,025)
Net book value	賬面淨值	
At 31 December 2013	於二零一三年十二月三十一日	9,833
At 31 December 2012	於二零一二年十二月三十一日	—

18 Goodwill

The carrying amount of goodwill was allocated to groups of cash-generating units that are expected to benefit from the business combination as follows:

18 商譽

商譽之賬面值按下列方式分配至預期從業務合併中獲得利益之現金產生單位組別：

		Notes 附註	The Group 本集團 HK\$'000 港幣千元
Property and facility management	物業及設施管理服務	(i)	18,753
Property development and investment	物業發展及投資	(ii)	23,249
At 1 January 2012, 31 December 2012 and 31 December 2013	於二零一二年一月一日、二零一二年 十二月三十一日及二零一三年 十二月三十一日		42,002

18 Goodwill (continued)

Notes:

- (i) Goodwill arising from Synergis, allocated to the “Property and facility management” segment, amounting to HK\$92,618,000 (2012: HK\$92,618,000), was previously reduced through recognition of an impairment loss of HK\$73,865,000 (2012: HK\$73,865,000).

At 31 December 2013, the management of the Group determined that there is no further impairment of goodwill. The recoverable amount of the “Property and facility management” segment has been determined based on the higher of its fair value less costs to sell and its value in use. Management has calculated the fair value based on observable market price assessed that the fair value less costs to sell is higher than the carrying amount of “Property and facility management” segment and no impairment provision is considered necessary.

- (ii) Goodwill arising from Hsin Chong Property Development Limited (“HCPD”), allocated to the “Property development and investment” segment has been determined based on a value in use calculation. The value in use calculation is derived from cash flow projections based on financial budgets approved by management covering by a three-year period. Cash flows beyond the three-year period are extrapolated using the estimated growth rates stated below, which have been determined based on management expectations for the market development. The long term growth rates used are largely consistent with the range of forecasts included in industry reports. The key assumptions for the value in use calculations are as follows:

		2013	2012
Discount rate	貼現率	12%	12%
Growth rate	增長率	5%	5%

19 Subsidiaries

		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Unlisted shares, at cost	非上市股本，按成本	2,278,063	2,278,063
Less: impairment in value	減：減值	(150,164)	(153,769)
		2,127,899	2,124,294
Loans to subsidiaries	貸款予附屬公司		
– non-current	– 非即期	482,000	482,000
– current	– 即期	53,440	72,640
		535,440	554,640
Amounts due from subsidiaries	應收附屬公司款項	2,295,327	844,362
Less: provision	減：撥備	(26,462)	(38,835)
		2,268,865	805,527
Loan due to a subsidiary – non-current	應向一間附屬公司償還之貸款 – 非即期	(120,000)	(100,000)
Amounts due to subsidiaries	應付附屬公司款項	(328,984)	(64,232)

18 商譽 (續)

附註：

- (i) 新昌管理產生之商譽，已分配至「物業及設施管理」分類，金額為港幣92,618,000元（二零一二年：港幣92,618,000元），惟先前已透過確認減值虧損港幣73,865,000元（二零一二年：港幣73,865,000元）予以下調。

於二零一三年十二月三十一日，本集團管理層確定商譽並無出現進一步減值。「物業及設施管理」分類之可收回金額乃以其公允值減銷售成本或按使用價值兩者之間較高者為準而釐定。管理層以可觀察市場價格計算公允值，認為公允值減銷售成本較「物業及設施管理」分類之賬面值高，故無須計提減值撥備。

- (ii) 分配至「物業及設施管理」分類來自新昌地產發展有限公司（「新昌地產發展」）的商譽，乃動用使用價值計算及計劃。使用價值乃基於管理層所批准之涵蓋三年期之財政預算的現金流預測計算。超過三年期之現金流量乃採用下文所述之估計增長率推算，並已根據管理層對市場發展之預期釐定。所採用之長期增長率與行業報告所載之預測範圍基本一致。計算使用價值所用的主要假設如下：

19 Subsidiaries (continued)

Loans to subsidiaries as at 31 December 2013 are unsecured and bear interest at HIBOR plus 2% per annum (2012: HIBOR plus 2% per annum). The loans amounting to HK\$482,000,000 (2012: HK\$482,000,000) are not repayable within one year and the loans of HK\$53,440,000 (2012: HK\$72,640,000) are repayable on demand with no fixed terms of repayment. The carrying amounts are denominated in Hong Kong dollars.

Loan due to a subsidiary as at 31 December 2013 is unsecured, bears interest at HIBOR plus 2% per annum, are not repayable within one year (2012: HIBOR plus 2% per annum and not repayable within one year).

Amounts due from/to subsidiaries are unsecured, non-interest bearing, have no fixed terms of repayment and are denominated in Hong Kong dollars.

The carrying amounts of balances with subsidiaries approximate their fair values.

Details of principal subsidiaries are set out in Note 44.

20 Joint operations

Details of investment in joint operations as at 31 December 2013 and 2012

19 附屬公司 (續)

於二零一三年十二月三十一日提供予附屬公司之貸款乃無抵押，並按年息以香港銀行同業拆息加2%（二零一二年：年息以香港銀行同業拆息加2%）計算利息。貸款額港幣482,000,000元（二零一二年：港幣482,000,000元）無需於一年內償還，而貸款額港幣53,440,000元（二零一二年：港幣72,640,000元）為按要求還款，並無固定還款期。貸款額賬面值以港幣為單位。

於二零一三年十二月三十一日，應向一間附屬公司償還之貸款為無抵押及按年息以香港銀行同業拆息加2%計算利息，及無需於一年內償還（二零一二年：香港銀行同業拆息加2%及無需於一年內償還）。

應收／應付附屬公司款項乃無抵押、免息及無固定還款期，並以港幣為單位。

附屬公司款項之賬面值與其公允值相近。

主要附屬公司之資料詳列於附註44。

20 共同經營業務

於二零一三年及二零一二年十二月三十一日共同經營業務投資之詳情

Name 名稱	Place of operation 經營地點	Principal activities 主要業務	Participating shares 參股	
			2013	2012
Hsin Chong – Yau Lee Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Building construction 樓宇建造	50%	50%
Maeda – Hitachi – Yokogawa – Hsin Chong Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	20%	20%
MBH Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	20%	20%
Yau Lee – Hsin Chong Joint Venture 有利－新昌聯營	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Building construction 樓宇建造	40%	40%
CRCC – HC – CR15G Joint Venture 中鐵建－新昌－中鐵建15局聯營公司	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	30%	30%
GAS Joint Venture 英昌龍聯營公司	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Electrical and mechanical 機電工程	30%	30%

20 Joint operations (continued)**20 共同經營業務** (續)

Name 名稱	Place of operation 經營地點	Principal activities 主要業務	Participating shares 參股	
			2013	2012
Hsin Chong – Maeda JV	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Building construction 樓宇建造	60%	60%
Laing O' Rourke – Hsin Chong – Paul Y. Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	22.5%	22.5%
Hsin Chong Aster – China Comservice JV 新昌亞仕達－中國通信服務聯營公司	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Electrical and mechanical 機電工程	70%	70%
Hsin Chong Tsun Yip Joint Venture 新昌進業聯營	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	60%	60%
Hsin Chong Tsun Yip Joint Venture 新昌進業聯營 (DC/2012/07)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	57%	57%
Hsin Chong Tsun Yip Joint Venture 新昌進業聯營 (DC/2012/08)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	57%	57%
Hsin Chong Tsun Yip Joint Venture 新昌進業聯營 (5/WSD/13)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	83%	–
Samsung – Hsin Chong Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	40%	40%
Laing O' Rourke – Hsin Chong – Paul Y. (WKCD) Joint Venture	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Civil engineering 土木工程	22.5%	–
Hsin Chong-Wah Cheong Joint Venture (01)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Interiors and special projects 室內裝飾及特殊項目	30.2%	–
Hsin Chong-Wah Cheong Joint Venture (02)	Unincorporated joint operation operating in Hong Kong 在香港經營之非屬法團共同經營業務	Interiors and special projects 室內裝飾及特殊項目	30.2%	–

Note:

Pursuant to the terms of the joint arrangements, the profit sharing for each year of all joint operations listed herein above shall be distributed to the joint operators in proportion to their respective participating interests.

Amounts due from/to joint operations/other partners of joint operations are unsecured, non-interest bearing, have no fixed terms of repayment and are denominated in Hong Kong dollars.

附註：

根據合營安排之條款，上述所有共同經營業務每年溢利之分配將依照各共同經營者所佔之參與權益按比例分配。

應收／應付共同經營業務／共同經營業務之其他合作夥伴屬無抵押、不計息、無固定還款期及以港幣計值。

21 Available-for-sale financial asset

Available-for-sale financial asset comprises the following:

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Equity securities	股本證券		
Unlisted, at fair value	非上市，按公允值	10,190	9,831

The fair value of unlisted securities is determined based on cashflows discounted using a rate based on the market interest rate and the risk premium specific to the unlisted securities (2013: 7.70%; 2012: 7.70%).

21 可供出售之財務資產

可供出售之財務資產包括以下各項目：

非上市證券之公允值是根據現金流量按市場利率以及非上市證券獨有之風險溢價（二零一三年：7.70%；二零一二年：7.70%）貼現計算。

22 Properties under development

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
At 1 January	於一月一日	2,838,784	2,522,163
Exchange difference	匯兌差額	88,962	21,915
Additions during the year	年內添置	952,724	294,706
At 31 December	於十二月三十一日	3,880,470	2,838,784

Properties under development comprise:

發展中物業包括：

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Land use rights	土地使用權	2,556,309	2,485,163
Construction cost and capitalised expenditure	建造成本及資本化開支	1,197,460	290,963
Interest expense capitalised	資本化利息開支	126,701	62,658
		3,880,470	2,838,784

22 Properties under development (continued)

As at 31 December 2013, the amount of properties under development expected to be completed and available for sale within one year is approximately HK\$900,276,000 (2012: Nil). The remaining balance is expected to be recovered after one year.

As at 31 December 2013, a portion of the Group's properties under development with cost of approximately HK\$231,615,000 (2012: Nil) were pledged as collateral for the Group's banking facilities.

