



HIGHWAY

PROPERTIES

CONSTRUCTION

QUARRY



# Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

*INTERIM REPORT 2009*

# Contents

	<i>Page</i>
Interim Results Highlights	2
Business Review and Future Outlook	3
Financial Review	7
Disclosure of Interests	9
Corporate Governance	18
Other Information	20
Report on Review of Interim Financial Information	21
Condensed Consolidated Statement of Comprehensive Income	22
Condensed Consolidated Statement of Financial Position	24
Condensed Consolidated Statement of Changes in Equity	26
Condensed Consolidated Statement of Cash Flows	27
Notes to the Condensed Consolidated Financial Statements	28
Corporate Information	48

# Interim Results Highlights

The board of directors (the “Board”) of Wai Kee Holdings Limited (the “Company”) announces the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2009.

## FINANCIAL PERFORMANCE HIGHLIGHTS

Group revenue and share of revenue of jointly controlled entities	HK\$588 million
Profit attributable to owners of the Company	HK\$120 million
Basic earnings per share	HK15.19 cents
Equity attributable to owners of the Company per share	HK\$4.71

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2009 (for the six months ended 30th June, 2008: Nil).

## BUSINESS REVIEW

The Group's unaudited revenue for the six months ended 30th June, 2009 was HK\$456 million (2008: HK\$368 million) and HK\$588 million (2008: HK\$482 million) if including revenue of jointly controlled entities shared by the Group, generating an unaudited consolidated profit attributable to owners of the Company of HK\$120 million (2008: HK\$130 million), a decrease of 8% as compared with that of 2008.

### Highway and Expressway Operations and Property Development

For the six months ended 30th June, 2009, the Group shared a total profit of HK\$93 million (2008: HK\$180 million) from Road King Infrastructure Limited ("Road King") and Sunco Property Holdings Company Limited ("Sunco Property"), a 89.46% owned subsidiary of Road King.

As of the date of this report, the Group holds 38.34% interest in Road King and directly holds 5.28% interest in Sunco Property in addition to the effective interest of 34.3% indirectly held through Road King.

For the six months ended 30th June, 2009, Road King recorded an unaudited profit attributable to owners of the Company of HK\$255 million (2008: HK\$464 million), a decrease of 45% as compared with that in the corresponding period of 2008. The decline was mainly due to the substantial drop in net exchange gain and the change of the cash distribution ratio of the two major expressway projects in Hebei.

For the six months ended 30th June, 2009, total traffic volume and revenue of toll road projects were 54 million vehicles and RMB1,167 million respectively. Cash contribution from Road King's toll road business amounted to HK\$444 million. Having further streamlined its toll road portfolio to increase its effectiveness, Road King completed the procedures of disposing the Yugong Highway and part of Yulin City Ring Road to the PRC joint venture partner.

As part of Road King's strategy to lower its gearing and increase its cash reserve, Road King had entered into an agreement with Shenzhen Expressway Company Limited on 1st June, 2009 in relation to the disposal of its entire interest in Jihe Expressway (Eastern-Section) and approval was obtained from its shareholders on 9th July, 2009.

For the six months ended 30th June, 2009, revenue and total gross floor area delivered were RMB2,251 million and 405,000 square meters (excluding car parking spaces and before business tax) respectively. As the delivered properties were mainly related to the low margin properties presold last year and because of the adoption of the decision to cut prices early this year in order to speed up the sale of slow moving stock developed prior to the acquisition of Sunco Property, only a thin margin was recorded for Road King property business.

## BUSINESS REVIEW (Cont'd)

### Highway and Expressway Operations and Property Development (Cont'd)

In January 2009, Road King received a notice advising that an investigation on an employee by Tianjin authorities was officially dismissed. Road King is now working with the Tianjin municipal government to gradually resolve the legacy problems of Sunco Property's projects in Tianjin.

Road King's proceedings against the former major shareholders of Sunco Property are now at the stage of discovery and preparation of witness statements. Majority of the documentation and exchange of evidences have been completed. The hearing will be held in the fourth quarter of 2009.

The long-term prospect of the toll road industry continues to be encouraging given macroeconomic development in the PRC such as the continual urbanisation, growing population, as well as the increasing private car sales. Road King is currently in discussion for investment in certain expressway projects to strengthen its stable income stream.

With respect to property development, Road King believes that the measures implemented by the PRC government will continue to bring stability to the property market. Nonetheless, the global economy is still under pressure and therefore Road King remains cautious in assessing new investment in property projects. Road King will continue to maximise the value of its existing portfolio and consolidate its market position in major cities in the PRC.

### Civil Construction

For the six months ended 30th June, 2009, the Group's construction arm, Build King Holdings Limited ("Build King") recorded revenue and share of revenue of jointly controlled entities of HK\$578 million (2008: HK\$465 million). Build King recorded a profit of HK\$42 million (2008: loss of HK\$30 million) for the six months ended 30th June, 2009, of which the construction business and investment in Hong Kong listed securities recorded a profit of HK\$31 million and HK\$11 million respectively. Group's share in profit was HK\$22 million (2008: loss of HK\$17 million). As of the date of this report, the Group owns 51.17% interest in Build King.

The significant improvement of the results was mainly contributed from successful marine projects in the Middle East, fruitful outcome of the strategies in Hong Kong market and surging share market prices resulting in a HK\$10 million reversal of last year's provision for diminution of investment in held-for-trading securities.

Build King has consistently adopted a cautious approach to bid new projects and has only tendered with reasonable margin and cashflow. Coupled with consolidation of the head office structure and reducing overhead, the profit contribution from Hong Kong market was over HK\$16 million as compared with a loss for the same period in 2008.

## BUSINESS REVIEW (Cont'd)

### Civil Construction (Cont'd)

It is apparent that Hong Kong construction market is starting to recover. Hong Kong Government has committed to double its annual expenditure on public works to HK\$50 billion by 2011. Build King has geared up its resources to tender those new projects. Other than bidding new projects on its own, Build King is also forming joint ventures with other contractors to bid forthcoming major infrastructure projects.

In United Arab Emirates ("UAE"), following the successful results of three medium sized marine projects completed by the joint venture of Build King last year, its joint venture is now working on two larger marine projects of total contract sum over HK\$600 million. On the plant chartering business, the utilization of the marine plant was maintained at a high level. In the first six months of 2009, the revenue, including Build King's 50% share of its joint venture, increased fourfold to HK\$129 million from HK\$30 million and a profit of HK\$17 million was recorded as compared with a minor loss of HK\$3 million for the same period in 2008.

Despite the slowing down of general economy in UAE, Build King will continue to focus on the marine works for infrastructure projects in Abu Dhabi which was least affected by the financial turmoil.

During the past six months, Build King has consolidated the management structure in PRC and reallocated resources to focus on the operation and development of sewage treatment related business. The current operation of the sewage treatment plant in Wuxi City was performing well in terms of compliance with environmental criteria as well as operational efficiency. Capitalizing on the success in Wuxi City, Build King will try to explore opportunities in other cities and be proactive in seeking partners to develop sewage treatment business in PRC.

### Quarrying

For the first half of 2009, the total tonnage of quarry materials sold by the quarrying division was only 232,000 tones, dropped drastically by 42% as compared with the corresponding period of 2008.

As a result of the low demand in quarry materials in the past six months, the revenue of the quarrying division dropped significantly to HK\$10 million (2008: HK\$17 million) and a nominal net profit of HK\$27,000 was recorded for the six months ended 30th June, 2009 (2008: HK\$3 million).

Though the Hong Kong Government has committed to increase its expenditure on public works, there is no sign of any significant increase in demand of quarry materials in the second half year. It is not anticipated any significant improvement in sales for the remaining period of 2009. Hence, the division continues to focus on cost control measures targeting for breakeven under such low sales quantities and revenue, and then waiting for the increasing demand of quarry materials required from the forthcoming major Hong Kong infrastructure projects and the Hong Kong-Macau-Zhuhai bridge starting next year.

## BUSINESS REVIEW (Cont'd)

### Bio-technology

As mentioned in the Annual Report 2008, the Group has entered into an agreement with an independent third party to dispose of the division in March 2009 at HK\$19 million. The disposal was completed in June 2009. Sales proceed of HK\$16 million was received and the remaining HK\$3 million is receivable in 2010 and 2011.

