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WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31ST DECEMBER, 2008**

Financial Performance Highlights

Group revenue and share of revenue of jointly controlled entities	HK\$1,052 million
Profit attributable to equity holders	HK\$161 million
Basic earnings per share	HK20.35 cents
Equity attributable to equity holders per share	HK\$4.52

RESULTS

The board of directors (the “Board”) of Wai Kee Holdings Limited (the “Company”) announces the audited results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2008 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December, 2008

		2008	2007
	<i>Notes</i>	<i>HK\$'000</i>	(Restated) <i>HK\$'000</i>
Group revenue	2	837,434	871,679
Cost of sales		(848,617)	(835,110)
Gross (loss) profit		(11,183)	36,569
Other income	4	58,521	32,805
Investment income, gains and losses	5	(56,136)	49,264
Selling and distribution costs		(8,846)	(9,359)
Administrative expenses		(131,568)	(116,361)
Impairment loss recognised in respect of property, plant and equipment		(12,000)	(9,000)
Change in fair value of structured borrowing		(11,251)	6,539
Finance costs	6	(15,537)	(21,657)
Net (loss) gain on deemed disposal of partial interest in an associate	7	(105)	23,159
Discount on deemed acquisition of additional interest in an associate	8	48,810	-
Share of results of associates		230,743	319,874
Share of results of jointly controlled entities		26,572	29,045
Profit before tax	9	118,020	340,878
Income tax credit (expense)	10	113	(6,834)
Profit for the year		118,133	334,044
Attributable to:			
Equity holders of the Company		161,392	328,431
Minority interests		(43,259)	5,613
Profit for the year		118,133	334,044
Dividends	11	47,587	95,175
Earnings per share	12	<i>HK cents</i>	<i>HK cents</i>
- Basic		20.35	41.41
- Diluted		20.32	40.94

CONSOLIDATED BALANCE SHEET

As at 31st December, 2008

		2008	2007
	Notes	HK\$'000	(Restated) HK\$'000
Non-current assets			
Property, plant and equipment		35,133	31,049
Prepaid lease payments on land use rights		5,761	5,602
Intangible assets		32,858	32,858
Goodwill		29,838	35,473
Interests in associates	13	3,677,758	3,286,397
Interests in jointly controlled entities		62,946	82,949
Available-for-sale investments		-	-
Prepaid royalties		979	2,621
Loan receivable		3,408	-
Other financial assets		47,505	47,320
		<u>3,896,186</u>	<u>3,524,269</u>
Current assets			
Prepaid lease payments on land use rights		134	127
Prepaid royalties		2,337	2,840
Finance lease receivables		-	271
Inventories		18,563	20,250
Amounts due from customers for contract work		151,821	80,322
Debtors, deposits and prepayments		254,810	288,448
Amounts due from associates		7,182	575
Amounts due from jointly controlled entities		21,889	14,732
Tax recoverable		1,239	2,673
Held-for-trading investments		28,566	122,729
Pledged bank deposits		1,013	2,058
Bank balances and cash		61,707	86,377
		<u>549,261</u>	<u>621,402</u>
Current liabilities			
Amounts due to customers for contract work		75,867	19,889
Creditors and accrued charges		323,368	283,764
Amounts due to jointly controlled entities		14,270	3,974
Amounts due to associates		6,632	7,682
Amount due to a related company		546	452
Amounts due to minority shareholders		3,359	3,359
Tax liabilities		1,179	12,496
Loans from a director		10,000	-
Other borrowings - due within one year		11,005	21,697
Bank loans - due within one year		240,273	298,189
Structured borrowing		12,480	12,480
Bank overdrafts, secured		4,749	2,110
		<u>703,728</u>	<u>666,092</u>
Net current liabilities		<u>(154,467)</u>	<u>(44,690)</u>

	<i>Note</i>	2008 HK\$'000	2007 (Restated) HK\$'000
Total assets less current liabilities		3,741,719	3,479,579
Non-current liabilities			
Deferred tax liabilities		5,750	5,921
Obligations in excess of interest in associates		20,453	21,910
Loan from a shareholder		-	30,000
Loans from minority shareholders		1,460	960
Amount due to an associate		9,800	10,686
Amounts due to jointly controlled entities		4,067	4,067
Other borrowings		115	82
Bank loans		36,480	36,394
Structured borrowing		40,541	41,770
		118,666	151,790
Total net assets		3,623,053	3,327,789
Capital and reserves			
Share capital		79,312	79,312
Share premium and reserves		3,506,764	3,173,738
Equity attributable to equity holders of the Company		3,586,076	3,253,050
Minority interests		36,977	74,739
Total equity		3,623,053	3,327,789

Notes:

1. Application of New and Revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied the following amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) - Int 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) - Int 12	Service Concession Arrangements
HK(IFRIC) - Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of the new HKFRSs, other than HK(IFRIC) – Int 12 “Service Concession Arrangements” which is detailed as below, had no material effect on the results and financial position for the current or prior accounting periods have been prepared and presented.