22 發展中物業 (續)

於二零一三年十二月三十一日，預期將於一年內竣工及可供出售之發展中物業金額約為港幣900,276,000元（二零一二年：無）。餘額預期將於一年後收回。

於二零一三年十二月三十一日，本集團之發展中物業部份成本約港幣231,615,000元（二零一二年：無）已抵押作為本集團銀行信貸之抵押品。

23 Stocks and contracting work-in-progress**23 存貨及興建中工程**

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
			(Restated)
			(經重列)
Gross amounts due from customers for contract work (Note)	應收客戶之工程款項毛額 (附註)	1,722,303	808,186
Raw materials, at cost	原料，按成本	1,344	1,417
Stocks of properties, at cost	物業存貨，按成本	705,676	23,856
Less: impairment in value	減：減值	—	(3,856)
Stocks of properties, at net realisable value	物業存貨，按可變現淨值	705,676	20,000
		2,429,323	829,603
Note:	附註：		
Cost plus attributable profit less foreseeable losses	成本加應佔溢利減可預見虧損	18,766,155	11,177,394
Less: progress payments received and receivable	減：已收及應收工程賬款	(17,248,910)	(10,635,200)
Contracting work-in-progress	興建中工程	1,517,245	542,194
Representing:	代表：		
Gross amounts due from customers for contract work included in stocks and contracting work-in-progress	存貨及興建中工程項下包括應收客戶之工程款項毛額	1,722,303	808,186
Gross amounts due to customers for contract work included in payables and accruals	應付賬款及應計費用項下包括應付客戶之工程款項毛額	(205,058)	(265,992)
		1,517,245	542,194

24 Receivables and prepayments

24 應收賬款及預付金

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Trade receivables	貿易應收賬款				
– third parties	– 第三方	653,338	656,326	–	–
– provision for impairment	– 減值撥備	(423)	(423)	–	–
Retention receivables	保固金應收賬款				
– third parties	– 第三方	807,153	544,096	–	–
– provision for impairment	– 減值撥備	(125)	(125)	–	–
		1,459,943	1,199,874	–	–
Other receivables	其他應收賬款				
– subsidiaries	– 附屬公司	–	–	8,101	4,849
– third parties	– 第三方	37,108	48,931	–	–
– joint operations	– 共同經營業務	–	–	35	40
– provision for impairment	– 減值撥備	–	(201)	–	–
Deposits and prepayments	按金及預付金				
– subsidiaries	– 附屬公司	–	–	2,025	2,025
– third parties	– 第三方	218,924	91,099	9,867	15,661
		1,715,975	1,339,703	20,028	22,575

The carrying amounts of the Group's and the Company's receivables and prepayments are denominated in the following currencies:

本集團及本公司應收賬款及預付金賬面值以下列貨幣為單位：

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Hong Kong dollar	港幣	1,393,974	1,166,255	20,028	22,575
Renminbi	人民幣	156,247	168,312	–	–
Macau pataca	澳門幣	165,754	5,136	–	–
		1,715,975	1,339,703	20,028	22,575

24 Receivables and prepayments (continued)**(a) Trade and retention receivables**

- (i) The aging analysis of trade and retention receivables by due date is as follows:

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
			(Restated)
			(經重列)
Not yet due	未到期	1,207,604	1,001,239
1 to 30 days	一天至三十天	144,951	113,324
31 to 90 days	三十一天至九十天	31,723	15,256
91 to 180 days	九十一天至一百八十天	19,813	4,101
Over 180 days	一百八十天以上	55,852	65,954
		1,459,943	1,199,874

- (ii) As at 31 December 2013, for the receivables which are not yet due, there is no indication that they will be non-performing as there is no history of default of the customers.

- (iii) The Group's credit terms for its contracting business, property rental and property and facility management services are negotiated with and entered into under normal commercial terms with its trade customers. The credit period for the trade receivables for contracting business and property and facility management generally ranges from 30 to 60 days (2012: 30 to 60 days).

Retention receivables in respect of the contracting business are settled in accordance with the terms of the respective contracts. Rental income is billed in advance of the rental period. At 31 December 2013, retention receivables held by customers for contract works amounting to approximately HK\$518,711,000 (2012: HK\$358,231,000) are expected to be recovered or settled in more than twelve months from the end of the reporting period.

- (iv) There is no concentration of credit risk with respect to trade and retention receivables, as the Group has a large number of customers.

24 應收賬款及預付金 (續)**(a) 貿易及保固金應收賬款**

- (i) 貿易及保固金應收賬款按到期日之賬齡分析如下：

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
			(Restated)
			(經重列)
Not yet due	未到期	1,207,604	1,001,239
1 to 30 days	一天至三十天	144,951	113,324
31 to 90 days	三十一天至九十天	31,723	15,256
91 to 180 days	九十一天至一百八十天	19,813	4,101
Over 180 days	一百八十天以上	55,852	65,954
		1,459,943	1,199,874

- (ii) 於二零一三年十二月三十一日，尚未到期的應收賬款因並無客戶有拖欠還款之記錄，故沒有任何顯示有不獲履行之情況。

- (iii) 本集團建造合約業務、物業租賃與物業及設施管理服務之信貸條件乃按照一般商業條款與客戶商議及簽訂。建造合約業務及物業及設施管理的貿易應收賬款之信貸期一般介乎三十至六十天（二零一二年：三十至六十天）。

建造合約業務之保固金應收賬款按照個別合約之條款結算。租務收入則於每月租賃期前開發賬單預收。於二零一三年十二月三十一日，客戶就建造合約工程持有之保固金應收賬款約港幣518,711,000元（二零一二年：港幣358,231,000元），預期將於報告期結束時起計超過十二個月後收回或結付。

- (iv) 由於本集團客戶為數不少，故貿易及保固金應收賬款並無信貸集中之風險。

24 Receivables and prepayments (continued)**(a) Trade and retention receivables** (continued)

- (v) Depending on the credit history and financial position of each individual customer, trade and retention receivables that are less than 180 days past due are not considered impaired. As at 31 December 2013, trade and retention receivables of HK\$55,852,000 (2012: HK\$65,954,000), net of provision for impairment, were past due over 180 days but not impaired as there are no recent history of default of independent customers and no objective evidence of the receivables being not fully collectible.
- (vi) Movements in the provision for impairment of trade and retention receivables are as follows:

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
At the beginning of the year	於年初	548	548
Amounts recovered	收回款項	—	—
At the end of the year	於年末	548	548

The provision for impairment represents trade and retention receivables aged over 180 days in both years.

減值撥備指兩個年度內賬齡超過180天之貿易及保固金應收賬款。

(b) Provision for impairment of other receivables

Movements on the provision for impairment of other receivables are as follows:

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
At the beginning of the year	於年初	201	3,024
Amount written off as uncollectible	撇銷不可收回之款項	(201)	(2,823)
At the end of the year	於年末	—	201

As at 31 December 2013 and 2012, the Group does not hold any collateral.

於二零一三年及二零一二年十二月三十一日，本集團並無持有任何抵押品。

25 Held-to-maturity investments

Held-to-maturity investments represent a certificate of deposit with nominal value of RMB2,000,000 (HK\$2,486,000) and bearing an interest of 2.5% per annum with maturity date on 14 January 2013.

Full amount was matured during the year.

24 應收賬款及預付金 (續)**(a) 貿易及保固金應收賬款** (續)

- (v) 視乎個別客戶之信貸記錄及財務狀況而定，貿易及保固金應收賬款逾期少於180天不被視為需要減值。於二零一三年十二月三十一日，貿易及保固金已扣除減值撥備之應收賬款港幣55,852,000元（二零一二年：港幣65,954,000元）經已逾期超過180天，但並無作出減值，原因是獨立客戶近期沒有拖欠還款記錄，亦無客觀證據顯示該等應收賬款無法全數收回。
- (vi) 貿易及保固金應收賬款之減值撥備變動如下：

(b) 其他應收賬款之減值撥備

其他應收賬款之減值撥備變動如下：

25 持至到期投資

持至到期投資指名義值為人民幣2,000,000元（港幣2,486,000元）的存款單，按年息2.5%計息，到期日為二零一三年一月十四日。

全部金額已於本年度到期。

26 Deposits, cash and cash equivalents

26 存款、現金及現金等值

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Cash at bank and in hand	銀行結存及現金	192,642	445,022	1,450	1,018
Short term bank deposits (Note i)	短期銀行存款 (附註i)	715,083	1,031,941	—	—
		907,725	1,476,963	1,450	1,018
Time deposit over three months (Note ii)	三個月以上定期 存款(附註ii)	13,463	118,083	—	—
Unrestricted deposits, cash and bank balances	不受限制之存款、 現金及銀行結存	921,188	1,595,046	1,450	1,018
Restricted bank deposits (Note iii)	受限制之銀行存款 (附註iii)	4,592	291	—	—
		925,780	1,595,337	1,450	1,018

Deposits, cash and cash equivalents are denominated in the following currencies:

存款、現金及現金等值以下列貨幣為單位：

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Hong Kong dollar	港幣	441,285	1,173,231	1,450	1,018
United States dollar	美元	582	74,367	—	—
Renminbi	人民幣	179,614	179,902	—	—
Macau pataca	澳門幣	294,890	152,455	—	—
Singapore dollar	新加坡元	6,078	6,295	—	—
Other	其他	3,331	9,087	—	—
		925,780	1,595,337	1,450	1,018

Notes:

附註：

- (i) The short term bank deposits of the Group and the Company have original maturities of three months or less.
- (ii) The time deposits of the Group carry an effective interest rate of 2.8% per annum and have an average maturity period of 183 days.
- (iii) As at 31 December 2013, restricted bank deposits represent:
 - a deposit given to a bank for providing a guarantee to the Government of Macau SAR in obtaining a labour agency licence in Macau by a subsidiary;
 - deposits placed in banks on which charges are created to secure banking facilities

- (i) 本集團及本公司之短期銀行存款最初到期日為三個月或以下。
- (ii) 本集團的定期存款按實際年利率2.8%計息，平均到期日為183天。
- (iii) 於二零一三年十二月三十一日，受限制之銀行存款代表：
 - 向澳門特別行政區政府作出擔保從而使一附屬公司在澳門獲得職業介紹所行政執照而向銀行給予之存款；
 - 用於創設押記以取得銀行融資而存放於銀行之存款。

27 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using applicable tax rates prevailing in the countries in which the Group operates.