While the bio-technology operation incurred an operating loss of HK\$8 million (2008: HK\$7 million) in 2009 before completion of the disposal, the Group also recognized a gain from disposal of HK\$13 million which included an exchange gain of HK\$8 million reclassified from translation reserve to income upon disposal.

### North American Ginseng

For the six months ended 30th June, 2009, revenue of Chai-Na-Ta Corp. ("CNT"), an associate of the Group, was C\$4.7 million (2008: C\$6.7 million) with profit of C\$0.8 million (2008: loss of C\$0.6 million). The Group held 38.1% interest in CNT and shared its profit of HK\$2 million (2008: loss of HK\$2 million).

In the short-term, CNT will narrow its focus at the farm level to maximize the yield and quality of roots. CNT will continue to maintain and harvest ginseng crops in Ontario while completing the termination of the operations in British Columbia now that the final harvest has been completed.

All ginseng harvested by CNT in 2008 was committed to its customers. However, due to the historic low prices for the 2008 harvest in both British Columbia and Ontario, CNT has suspended its plans to plant new crops in Ontario in 2009. Despite its efforts to improve the yield and quality of its roots, the ability of CNT to return to profitability and to achieve positive cash flows while continuing to plant at a sustainable level is uncertain. CNT will closely monitor the impact of the current economic turmoil on the industry to determine the course of its long-term actions.

## FUTURE OUTLOOK

There have been signs of global economic downturn bottoming out and it is on the path of recovery in the fourth quarter of 2009. The Board is cautiously optimistic in the business of the Group in the long run.

Given the Hong Kong Government has outlined a series of infrastructure projects, the construction market starts to recover in the second half of 2009. The Group expects the performance of the civil construction division would be significantly improved in the coming years.

With the PRC government rolled out stimulus package through massive investment, the Group's business in the PRC would be benefited.

While the Group has consolidated its business activities in the first half of 2009, the Group will consider new investment opportunities with solid business model and attractive return.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2009, the Group had net current liabilities of HK\$89 million. However, taking into account of the financial resources available to the Group, including internally generated funds and the available banking facilities, the Group has sufficient working capital for its present requirements.

During the period, total borrowings were decreased from HK\$356 million to HK\$271 million with the maturity profile summarised as follows:

	As at	
	30th June, 2009 <i>HK\$' million</i>	31st December, 2008 <i>HK\$' million</i>
Within one year	219	279
In the second year	31	39
In the third to fifth year inclusive	21	38
	<b>271</b>	356

- (a) In respect of bank loans with carrying amounts of HK\$27 million as at 30th June, 2009, the Group breached certain of the terms of the bank loans, which are primarily related to its debt-equity ratio. The non-current portion of the bank loans amounting to HK\$14 million has been classified as current liabilities since the banks have not agreed to waive their right to demand immediate payment as at 30th June, 2009.
- (b) Included a contract of structured borrowing of HK\$35 million (as at 31st December, 2008: HK\$53 million) that was designated as at fair value through profit or loss upon initial recognition and was measured at fair value based on the valuation provided by the counterparty at 30th June, 2009. As at 30th June, 2009, change in its fair value as compared with the net amount of the upfront payment received less the repayment made was HK\$4 million (as at 31st December, 2008: HK\$16 million). Decrease in fair value of HK\$12 million during the period has been credited to the condensed consolidated statement of comprehensive income. The structured borrowing is denominated in United States dollars.

As at 30th June, 2009, the Group's cash and bank balances amounted to HK\$63 million (as at 31st December, 2008: HK\$63 million), of which a bank deposit amounting to HK\$1,000 (as at 31st December, 2008: HK\$1 million) was pledged to a bank for securing the banking facilities granted to the Group.

For the six months ended 30th June, 2009, the Group recorded finance expenses of HK\$5 million (for the six months ended 30th June, 2008: HK\$8 million).

## LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

As at 30th June, 2009, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK\$38 million (as at 31st December, 2008: HK\$29 million), majority of which were equity securities listed in Hong Kong. Certain listed equity securities with market value of HK\$17 million (as at 31st December, 2008: HK\$9 million) were pledged to a bank to secure general banking facilities granted to the Group. For the six months ended 30th June, 2009, the Group recorded a net gain (in consideration of change in fair value and dividend income received) of HK\$12 million (for the six months ended 30th June, 2008: a net loss of HK\$10 million) from these investments, of which a net gain of HK\$11.5 million (for the six months ended 30th June, 2008: a net loss of HK\$13 million) was derived from the securities invested by Build King.

The Group's borrowings, investments and cash balances were principally denominated in Hong Kong dollars, Renminbi and US dollars. Hence, there is no significant exposure to foreign exchange rate fluctuations.

## CAPITAL STRUCTURE AND GEARING RATIO

As at 30th June, 2009, the equity attributable to owners of the Company amounted to HK\$3,737 million, representing HK\$4.71 per share (as at 31st December, 2008: HK\$3,586 million, representing HK\$4.52 per share). Increase in equity attributable to owners of the Company was mainly attributable to the profit generated in the period.

The net gearing ratio, being the ratio of net borrowings (total borrowings less cash and bank balances) to equity attributable to owners of the Company, was 5.6% (as at 31st December, 2008: 8.2%) as at 30th June, 2009.

## PLEDGE OF ASSETS

As at 30th June, 2009, apart from bank deposits and certain listed equity securities pledged to a bank to secure general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK\$0.3 million were pledged to secure certain bank loans granted to the Group.

## TENDER/PERFORMANCE/RETENTION BONDS

As at 30th June, 2009, the Group had outstanding tender/performance/retention bonds for construction contracts amounting to HK\$92 million (as at 31st December, 2008: HK\$128 million).

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2009, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

### (I) The Company

#### *Interests in shares*

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital  (%)
		Long position	Short position	
Zen Wei Pao, William	Personal	192,381,843 (Note 1)	–	24.26
	Personal	770,000 (Note 2)	–	0.10
Zen Wei Peu, Derek	Personal	185,057,078 (Note 1)	–	23.33
	Personal	770,000 (Note 2)	–	0.10
Wong Wing Cheung, Dennis	Personal	550,000 (Note 2)	–	0.07
Chiu Wai Yee, Anriena	Personal	550,000 (Note 2)	–	0.07
Lam Wai Hon, Patrick	Personal	300,000 (Note 1)	–	0.03
	Personal	330,000 (Note 2)	–	0.04
Chu Tat Chi	Personal	330,000 (Note 2)	–	0.04
Cheng Chi Pang, Leslie	Personal	500,000 (Note 1)	–	0.06
	Personal	330,000 (Note 2)	–	0.04
Wong Che Ming, Steve	Personal	900,000 (Note 1)	–	0.11
	Personal	330,000 (Note 2)	–	0.04
Wan Siu Kau, Samuel	Personal	330,000 (Note 2)	–	0.04
Wong Man Chung, Francis	Personal	330,000 (Note 2)	–	0.04

#### *Notes:*

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying shares of the Company pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to directors are included in this category, the particulars of which are set out in (I) under the heading "SHARE OPTIONS" below.

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

### (II) Associated Corporations

#### *Interests in shares*

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital
			Long position	Short position	
					(%)
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000 (Note 1)	–	0.15 (Note 3)
	Road King Infrastructure Limited	Personal Personal	291,000 (Note 1) 6,000,000 (Note 2)	– –	0.04 0.81
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 (Note 1)	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (Note 1)	–	37.50
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	107,581,421 (Note 1)	–	11.55
	Chai-Na-Ta Corp.	Personal	253,728 (Note 1)	–	0.73
	Road King Infrastructure Limited	Personal Personal	6,586,000 (Note 1) 2,300,000 (Note 2)	– –	0.89 0.31
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 (Note 1)	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (Note 1)	–	37.50

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

### (II) Associated Corporations (Cont'd)

#### Interests in shares (Cont'd)

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital
			Long position	Short position	
					(%)
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	837,000 (Note 1)	–	0.09 (Note 3)
	Chai-Na-Ta Corp.	Personal	1,920 (Note 1)	–	0.01
	Road King Infrastructure Limited	Personal Personal	105,000 (Note 1) 500,000 (Note 2)	– –	0.01 0.07
Lam Wai Hon, Patrick	Build King Holdings Limited	Personal	140,000 (Note 1)	–	0.02
Chu Tat Chi	Road King Infrastructure Limited	Personal	515,000 (Note 1)	–	0.07
Cheng Chi Pang, Leslie	Build King Holdings Limited	Personal	1,170,000 (Note 1)	–	0.13 (Note 3)
Wong Che Ming, Steve	Build King Holdings Limited	Personal	311,225 (Note 1)	–	0.03 (Note 3)

#### Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying shares of Road King pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to directors are included in this category, the particulars of which are set out in (II) under the heading "SHARE OPTIONS" below.
3. As at 30th June, 2009, the issued share capital of Build King was 931,408,494 shares. Accordingly, the percentage has been adjusted.