Service concession arrangements

In the current year, the Group has applied HK(IFRIC) - Int 12 “Service Concession Arrangements” which is effective for annual periods beginning on or after 1st January, 2008. HK(IFRIC) - Int 12 “Service Concession Arrangements” provides guidance on the accounting by the operator of a service concession arrangement which involved the provision of public sector services.

The Group as sewage treatment operator has access to operate the plant to provide public service on behalf of the grantor in accordance with the terms specified in the service concession arrangement contract.

In prior periods, the Group's sewage treatment plant, which includes construction costs incurred on sewage treatment plant work which entitle the Group to the operating rights of the sewage treatment for the specified concession period, was recorded as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. Depreciation of the sewage treatment plant was calculated to write off its cost, over its expected useful life or the remaining concession period, whichever was shorter, commencing from the date when it is available for intended use of the sewage treatment on a straight line basis.

In accordance with HK(IFRIC) - Int 12, sewage treatment plant within the scope of this interpretation is not recognised as property, plant and equipment of the operator as the contractual service arrangement does not convey the right to control the use of the public service infrastructure to the operator. If the operator provides construction and upgrade services of the plant, this interpretation requires the operator to account for its revenue and costs in accordance with HKAS 11 “Construction Contracts” for the construction and upgrade services of the plant and to account for the fair value of the consideration received and receivable for the construction and upgrade services as an intangible asset in accordance with HKAS 38 “Intangible Assets” to the extent that the operator receives a right (a licence) to charge users of the public service, which amounts are contingent on the extent that the public uses the service or a financial asset in accordance with HKAS 39 “Financial Instruments: Recognition and Measurement”. In addition, the operator accounts for the services in relation to the operation of the plant in accordance with HKAS 18 “Revenue”.

In the current year, the Group applied this interpretation retrospectively.

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)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendment)	Eligible hedged items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments ²
HKFRS 8	Operating Segments ²
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives ⁴
HK(IFRIC) - Int 13	Customer Loyalty Programmes ⁵
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation ⁶
HK(IFRIC) - Int 17	Distribution of Non-cash Assets to Owners ³
HK(IFRIC) - Int 18	Transfers of Assets from Customers ⁷

¹ Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009

² Effective for annual periods beginning on or after 1st January, 2009

³ Effective for annual periods beginning on or after 1st July, 2009

⁴ Effective for annual periods ending on or after 30th June, 2009

⁵ Effective for annual periods beginning on or after 1st July, 2008

⁶ Effective for annual periods beginning on or after 1st October, 2008

⁷ Effective for transfers on or after 1st July, 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1st January, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretation will have no material impact on the results and the financial position of the Group.

2. Revenue

	2008	2007
	<i>HK\$'000</i>	(Restated) <i>HK\$'000</i>
Group revenue	837,434	871,679
Share of revenue of jointly controlled entities	214,412	486,452
Group revenue and share of revenue of jointly controlled entities	<u>1,051,846</u>	<u>1,358,131</u>
Group revenue analysed by revenue from:		
Civil construction	751,130	798,475
Quarrying	35,798	29,496
Bio-technology	50,506	35,240
Others	-	8,468
	<u>837,434</u>	<u>871,679</u>

3. Segmental Information

The Group's revenue and profit for the year ended 31st December, 2008 and 2007 by business segments (primary) are as follows:

	Civil construction HK\$'000	Quarrying HK\$'000	Bio- technology HK\$'000	Property development HK\$'000	Highway and expressway operations HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Year ended 31st December, 2008								
Revenue								
Group revenue	751,130	35,798	50,506	-	-	-	-	837,434
Inter-segment sales	-	-	-	-	-	78	(78)	-
Segment revenue	<u>751,130</u>	<u>35,798</u>	<u>50,506</u>	<u>-</u>	<u>-</u>	<u>78</u>	<u>(78)</u>	<u>837,434</u>

Inter-segment sales are charged at prevailing market rates.

Results								
Segment results	<u>(69,901)</u>	<u>19,154</u>	<u>(22,003)</u>	<u>-</u>	<u>-</u>	<u>(8,475)</u>		<u>(81,225)</u>
Investment income, gains and losses								(56,136)
Unallocated net expenses								(35,102)
Finance costs								(15,537)
Share of results of associates	1,457	-	-	(8,553)	247,007	(9,168)		230,743
Share of results of jointly controlled entities	26,572	-	-	-	-	-		26,572
Net loss on deemed disposal of partial interest in an associate								(105)
Discount on deemed acquisition of additional interest in an associate								<u>48,810</u>
Profit before tax								118,020
Income tax credit								<u>113</u>
Profit for the year								<u>118,133</u>

	Civil construction HK\$'000	Quarrying HK\$'000	Bio- technology HK\$'000	Property development HK\$'000	Highway and expressway operations HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Year ended 31st December, 2007 (restated)								
Revenue								
Group revenue	798,475	29,496	35,240	-	-	8,468	-	871,679
Inter-segment sales	-	40	-	-	-	-	(40)	-
Segment revenue	<u>798,475</u>	<u>29,536</u>	<u>35,240</u>	<u>-</u>	<u>-</u>	<u>8,468</u>	<u>(40)</u>	<u>871,679</u>

Inter-segment sales are charged at prevailing market rates.