The movement of the deferred tax is as follows:

27 遞延稅項

遞延稅項採用負債法就短暫時差按本集團營運所在國家的現行適用稅率作全數撥備。

遞延稅項之變動如下：

		The Group 本集團								
		Deferred tax liabilities 遞延稅項負債					Deferred tax assets 遞延稅項資產			
		Accelerated tax depreciation	Properties under development/ Properties held for sale 發展中物業／ 持作出售之物業	Fair value gains	Convertible bonds	Intangible assets	Total	Depreciation in excess of depreciation allowance 折舊高於 折舊免稅額	Tax losses	Total
		加速稅項折舊	持作出售之物業	公允值收益	可換股債券	無形資產	總計	折舊免稅額	稅項虧損	總計
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1 January 2012	於二零一二年一月一日	(19)	(602)	(39,248)	(44,244)	(18,712)	(102,825)	192	–	192
Charged to other comprehensive income	在其他全面收益內扣除	–	–	(8,181)	–	–	(8,181)	–	–	–
Charged to equity	於權益內扣除	–	–	–	(741)	–	(741)	–	–	–
Credited/(charged) to consolidated income statement	在綜合收益表內 計入／（扣除）	2,146	(5,572)	145	5,571	2,309	4,599	(18)	–	(18)
At 31 December 2012 (restated)	於二零一二年 十二月三十一日（經重列）	2,127	(6,174)	(47,284)	(39,414)	(16,403)	(107,148)	174	–	174
Exchange difference	匯兌差額	(11)	(1,658)	(1,725)	–	–	(3,394)	–	–	–
Acquisition of subsidiaries (Note 36)	收購附屬公司（附註36）	–	(213,991)	(221,052)	–	–	(435,043)	–	–	–
Redemption of convertible bonds	贖回可換股債券	–	–	–	34,841	–	34,841	–	–	–
Charged to other comprehensive income	在其他全面收益內扣除	–	–	(6,365)	–	–	(6,365)	–	–	–
Transfer to reserve upon conversion of 4% convertible bonds	因轉換4%票息可換股債券 而轉撥至儲備	–	–	–	306	–	306	–	–	–
(Charged)/credited to consolidated income statement	在綜合收益表內 （扣除）／計入	(7,418)	(1,371)	–	4,267	1,976	(2,546)	5,711	5,974	11,685
At 31 December 2013	於二零一三年十二月三十一日	(5,302)	(223,194)	(276,426)	–	(14,427)	(519,349)	5,885	5,974	11,859

As at 31 December 2012, the deferred tax liability of the Company of HK\$39,414,000 represented the convertible bonds, which is shown above.

Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group has unrecognised deferred tax assets in respect of tax losses amounting to HK\$152,537,000 (2012: HK\$159,676,000) which can be carried forward against future taxable income. Tax losses amounting to HK\$54,357,000 are expiring from 2014 through 2018 (2012: HK\$45,709,000 expiring from 2013 through 2017). The remaining tax losses do not have expiry dates.

於二零一二年十二月三十一日，本公司之遞延稅項負債港幣39,414,000元代表可換股債券，於上表列示。

就結轉之稅損作遞延稅項資產確認，以相關稅務利益在有可能透過未來應課稅溢利變現之數額為限。本集團有未確認遞延稅項資產，源自稅損港幣152,537,000元（二零一二年：港幣159,676,000元），其可結轉以抵銷未來應課稅收入。為數港幣54,357,000元之稅損將於二零一四年至二零一八年內屆滿（二零一二年：港幣45,709,000元之稅損將於二零一三年至二零一七年內屆滿）。其餘稅損沒有屆滿時限。

28 Bank loans

28 銀行貸款

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Bank loans, wholly payable within five years	須於五年內悉數償還之銀行貸款				
– secured	– 有抵押	1,479,187	249,000	50,000	50,000
– unsecured	– 無抵押	1,041,765	917,904	685,454	537,904
		2,520,952	1,166,904	735,454	587,904
The repayment schedule of bank loans is as follows:					
Short term revolving bank loans	銀行貸款之還款期如下：				
Portion of bank loans due for repayment within one year	短期循環銀行貸款須於一年內償還之銀行貸款部份	934,312	649,000	375,000	250,000
		192,981	91,450	103,640	67,450
		1,127,293	740,450	478,640	317,450
Portion of bank loans due for repayment after one year but contain a repayment on demand clause					
(i) in the second year	須於一年後償還但包含要求償還條文之銀行貸款部份 (i) 於第二年到期	307,548	107,640	206,814	83,640
(ii) in the third to fifth years, inclusive	(ii) 於第三至第五年到期(首尾兩年包括在內)	157,999	318,814	50,000	186,814
Portion of bank loans due for repayment after one year and do not contain a repayment on demand clause					
(i) in the second year	須於一年後償還但並無包含要求償還條文之銀行貸款部份 (i) 於第二年到期	61,015	–	–	–
(ii) in the third to fifth years, inclusive	(ii) 於第三至第五年到期(首尾兩年包括在內)	867,097	–	–	–
		1,393,659	426,454	256,814	270,454
		2,520,952	1,166,904	735,454	587,904
Less: Amounts due after one year shown under non-current liabilities	減：非流動負債項下一年後到期之金額	(928,112)	–	–	–
		1,592,840	1,166,904	735,454	587,904

As at 31 December 2013, the Group has bank loans of HK\$1,694,001,000 (2012: HK\$1,166,904,000), HK\$304,495,000 (2012: Nil) and HK\$522,456,000 (2012: Nil) denominated in Hong Kong dollar, United States dollar and Renminbi respectively. All of the Company's bank loans were denominated in Hong Kong dollar as at 31 December 2013 and 2012.

於二零一三年十二月三十一日，本集團分別以港幣、美元及人民幣計值之銀行貸款為港幣1,694,001,000元(二零一二年：港幣1,166,904,000元)、港幣304,495,000元(二零一二年：無)及港幣522,456,000元(二零一二年：無)。本公司於二零一三年及二零一二年十二月三十一日之銀行貸款全部以港幣計值。

28 Bank loans (continued)

Notes:

- (a) The bank loans of the Group and the Company carried weighted average interest rates of 3.2% and 1.9% (2012: 2.3% and 1.8%) per annum respectively.
- (b) As at 31 December 2013, the bank loans of the Group are secured by leasehold land and building (note 15); investment properties (note 16); properties under development (note 22); HK\$4,300,673 restricted cash (2012: Nil); and certain other assets and equity interests of the Group's certain subsidiaries.
- (c) The carrying amounts of bank loans approximate their fair value.

29 4% coupon bonds

On 19 June 2012, the Company issued 4% coupon bonds at a principal amount of HK\$135,000,000 (the "Bonds 1") for a consideration of HK\$135,000,000. 135,000,000 warrants (the "Warrants 1") were issued, for no additional payment, by the Company to the first holders of the Bonds 1 on the basis of one warrant for every HK\$1.00 in the principal amount of the Bonds 1 taken up. On 3 August 2012, the Company issued another 4% coupon bonds at a principal amount of HK\$54,000,000 (the "Bonds 2") for a consideration of HK\$54,000,000. 54,000,000 warrants (the "Warrants 2") were issued, for no additional payment, by the Company to the first holders of the Bonds 2 on the basis of one warrant for every HK\$1.00 in the principal amount of the Bonds 2 taken up.

Both the Bonds 1 and the Bonds 2 bear interest at 4% per annum and will mature on the date immediately following twelve months after the issue of Bonds. The Company may at any time before the maturity date redeem the Bonds (in whole or in part) at 100% of the total principal amount of such Bonds together with payment of interests accrued up to the date of such early redemption. The effective interest rates of the liability element before and after issuance costs are 13.9% and 17.4% respectively for the Bonds 1, and 17.1% and 21.1% respectively for the Bonds 2.

Both the Warrants 1 and the Warrants 2 are exercisable at any time from the date of issue at an exercise price of HK\$1.00 per share, subject to adjustments, to subscribe for shares of the Company. All warrants were exercised during the year. (As at 31 December 2012: 135,000,000 warrants of the Warrants 1 and 54,000,000 warrants of the Warrants 2 were outstanding).

28 銀行貸款 (續)

附註:

- (a) 本集團及本公司之銀行貸款其加權平均年利率分別為3.2%及1.9% (二零一二年: 2.3%及1.8%)。
- (b) 於二零一三年十二月三十一日, 本集團之銀行貸款以租賃土地及樓宇(附註15); 投資物業(附註16); 發展中物業(附註22); 港幣4,300,673元之受限制現金(二零一二年: 無); 及本集團若干附屬公司之若干其他資產及股權作抵押。
- (c) 銀行貸款之賬面值與其公允值相近。

29 4%票息債券

於二零一二年六月十九日, 本公司發行4%票息債券, 票面本金額為港幣135,000,000元(「債券1」), 代價為港幣135,000,000元。135,000,000份認股權證(「認股權證1」)由本公司發行予債券1之首批持有人, 彼等毋須額外付款, 基準為每承購債券1本金額中港幣1.00元, 可獲發一份認股權證。於二零一二年八月三日, 本公司發行另一份4%票息債券, 票面本金額為港幣54,000,000元(「債券2」), 代價為港幣54,000,000元。54,000,000份認股權證(「認股權證2」)由本公司發行予債券2之首批持有人, 彼等毋須額外付款, 基準為每承購債券2本金額中港幣1.00元, 可獲發一份認股權證。

債券1及債券2均按年息率4%計息, 並將於緊隨債券發行後十二個月當日到期。本公司可於到期日前隨時贖回全部或部份債券, 贖回金額為有關債券之本金總額, 連同累計至該提早贖回日期的利息。就債券1及債券2而言, 負債部份扣除發行成本前後的實際利率, 分別為13.9%及17.4%, 以及17.1%及21.1%。