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

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

## SHARE OPTIONS

### (I) The Company

A share option scheme (the "Share Option Scheme") was adopted by the Company at the annual general meeting held on 18th September, 2002 to comply with Chapter 17 of the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules"). Particulars of the Share Option Scheme were set out in note 51 to the Consolidated Financial Statements in the Annual Report 2008 of the Company. During the period, no share option was lapsed.

A summary of the movements of share options during the period is as follows:

Name	Date of grant	Exercisable period	Exercise price	Number of share options				Balance at 30.6.2009
				Balance at 1.1.2009	Granted during the period	Exercised during the period	Lapsed during the period	
<i>HK\$</i>								
<b>Directors</b>								
Zen Wei Pao, William	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	770,000	-	-	-	770,000
Zen Wei Peu, Derek	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	770,000	-	-	-	770,000
Wong Wing Cheung, Dennis	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	550,000	-	-	-	550,000
Chiu Wai Yee, Anriena	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	550,000	-	-	-	550,000

# Disclosure of Interests

## SHARE OPTIONS (Cont'd)

### (I) The Company (Cont'd)

Name	Date of grant	Exercisable period	Exercise price	Number of share options				
				Balance at 1.1.2009	Granted during the period	Exercised during the period	Lapsed during the period	Balance at 30.6.2009
				<i>HK\$</i>				
<b>Directors (Cont'd)</b>								
Lam Wai Hon, Patrick	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	-	330,000
Chu Tat Chi	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	-	330,000
Cheng Chi Pang, Leslie	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	-	330,000
Wong Che Ming, Steve	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	-	330,000
Wan Siu Kau, Samuel	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	-	330,000
Wong Man Chung, Francis	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	-	330,000
Sub-total				4,620,000	-	-	-	4,620,000
<b>Others</b>								
Employees	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	1,210,000	-	-	-	1,210,000
Sub-total				1,210,000	-	-	-	1,210,000
<b>Total</b>				<b>5,830,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,830,000</b>

# Disclosure of Interests

## SHARE OPTIONS (Cont'd)

### (II) Associated Corporation

The share option scheme was adopted by Road King at the annual general meeting held on 12th May, 2003 (the "Road King Share Option Scheme") to comply with Chapter 17 of the Listing Rules. As at 30th June, 2009, Road King has granted 19,950,000 share options under the Road King Share Option Scheme to three Directors of the Company, 11,045,000 share options of which have been exercised.

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

Name of Director	Date of grant	Exercisable period	Exercise price	Number of share options				Balance at 30.6.2009
				Balance at 1.1.2009	Granted during the period	Exercised during the period	Lapsed during the period	
			<i>HK\$</i>					
Zen Wei Pao, William	14th December, 2005	14th December, 2005 to 13th December, 2010	5.80	1,000,000	-	-	-	1,000,000
	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	2,500,000	-	-	-	2,500,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	2,500,000	-	-	-	2,500,000
Zen Wei Peu, Derek	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	800,000	-	-	-	800,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	1,500,000	-	-	-	1,500,000

# Disclosure of Interests

## SHARE OPTIONS (Cont'd)

### (II) Associated Corporation (Cont'd)

Name of Director	Date of grant	Exercisable period	Exercise price	Number of share options				Balance at 30.6.2009
				Balance at 1.1.2009	Granted during the period	Exercised during the period	Lapsed during the period	
			<i>HK\$</i>					
Chiu Wai Yee, Anriena	26th August, 2004	26th August, 2004 to 25th August, 2009	5.70	200,000	-	-	-	200,000
	14th December, 2005	14th December, 2005 to 13th December, 2010	5.80	100,000	-	-	-	100,000
	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	100,000	-	-	-	100,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	100,000	-	-	-	100,000
<b>Total</b>				<b>8,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,800,000</b>

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

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

# Disclosure of Interests

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2009, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital
		Long position	Short position	
				(%)
Cheng Yu Tung Family (Holdings) Limited (Note 2)	Corporate	213,868,000 (Note 1)	–	26.97
Centennial Success Limited (Note 3)	Corporate	213,868,000 (Note 1)	–	26.97
Chow Tai Fook Enterprises Limited (Note 4)	Corporate	213,868,000 (Note 1)	–	26.97
New World Development Company Limited (Note 5)	Corporate	213,868,000 (Note 1)	–	26.97
NWS Holdings Limited (Note 6)	Corporate	213,868,000 (Note 1)	–	26.97
NWS Service Management Limited (Note 7)	Corporate	213,868,000 (Note 1)	–	26.97
NWS Service Management Limited (Note 8)	Corporate	213,868,000 (Note 1)	–	26.97
Vast Earn Group Limited (Note 9)	Personal/ Beneficiary	213,868,000 (Note 1)	–	26.97

## SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

*Notes:*

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Centennial Success Limited.
3. Centennial Success Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
4. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.
5. New World Development Company Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.
6. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands).
7. NWS Service Management Limited (incorporated in the Cayman Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the British Virgin Islands).
8. NWS Service Management Limited (incorporated in the British Virgin Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited.
9. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).

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

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality board, better transparency, and effective accountability system in order to enhance shareholders' value. Detailed disclosure of the Company's corporate governance practices is available in the Annual Report 2008.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules as its own code and has complied with the Code throughout the six months ended 30th June, 2009, with deviations from code provisions A.2.1 and A.4.1 of the Code in respect of the separate role of chairman and chief executive officer, and service term of directors.

Under the code provisions A.2.1 and A.4.1 of the Code, (a) the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing; and (b) non-executive directors should be appointed for a specific term and subject to re-election.

## **CODE PROVISION A.2.1**

The Chairman of the Board is Mr. Zen Wei Pao, William and the Vice Chairman is Mr. Zen Wei Peu, Derek. Their duties are clearly set out in writing and are separate. Mr. Zen Wei Pao, William, in addition to his duties as the Chairman of the Company, is also responsible for overseeing the operations of the Group's highway and expressway, property development and bio-technology divisions. This constitutes a deviation from the code provision A.2.1 of the Code as part of his duties overlap with those of the Vice Chairman. However, due to the Company's nature of operations, the Company considers that these duties are best served by the Chairman with his knowledge and experience in this area of the Group's operations.

The Company does not at present have any officer with the title "chief executive officer". However, the Vice Chairman carries out the duties of the chief executive officer of the Company and had done so since 1992. He was formally designated the "managing director" of the Company until 1998 when his title was changed to "Vice Chairman". Even though he is not formally designated as the chief executive officer of the Company, his duties and responsibilities are segregated from those of the Chairman's.

## **CODE PROVISION A.2.1 (Cont'd)**

Since the roles of the Chairman and Vice Chairman are clearly segregated and the Vice Chairman is in practice, the chief executive officer, even though he does not carry that title, the Company does not currently intend to re-designate the Vice Chairman as the chief executive officer of the Company.