Results								
Segment results	<u>(30,932)</u>	<u>4,104</u>	<u>(19,339)</u>	<u>-</u>	<u>-</u>	<u>8,550</u>		<u>(37,617)</u>
Investment income, gains and losses								49,264
Unallocated net expenses								(21,190)
Finance costs								(21,657)
Share of results of associates	134	-	-	150,725	178,334	(9,319)		319,874
Share of results of jointly controlled entities	29,045	-	-	-	-	-		29,045
Net gain on deemed disposal of partial interest in an associate								<u>23,159</u>
Profit before tax								340,878
Income tax expense								<u>(6,834)</u>
Profit for the year								<u>334,044</u>

4. Other Income	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Other income includes:		
Discount on acquisition of additional interest in a subsidiary	3,984	3,050
Gain on disposal of property, plant and equipment, net	14,776	3,262
Interest on bank deposits	350	1,023
Interest on finance lease receivables	7	28
Interest on loans and other receivable	411	3,885
Interest on other financial assets	1,853	1,750
Reversal of allowance of doubtful debts	3,617	-
Compensation income in respect of early termination of quarry rights	11,364	-
Service income from associates for secretarial and management services rendered	19,756	1,800
Gain on disposal of partial interest in an associate	-	294
Gain on disposal of partial interest in a subsidiary	-	2,585
Exchange gains, net	-	2,453
	<u><u> </u></u>	<u><u> </u></u>
5. Investment Income, Gains and Losses	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Change in fair value of held-for-trading investments	(59,741)	48,286
Dividend income from held-for-trading investments	3,605	3,546
Impairment loss on available-for-sale investments	-	(2,568)
	<u><u> </u></u>	<u><u> </u></u>
	(56,136)	49,264
	<u><u> </u></u>	<u><u> </u></u>
6. Finance Costs	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest on:		
Bank and other borrowings wholly repayable within five years	14,435	20,869
Interest bearing amount due to an associate	141	141
Interest bearing amount due to a related company	94	452
Interest bearing loan from a shareholder	404	26
Interest bearing loans from a director	243	-
Imputed interest expense on non-current interest-free amount due to an associate	220	169
	<u><u> </u></u>	<u><u> </u></u>
	15,537	21,657
	<u><u> </u></u>	<u><u> </u></u>

7. **Net (Loss) Gain on Deemed Disposal of Partial Interest in an Associate**

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
(Loss) gain on deemed disposal of partial interest in an associate arising from:		
Placement of new shares	-	41,506
Exercise of options granted to its directors and employees	<u>(105)</u>	<u>(18,347)</u>
	<u>(105)</u>	<u>23,159</u>

During the year, the Group's associate, Road King Infrastructure Limited ("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 Group's interest in Road King was reduced in aggregate by 0.002% resulting in a total loss of HK\$105,000.

During the year ended 31st December, 2007, Road King issued 45,000,000 ordinary shares at a price of HK\$12.2 per share by placing to various investors, and also issued 17,570,000 ordinary shares at the weighted average exercise price of HK\$6.90 per share upon exercise of options granted to the directors and employees of Road King under Road King's share option scheme. As a result, the interest of the Group in Road King was reduced in aggregate by 3.34% resulting in a total net gain of HK\$23,159,000.

8. **Discount on Deemed Acquisition of Additional Interest in an Associate**

During the year, Road King repurchased and cancelled 13,760,000 ordinary shares. As a result, the interest of the Group in Road King was increased in aggregate by 0.701% resulting in a total gain of HK\$48,810,000.

9. **Profit before Tax**

	2008	2007
	<i>HK\$'000</i>	(Restated) <i>HK\$'000</i>
Profit before tax has been arrived at after charging (crediting):		
Allowance for doubtful debts	859	1,247
Amortisation of prepaid lease payments on land use rights	122	122
Auditor's remuneration:		
Provision for the current year	3,126	3,282
Under(over)provision in prior years	348	(196)
	<u>3,474</u>	<u>3,086</u>
Bad debts written off	104	1,517
Depreciation:		
Owned assets	13,286	12,371
Assets held under finance lease arrangement	38	18
	<u>13,324</u>	<u>12,389</u>
Less: Amount attributable to construction contracts	(85)	(25)
	<u>13,239</u>	<u>12,364</u>
Exchange losses, net	1,872	-
Hire charges for plant and machinery	28,216	29,848
Less: Amount attributable to construction contracts	(28,216)	(29,341)
	<u>-</u>	<u>507</u>
Operating lease rentals in respect of land and buildings	8,275	7,231
Less: Amount attributable to construction contracts	(1,014)	(450)
	<u>7,261</u>	<u>6,781</u>
Impairment loss on available-for-sale investment	-	2,568
Loss on disposal of a jointly controlled entity	1,972	-
Loss on disposal of partial interest in a subsidiary	5,481	-
Share of tax charge of associates (included in share of results of associates)	142,384	135,743
Share of tax credit of jointly controlled entities (included in share of results of jointly controlled entities)	(20)	(3,297)
Staff costs	221,324	240,005
Less: Amount attributable to construction contracts	(146,415)	(156,507)
	<u>74,909</u>	<u>83,498</u>
Write-down of inventories	<u>3,723</u>	<u>-</u>