認股權證1及認股權證2均可由發行日期起, 按行使價每股港幣1.00元(可予調整)隨時行使, 藉以認購本公司股份。所有認股權證於本年度均已行使(於二零一二年十二月三十一日: 135,000,000份認股權證1及54,000,000份認股權證2尚未行使)。

29 4% coupon bonds (continued)

The initial recognitions of the 4% coupon bonds are set out as below:

		Bonds 1 19 June 2012 債券1 二零一二年 六月十九日 HK\$'000 港幣千元	Bonds 2 3 August 2012 債券2 二零一二年 八月三日 HK\$'000 港幣千元
Nominal value at date of issue	於發行日期之面值	135,000	54,000
Equity component	權益面值	(11,786)	(6,048)
Transaction cost paid	已支付交易成本	(3,595)	(1,571)
Carrying amount at date of issue		119,619	46,381

The movements of the liability component of the 4% coupon bonds are set out below:

4%票息債券之負債部份變動載列如下：

		Bonds 1 債券1 HK\$'000 港幣千元	Bonds 2 債券2 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 January 2012	於二零一二年一月一日	—	—	—
Issue of 4% coupon bonds	發行4%票息債券	119,619	46,381	166,000
Imputed interest expense	估算利息開支	7,985	2,992	10,977
At 31 December 2012	於二零一二年十二月三十一日	127,604	49,373	176,977
Redemption of 4% coupon bonds	贖回4%票息債券	(135,000)	(54,000)	(189,000)
Imputed interest expense	估算利息開支	7,396	4,627	12,023
At 31 December 2013	於二零一三年十二月三十一日	—	—	—

30 Payables and accruals

30 應付賬款及應計費用

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Trade payables – third parties	貿易應付賬款 — 第三方	2,212,719	1,641,159	—	—
Retention payables – third parties	保固金應付賬款 — 第三方	573,810	362,360	—	—
		2,786,529	2,003,519	—	—
Other payables, deposits and accruals	其他應付賬款、 按金及應計費用				
– third parties	— 第三方	637,096	626,938	11,646	17,175
– accruals for tax liabilities on acquisition of land parcels in Tieling	— 就收購於鐵嶺 地塊之應計 稅項負債	372,010	363,419	—	—
– payables related to acquisition of a subsidiary (Note i)	— 涉及收購一間 附屬公司之 應付款項 (附註i)	1,874	1,874	—	—
– subsidiaries	— 附屬公司	—	—	1,419	—
		3,797,509	2,995,750	13,065	17,175

The carrying amounts of the Group's and Company's payables and accruals are denominated in the following currencies:

本集團及本公司應付賬款及應計費用之賬面值以下列貨幣值為單位：

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Hong Kong dollar	港幣	2,167,581	2,265,369	13,065	17,175
Renminbi	人民幣	728,513	620,569	—	—
Macau pataca	澳門幣	901,415	109,812	—	—
Other	其他	—	—	—	—
		3,797,509	2,995,750	13,065	17,175

30 Payables and accruals (continued)

The aging analysis of trade and retention payables by due date is as follows:

Not yet due	未到期
1 to 30 days	一天至三十天
31 to 90 days	三十一天至九十天
91 to 180 days	九十一天至一百八十天
Over 180 days	一百八十天以上

30 應付賬款及應計費用 (續)

貿易與保固金應付賬款按到期日之賬齡分析如下：

		The Group 本集團	
		2013	2012
		HK\$'000	HK\$'000
		港幣千元	港幣千元
			(Restated)
			(經重列)
Not yet due	未到期	2,569,585	1,886,814
1 to 30 days	一天至三十天	115,914	42,635
31 to 90 days	三十一天至九十天	47,239	27,176
91 to 180 days	九十一天至一百八十天	14,059	9,110
Over 180 days	一百八十天以上	39,732	37,784
		2,786,529	2,003,519

Notes:

- (i) The payables related to acquisition of a subsidiary included an amount due to a director of HK\$1,874,000 (2012: acquisition of a subsidiary included an amount due to a director of HK\$1,874,000). The amount due to director is unsecured, non-interest bearing and has no fixed repayment term.

Retention payables in respect of the contracting business are settled in accordance with the terms of the respective contracts. At 31 December 2013, retention payables held by the Group amounting to approximately HK\$277,527,000 (2012: HK\$139,000,000) are expected to be settled in more than twelve months from the end of the reporting period.

附註：

- (i) 涉及收購一間附屬公司之應付款項包括應付一名董事款項港幣1,874,000元(二零一二年：收購一間附屬公司之應付款項包括應付一名董事款項港幣1,874,000元)。應付一名董事款項為無抵押、免息及無固定還款期。

建造合約業務之保固金應付賬款乃根據各自合約之條款結算。於二零一三年十二月三十一日，本集團所持有之保固金應付賬款約港幣277,527,000元(二零一二年：港幣139,000,000元)預期將自報告期結束起計超過十二個月內結算。

31 Amounts due from non-controlling interests

Amounts due from non-controlling interests are unsecured, non-interest bearing and have no fixed terms of repayment. The carrying amounts approximate their fair value, and are mainly denominated in Hong Kong dollars.

31 應收非控股權益款項

應收非控股權益款項乃無抵押、免息及無固定還款期。其賬面值與其公允值相近，並主要以港幣為單位。

32 Convertible bonds**(a) 4% convertible bonds**

On 15 August 2012, the Company issued 4% convertible bonds with a principal amount of HK\$49,000,000. The 4% convertible bonds are denominated in Hong Kong dollars and will be redeemed at 100% of the principal amount plus 4% interest on 14 August 2013 (the "Maturity Date 1").

The 4% convertible bonds entitle the holders to convert them into ordinary shares of the Company at any time from the date of issue, subject to adjustments, to convert for ordinary shares of the Company until Maturity Date 1. The conversion price of 4% convertible bonds is HK\$1.00 per share.

During the year, 4% convertible bonds of HK\$38,000,000 were converted into 38,000,000 ordinary shares. The remaining balance of 4% convertible bonds of HK\$9,000,000 was fully repaid.

32 可換股債券**(a) 4%票息可換股債券**

於二零一二年八月十五日，本公司發行本金額港幣49,000,000元的4%票息可換股債券。4%票息可換股債券以港幣計值，並將於二零一三年八月十四日(「到期日1」)，按100%本金額加利息4%贖回。

4%票息可換股債券賦予持有人權利轉換彼等為本公司普通股，由發行日期(可予調整)起直至到期日1隨時轉換本公司普通股。4%票息可換股債券的轉換價為每股港幣1.00元。

於本年度，港幣38,000,000元的4%票息可換股債券已轉換為38,000,000股普通股。餘額港幣9,000,000元的4%票息可換股債券已悉數償還。

32 Convertible bonds (continued)**(b) Convertible bonds**

On 18 November 2011, the Company issued zero coupon convertible bonds with a principal amount of HK\$759,210,000 in settlement of the Tieling Acquisition. The convertible bonds are denominated in Hong Kong dollars and will be redeemed at 100% of the principal amount on 17 November 2018 ("Maturity Date 2").

The convertible bonds entitle the holders to convert them into ordinary shares of the Company at any time between the date of issue of the convertible bonds and their expiry on the Maturity Date 2 at a conversion price of HK\$1.53 per share. The holder of the convertible bonds has the right to require the Company to redeem all or some of the bonds on the fifth anniversary of the date of their issue.

The convertible bonds or any part(s) thereof may be transferred at any time with prior notice served to the Company, provided such transfer shall also be in compliance with the conditions under the convertible bonds and, save for the consent of the Stock Exchange, none of the convertible bonds may be transferred to a connected person of the Company.

The holder of convertible bonds will have the right to convert the convertible bonds into the shares of the Company subject to, among other things, any conversion of the convertible bonds (a) shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the convertible bonds exercising the conversion right and its party(ies) acting in concert as defined under the Takeovers Code; and (b) will not cause the public float of the Company unable to meet the requirement under the Listing Rules.

The convertible bonds contain two components, liability and equity elements. The equity element is presented in equity heading "convertible bonds and warrants equity reserve". The imputed financial cost of the convertible bonds and effective interest cost of 4% convertible bonds are calculated using the effective interest method by applying the effective interest rate of 6.5% and 14.4% per annum, respectively.

On 25 September 2013, the Company applied the proceeds from the placing of ordinary shares of the Company to redeem convertible bonds for a total principal amount of HK\$250,000,000. Immediately after the redemption, the remaining balances of convertible bonds were converted into ordinary shares of the Company at HK\$1.53 per share (the Conversion). A gain on redemption of convertible bonds of approximately HK\$18,774,000 from the Conversion was recognised in profit or loss.