## **CODE PROVISION A.4.1**

None of the existing Non-executive Directors (including Independent Non-executive Directors) of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1 of the Code. However, all the Directors of the Company are subject to the retirement provisions under Bye-law 87 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June, 2009.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management (including Finance Director and Group Financial Controller), internal auditor and external auditor the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30th June, 2009.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2009.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30th June, 2009, the Group had 803 employees (as at 31st December, 2008: 1,128 employees), of which 515 (as at 31st December, 2008: 662) were located in Hong Kong, 126 (as at 31st December, 2008: 317) were located in Mainland China, 3 (as at 31st December, 2008: 8) were located in Taiwan and 159 (as at 31st December, 2008: 141) were located in UAE. For the six months ended 30th June, 2009, the Group's total staff costs were about HK\$110 million (for the six months ended 30th June, 2008: HK\$130 million).

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

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

### **APPRECIATION**

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

By Order of the Board

**William Zen Wei Pao**

*Chairman*

Hong Kong, 17th August, 2009



**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION  
TO THE BOARD OF DIRECTORS OF WAI KEE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**INTRODUCTION**

We have reviewed the interim financial information set out on pages 22 to 47 which comprises the condensed consolidated statement of financial position of Wai Kee Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30th June, 2009 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing 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 the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. 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 the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. 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 HKAS 34.

Without qualifying our review conclusion, we draw attention to note 15 to the interim financial information, which describes the significant uncertainties which may affect the carrying amount of the Group's interests in Road King Infrastructure Limited ("Road King"), a significant associate of the Group, and the Group's share of results of associates. No impairment has been recognised in respect of the Group's interests in Road King in the interim financial information.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

17th August, 2009

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2009

	Notes	Six months ended 30th June,	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
<b>Continuing operations</b>			
Group revenue	3	456,366	367,807
Cost of sales		(412,829)	(350,874)
Gross profit		43,537	16,933
Other income	5	5,421	8,621
Investment income, gains and losses	6	12,051	(10,103)
Distribution costs		(361)	(350)
Administrative expenses		(48,301)	(55,810)
Change in fair value of structured borrowing		11,811	(12,257)
Finance costs	7	(4,351)	(7,302)
Share of results of associates		96,106	178,192
Share of results of jointly controlled entities		19,214	4,558
Loss on deemed disposal of partial interest in an associate	8	–	(105)
Profit before tax	9	135,127	122,377
Income tax expense	10	(61)	(103)
Profit for the period from continuing operations		135,066	122,274
<b>Discontinued operation</b>			
Profit (loss) for the period from discontinued operation	11	5,293	(6,588)
Profit for the period		140,359	115,686
<b>Other comprehensive income</b>			
Exchange differences arising on translation of foreign operations		870	9,065
Reclassification adjustment for translation reserve upon disposal of a subsidiary		(7,380)	–
Share of translation differences of associates		36,926	186,547
Other comprehensive income for the period		30,416	195,612
Total comprehensive income for the period		170,775	311,298

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2009

	<i>Notes</i>	<b>Six months ended 30th June,</b>	
		<b>2009</b> <b>(Unaudited)</b> <b>HK\$'000</b>	2008 (Unaudited) HK\$'000
Profit for the period attributable to:			
Owners of the Company		<b>120,466</b>	129,889
Minority interests		<b>19,893</b>	(14,203)
		<b>140,359</b>	115,686
Total comprehensive income for the period attributable to:			
Owners of the Company		<b>150,442</b>	323,753
Minority interests		<b>20,333</b>	(12,455)
		<b>170,775</b>	311,298
<b>Earnings per share</b>	<i>13</i>	<b>HK cents</b>	<i>HK cents</i>
<i>From continuing and discontinued operations</i>			
– Basic		<b>15.19</b>	16.38
– Diluted		<b>N/A</b>	16.34
<i>From continuing operations</i>			
– Basic		<b>14.52</b>	17.21
– Diluted		<b>N/A</b>	17.17

# Condensed Consolidated Statement of Financial Position

At 30th June, 2009

	Notes	30th June, 2009 (Unaudited) HK\$'000	31st December, 2008 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	14	34,368	35,133
Prepaid lease payments on land use rights		–	5,761
Intangible assets		32,858	32,858
Goodwill		29,838	29,838
Interests in associates	15	3,754,035	3,677,758
Interests in jointly controlled entities		74,458	62,946
Prepaid royalties	16	1,070	979
Loan and other receivables		3,017	3,408
Other financial assets		47,309	47,505
		<b>3,976,953</b>	3,896,186
<b>Current assets</b>			
Prepaid lease payments on land use rights		–	134
Prepaid royalties	16	1,498	2,337
Inventories		6,137	18,563
Amounts due from customers for contract work		127,599	151,821
Debtors, deposits and prepayments	17	212,266	254,810
Amounts due from associates		7,022	7,182
Amounts due from jointly controlled entities		22,123	21,889
Tax recoverable		1,239	1,239
Held-for-trading investments	18	37,614	28,566
Pledged bank deposits	25	1	1,013
Bank balances and cash		62,721	61,707
		<b>478,220</b>	549,261
<b>Current liabilities</b>			
Amounts due to customers for contract work		38,315	75,867
Creditors and accrued charges	19	290,909	323,368
Amount due to an associate		6,632	6,632
Amounts due to jointly controlled entities		8,319	14,270
Amount due to a related company	20	581	546
Amounts due to minority shareholders		3,359	3,359
Tax liabilities		383	1,179
Loans from a director	21	10,000	10,000
Other borrowings – due within one year		40	11,005
Bank loans – due within one year	22	190,635	240,273
Structured borrowing – due within one year	23	12,480	12,480
Bank overdrafts, secured		5,515	4,749
		<b>567,168</b>	703,728
<b>Net current liabilities</b>		<b>(88,948)</b>	(154,467)
<b>Total assets less current liabilities</b>		<b>3,888,005</b>	3,741,719

# Condensed Consolidated Statement of Financial Position

At 30th June, 2009

	<i>Notes</i>	<b>30th June, 2009 (Unaudited) HK\$'000</b>	31st December, 2008 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>5,750</b>	5,750
Obligations in excess of interests in associates	24	<b>19,404</b>	20,453
Loans from minority shareholders		<b>2,210</b>	1,460
Amount due to an associate		<b>9,800</b>	9,800
Amount due to a jointly controlled entity		<b>4,067</b>	4,067
Other borrowings – due after one year		<b>95</b>	115
Bank loans – due after one year	22	<b>29,402</b>	36,480
Structured borrowing	23	<b>22,490</b>	40,541
		<b>93,218</b>	118,666
<b>Total net assets</b>		<b>3,794,787</b>	3,623,053
<b>Capital and reserves</b>			
Share capital		<b>79,312</b>	79,312
Share premium and reserves		<b>3,658,165</b>	3,506,764
Equity attributable to owners of the Company		<b>3,737,477</b>	3,586,076
Minority interests		<b>57,310</b>	36,977
<b>Total equity</b>		<b>3,794,787</b>	3,623,053

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2009

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000 (Note)	Share options reserve HK\$'000	Assets revaluation reserve HK\$'000	Retained profits HK\$'000	Total equity attributable of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st January, 2008 (audited)	79,312	731,906	288,346	(29,530)	1,793	2,319	2,178,904	3,253,050	74,739	3,327,789
Profit for the period	-	-	-	-	-	-	129,889	129,889	(14,203)	115,686
Exchange difference arising on translation of foreign operations	-	-	7,317	-	-	-	-	7,317	1,748	9,065
Share of translation differences of associates	-	-	186,547	-	-	-	-	186,547	-	186,547
Total comprehensive income for the period	-	-	193,864	-	-	-	129,889	323,753	(12,455)	311,298
Sub-total	79,312	731,906	482,210	(29,530)	1,793	2,319	2,308,793	3,576,803	62,284	3,639,087
Recognition of equity-settled share-based payments	-	-	-	-	1,705	-	-	1,705	-	1,705
Forfeiture of share options issued by an associate	-	-	-	-	-	-	1,102	1,102	-	1,102
Dividends paid	-	-	-	-	-	-	(47,587)	(47,587)	-	(47,587)
At 30th June, 2008 (unaudited)	79,312	731,906	482,210	(29,530)	3,498	2,319	2,262,308	3,532,023	62,284	3,594,307
At 1st January, 2009 (audited)	79,312	731,906	502,261	(29,530)	3,393	2,319	2,296,415	3,586,076	36,977	3,623,053
Profit for the period	-	-	-	-	-	-	120,466	120,466	19,893	140,359
Exchange difference arising on translation of foreign operations	-	-	430	-	-	-	-	430	440	870
Reclassification adjustment for translation reserve upon disposal of a subsidiary	-	-	(7,380)	-	-	-	-	(7,380)	-	(7,380)
Share of translation differences of associates	-	-	36,926	-	-	-	-	36,926	-	36,926
Total comprehensive income for the period	-	-	29,976	-	-	-	120,466	150,442	20,333	170,775
Sub-total	79,312	731,906	532,237	(29,530)	3,393	2,319	2,416,881	3,736,518	57,310	3,793,828
Forfeiture of share options issued by an associate	-	-	-	-	-	-	959	959	-	959
<b>At 30th June, 2009 (unaudited)</b>	<b>79,312</b>	<b>731,906</b>	<b>532,237</b>	<b>(29,530)</b>	<b>3,393</b>	<b>2,319</b>	<b>2,417,840</b>	<b>3,737,477</b>	<b>57,310</b>	<b>3,794,787</b>