10. **Income Tax (Credit) Expense**

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Income tax for the year		
Hong Kong	22	6,781
Other jurisdictions	200	165
	<u>222</u>	<u>6,946</u>
(Over)underprovision in prior years		
Hong Kong	(167)	(283)
Other jurisdictions	3	-
	<u>(164)</u>	<u>(283)</u>
Deferred tax		
Current year	(161)	171
Effect of change in tax rate	(10)	-
	<u>(171)</u>	<u>171</u>
	<u>(113)</u>	<u>6,834</u>

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 and reduced corporate profit tax rate from 17.5% to 16.5% which is effective from the year of assessment 2008/2009. Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the year.

Income tax arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council issued Implementation Regulation of the New Law. The New Law and Implementation Regulation changed the tax rate of the PRC subsidiaries to 25% from 1st January, 2008 onwards.

11. **Dividends**

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Dividends paid and recognised as distributions during the year:		
2007 final dividend - HK6 cents (2007: 2006 final dividend – HK6 cents) per share	47,587	47,587
2008 interim dividend - Nil (2007: 2007 interim dividend – HK6 cents) per share	-	47,588
	<u>47,587</u>	<u>95,175</u>

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2008.

A final dividend for the year ended 31st December, 2007 of HK6 cents per ordinary share was proposed by the directors and was approved by the shareholders in the annual general meeting. This final dividend has not been included as a liability in the consolidated financial statements for the year ended 31st December, 2007.

12. Earning Per Share

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

	2008	2007 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purpose of basic earnings per share	161,392	328,431
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from exercise of share options issued by that associate	<u>(222)</u>	<u>(3,694)</u>
Earnings for the purpose of diluted earnings per share	<u>161,170</u>	<u>324,737</u>
	Number of shares	
Number of ordinary shares for the purpose of basic earnings per share and diluted earnings per share	<u>793,124,034</u>	<u>793,124,034</u>

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

No effect on dilutive potential ordinary share arising from convertible preference share capital of a subsidiary is presented as the exercise of the potential dilutive ordinary shares would result an anti-dilution impact on the profit per ordinary share for the year ended 31st December, 2008.

13. Interests in Associates

The following matters have been reported in the consolidated financial statements of Road King for the year ended 31st December, 2008:

On 11th January, 2007, Road King completed the acquisition of 49% equity interest in Sunco Property Holdings Company Limited ("Sunco Property") and thereon account for it as an associate. In July 2007, Road King had further acquired and subscribed 39.46% equity interest in Sunco Property. Thereafter, 88.46% equity interest in Sunco Property was held by Road King and Sunco Property became a subsidiary of Road King.

On 26th May, 2007, 天津順馳濱海不動產投資管理有限公司, a wholly-owned subsidiary of Sunco Property, entered into sale and purchase agreements with certain subsidiaries of Sunco Real Estate Investment Limited ("Sunco Real Estate"), being the vendor, for the acquisition of the entire equity interests in 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") at a total cash consideration of RMB563,180,000 (equivalent to HK\$632,787,000). Sunco Real Estate was controlled by Mr. Sun Hongbin ("Mr. Sun"), the then major beneficial owner of Sunco Property prior to Road King's acquisitions of Sunco Property. Upon the completion of the acquisition of additional 39.46% interest in Sunco Property by Road King on 27th July, 2007, Sunco Property became an indirect subsidiary of Road King and, in the absence of the circumstances described below, the Tianjin Companies would also have become indirect subsidiaries of Road King.

Road King's PRC legal counsel has confirmed that the legal procedures in respect of the acquisition of the Tianjin Companies by Road King have been completed and the acquisition was legally enforceable under the relevant laws in the PRC. However, Road King had not yet obtained effective control over the Tianjin Companies despite the fact that the board of directors of the Tianjin Companies was appointed by Road King as the former management of the Tianjin Companies had not yet allowed the representatives of Road King to access the office of the Tianjin Companies, and had not yet handed over the official seals, the books and records as well as other relevant documents of the Tianjin Companies.

Road King has implemented certain preventive measures to preserve the assets of the Tianjin Companies including, but not limited to, (i) issuing a warning letter to the former management preventing them from taking any actions which will be detrimental to the Tianjin Companies; (ii) publishing a notice in a local newspaper in Tianjin to alert the public to take extra care when entering into any transactions with the Tianjin Companies; and (iii) issuing letters to the relevant banks in Tianjin to alert them to take extra care when entering into mortgage transactions with the customers and any other bank transactions with the Tianjin Companies.

In 2006, the PRC government had reinforced the compliance of regulation on idle land confiscation which was issued by the Ministry of Land and Resources of the PRC on 26th April 1999. Certain land currently held by the Tianjin Companies may be potentially classified as idle land. The management of Road King has assessed the issue, and based on the legal advice, as long as Road King can resume the project development of Tianjin Companies shortly, the idle land confiscation and potential penalty charge will not be materialised.