32 可換股債券 (續)**(b) 可換股債券**

於二零一一年十一月十八日，本公司發行本金額為港幣759,210,000元之零票息可換股債券，以作為結付鐵嶺收購事項之代價。可換股債券以港幣為單位，並將於二零一八年十一月十七日（「到期日2」）按100%本金額贖回。

可換股債券賦予持有人權利，於可換股債券發行日期至其到期之到期日2為止，隨時按兌換價每股港幣1.53元兌換為本公司之普通股。可換股債券持有人有權要求本公司於發行日期起計滿五周年當日贖回所有或部份債券。

可換股債券或其任何部份可於向本公司發出事前通知後隨時予以轉讓，惟有關轉讓須符合可換股債券之條件，且除非取得聯交所同意，否則可換股債券概不可轉讓予本公司關連人士。

可換股債券持有人將有權將可換股債券兌換成本公司股份，惟（其中包括）任何兌換可換股債券(a)不應引致行使換股權之可換股債券持有人及其一致行動人士（定義見收購守則）根據收購守則第26條產生強制性收購建議責任；及(b)將不會導致本公司之公眾持股量未能符合上市規則之規定。

可換股債券包括負債及權益兩個部份。權益部份呈列於「可換股債券及認股權證權益儲備」之權益內。可換股債券之估算財務成本及4%票息可換股債券之實際利率成本乃採用實際利息法並分別應用實際年利率6.5%及14.4%計算。

於二零一三年九月二十五日，本公司運用配售本公司普通股之所得款項贖回合共本金額港幣250,000,000元之可換股債券。緊隨贖回後，可換股債券之餘額已按每股港幣1.53元轉換為本公司之普通股（「該轉換」）。來自該轉換之贖回可換股債券收益約港幣18,774,000元已於損益內確認。

32 Convertible bonds (continued)**(b) Convertible bonds** (continued)

The initial recognitions of the convertible bonds and 4% convertible bonds are set out as below:

		Convertible bonds 18 November 2011 可換股債券 二零一一年 十一月十八日 HK\$'000 港幣千元	4% convertible bonds 15 August 2012 4%票息可換股債券 二零一二年 八月十五日 HK\$'000 港幣千元
Nominal value at date of issue	於發行日期之面值	759,210	49,000
Equity component	權益部份	(245,342)	(3,409)
Transaction cost paid	已支付交易成本	—	(1,225)
Special reserve	特別儲備	(26,453)	—
Carrying amount at date of issue	於發行日期之賬面值	487,415	44,366

The movements of the liability component of the convertible bonds and 4% convertible bonds are set out below:

可換股債券及4%票息可換股債券之負債部份變動載列如下：

		Convertible bonds 可換股債券 HK\$'000 港幣千元	4% convertible bonds 4%票息 可換股債券 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
At 1 January 2012	於二零一二年一月一日	491,063	—	491,063
Issue of 4% convertible bonds	發行4%票息可換股債券	—	44,366	44,366
Imputed interest expense	估算利息開支	32,094	1,678	33,772
Conversion to ordinary shares of the Company (Note 34)	轉換為本公司普通股 (附註34)	—	(1,860)	(1,860)
At 31 December 2012	於二零一二年十二月三十一日	523,157	44,184	567,341
Redemption of convertible bonds	贖回可換股債券	(180,467)	(9,000)	(189,467)
Imputed interest expense	估算利息開支	24,893	962	25,855
Conversion to ordinary shares of the Company (Notes 34)	轉換為本公司普通股 (附註34)	(367,583)	(36,146)	(403,729)
At 31 December 2013	於二零一三年十二月三十一日	—	—	—

33 Long service payment liabilities

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employee's final salary and years of service, and is reduced by entitlements accrued under the Group's defined contribution retirement scheme that is attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

Movements of present value of defined benefit obligation are as follows:

33 長期服務金負債

根據香港《僱傭條例》，本集團有責任向服務年資達五年或以上而在若干情況下停止受僱的僱員付出一筆過的金額。所支付的金額乃根據僱員的最終薪金及服務年數而釐定，並扣除僱員在本集團界定供款退休計劃下應計權益中本集團所供之款項。本集團並無撥出任何資產以為任何餘下的責任提供資金。

界定福利責任之現值之變動如下：

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
At 1 January	於一月一日	9,030	7,654	450	762
Amounts recognised in income statement	於收益表中確認之金額				
Current service cost	即期服務成本	(438)	1,271	—	(323)
Interest cost on defined benefit obligation	界定福利責任之利息成本	52	105	—	11
		(386)	1,376	—	(312)
Amounts recognised in other comprehensive income	於其他全面收益中確認之金額				
Remeasurement:	重新計量：				
Actuarial loss/(gain) arising from:	自以下各項產生之精算虧損／（收益）				
Experience adjustment	經驗調整	(2,347)	—	—	—
Financial assumptions	財務假設	(1,943)	—	—	—
Demographic assumptions	人口統計假設	(289)	—	—	—
		(4,579)	—	—	—
Others	其他				
Benefits paid	已付福利	(517)	—	—	—
At 31 December	於十二月三十一日	3,548	9,030	450	450

33 Long Service payment liabilities (continued)

The principal actuarial assumptions used for accounting purposes are as follows:

33 長期服務金負債 (續)

就會計目的採用之主要精算假設如下：

		The Group (excl. Synergis) 本集團 (不包括新昌管理)		Synergis 新昌管理	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Discount rate	貼現率	2.60%	0.80%	0.90%	0.50%
Long-term salary increase rate	長期薪金增長率	2.80%	2.50%	2.20%-4.00%	1.60%-4.00%
Long term average expected return on mandatory provident fund scheme assets	強制性公積金計劃資產之長期平均預期回報	—	—	4.50%	4.60%

The sensitivity of the defined benefit obligation to changes in the significant principal assumptions is as follows:

界定福利責任對重大主要假設變動的敏感性載列如下：

		Impact on defined benefit obligation (HK\$'000) 對界定福利責任的影響 (港幣千元)		
		Change in assumption 假設變動	Increase in assumption 假設增加	Decrease in assumption 假設減少
The Group (excl. Synergis)	本集團 (不包括新昌管理)			
Discount rate	貼現率	0.50%	(448)	543
Long-term salary increase rate	長期薪金增長率	0.50%	551	(457)

		Impact on defined benefit obligation (HK\$'000) 對界定福利責任的影響 (港幣千元)		
		Change in assumption 假設變動	Increase in assumption 假設增加	Decrease in assumption 假設減少
Synergis	新昌管理			
Discount rate	貼現率	0.25%	(9)	9
Long-term salary increase rate	長期薪金增長率	0.25%	55	(53)
Long term average expected return on mandatory provident fund scheme assets	強制性公積金計劃資產之長期平均預期回報	0.25%	(46)	47

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied.

以上敏感度分析是基於一項假設變動，而所有其他假設不變。實踐上，這是不太可能發生的，其中一些假設之變動可能是互相關聯的。當計算界定福利責任對重大精算假設的敏感度時，應用了相同方法（於報告期末以預計單位計入法計算界定福利責任的現值）。

The weighted average duration of the defined benefit obligation is 13 years as at 31 December 2013.

於二零一三年十二月三十一日界定福利責任的加權平均期限為13年。

34 Share capital and share options
(a) Share capital**34 股本及認股權**
(a) 股本

		2013		2012	
		Number of shares '000 股份數目 千股	HK\$'000 港幣千元	Number of shares '000 股份數目 千股	HK\$'000 港幣千元
Authorised, ordinary shares of HK\$0.1 each:	每股普通股港幣0.1元之法定股本：				
At the beginning and end of the year	於年初及年末	5,000,000	500,000	5,000,000	500,000
Ordinary shares, issued and fully paid:	已發行及繳足之普通股：				
At the beginning of the year	於年初	948,350	94,835	946,350	94,635
Issue of shares upon conversion of 4% convertible bonds ¹	因轉換4%票息可換股債券而發行股份 ¹	38,000	3,800	2,000	200
Issue of shares upon conversion of convertible bonds ²	因轉換可換股債券而發行股份 ²	332,817	33,282	—	—
Issue of shares upon exercise of Warrants 1 and Warrants 2 ³	因行使認股權證1及認股權證2而發行股份 ³	189,000	18,900	—	—
Issue of shares for business combination ⁴	就業務合併而發行股份 ⁴	1,350,000	135,000	—	—
At the end of the year	於年末	2,858,167	285,817	948,350	94,835

Notes:

- ¹ During the year, these shares were issued pursuant to the exercise of 4% convertible bonds issued on 15 August 2012. These shares rank pari passu in all respects with other shares in issue.
- ² On 18 November 2011, the Company issued of convertibles bonds for acquiring land parcels in Tieling. During the year, the convertible bonds with principal amount of HK\$509,210,000 were converted to approximate 332,817,000 shares at HK\$1.53 each. These shares rank pari passu in all respects with other shares in issue.
- ³ During the year, these shares were issued pursuant to the exercise of Warrants 1 and Warrants 2 issued on 19 June 2012 and 3 August 2012. These shares rank pari passu in all respects with other shares in issue.
- ⁴ On 25 September 2013, the Company issued 1,350,000,000 shares of HK\$1.0 each to independent third parties through placing agent. The net proceeds were used to pay for the consideration of business combination (Note 36) and redemption of convertible bonds (Note 32b). These shares rank pari passu in all respects with other shares in issue.

附註：

- ¹ 於本年度，該等股份乃因於二零一二年八月十五日行使4%票息可換股債券而獲發行。該等股份將於各方面與其他已發行股份享有同等地位。
- ² 於二零一一年十一月十八日，本公司發行可換股債券，以收購位於鐵嶺之地塊。於本年度，本金額為港幣509,210,000元之可換股債券轉換為約332,817,000股每股面值港幣1.53元之股份。該等股份將於各方面與其他已發行股份享有同等地位。
- ³ 於本年度，該等股份乃因於二零一二年六月十九日及二零一二年八月三日行使認股權證1及認股權證2而獲發行。該等股份將於各方面與其他已發行股份享有同等地位。
- ⁴ 於二零一三年九月二十五日，本公司透過配售代理向獨立第三方發行1,350,000,000股每股面值港幣1.0元之股份。所得款項淨額已用作支付業務合併（附註36）及贖回可換股債券（附註32b）之代價。該等股份將於各方面與其他已發行股份享有同等地位。

34 Share capital and share options (continued)**(b) Share options****2008 Option Scheme**

The Company adopted a share option scheme on 22 May 2008 (the "2008 Option Scheme"). Pursuant to the 2008 Option Scheme, the directors of the Company may, at their absolute discretion, grant options to eligible persons (as defined in the rules of the 2008 Option Scheme) who might include, inter alia, any employee, executive director, non-executive director and independent non-executive director of the Company or its subsidiaries.

Movements in the options under the 2008 Option Scheme during the year and options outstanding as at the beginning and end of the year and their related average exercise prices are as follows:

		Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options 認股權數目 '000 千股
At 1 January 2012	於二零一二年一月一日	1.77	40,874
Lapsed	已失效	2.13	(1,000)
At 31 December 2012	於二零一二年十二月三十一日	1.76	39,874
Lapsed	已失效	1.47	(3,668)
At 31 December 2013	於二零一三年十二月三十一日	1.79	36,206

Out of 36,206,000 outstanding options (2012: 39,874,000 options), 35,456,000 options (2012: 37,207,000) were exercisable with the average exercise price of HK\$1.80 (2012: HK\$1.78).