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

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2009

	Note	Six months ended 30th June,	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
<b>Net cash from (used in) operating activities</b>		<b>8,285</b>	(25,873)
<b>Investing activities</b>			
Distribution of profits from jointly controlled entities		7,930	20,311
Dividends received from an associate		56,664	79,329
Repayment from (advances to) associates		160	(168)
Advances to jointly controlled entities		(6,185)	(5,937)
Proceeds from disposal of property, plant and equipment		2,657	6,582
Proceeds from disposal of interest in a subsidiary	11	13,801	–
Purchase of property, plant and equipment		(8,110)	(20,098)
Repayment of finance lease receivables		–	271
Other investing activities		2,586	2,584
<b>Net cash from investing activities</b>		<b>69,503</b>	82,874
<b>Financing activities</b>			
Interest paid		(4,987)	(8,227)
New bank loans raised		–	23,000
Repayment of bank loans		(56,716)	(49,250)
Other borrowings raised		5,152	83
Repayment of other borrowings		(16,137)	(5,091)
Repayment of structured borrowing		(6,240)	(6,239)
Loans raised from a director		–	10,000
Repayment of loan from a shareholder		–	(30,000)
Loan raised from minority shareholders of a subsidiary		750	–
Dividends paid		–	(47,587)
Advances from jointly controlled entities		–	19,263
Advances from associates		–	10,124
<b>Net cash used in financing activities</b>		<b>(78,178)</b>	(83,924)
<b>Net decrease in cash and cash equivalents</b>		<b>(390)</b>	(26,923)
<b>Cash and cash equivalents at beginning of the period</b>		<b>56,958</b>	84,267
Effect of foreign exchange rate changes, net		638	2,108
<b>Cash and cash equivalents at end of the period</b>		<b>57,206</b>	59,452
<b>Analysis of the balances of cash and cash equivalents</b>			
Bank balances and cash		62,721	62,454
Bank overdrafts		(5,515)	(3,002)
		<b>57,206</b>	59,452

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA").

In preparing the condensed consolidated financial statements, the directors of the Company have given careful consideration to future liquidity of the Group in light of the fact that as at 30th June, 2009, the Group's current liabilities exceeded its current assets by HK\$88,948,000. As at 30th June, 2009, the Group has bank loans and overdrafts, structured borrowing and other borrowings totaling HK\$260,657,000 of which HK\$208,670,000 has been classified as current liabilities. Bank loans amounting to HK\$14,235,000 were classified as current liabilities as the terms of the bank loans were breached as disclosed in note 22. For a bank loan amounting to HK\$15,647,000, subsequent to 30th June, 2009, the Group received a waiver letter from a bank which confirmed that the bank agreed to waive the right to demand for immediate repayment. In addition, the directors of the Company believe that the revolving bank loans can be renewed on an annual basis.

As at 30th June, 2009, the Group held 38.342% equity interest in an associate which are marketable securities and with market value of HK\$1,637,575,000.

The directors of the Company are of the opinion that, taking into account of the internally generated funds of the Group, the presently available banking facilities and the availability of marketable securities that can be disposed of, if necessary, the Group has sufficient working capital for its present requirements for the next twelve months from 30th June, 2009. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2008, except as described as below.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments to HKAS and new Hong Kong (IFRIC) Interpretations ("HK(IFRIC) – Int") (collectively referred to as "new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1st July, 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2009 in relation to the amendment to paragraph 80 of HKAS 39

The adoption of these new and revised HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods except for the impact as described below.

### **HKFRS 8 "Operating Segments"**

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting" required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments by the Group's principal activities. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14 except that the highway and expressway operations and property development are considered as a single operating segment and North American ginseng business is being identified as an operating segment in the current period. These businesses are operated by associates of the Group (see note 4).

### **HKAS 1 (Revised) "Presentation of Financial Statements"**

HKAS 1 (Revised) has introduced a number of terminology changes (including revised titles for the condensed consolidated financial statements), and has resulted in a number of changes in presentation and disclosure. However, HKAS 1 (Revised) has had no impact on the reported results or financial position of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>3</sup>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised in 2008)	Business Combinations <sup>1</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st July, 2009

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1st July, 2009 or 1st January, 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2010

<sup>4</sup> Effective for transfers on or after 1st July, 2009

The adoption of HKFRS 3 (Revised in 2008) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised in 2008) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary that do not result in a loss of control of the subsidiary, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will not have material impact on the results and the financial position of the Group.

## 3. GROUP REVENUE

	Six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Group revenue	456,366	367,807
Share of revenue of jointly controlled entities	131,495	114,036
Group revenue and share of revenue of jointly controlled entities	<b>587,861</b>	481,843
Group revenue analysed by revenue from:		
Civil construction	446,155	350,639
Quarrying	10,211	17,168
	<b>456,366</b>	367,807

## 4. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1st January, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical), using a risks and returns approach, with the entity’s system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

Information reported to the Group’s chief operating decision maker (i.e. the board of directors) for the purposes of resource allocation and assessment of performance is focused on five main segments including civil construction, quarrying, highway and expressway operations and property development, North American ginseng and bio-technology. The identification of the Group’s reportable segments under HKFRS 8 is consistent with the prior year’s presentation of business segments under HKAS 14 except that the highway and expressway operations and property development are considered as a single operating segment and North American ginseng business is being identified as an operating segment in the current period. North American ginseng business was not considered as a reportable segment in the prior year’s presentation of business segments under HKAS 14. These businesses are operated by associates of the Group. The segment financial information for the six months ended 30th June, 2008 have been restated to conform to the requirements of HKFRS 8. The Group’s reportable segments under HKFRS 8 are as follow:

### Civil construction

- construction of civil engineering projects

### Quarrying

- production and sale of quarry products

### Highway and expressway operations and property development

- strategic investment in Road King Infrastructure Limited (“Road King”), an associate of the Group
- strategic investment in Sunco Property Holdings Limited (“Sunco Property”), an associate of the Group

### North American ginseng

- strategic investment in Chai-Na-Ta Corp. (“CNT”), an associate of the Group

### Bio-technology *(Note)*

- research, development, production and sale of bio-technology products

*Note:* The bio-technology operation was disposed of and discontinued during the period as set out in note 11.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 4. SEGMENTAL INFORMATION (Cont'd)

The following is an analysis of the Group's revenue and results by operating segment for the six months ended 30th June, 2009 and 30th June, 2008 under review:

	Group revenue and share of revenue of jointly controlled entities <i>HK\$'000</i>	Operating profit (loss) <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Income tax expenses <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Profit (loss) attributable to owners of the Company <i>HK\$'000</i>
<b>For the six months ended 30th June, 2009</b>						
<b>Continuing operations</b>						
Civil construction	577,650	41,242	1,049	-	(20,645)	21,646
Quarrying	10,211	95	-	(61)	(7)	27
Highway and expressway operations and property development						
Investments in Road King and Sunco Property	-	-	93,109	-	-	93,109
North American ginseng Investment in CNT	-	-	1,973	-	-	1,973
Unallocated items						
Other net (expenses) income	-	(12,502)	(25)	-	759	(11,768)
Investment income, gains and losses	-	525	-	-	-	525
Finance costs	-	(2,150)	-	-	-	(2,150)
Change in fair value of structured borrowing	-	11,811	-	-	-	11,811
Total for continuing operations	587,861	39,021	96,106	(61)	(19,893)	115,173
<b>Discontinued operation</b>						
Bio-technology	-	5,293	-	-	-	5,293
Total for continuing and discontinued operations	587,861	44,314	96,106	(61)	(19,893)	120,466