As Road King has not yet obtained effective control or 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 the financial statements of the Tianjin Companies have not been consolidated into or equity accounted for in Road King's consolidated financial statements. Instead, the investments in the Tianjin Companies are accounted for as available-for-sale investments at each balance sheet date and have been recorded at cost less impairment as at 31st December, 2008 and 2007 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. Based on the impairment review on the investments in the Tianjin Companies, in the opinion of the directors of Road King, no impairment on the investment cost in the Tianjin Companies is considered necessary.

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 had been temporarily suspended in 2008 on the basis that unspecified facts which related to those proceedings might overlap with unspecified matters under investigation by Tianjin authorities.

In January 2009, Road King received a notice advising that the investigation on a criminal accusation by Tianjin authorities was officially dismissed. Based on the advice of Road King's PRC legal counsel, it is highly probable that Road King will be able to lift the suspension of the legal proceedings, which will result in the effective continuation of Road King's legal proceedings to assume the effective control over the Tianjin Companies. The directors of Road King, based on advice of Road King's PRC legal counsel, are of the firm belief that the court ruling will be favourable to Road King and accordingly, Road King will be able to assume effective control over the Tianjin Companies in the foreseeable future. Road King will continue its best endeavours to pursue the lawsuit in order to assume effective control over the Tianjin Companies.

In addition, Road King provided guarantees in favour of banks to provide credit facilities to the Tianjin Companies, of which Road King is in the process of seeking to obtain effective control as described above, amounting to HK\$337,079,000 (2007: HK\$315,789,000). The bank loans are secured by a pledge of the properties including land and properties under development for sale held by the Tianjin Companies.

Other than the fair value of the guarantees amounting to HK\$22,000,000 as at the date the guarantee was originally given, no provision of any liability or impairment that may result has been made on Road King's consolidated financial statements.

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 view that no impairment against the Group's interests in Road King is necessary.

The audit opinion for the consolidated financial statements of the Group for the year ended 31st December, 2008 has been modified in connection with the captioned issue and is extracted in the paragraph headed "Summary of Auditor's Opinion" in this announcement.

DIVIDENDS

The Boards does not recommend the payment of a final dividend for the year ended 31st December, 2008 (2007: HK6 cents per ordinary share).

SUMMARY OF AUDITOR'S OPINION

In the modified auditor's report, the auditor has included the following paragraphs in the auditor's opinion to draw the shareholders' attention:

"Without qualifying our opinion we draw attention to note 24(c) to the consolidated financial statements. Road King Infrastructure Limited ("Road King"), a significant associate of the Group, currently has not obtained effective control over 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") despite the fact that the board of directors of the Tianjin Companies was appointed by Road King, due to the circumstances described in note 24(c), and accordingly, Road King has not accounted for the Tianjin Companies as subsidiaries of Road King. Road King has commenced legal proceedings against the former management of the Tianjin Companies with a view to obtain effective control over these companies. However, the legal proceedings against the former management of the Tianjin Companies are temporarily suspended on the basis that unspecified facts which relate to those proceedings may overlap with unspecified matters under investigation by Tianjin authorities. In January 2009, Road King received a notice from Tianjin authorities advising that their investigation was completed. Based on the advice of Road King's legal counsel in the People's Republic of China ("PRC"), it is highly probable that Road King could lift the suspension of the legal proceedings, which will result in the effective continuation of Road King's legal proceedings against the former management of the Tianjin Companies. The directors of Road King, based on advice of Road King's PRC legal counsel, are of the firm belief that the court ruling will be favourable to Road King and accordingly, Road King will be able to assume effective control over the Tianjin Companies in the foreseeable future. Based on the impairment review on the investments in the Tianjin Companies as set out in note 24(c), in the opinion of the directors of Road King, no impairment on the investment cost in the Tianjin Companies is considered necessary. However, as the timing of re-opening of the court hearing and the eventual outcome of the court proceedings cannot be determined with certainty, there exist uncertainties which may affect the following:

- Road King being 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 investments in these companies amounting to HK\$632,787,000 as at 31st December, 2008; and

- the bank seeking payment from Road King in relation to credit facilities to the Tianjin Companies amounting to HK\$337,079,000 as at 31st December, 2008 which have been guaranteed by Road King as described in note 24(c), in the event that the Tianjin Companies are not in a position to repay and the properties pledged by the Tianjin Companies are insufficient to cover the credit facilities by the maturity date in June 2009.

Other than the fair value of the guarantees amounting to HK\$22,000,000 as at the date the guarantee was initially given and HK\$20,337,000 as at the date the credit facilities were renewed in July 2008, no provision for any liability or impairment that may result has been made in Road King's consolidated financial statements.

In the opinion of the directors of the Company, no impairment against the Group's interest in Road King is necessary. However, in view of the circumstances as stated above, there exist significant uncertainties which may affect the carrying amount of the Group's interest in associates."