Share options outstanding have the following expiry date and exercise price:

Expiry date	到期日	Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options ('000) 認股權數目 (千股)	
			2013	2012
22 May 2018	二零一八年五月二十二日	2.13	23,200	24,200
3 December 2019	二零一九年十二月三日	1.02	8,256	8,924
25 April 2021	二零二一年四月二十五日	1.70	2,000	2,000
31 August 2021	二零二一年八月三十一日	1.29	2,750	4,750

34 股本及認股權 (續)**(b) 認股權****二零零八年認股權計劃**

本公司於二零零八年五月二十二日採納一項認股權計劃(「二零零八年認股權計劃」)。根據二零零八年認股權計劃,本公司董事可行使絕對酌情權向合資格人士(定義見二零零八年認股權計劃之規則),應包括(當中包括)本公司或其附屬公司之任何僱員、執行董事、非執行董事及獨立非執行董事授出認股權。

於二零零八年認股權計劃下之認股權年內變動,及於年初及年末之未行使認股權及與彼等有關之平均行使價詳情如下:

於36,206,000份未行使之認股權(二零一二年:39,874,000份未行使之認股權)中,有35,456,000份認股權(二零一二年:37,207,000份認股權)為可供行使,平均行使價為每股港幣1.80元(二零一二年:港幣1.78元)。

尚未行使認股權之到期日及行使價如下:

34 Share capital and share options (continued)**(b) Share options (continued)****Synergis Option Scheme**

Synergis adopted a share option scheme on 19 September 2003 (the "Synergis Option Scheme") pursuant to the shareholders' resolutions of Synergis passed on 19 September 2003. Pursuant to the Synergis Option Scheme, the directors of Synergis, at their absolute discretion, may grant share options to eligible persons (as defined in the rules of the Synergis Option Scheme) who might include, inter alia, any employee, executive director, non-executive director and independent non-executive director of Synergis or its subsidiaries.

Movements in the share options under the Synergis Option Scheme during the year and share options outstanding as at the beginning and end of the year and their related average exercise prices are as follows:

		Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options 購股權數目 '000 (千股)
As at 1 January 2012	於二零一二年一月一日	0.83	16,100
Lapsed	已失效	0.85	(2,850)
As at 31 December 2012 and 1 January 2013	於二零一二年十二月三十一日及 二零一三年一月一日	0.82	13,250
Granted	已授出	0.94	24,300
Lapsed	已失效	0.88	(6,150)
As at 31 December 2013	於二零一三年十二月三十一日	0.90	31,400

Out of 31,400,000 outstanding options (2012: 13,250,000), 5,760,000 options (2012: 3,090,000) were exercisable with the average exercise price of HK\$0.84 (2012: HK\$0.82).

Share options outstanding have the following expiry date and exercise price:

Expiry date	到期日	Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options ('000) 購股權數目 (千股)	
			2013 二零一三年	2012 二零一二年
24 September 2013	二零一三年九月二十四日	0.82	6,500	1,650
31 August 2015	二零一五年八月三十一日	0.76	1,500	1,500
24 September 2015	二零一五年九月二十四日	0.83	150	8,450
6 June 2017	二零一七年六月六日	0.86	1,650	1,650
27 May 2017	二零一七年五月二十七日	0.952	1,800	—
15 May 2018	二零一八年五月十五日	0.85	3,600	—
27 May 2019	二零一九年五月二十七日	0.952	16,200	—

34 股本及認股權 (續)**(b) 認股權 (續)****新昌管理購股權計劃**

根據新昌管理於二零零三年九月十九日通過之股東決議案，新昌管理於二零零三年九月十九日採納一項購股權計劃（「新昌管理購股權計劃」）。根據新昌管理購股權計劃，新昌管理董事有絕對酌情權可向合資格人士（定義見新昌管理購股權計劃之規則），應包括（當中包括）新昌管理或其附屬公司之任何僱員、執行董事、非執行董事及獨立非執行董事授出購股權。

年內，根據新昌管理購股權計劃下購股權之變動，及於年初及年末之未行使購股權及彼等之彼等有關之平均行使價如下：

		Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options 購股權數目 '000 (千股)
As at 1 January 2012	於二零一二年一月一日	0.83	16,100
Lapsed	已失效	0.85	(2,850)
As at 31 December 2012 and 1 January 2013	於二零一二年十二月三十一日及 二零一三年一月一日	0.82	13,250
Granted	已授出	0.94	24,300
Lapsed	已失效	0.88	(6,150)
As at 31 December 2013	於二零一三年十二月三十一日	0.90	31,400

於31,400,000份尚未行使的購股權（二零一二年：13,250,000份）中，其中5,760,000份購股權（二零一二年：3,090,000份）是可行使的，平均行使價為港幣0.84元（二零一二年：港幣0.82元）。

尚未行使購股權之到期日及行使價如下：

		Average exercise price 平均行使價 (HK\$ per share) (每股港幣元)	Number of share options ('000) 購股權數目 (千股)	
			2013 二零一三年	2012 二零一二年
24 September 2013	二零一三年九月二十四日	0.82	6,500	1,650
31 August 2015	二零一五年八月三十一日	0.76	1,500	1,500
24 September 2015	二零一五年九月二十四日	0.83	150	8,450
6 June 2017	二零一七年六月六日	0.86	1,650	1,650
27 May 2017	二零一七年五月二十七日	0.952	1,800	—
15 May 2018	二零一八年五月十五日	0.85	3,600	—
27 May 2019	二零一九年五月二十七日	0.952	16,200	—

35 Reserves of the Company

35 本公司儲備

		Share premium	Capital redemption reserve	Share options reserve	Special reserve	Convertible bonds and warrants equity reserve 可換股債券及認股權證權益儲備	Retained profits	Total
		股份溢價 HK\$'000 港幣千元	股本贖回儲備 HK\$'000 港幣千元	認股權儲備 HK\$'000 港幣千元	特別儲備 HK\$'000 港幣千元	可換股債券及認股權證權益儲備 HK\$'000 港幣千元	保留溢利 HK\$'000 港幣千元	總額 HK\$'000 港幣千元
At 1 January 2012	於二零一二年一月一日	513,552	4,420	24,055	332,046	200,496	462,631	1,537,200
Profit for the year	本年度溢利	-	-	-	-	-	350,205	350,205
Issue of shares upon conversion of 4% convertible bonds	因轉換4%票息可換股債券而發行股份	1,822	-	-	-	(139)	-	1,683
Recognition of equity component of 4% convertible bonds	確認4%票息可換股債券之權益部份	-	-	-	-	3,409	-	3,409
Deferred tax liability on recognition of equity component of 4% convertible bonds	確認4%票息可換股債券權益部分之遞延稅項負債	-	-	-	-	(765)	-	(765)
Equity settled share-based transactions	以股份為基礎之股權結算交易	-	-	2,261	-	-	-	2,261
Recognition of warrants	確認認股權證	-	-	-	-	17,834	-	17,834
Transfer upon share options lapsing	因購股權失效而轉撥	-	-	(764)	-	-	764	-
Dividends paid	已派股息	-	-	-	-	-	(47,318)	(47,318)
		1,822	-	1,497	-	20,339	(46,554)	(22,896)
At 31 December 2012	於二零一二年十二月三十一日	515,374	4,420	25,552	332,046	220,835	766,282	1,864,509
Profit for the year	本年度溢利	-	-	-	-	-	37,398	37,398
Issue of shares upon conversion of 4% convertible bonds	因轉換4%票息可換股債券而發行股份	34,672	-	-	-	(2,020)	-	32,652
Issue of shares upon exercise of Warrants	因行使認股權證而發行股份	187,934	-	-	-	(17,834)	-	170,100
Issue of shares upon conversion of convertible bonds	因轉換可換股債券而發行股份	492,144	-	-	-	(134,474)	-	357,670
Redemption of convertible bonds (Note 32b)	贖回可換股債券(附註32b)	-	-	-	-	(66,021)	(10,813)	(76,834)
Issuance of shares	發行股份	1,153,100	-	-	-	-	-	1,153,100
Equity settled share-based transactions	以股份為基礎之股權結算交易	-	-	463	-	-	-	463
Transfer upon share options lapsing	因購股權失效而轉撥	-	-	(2,192)	-	-	2,192	-
Transfer upon redemption of 4% convertible bonds	因贖回4%票息可換股債券而轉撥	-	-	-	-	(486)	486	-
Dividends paid	已派股息	-	-	-	-	-	(53,891)	(53,891)
		1,867,850	-	(1,729)	-	(220,835)	(62,026)	1,583,260
At 31 December 2013	於二零一三年十二月三十一日	2,383,224	4,420	23,823	332,046	-	741,654	3,485,167
Representing: Reserves	代表：儲備	515,374	4,420	25,552	332,046	220,835	740,298	1,838,525
Final dividend proposed in respect of the year ended 31 December 2012	擬派截至二零一二年十二月三十一日止年度之末期股息	-	-	-	-	-	25,984	25,984
At 31 December 2012	於二零一二年十二月三十一日	515,374	4,420	25,552	332,046	220,835	766,282	1,864,509
Representing: Reserves	代表：儲備	2,383,224	4,420	23,823	332,046	-	684,491	3,428,004
Final dividend proposed in respect of the year ended 31 December 2013	擬派截至二零一三年十二月三十一日止年度之末期股息	-	-	-	-	-	57,163	57,163
At 31 December 2013	於二零一三年十二月三十一日	2,383,224	4,420	23,823	332,046	-	741,654	3,485,167

36 Business combination

On 25 September 2013, the Group acquired the entire issued share capital of Datawin Trading Limited ("Datawin"), which holds 100% equity interest of Beijing Zhong Ji Xin He Real Estate Co., Ltd. ("Beijing Zhongji"), at a total consideration of HK\$965,370,000. Beijing Zhongji is principally engaged in the property investment business. The property is situated in Beijing.

The Directors are of the view that the acquisition, which enhances the Group's investment property portfolio, will further improve the profitability and facilitate the sustainable development of the Group. The acquisition method of accounting is adopted for this acquisition, resulting in a gain on bargain purchase of HK\$73,210,000. The bargain purchase gain is mainly contributed from the appreciation of Renminbi on the net assets acquired, as well as the reduced amount payable for liabilities acquired resulted from claims under the deed of indemnity.