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 4. SEGMENTAL INFORMATION (Cont'd)

	Group revenue and share of revenue of jointly controlled entities <i>HK\$'000</i>	Operating profit (loss) <i>HK\$'000</i>	Share of results of associates <i>HK\$'000</i>	Income tax expenses <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Profit (loss) attributable to owners of the Company <i>HK\$'000</i>
<b>For the six months ended</b>						
<b>30th June, 2008</b>						
<b>Continuing operations</b>						
Civil construction	464,675	(30,348)	489	(2)	13,011	(16,850)
Quarrying	17,168	2,608	-	(101)	408	2,915
Highway and expressway operations and property development						
Investments in Road King and Sunco Property	-	(105)	179,670	-	-	179,565
North American ginseng						
Investment in CNT	-	-	(1,882)	-	-	(1,882)
Unallocated items						
Other net (expenses) income	-	(15,505)	(85)	-	784	(14,806)
Investment income, gains and losses	-	3,066	-	-	-	3,066
Finance costs	-	(3,274)	-	-	-	(3,274)
Change in fair value of structured borrowing	-	(12,257)	-	-	-	(12,257)
<b>Total for continuing operations</b>	<b>481,843</b>	<b>(55,815)</b>	<b>178,192</b>	<b>(103)</b>	<b>14,203</b>	<b>136,477</b>
<b>Discontinued operation</b>						
Bio-technology	-	(6,588)	-	-	-	(6,588)
<b>Total for continuing and discontinued operations</b>	<b>481,843</b>	<b>(62,403)</b>	<b>178,192</b>	<b>(103)</b>	<b>14,203</b>	<b>129,889</b>

All of the segment revenue reported above is from external customers.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 4. SEGMENTAL INFORMATION (Cont'd)

Profit (loss) attributable to owners of the Company for each reportable segment represents the operation profit (loss) earned (incurred) by each reportable segment (including investment income, gains and losses, finance costs, share of results of jointly controlled entities, net loss on deemed disposal of partial interest in an associate and discount on deemed acquisition of additional interest in an associate attributable to each reportable segment), share of results of associates, income tax expenses and minority interest attributable to the relevant segment, but without allocation of other corporate income and expenses (mainly including staff costs and other general administrative expenses) of the head office and change in fair value of structured borrowing. This is the measure reported to the Group's management for the purposes of resource allocation and assessment of segment performance.

The basis of measurement of profit (loss) attributable to owners of the Company for each reportable segment in the current period's presentation of reportable segments under HKFRS 8 is the same as that of segment results in the prior year's presentation of business segments under HKAS 14 except that the segment results in prior year's presentation of business segments under HKAS 14 does not include the allocation of investment income, gains and losses, finance costs, share of results of associates, share of results of jointly controlled entities, net loss on deemed disposal of partial interest in an associate and discount on deemed acquisition of additional interest in an associate.

## 5. OTHER INCOME

	<b>Six months ended 30th June,</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	<i>HK\$'000</i>
Other income includes:		
<b>Continuing operations</b>		
Interest on bank deposits	<b>15</b>	258
Interest on loan and other receivables	<b>10</b>	277
Interest on other financial assets	<b>896</b>	938
Gain on disposal of property, plant and equipment, net	<b>2,657</b>	6,358
Rental income from property, plant and equipment	<b>90</b>	81
Sales of scrapped materials	<b>714</b>	159
Service income from an associate for management service rendered	<b>386</b>	370
<b>Discontinued operation</b>		
Interest on bank deposits	–	7
Gain on disposal of property, plant and equipment, net	–	207
Rental income from property, plant and equipment	<b>180</b>	–

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 6. INVESTMENT INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
<b>Continuing operations</b>		
Dividend income from held-for-trading investments	653	2,106
Change in fair value of held-for-trading investments	11,398	(12,209)
	<b>12,051</b>	(10,103)

## 7. FINANCE COSTS

	Six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
<b>Continuing operations</b>		
Interest on:		
Bank and other borrowings wholly repayable within five years	4,151	7,167
Interest bearing amount due to an associate	71	71
Interest bearing amount due to a related company	35	35
Interest bearing loans from a director	94	29
	<b>4,351</b>	7,302
<b>Discontinued operation</b>		
Interest on bank and other borrowings wholly repayable within five years	671	960

## 8. LOSS ON DEEMED DISPOSAL OF PARTIAL INTEREST IN AN ASSOCIATE

During the six months ended 30th June, 2008, Road King issued 40,000 ordinary shares at the weighted average exercise price of HK\$5.31 per share upon exercise of options granted to the employees of Road King under the share option scheme of Road King. As a result, the interest of the Group in Road King was reduced in aggregate by 0.002% resulting in a total net loss of HK\$105,000.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 9. PROFIT BEFORE TAX

	Six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Profit before tax has been arrived at after charging:		
<b>Continuing operations</b>		
Depreciation of property, plant and equipment	6,971	3,621
Share of income tax expense of associates (included in share of results of associates)	45,145	91,691
Share of income tax expense of jointly controlled entities (included in share of results of jointly controlled entities)	173	11
<b>Discontinued operation</b>		
Depreciation of property, plant and equipment	285	352
Amortisation of prepaid lease payments on land use rights	67	65

## 10. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2009 HK\$'000	2008 HK\$'000
Current tax		
Other jurisdictions	61	103

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group does not have any assessable profit for the period.

Hong Kong Profits Tax was recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 16.5% for the six months ended 30th June, 2009 (six months ended 30th June, 2008: 16.5%).

Taxation arising in other jurisdictions was recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year prevailing in the relevant jurisdictions. The estimated average annual tax rate used is 25% for the six months ended 30th June, 2009 (six months ended 30th June, 2008: 25%).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 11. DISCONTINUED OPERATION

On 21st March, 2009, Wai Kee (Zens) Holding Limited ("WKZ"), a wholly owned subsidiary of the Company, agreed to dispose of the entire issued capital of Wai Kee Biotechnical Company Limited ("Wai Kee Biotech"), a wholly owned subsidiary of WKZ, which holds 91% interest in Wuhan Nature's Favour Bioengineering Company Limited and Hubei Nature's Favour Biotechnology Company Limited to the acquirer for an aggregate consideration of HK\$19 million. The disposal was completed on 19th June, 2009 upon the control of Wai Kee Biotech was passed to the acquirer.

The profit (loss) for the period from the discontinued operation for the relevant periods is analysed as follows:

	<b>1st January, 2009 to 19th June, 2009 HK\$'000</b>	1st January, 2008 to 30th June, 2008 HK\$'000
Loss of bio-technology operation for the period	<b>(8,095)</b>	(6,588)
Gain on disposal of bio-technology operation	<b>13,388</b>	–
	<b>5,293</b>	(6,588)

The results of the bio-technology operation for the relevant periods were as follows:

	<b>1st January, 2009 to 19th June, 2009 HK\$'000</b>	1st January, 2008 to 30th June, 2008 HK\$'000
Revenue	–	–
Cost of sales	<b>(24)</b>	(33)
Gross loss	<b>(24)</b>	(33)
Other income	<b>498</b>	400
Distribution costs	<b>(4,431)</b>	(2,385)
Administrative expenses	<b>(3,467)</b>	(3,610)
Finance costs	<b>(671)</b>	(960)
Loss before tax	<b>(8,095)</b>	(6,588)
Income tax expense	–	–
Loss after tax	<b>(8,095)</b>	(6,588)

No tax charge or credit arose on the gain on disposal of Wai Kee Biotech.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 11. DISCONTINUED OPERATION (Cont'd)

	<i>HK\$'000</i>
Net assets disposed of	12,992
Reclassification adjustment for translation reserve upon disposal of Wai Kee Biotech	(7,380)
	5,612
Gain on disposal	13,388
<b>Total consideration</b>	<b>19,000</b>
Satisfied by:	
Cash	15,983
Deferred consideration	3,017
	19,000
Net cash inflow arising on disposal:	
Total cash consideration received	15,983
Bank balance and cash disposed of	(2,182)
	13,801

The deferred consideration of approximately HK\$2 million and HK\$1 million will be settled in cash by the acquirer by 2010 and 2011 respectively.