BUSINESS REVIEW

The Group's audited revenue for the year ended 31st December, 2008 was HK\$837 million (2007: HK\$872 million restated) generating an audited consolidated profit attributable to equity holders of HK\$161 million (2007: HK\$328 million restated), a decrease of 51% as compared with that of year 2007. If including revenue of jointly controlled entities shared by the Group, the Group's revenue for the year was HK\$1,052 million (2007: HK\$1,358 million restated).

Highway and Expressway Operations and Property Development

For the year ended 31st December, 2008, Road King Infrastructure Limited ("Road King"), an associate of the Group, recorded an audited profit attributable to equity holders of HK\$656 million (2007: HK\$851 million).

During the year, Road King repurchased and cancelled 13,760,000 ordinary shares. As a result, the Group's interest in Road King was increased, generating a total gain of HK\$49 million (2007: nil). On the other hand, Road King issued 40,000 new shares upon exercise of options granted to its employees under the share option scheme of Road King. As the shares were issued at an exercise price lower than the net asset value per share of Road King, the Group recorded a total net loss of HK\$0.1 million on deemed disposals of partial interest in Road King (2007: a net gain of HK\$23 million).

For the year ended 31st December, 2008, highway and expressway operations of Road King contributed profit of HK\$242 million to the Group (2007: HK\$178 million). With respect to the property development, the Group shared a total loss of HK\$3 million (2007: profit of HK\$151 million) from Road King and Sunco Property Holdings Company Limited ("Sunco Property"), a subsidiary of Road King.

As of the date of this announcement, the Group holds 38.34% interest in Road King and directly holds 5.3% interest in Sunco Property in addition to the effective interest of 34.3% indirectly held through Road King.

During the year, traffic volume of toll road projects was 124 million vehicles. Toll revenue was RMB2,545 million, representing an increase of 10%, as compared to that in 2007. Cash generated from the toll road business amounted to HK\$1,083 million. In 2008, Road King disposed of its interest in the Luocong Highway in the Guangdong Province. Such disposal is in line with Road King's strategy to consolidate its existing Class I/II highway portfolio.

The revenue generated from property development increased from HK\$2,408 million in 2007 to HK\$4,631 million in 2008 due to the consolidation of the full year results of the Sunco Property Group. Total contracted sales and pre-sales of properties in 2008 was 338,000 sq.m. in aggregate. The property business was affected by the unfavourable market sentiments and recorded a loss in 2008. To cater for the adverse changes in the market, Road King with its prudent and pragmatic business approach abruptly adjusted the magnitude and speed of construction, and promptly stopped all new investments in early 2008.

Road King has not yet secured effective control of the two Tianjin Companies. The civil litigation proceedings initiated by Road King against the former senior management team of the Tianjin Companies have been suspended by the Tianjin Nankai District People's Court since early 2008. In the meantime, Road King has solicited the support of the Tianjin Municipal Government in facilitating resolution of the disputes. In January 2009, Road King received a notice advising that a criminal investigation by Tianjin authorities was officially dismissed. Based on the advice of the PRC legal counsel, it is highly probable that Road King will be able to lift the suspension of the legal proceedings, which will result in the effective continuation of Road King's legal proceedings to assume the effective control over the Tianjin Companies.

Road King commenced litigation proceedings against the former major shareholders of Sunco Property in October 2007. The proceedings are now at the stage of discovery and preparation of witness statements and Road King is taking legal advice with regards to the information that has been received.

In 2009, Road King's toll road division will continue to maximize the value of its existing portfolio, and if opportunities arise, divest Class I/II Highway projects. It is expected that the toll road projects will continue to grow in line with the economic development of their respective areas, thus contributing cash and profit to Road King.

With respect to the property development, Road King expects that 2009 will continue to be a challenging year as the economy is struggling against the global financial crunch. Road King will therefore focus on maximizing the value from the existing portfolio and consolidate its market position in major cities. Road King will also try to maintain an admirable cash position to guard against any prolongation of the crisis.

Civil Construction

For the year ended 31st December, 2008, the Group's construction sector, Build King Holdings Limited ("Build King") reported revenue and share of revenue of jointly controlled entities of HK\$966 million (2007: HK\$1,285 million restated) and an audited loss attributable to equity holders of HK\$94 million (2007: profit of HK\$15 million restated), including a loss of HK\$47 million from its portfolio of Hong Kong listed securities (2007: gain of HK\$33 million). The Group's share of loss from Build King was HK\$53 million (2007: share of profit of HK\$9 million restated). As of the date of this announcement, the Group holds 51.17% interest in Build King.

The loss in construction business was mainly attributable to termination of a project in Taiwan together with the continuing keen construction competition in Hong Kong. In Taiwan, a marine construction project at Shuitou Port in Kinmen had been terminated by the client due to a dispute on progress of the work which resulted in a provision for a loss of HK\$34 million. Hong Kong market has continued to be very competitive. The margin on projects awarded in previous years has been thin and results have been further adversely affected by escalating material costs.

The Hong Kong Government will substantially increase its infrastructure expenditure. It is anticipated that the construction business will have brighter future in 5 to 7 years.

In United Arab Emirates (“UAE”), the joint venture reported its first year profit in 2008. Given the outstanding performance of on-going projects and high enquiries level, Build King is well placed to capitalise on the opportunities that exist in the current environment.