36 業務合併

於二零一三年九月二十五日，本集團收購德勝貿易有限公司（「德勝」，其持有北京中基信和置業有限公司（「北京中基」）之100%權益）之全部已發行股本，總代價為港幣965,370,000元。北京中基主要從事物業投資業務。該物業位於北京。

董事認為，收購事項可加強本集團之投資物業組合，並將進一步提升本集團之盈利能力及促進其可持續發展。本集團就該收購事項採用購買法會計，並產生議價收購收益港幣73,210,000元。議價收購收益主要來自所收購資產淨值之人民幣升值及根據彌償契據之索償產生就所收購負債之應付金額減少。

		Carrying amount before business combination 業務合併前 賬面值 HK\$'000 港幣千元	Adjustments on acquisition 因收購調整 HK\$'000 港幣千元	Fair value 公允值 HK\$'000 港幣千元
Investment properties	投資物業	683,987	828,661	1,512,648
Property, plant and equipment	物業、機器及設備	7,895	—	7,895
Stocks	存貨	223,844	461,677	685,521
Other receivables and prepayments	其他應收賬款及預付金	4,094	—	4,094
Cash and bank deposits	現金及銀行存款	3,846	—	3,846
Accounts and other payables	應付及其他應付賬款	(35,449)	—	(35,449)
Loan to former shareholders	貸款予前股東	(329,942)	—	(329,942)
Bank borrowings	銀行借貸	(374,990)	—	(374,990)
Deferred tax liabilities	遞延稅項負債	—	(435,043)	(435,043)
		183,285	855,295	1,038,580
Gain on bargain purchase	議價收購之收益			(73,210)
Total consideration	代價總額			965,370
Satisfied by:	以下列方式支付：			
Cash consideration paid by issuance of shares	透過發行股份支付之 現金代價			965,370
Net cash outflow in respect of business combination:	有關業務合併之 現金流出淨額：			
Cash consideration paid	已付現金代價			965,370
Cash and bank deposits acquired	已取得現金及銀行存款			(3,846)
				961,524

36 Business combination (continued)

Had the acquired business been consolidated from 1 January 2013, the consolidated income statement would show pro-forma revenue of HK\$11,530.2 million and profit of HK\$73.4 million.

37 Transactions with non-controlling interests – disposal of interest in a subsidiary without loss of control

On 30 November 2012, the Company disposed of ISP division to Driven Power at a total consideration of HK\$257,488,000, consisting of cash settlement of HK\$180,000,000, 58,666,667 convertible preference shares (“CPS”) and 21,333,333 Bonus CPS. The Bonus CPS will be issued by Synergis to the Group if the actual profits of ISP division for the year ended 31 December 2012 exceeds HK\$30,000,000. As a result of issuance of CPS by Synergis, the interest of non-controlling interests in Synergis decreased from 49.06% to 41.69%. The transaction with non-controlling interests has resulted in a gain of HK\$77,664,000 to the Group and was recognised in other reserve accordingly.

The effects of transactions with non-controlling interests on the equity attributable to equity holders of the company for the year ended 31 December 2012 are as follows:

36 業務合併 (續)

倘所收購業務自二零一三年一月一日起計綜合入賬，則綜合收益表將呈列備考收益港幣11,530,200,000元及溢利港幣73,400,000元。

37 非控股權益交易—出售並無失去控制權的附屬公司權益

於二零一二年十一月三十日，本公司出售室內裝飾及特殊項目部門予Driven Power，總代價為港幣257,488,000元，當中包括現金清償款項港幣180,000,000元、58,666,667股可轉換優先股（「可轉換優先股」）及21,333,333股紅利可轉換優先股。倘室內裝飾及特殊項目部門於截至二零一二年十二月三十一日止年度的實際溢利超過港幣30,000,000元，則新昌管理將向本集團發行紅利可轉換優先股。由於新昌管理發行紅利可轉換優先股，故於新昌管理的非控股權益的權益由49.06%下降至41.69%。此非控股權益交易為本集團帶來港幣77,664,000元之收益，此收益相應地確認於其他儲備中。

截至二零一二年十二月三十一日止年度與非控股權益之交易對本公司權益持有人應佔權益之影響如下：

		HK\$'000 港幣千元
Total comprehensive income for the period attributable to equity holders of the Company	本公司股權持有人於期內應佔全面收益總額	237,682
Changes in equity attributable to equity holders of the Company arising from disposal of interest in a subsidiary without loss of control	出售於一間並無失去控制權的附屬公司權益而產生的本公司股權持有人應佔權益變動	77,664
		315,346

38 Financial guarantees**38 財務擔保**

		The Group 本集團		The Company 本公司	
		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Guarantees given to financial institutions for facilities granted to	為下列公司獲取信貸額而給予財務機構之擔保				
– subsidiaries	– 附屬公司	–	–	5,039,600	2,992,586
– joint operations	– 共同經營業務	–	–	295,800	364,573
		–	–	5,335,400	3,357,159

39 Contingent liabilities

At 31 December 2013 and 2012, the Group is subject to various claims on liquidated damages of certain construction contracts during the normal course of business. The Directors are of the opinion that the Group has applied extension of time to mitigate the liquidated damages and any resulting liability would not materially affect the financial position of the Group.

40 Related party transactions

The following transactions were carried out with related parties:

- (a) In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Group and its related parties during the year.

39 或然負債

於二零一三年及二零一二年十二月三十一日，本集團於一般業務過程中面臨多項涉及若干建造合約之定額賠償索償。董事認為，本集團遞交延期申請以減低定額賠償金額，因此所產生之負債不會對本集團之財政狀況構成任何重大影響。

40 關連公司交易

與關連公司之交易如下：

- (a) 除綜合財務報表內披露關連公司資料外，於年內本集團及關連公司在日常業務往來之重大交易概要如下。

	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Expenses 開支		
Purchase of a motor vehicle, membership fee and golfing expenses paid to a substantial shareholder (Note) 支付予一名主要股東之購買汽車費用、會籍及高爾夫球會費用(附註)	903	960

Note:

Purchase of a motor vehicle, membership fee and golfing expenses paid to a substantial shareholder was concluded on terms and prices agreed by both parties.

附註：

購買汽車、已付一間關連公司之會籍及高爾夫球會費用之交易乃按雙方協定之條款及價格而訂立。

(b) Key management compensation

	2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Salaries and other benefits 薪酬及其他福利	78,676	71,644
Bonus 花紅	21,840	18,992
Contributions to retirement scheme 退休福利計劃供款	2,101	2,269
Share-based compensation 以股份為基礎之補償	677	2,233
	103,294	95,138

(b) 主要管理人員之補償

41 Capital Commitments

At the balance sheet date, the Group had the capital commitments in respect of follows:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Authorised but not contracted for – Equipment	已授權但未訂約 – 設備	–	1,013
Contracted but not provided for – Properties under development	已訂約但未撥備 – 發展中物業	1,549,091	1,701,351
		1,549,091	1,702,364

42 Commitments under operating leases

At the balance sheet date, the Group had future aggregate minimum lease payable under non-cancellable operating leases as follows:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Land and buildings	土地及樓宇		
– not later than one year	– 第一年內	14,218	17,289
– later than one year but not later than five years	– 第二年至第五年內	10,844	13,749
		25,062	31,038
Office equipment	辦公室設備		
– not later than one year	– 第一年內	247	216
– later than one year but not later than five years	– 第二年至第五年內	618	371
		865	587
		25,927	31,625

At the balance sheet date, the Group had future aggregate minimum lease receivable under non-cancellable operating leases, which typically run for a period of one to three years, as follows:

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元
Land and buildings	土地及樓宇		
– not later than one year	– 第一年內	60,005	19,587
– later than one year but not later than five years	– 第二年至第五年內	120,653	8,413
– more than five years	– 五年以上	64,766	–
		245,424	28,000

41 資本承擔

於結算日，本集團就下列各項之資本承擔現列如下：

42 營運租約承擔

於結算日，本集團根據不可撤銷之營運租約需於未來支付之最低租賃款項總額如下：

於結算日，本集團根據不可撤銷之營運租約（一般租賃期為一至三年）於未來之最低租賃應收款項總額如下：

43 Notes to the consolidated cash flow statement

Reconciliation of profit before taxation to net cash (outflow)/inflow from operations is shown as below:

43 綜合現金流量表附註

除稅前溢利與經營之現金（流出）／流入淨額對賬列示如下：

		2013 HK\$'000 港幣千元	2012 HK\$'000 港幣千元 (Restated) (經重列)
Profit before taxation	除稅前溢利	225,542	210,633
Gain on bargain purchase	議價收購之收益	(73,210)	—
Amortisation of intangible assets	無形資產攤銷	14,002	13,992
Depreciation of property, plant and equipment	物業、機器及設備之折舊	43,633	37,180
Dividend income from available-for-sale financial assets	可供出售財務資產之股息收入	—	(6,840)
Fair value loss on investment properties	投資物業公允值虧損	17,620	16,390
Gain on redemption of convertible bonds	贖回可換股債券之收益	(18,774)	—
Net finance costs/(income)	融資成本／（收入）淨額	17,417	(7,762)
Net gain on disposal of property, plant and equipment	出售物業、機器及設備溢利淨額	(1,773)	(65)
Reversal of provision for annual leave (Write back of)/provision for long service payment	年假撥備撥回 長期服務金（撥回）／撥備	—	(14,428)
Share-based compensation	以股份為基礎之補償	(386)	1,376
Write back of impairment on unsold stocks of properties	未出售物業存貨減值回撥	2,851	2,574
		(2,393)	(4,418)
Operating profit before working capital changes	營運資金變動前之經營溢利	224,529	248,632
Increase in properties under development	發展中物業增加	(746,569)	(140,850)
(Increase)/decrease in stocks and contracting work-in-progress	存貨及興建中工程（增加）／減少	(911,806)	55,133
Increase in receivables and prepayments	應收賬款及預付金增加	(372,178)	(136,407)
Increase in amount due from a non-controlling interest	應收非控股權益款項增加	(894)	(3,446)
Increase in payables and accruals	應付賬款及應計費用增加	630,456	545,002
(Increase)/decrease in restricted deposits	受限制存款（增加）／減少	(4,301)	3,715
Exchange differences	匯兌差額	(11,891)	(7,280)
Net cash (outflow)/inflow from operations	經營之現金（流出）／流入淨額	(1,192,654)	564,499