	<b>1st January, 2009 to 19th June, 2009 HK\$'000</b>	1st January, 2008 to 30th June, 2008 HK\$'000
Net cash flows from discontinued operation:		
Net cash used in operating activities	<b>(3,032)</b>	(6,191)
Net cash from (used in) investing activities	<b>13,484</b>	(286)
Net cash (used in) from financing activities	<b>(1,674)</b>	4,501
Effect of foreign exchange rate changes, net	<b>(28)</b>	313
<b>Net cash flows</b>	<b>8,750</b>	(1,663)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 12. DIVIDENDS

	Six months ended 30th June,	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Dividend paid and recognised as distributions during the period:		
2007 final dividend – HK6 cents per share	–	47,587

The board of directors does not recommend the payment of an interim dividend for the six months ended 30th June, 2009.

## 13. EARNINGS PER SHARE

### From continuing and discontinued operations

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

	Six months ended 30th June,	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	<b>120,466</b>	129,889
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from exercise of share options issued by that associate ( <i>Note</i> )	–	(320)
Earnings for the purpose of diluted earnings per share	<b>120,466</b>	129,569

	Number of shares	
	2009	2008
Number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	<b>793,124,034</b>	793,124,034

The exercise prices of the Company's outstanding share options are higher than the average fair value per share, no dilutive effect thereof has been accounted for.

**13. EARNINGS PER SHARE (Cont'd)****From continuing operations**

Earnings figures are calculated as follows:

	<b>Six months ended 30th June,</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Profit for the period attributable to owners of the Company	<b>120,466</b>	129,889
Less: (profit) loss for the period from discontinued operation	<b>(5,293)</b>	6,588
Earnings for the purpose of basic earnings per share from continuing operations	<b>115,173</b>	136,477
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from exercise of share options issued by that associate ( <i>Note</i> )	–	(320)
Earnings for the purpose of diluted earnings per share from continuing operations	<b>115,173</b>	136,157

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

**From discontinued operation**

Basic and diluted earnings per share for the discontinued operation are HK0.66 cents (six months period ended 30th June, 2008: basic and diluted losses per share for the discontinued operation are HK0.83 cents), based on the profit for the period from the discontinued operation of HK\$5,293,000 (six months period ended 30th June, 2008: loss for the period from the discontinued operation of HK\$6,588,000) and the denominators detailed above for both basic and diluted earnings (losses) per share.

*Note:* The outstanding share options of Road King, an associate of the Group, during the period ended 30th June, 2009 had an anti-dilutive effect on the basic earnings per share because the exercise prices of the share options are higher than the average market prices of the shares of Road King during the period. Accordingly, no dilutive effect has been accounted for during the period.

**14. PROPERTY, PLANT AND EQUIPMENT**

During the period, the Group spent HK\$8,110,000 (six months ended 30th June, 2008: HK\$20,098,000) on property, plant and equipment.

During the period, the Group disposed of certain plant and equipment with a nil carrying amount (six months ended 30th June, 2008: HK\$17,000) for proceeds of HK\$2,657,000 (six months ended 30th June, 2008: HK\$6,582,000), resulting in a gain on disposal of HK\$2,657,000 (six months ended 30th June, 2008: HK\$6,565,000).

The Group has pledged certain motor vehicles with an aggregate carrying value of HK\$275,000 (31st December, 2008: HK\$347,000) to secure bank loans granted to the Group.

## 15. INTERESTS IN ASSOCIATES

The amount represents mainly the equity interests in Road King.

The following matters have been reported in the interim report of Road King for the six months ended 30th June, 2009:

As detailed in note 23 of Road King's annual financial statements for the year ended 31st December, 2008, 天津順馳新地置業有限公司 and 天津順馳融信置地有限公司 (collectively referred to as the "Tianjin Companies") would have become indirect subsidiaries of Road King since July 2007.

Road King commenced legal proceedings in the Tianjin Nankai District People's Court in October 2007 to enforce its rights and to assume effective control over the Tianjin Companies. However, the legal proceedings against the former management of the Tianjin Companies were temporarily suspended in 2008 on the basis that unspecified facts which related to those proceedings may overlap with unspecified matters under investigation by Tianjin authorities.

In January 2009, Road King received a notice advising that an investigation on a criminal accusation by Tianjin authorities was officially dismissed. In addition to the legal proceedings as mentioned above, with the assistance provided by the Tianjin municipal government, Road King is now gradually resolving the legacy problems of the Tianjin Companies in Tianjin with a view to eventually obtain effective control over the Tianjin Companies. However, at the date of this report, the former management of the Tianjin Companies has not yet handed over the official seals and books and records to Road King and in the opinion of the directors of Road King, Road King has not obtained control over the Tianjin Companies. Road King will continue its best endeavours to obtain effective control over the Tianjin Companies.

As Road King does not have control, and is not in a position to exercise significant influence, over the operating and financing policies of the Tianjin Companies, the Tianjin Companies are not currently considered to be subsidiaries or associates of Road King and therefore they are accounted for as available-for-sale financial assets. Accordingly, the financial statements of the Tianjin Companies have not been consolidated into Road King's condensed consolidated financial statements. The investments in the Tianjin Companies, amounting to HK\$638,526,000 as at 30th June, 2009 (31st December, 2008: HK\$632,787,000), have been recorded at cost less impairment because the investments are unquoted equity shares whose range of reasonable fair value estimates is so significant that the directors of Road King are of the opinion that the fair values cannot be measured reliably.

During the period ended 30th June, 2009, Road King has made various payments on behalf of the Tianjin Companies, including the settlement of their bank loans of RMB300 million, accrued interest on the bank loans, construction costs and other expenses, totaling HK\$446,086,000. These payments are considered as loans and advances to the Tianjin Companies and based on the advice from the PRC legal counsel, Road King has the right to recover these amounts due from the Tianjin Companies.

**15. INTERESTS IN ASSOCIATES (Cont'd)**

Based on the impairment review on the investments in, and loans and advances to, the Tianjin Companies, in the opinion of the directors of Road King, no impairment on the carrying amounts in relation to the Tianjin Companies is considered necessary. However, as the timing and the eventual outcome of the court proceedings or the satisfactory resolutions of the legacy problems of the Tianjin Companies cannot presently be determined with certainty, there exist uncertainties that Road King may be unable to obtain effective control over the Tianjin Companies or otherwise realise the underlying properties of the Tianjin Companies, thereby impacting the recoverability of Road King's available-for-sale financial assets amounting to HK\$1,084,612,000 as at 30th June, 2009.

In view of the circumstances as stated above, there exist significant uncertainties in respect of the Group's interests in Road King, which may affect the carrying amount of the Group's interests in associates and the Group's share of results of associates. However, taking into account the factors stated above, the directors of the Company are of the view that no impairment against the Group's interests in Road King is necessary.