On marine construction works, Build King has completed three projects and two projects in the sum of HK\$215 million remain outstanding. On plant chartering, the applications for ship classification status is progressing very well. All vessels have now been re-registered under the UAE flags, this will facilitate licensing and operation in the region. During 2008, the utilization of the vessels was well ahead of last year.

The Wuxi Qianhui Sewage Treatment Plant (“Plant”) performed well in 2008. Upgrading works were also completed to meet with the new national discharge standards. With a steady increase in population, the average inflow increased occasionally peaking at 20,000 tonnes per day towards the end of 2008. It is anticipated that the Plant will reach its designed capacity during 2009 and as a result Build King may explore the opportunities with the County Government to undertake a second phase extension.

Given the success of the business models adopted in both the Plant and the associated sewage pipeline networks, Build King will focus more on this market segment in 2009.

As of the date of this announcement, the aggregate outstanding value of contracts are approximately HK\$1,151 million.

Quarrying

For the year ended 31st December, 2008, the quarrying division recorded revenue of HK\$36 million (2007: HK\$29 million) and a net profit of HK\$17 million (2007: HK\$4 million). Included in the current year profit, there was a one-off compensation income of HK\$11 million received from the local government for early termination of our quarry rights of a quarry in Shanghai.

The total tonnage of quarry materials sold in 2008 was 757,000 tonnes, a slight increase of 5% compared with that of 2007. Despite the significant increase in prices of raw materials in the PRC, particularly the diesel cost, the division still achieved moderate improvement in profit for the year, resulting from the cost control measures exercised and the remarkable performance of the quarrying staff.

In 2009, it is not anticipated that the quarrying division will have significant improvement in sale revenue and profit contribution to the Group. The demand for quarry materials will not be substantially increased right away in 2009 even through the Hong Kong Government will increase its expenditure on infrastructure in the coming years.

Bio-technology

For the year ended 31st December, 2008, the revenue of the bio-technology division was HK\$51 million (2007: HK\$35 million). The division recorded a net loss of HK\$24 million (2007: HK\$22 million), which included an impairment loss of HK\$12 million (2007: HK\$9 million) for the fixed assets with reference to the sale price of the disposal of the business by the Group as announced in March 2009.

In 2008, the bio-technology division recorded an increase in revenue by 43.5%. However, the division has continued to record a loss due mainly to the unsatisfactory profit margin from the product mix, coupled with the surge in raw material and other operating cost during the year. With tight quality control, the division managed to reduce the amount of returned goods due to quality problem. The sales team has grown moderately during the year to meet the increased sales and demand from customers. The division continued its effort to carefully manage its cashflow during the year to improve its cash position.

In the past few years, the division has experienced considerable losses from its operation and the Group has also made substantial provisions for the fixed assets and inventory of the division. The Board is of the view that the Group should concentrate its resources in other business divisions of the Group and decided to dispose of the bio-technology division. In March 2009, the Group entered into an agreement with an independent third party to dispose of the division at HK\$19 million. The Group incurred a loss of approximately HK\$12 million from the disposal, hence made an impairment loss of the same amount for the fixed assets in 2008.

North American Ginseng

For the year ended 31st December, 2008, Chai-Na-Ta Corp. (“CNT”), an associate of the Group in Canada, reported revenue of C\$9.2 million (2007: C\$7.6 million) and a net loss of C\$4.7 million (2007: C\$3.3 million). In anticipation of untenable low price in 2009, CNT incurred write-downs of C\$3.0 million for inventory and ginseng crops (2007: C\$2.7 million) in 2008. The Group shared its loss of HK\$9 million (2007: HK\$9 million) for the year. As of the date of this announcement, the Group holds 38.1% interest in CNT.

In 2008, CNT harvested 224 acres of ginseng from its farms in British Columbia and 126 acres of ginseng from its farms in Ontario for a total yield of about 988,000 lbs (2007: 919,000 lbs) of ginseng. CNT is on track with its plan for the last year harvest in British Columbia leaving its farms remain in Ontario from 2009 onward. Although the Canadian dollar weakened against the Hong Kong dollar and Renminbi during 2008, CNT still experienced a much slower than expected market in 2008.

In view of the recent global economic crisis has dramatically altered the landscape in which all companies operate, and deteriorated the purchasing power of customers, CNT would cautiously re-assess its planting strategy in 2009 and beyond.