44 Principal subsidiaries

44 主要附屬公司

Company 公司	Place of incorporation/ registration/ operation 成立／註冊／經營地點	The Group's effective percentage of interest held by Company Subsidiaries 本集團所持實際權益百分比 本公司 附屬公司		Issued and paid up capital 已發行及繳足股本	Principal activities 主要業務
Beijing Zhong Ji Xin He Real Estate Co., Ltd. (Note 2) 北京中基信和置業有限公司(附註2)	The People's Republic of China 中華人民共和國	—	100%	US\$40,000,000 美金40,000,000元	Property investment 物業投資
Datawin Trading Limited 德勝貿易有限公司*	British Virgin Islands 英屬處女群島	—	100%	US\$100,000 美金100,000元	Investment holding 投資控股
Cogent Spring Limited	Hong Kong 香港	—	100%	HK\$85,000,002 港幣85,000,002元	Property investment 物業投資
Ever Apex Construction (Macau) Company Limited 永發建築(澳門)有限公司	Macau 澳門	—	100%	MOP25,000 澳門幣25,000元	Registered Contractor services 承建商服務
Guangzhou Fengyu Real Estate Co., Ltd.* (Notes 1 & 3) 廣州豐裕房地產有限公司(附註1及3)	The People's Republic of China 中華人民共和國	—	42%	HK\$80,000,000 港幣80,000,000元	Real estate development 房地產發展
HCCG Building and Civil Engineering (Macau) Limited 新營房屋及土木工程(澳門)有限公司	Macau 澳門	—	100%	MOP25,000 澳門幣25,000元	Building construction and civil engineering 樓宇建造及土木工程
Hsin Chong – Hsin Chong Aster Joint Venture 新昌—新昌亞仕達聯營*	Hong Kong 香港	—	100%	—	Building construction and mechanical, electrical and building services 樓宇建造及機電工程及 屋宇設備
Hsin Chong – China Comservice JV 新昌—中國通信服務聯營	Hong Kong 香港	—	100%	—	Building construction 樓宇建造
Hsin Chong Aster Building Services Limited 新昌亞仕達屋宇設備有限公司	Hong Kong 香港	—	100%	HK\$5,000,000 港幣5,000,000元	Mechanical, electrical and building services 機電工程及屋宇設備
Hsin Chong Construction (Asia) Limited 新昌營造廠(亞洲)有限公司	Hong Kong 香港	—	100%	Ordinary: HK\$70,002,000 Non-voting deferred: HK\$10,000,000 普通股: 港幣70,002,000元 無投票權 遞延股份: 港幣10,000,000元	Building construction and civil engineering 樓宇建造及土木工程

44 Principal subsidiaries (continued)

44 主要附屬公司 (續)

Company 公司	Place of incorporation/ registration/ operation 成立／註冊／經營地點	The Group's effective percentage of interest held by Company Subsidiaries 本集團所持實際權益百分比 本公司 附屬公司		Issued and paid up capital 已發行及繳足股本	Principal activities 主要業務
Hsin Chong Construction (BVI) Ltd.	British Virgin Islands 英屬處女群島	100%	—	HK\$150,000 港幣150,000元	Investment holding 投資控股
Hsin Chong Construction Company Limited 新昌營造廠有限公司	Hong Kong 香港	—	100%	Ordinary: HK\$20,002,000 Non-voting deferred: HK\$20,000,000 普通股： 港幣20,002,000元 無投票權 遞延股份： 港幣20,000,000元	Building construction and civil engineering 樓宇建造及土木工程
Hsin Chong Construction Company Limited* (Notes 1 & 2) 新昌營造建築有限公司(附註1及2)	The People's Republic of China 中華人民共和國	—	100%	RMB116,353,600 人民幣 116,353,600元	Building construction and civil engineering 樓宇建造及土木工程
Hsin Chong Construction (Macau) Limited 新昌營造(澳門)有限公司	Hong Kong 香港	—	100%	HK\$2 港幣2元	Construction management services 建造管理服務
Hsin Chong Construction Management Services Limited 新昌營造管理服務有限公司	Hong Kong 香港	—	100%	HK\$1,000,000 港幣1,000,000元	Construction management services 建造管理服務
Hsin Chong Engineering (Macau) Limited 新昌工程(澳門)有限公司	Macau 澳門	—	100%	MOP25,000 澳門幣25,000元	Construction management services 建造管理服務
Liaoning Huisheng Property Investment Limited ¹ (Note 2) 遼寧滙盛置業有限公司 ¹ (附註2)	The People's Republic of China 中華人民共和國	—	100%	US\$90,000,000 美金90,000,000元	Real estate development 房地產發展
Liaoning Tongji Property Investment Limited ¹ (Note 2) 遼寧同濟置業有限公司 ¹ (附註2)	The People's Republic of China 中華人民共和國	—	100%	US\$59,999,990 美金59,999,990元	Real estate development 房地產發展
Hsin Chong Property Holdings Limited 新昌地產控股有限公司	British Virgin Islands 英屬處女群島	100%	—	US\$227,355,000 美金227,355,000元	Investment holding 投資控股

44 Principal subsidiaries (continued)

44 主要附屬公司 (續)

Company 公司	Place of incorporation/ registration/ operation 成立／註冊／經營地點	The Group's effective percentage of interest held by Company Subsidiaries 本集團所持實際權益百分比 本公司 附屬公司		Issued and paid up capital 已發行及繳足股本	Principal activities 主要業務
Hsin Chong Property Development Limited 新昌地產發展有限公司	Hong Kong 香港	—	100%	US\$2,502,191 美金2,502,191元	Provision of investment and asset management consultancy services 提供投資及資產管理顧問 服務
Rosy China Investments Limited	British Virgin Islands 英屬處女群島	—	100%	US\$1 美金1元	Investment holding 投資控股
Rife Yard Limited	Hong Kong 香港	—	100%	HK\$1,000 港幣1,000元	Real estate development 房地產發展
Smart Lane Holdings Limited	British Virgin Islands 英屬處女群島	100%	—	US\$1 美金1元	Investment holding 投資控股
Sorano Investments Limited	British Virgin Islands 英屬處女群島	—	100%	US\$1 美金1元	Investment holding 投資控股
Everich Construction (Macau) Limited 恆裕建築(澳門)有限公司	Macau 澳門	—	60.5%	MOP25,000 澳門幣25,000元	Provision of renovation and fitting-out works 提供翻新及室內裝修工程
Hsin Chong Construction (Engineering) Limited 新昌營造廠(工程)有限公司	Hong Kong 香港	—	60.5%	HK\$22,000,000 港幣22,000,000元	Demolition work and addition and alteration 拆建工程與加建及改建工程
Hsin Chong Interiors (Hong Kong) Limited 新昌室內裝飾(香港)有限公司	Hong Kong 香港	—	60.5%	HK\$5,000,000 港幣5,000,000元	Fitting-out, renovation and addition and alteration 室內裝修、翻新與加建及 改建工程
Laundrimate Service Limited 洗衣樂服務有限公司	Hong Kong 香港	—	60.5%	HK\$2 港幣2元	Provision of laundry services 提供洗衣服務
Master Clean Service Limited 宏潔服務有限公司	Hong Kong 香港	—	60.5%	HK\$200,000 港幣200,000元	Provision of cleaning services 提供清潔服務
Optimum Engineering Limited 卓領工程有限公司	Hong Kong 香港	—	60.5%	HK\$2 港幣2元	Provision of repair and maintenance services 提供維修及保養服務

44 Principal subsidiaries (continued)

44 主要附屬公司 (續)

Company 公司	Place of incorporation/ registration/ operation 成立／註冊／經營地點	The Group's effective percentage of interest held by Company Subsidiaries 本集團所持實際權益百分比 本公司 附屬公司		Issued and paid up capital 已發行及繳足股本	Principal activities 主要業務
S-Club Limited	Hong Kong 香港	—	60.5%	HK\$1 港幣1元	Sales of products, provision of copying services and property holding 銷售產品、提供複印服務及 持有物業
SecurExpert Solutions Limited 新盛保安服務有限公司	Hong Kong 香港	—	60.5%	HK\$2 港幣2元	Provision of security and consultancy services 提供保安及顧問服務
Service Pro Limited 諾迅服務有限公司	Hong Kong 香港	—	60.5%	HK\$2 港幣2元	Provision of property services 提供物業服務
Synergis Holdings Limited 新昌管理集團有限公司*	Bermuda/Hong Kong 百慕達／香港	—	60.5%	Ordinary shares: HK\$33,200,000 Convertible preference shares: HK\$8,000,000 普通股： 港幣33,200,000元 可轉換優先股： 港幣8,000,000元	Investment holding 投資控股
Synergis Management Services Limited 新昌管理服務有限公司	Hong Kong 香港	—	60.5%	HK\$206,837 港幣206,837元	Provision of property management services and investment holding 提供物業管理服務及投資 控股
Synergis Facility Management Limited 新昌設施管理有限公司	Hong Kong 香港	—	60.5%	HK\$2 港幣2元	Provision of facility management services 提供設施管理服務

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- 1 Companies not audited by PricewaterhouseCoopers
- 2 Wholly foreign owned enterprise
- 3 A company controlled by the Group through a non-wholly owned subsidiary

* for identification purposes only

上表列示之本集團附屬公司，董事認為，本集團業績或資產主要受該等公司所影響。董事亦認為，提供有關其他附屬公司的詳情，將使資料過於冗長。

附註：

- 1 非由羅兵咸永道會計師事務所審核
- 2 外資獨資企業
- 3 由本集團透過一間非全資附屬公司控制之公司

* 僅供識別

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