**16. PREPAID ROYALTIES**

Prepaid royalties are analysed as follows:

	<b>30th June, 2009 HK\$'000</b>	31st December, 2008 HK\$'000
Within one year	<b>1,498</b>	2,337
In the second to fifth year inclusive	<b>35,070</b>	34,979
	<b>36,568</b>	37,316
<i>Less: Allowance</i>	<b>(34,000)</b>	(34,000)
	<b>2,568</b>	3,316
<i>Less: Amount recoverable within one year shown under current assets</i>	<b>(1,498)</b>	(2,337)
Amount recoverable after one year	<b>1,070</b>	979

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 17. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows an average credit period of 60 days to its trade customers. For retention receivables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

	<b>30th June, 2009 HK\$'000</b>	31st December, 2008 HK\$'000
Trade debtors analysed by age:		
0 to 60 days	<b>114,935</b>	121,263
61 to 90 days	<b>91</b>	1,216
Over 90 days	<b>11,732</b>	27,387
	<b>126,758</b>	149,866
Retention receivables	<b>44,722</b>	43,388
Other debtors, deposits and prepayments	<b>40,786</b>	61,556
	<b>212,266</b>	254,810
Retention receivables		
Due within one year	<b>16,526</b>	13,041
Due more than one year	<b>28,196</b>	30,347
	<b>44,722</b>	43,388

## 18. HELD-FOR-TRADING INVESTMENTS

	<b>30th June, 2009 HK\$'000</b>	31st December, 2008 HK\$'000
Held-for-trading investments at fair value:		
Equity securities listed in The Stock Exchange of Hong Kong Limited	<b>37,601</b>	28,554
Equity securities quoted on National Association of Securities Dealers Automated Quotation's Over the Counter Bulletin Board in the United States of America	<b>13</b>	12
	<b>37,614</b>	28,566

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 18. HELD-FOR-TRADING INVESTMENTS (Cont'd)

At 30th June, 2009, certain listed equity securities with market value of HK\$17,340,000 (31st December, 2008: HK\$8,670,000) were pledged to a bank to secure general banking facilities granted to the Group.

In relation to the pledge of equity securities, a bank requires certain subsidiaries of the Company that are entitled to the banking facilities, to provide cross guarantee to the bank. Therefore, although certain equity securities were pledged to the bank, the Group is allowed to trade the pledged securities upon repayment of respective bank borrowing. Accordingly, the investments in these equity securities are classified as held-for-trading investments in the condensed consolidated statement of financial position.

## 19. CREDITORS AND ACCRUED CHARGES

	<b>30th June, 2009</b>	31st December, 2008
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade creditors analysed by age:		
0 to 60 days	<b>47,831</b>	67,989
61 to 90 days	<b>1,512</b>	6,410
Over 90 days	<b>20,744</b>	24,505
	<b>70,087</b>	98,904
Retention payables	<b>41,607</b>	39,122
Accrued project costs	<b>113,613</b>	112,189
Other creditors and accrued charges	<b>65,602</b>	73,153
	<b>290,909</b>	323,368
Retention payables		
Due within one year	<b>21,261</b>	19,584
Due more than one year	<b>20,346</b>	19,538
	<b>41,607</b>	39,122

For retention payables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

## 20. AMOUNT DUE TO A RELATED COMPANY

The related company is a subsidiary of one of the Company's substantial shareholders. The amount is unsecured, carries interest at prevailing market rate and is repayable on demand. The effective interest rate of the amount at 30th June, 2009 is 5% (31st December, 2008: 5%) per annum.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 21. LOANS FROM A DIRECTOR

The loans from a director are unsecured, carry interest at Hong Kong Interbank Offered Rate plus 1.75% per annum and are repayable within one year.

## 22. BANK LOANS

	<b>30th June, 2009</b>	31st December, 2008
	<b>HK\$'000</b>	<b>HK\$'000</b>
The maturity of the bank loans is as follows:		
Within one year	<b>190,635</b>	240,273
In the second year	<b>18,152</b>	26,899
In the third to fifth year inclusive	<b>11,250</b>	9,581
	<b>220,037</b>	276,753
<i>Less: Amount due within one year shown under current liabilities</i>	<b>(190,635)</b>	(240,273)
Amount due after one year	<b>29,402</b>	36,480
Secured	<b>45,305</b>	55,384
Unsecured	<b>174,732</b>	221,369
	<b>220,037</b>	276,753

During the period, in respect of bank loans with carrying amounts of HK\$26,647,000 as at 30th June, 2009 (31st December, 2008: HK\$75,115,000), the Group breached certain terms of the bank loans, which are primarily related to the debt-equity ratio. According to the HKAS 1 "Presentation of financial statements", since the banks have not agreed to waive their right to demand immediate payment as at the 30th June, 2009, the non-current portion of the bank loans amounting to HK\$14,235,000 (31st December, 2008: HK\$16,734,000) has been classified as current liabilities in the condensed consolidated statement of financial position as at 30th June, 2009.

For a bank loan amounting to HK\$15,647,000 (31st December, 2008: HK\$32,446,000), the Group has subsequently obtained a written consent from the bank to waive the right to demand immediate repayment. For the remaining bank loans amounting to HK\$11,000,000 (31st December, 2008: HK\$42,669,000), the directors believe that the banks will not demand immediate repayment.

Certain bank loans are secured by personal guarantees given by a director of the Company.

**23. STRUCTURED BORROWING**

	<b>30th June, 2009</b>	31st December, 2008
	<b>HK\$'000</b>	<i>HK\$'000</i>
Structured borrowing, classified as:		
Current	<b>12,480</b>	12,480
Non-current	<b>22,490</b>	40,541
At fair value	<b>34,970</b>	53,021

The structured borrowing contains embedded derivatives which are not closely related to the host contract, hence the entire combined contract was designated as at fair value through profit or loss upon initial recognition. The minimum amount repayable to the bank within one year is classified as a current liability.

The entire combined contract was measured at fair value based on the valuation provided by the counterparty at 30th June, 2009. As at 30th June, 2009, the difference between the fair value and the net amount of the upfront payment received less the repayments made was HK\$3,770,000 (31st December, 2008: HK\$15,581,000). Decrease in fair value of HK\$11,811,000 (six months ended 30th June, 2008: increase in fair value of HK\$12,257,000) during the period has been recognised in the condensed consolidated statement of comprehensive income. As at 31st July, 2009, the fair value was HK\$34,085,000.

**24. OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES**

	<b>30th June, 2009</b>	31st December, 2008
	<b>HK\$'000</b>	<i>HK\$'000</i>
Cost of investment in unlisted associates	<b>4</b>	4
Share of post-acquisition losses	<b>(19,408)</b>	(20,457)
	<b>(19,404)</b>	(20,453)

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2009

## 25. PLEDGE OF ASSETS

Other than disclosed in notes 14, 18 and 22, at 30th June, 2009, a bank deposit amounting to HK\$1,000 (31st December, 2008: HK\$1,013,000) of the Group was pledged to a bank for securing the banking facilities granted to the Group. The pledged bank deposit carries zero interest during the period (31st December, 2008: 0.01% to 1.07% per annum).

## 26. TENDER/PERFORMANCE/RETENTION BONDS

	<b>30th June, 2009</b>	31st December, 2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Outstanding amount for construction contracts	<b>91,873</b>	128,230

## 27. RELATED PARTY TRANSACTIONS

	<b>Six months ended 30th June,</b>	
	<b>2009</b>	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Associate</b>		
Management service income	<b>386</b>	370
Interest paid	<b>71</b>	71
<b>Jointly controlled entities</b>		
Interest income	–	66
<b>Compensation of key management personnel</b>		
Short-term employee benefits	<b>10,818</b>	11,467
Post-employment benefits	<b>657</b>	702
Share-based payments	–	844
	<b>11,475</b>	13,013

At 30th June, 2009 and 31st December, 2008, a director provided personal guarantees amounting to HK\$12,500,000 to a bank to secure the general banking facilities granted to the Group.

## EXECUTIVE DIRECTORS

ZEN Wei Pao, William (*Chairman*)  
ZEN Wei Peu, Derek (Vice Chairman)  
WONG Wing Cheung, Dennis (*Finance Director*)  
CHIU Wai Yee, Anriena

## NON-EXECUTIVE DIRECTORS

LAM Wai Hon, Patrick  
CHU Tat Chi  
CHENG Chi Pang, Leslie

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## AUDITOR

Deloitte Touche Tohmatsu

## SOLICITORS

Richards Butler in association with Reed Smith LLP  
Sidley Austin Brown & Wood  
Conyers, Dill & Pearman

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Hang Seng Bank Limited  
The Bank of East Asia, Limited  
CITIC Ka Wah Bank Limited

## QUALIFIED ACCOUNTANT

WONG Wing Cheung, Dennis

## COMPANY SECRETARY

CHIU Wai Yee, Anriena

## REGISTERED OFFICE

Clarendon House  
Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS

Unit 1103, 11th Floor  
East Ocean Centre  
98 Granville Road  
Tsimshatsui  
Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Hong Kong

## STOCK CODE

The Stock Exchange of Hong Kong Limited – 610