The Group does not intend to put any extra financial resources into this operation, and if CNT cannot stand on its feet, the Company will have no option but to divest.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31st December 2008, the Group had net current liabilities of HK\$154 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 year, total borrowings were reduced from HK\$443 million to HK\$356 million with the maturity profile summarised as follows:

	As at 31 December	
	2008	2007
	<i>HK\$'million</i>	<i>HK\$'million</i>
Within one year	279	335
In the second year	39	17
In the third to fifth year inclusive	38	91
	<u>356</u>	<u>443</u>

- (a) In respect of bank loans with carrying amounts of HK\$75 million as at 31st December, 2008, the Group breached certain of the terms of the bank loans, which are primarily related to its debt-equity ratio and current ratio. The non-current portion of the bank loans amounting to HK\$17 million has been classified as current liabilities since the banks have not agreed to waive their right to demand immediate payment as at the balance sheet date.
- (b) Included a contract of structured borrowing of HK\$53 million (2007: HK\$54 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 31st December, 2008. As at 31st December, 2008, change in its fair value as compared with the net amount of the upfront payment received less the repayment made was HK\$15 million (2007: HK\$4 million). Increase in fair value of HK\$11 million during the year has been charged to the consolidated income statement. The structured borrowing is denominated in United States dollars.
- (c) Included a margin loan of HK\$9 million (2007: HK\$22 million) secured by certain shares of Road King.

Other than the fixed rate borrowings of HK\$0.4 million carrying interest ranging from 8.52% to 9.39%, the remaining bank loans are variable-rate borrowings carrying interest ranging from 1.80% to 7.90%.

As at 31st December, 2008, the Group's cash and bank balances amounted to HK\$63 million (2007: HK\$88 million), of which bank deposits amounting to HK\$1 million (2007: HK\$2 million) were pledged to banks for securing the banking facilities granted to the Group.

For the year ended 31st December, 2008, the Group recorded finance expenses of HK\$16 million (2007: HK\$22 million).

As at 31st December, 2008, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK\$29 million (2007: HK\$123 million), majority of which were equity securities listed in Hong Kong. Certain equity securities with market value of HK\$9 million (2007: HK\$41 million) were pledged to a bank to secure general banking facilities granted to the Group. For the year ended 31st December, 2008, the Group recorded a net loss (in consideration of change in fair value and dividend income received) of HK\$56 million (2007: a net gain of HK\$52 million) from these investments, of which a net loss of HK\$47 million (2007: a net gain of HK\$40 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 United States dollars. Hence, there is no significant exposure to foreign exchange rate fluctuations.

Capital Structure and Gearing Ratio

As at 31st December, 2008, the equity attributable to equity holders amounted to HK\$3,586 million, representing HK\$4.52 per share (2007: HK\$3,253 million restated, representing HK\$4.10 per share). Increase in equity attributable to equity holders was mainly attributable to the profit generated in the year after deduction of dividends paid during the year.

The net gearing ratio, being the ratio of net borrowings (total borrowings less cash and bank balances) to equity attributable to equity holders, was 8.2% (2007: 10.9%) at the balance sheet date.

Pledge of Assets

As at 31st December, 2008, apart from the bank deposits pledged to banks for securing the banking facilities granted to the Group, and certain equity securities pledged to a bank to secure general banking facilities granted to the Group, no other asset was pledged by the Group.

Tender/Performance Bonds

As at 31st December, 2008, the Group had outstanding tender/performance bonds for construction contracts amounting to HK\$128 million (2007: HK\$122 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December, 2008, the Group had 1,128 employees (2007: 1,305 employees), of which 662 (2007: 911) were located in Hong Kong, 317 (2007: 317) were located in Mainland China, 8 (2007: 11) were located in Taiwan and 141 (2007: 66) in Dubai. For the year ended 31st December, 2008, the Group's total staff costs were about HK\$221 million (2007: HK\$240 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.

FUTURE OUTLOOK

With the global financial turmoil and general slowdown of the world economy, the Board holds positive but cautious view on the outlook of the Group. As most of the Group activities and income are generated from businesses in the PRC, the Board believes that the Group will experience considerable but surmountable difficulties this year as the PRC is generally considered as one of the economies that will first recover from the world financial downturn.

The Board, together with the effort of its dedicated staff, will continue to manage the existing businesses and any new investment of the Group prudently in order to maximize their value to the Group and to our shareholders.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2008.

CORPORATE GOVERNANCE

The Company is committed to attaining good standard of corporate governance practices.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code and has complied with the Code throughout the year ended 31st December, 2008, 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.

Since the role 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. None of the existing Non-executive Directors (including Independent Non-executive Director) of the Company is appointed for a specific term. However, all the Directors of the Company are subject to the retirement provisions under 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. Details of corporate governance will be set out in 2008 Annual Report.

The Audit Committee has reviewed with the Company's internal and external auditors the financial statements for the year ended 31st December, 2008 including the accounting principles and policies adopted by the Company.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Academy Room I-II, 1st Floor, InterContinental Grand Stanford Hotel, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 21st May, 2009 at 11:00 a.m. and the Notice of the Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Listing Rules.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website (www.waikee.com) and the Stock Exchange's website (www.hkexnews.hk). The full 2008 Annual Report containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange, and despatched to the shareholders in due course.

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, 2nd April, 2009

As at the date of this announcement, the Board comprises four executive directors, namely Mr. William Zen Wei Pao, Mr. Derek Zen Wei Peu, Mr. Dennis Wong Wing Cheung and Miss Anriena Chiu Wai Yee, three non-executive directors, namely Mr. Patrick Lam Wai Hon, Mr. Chu Tat Chi and Dr. Leslie Cheng Chi Pang and three independent non-executive directors, namely Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau and Mr. Francis Wong Man Chung.