WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

INTERIM RESULTS
SIX MONTHS ENDED 30TH JUNE, 2008

Financial Performance Highlights	
Group revenue and share of revenue of jointly controlled entities	**HK$482 million**
Profit attributable to equity holders	**HK$130 million**
Basic earnings per share	**HK16.38 cents**
Equity attributable to equity holders per share	**HK$4.45**

RESULTS

The board of directors (the "Board") of Wai Kee Holdings Limited (the "Company") announces the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30th June, 2008

		Six months ended 30th June,	
		2008	2007
			(Restated)
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Group revenue	*3*	**367,807**	446,332
Cost of sales		**(350,907)**	(421,892)
Gross profit		**16,900**	24,440
Other income	*5*	**9,021**	14,174
Investment income, gains and losses	*6*	**(10,103)**	57,632
Distribution costs		**(2,735)**	(3,176)
Administrative expenses		**(59,420)**	(57,191)
Change in fair value of structured borrowing		**(12,257)**	(2,379)
Finance costs	*7*	**(8,262)**	(9,867)
Share of results of associates		**178,192**	112,571
Share of results of jointly controlled entities		**4,558**	6,957
Net (loss) gain on deemed disposals of partial interest in an associate		**(105)**	27,393
Profit before tax	*8*	**115,789**	170,554
Income tax expense	*9*	**(103)**	(7,390)
Profit for the period		**115,686**	163,164
Attributable to:			
Equity holders of the Company		**129,889**	151,476
Minority interests		**(14,203)**	11,688
Profit for the period		**115,686**	163,164
Dividends	*10*	**47,587**	47,587
		HK cents	*HK cents*
Earnings per share	*11*		
— Basic		**16.38**	19.10
— Diluted		**16.34**	18.84

CONDENSED CONSOLIDATED BALANCE SHEET

At 30th June, 2008

	Note	30th June, 2008 (Unaudited) HK$'000	31st December, 2007 (Restated) HK$'000
Non-current assets			
Property, plant and equipment		**46,621**	31,049
Prepaid lease payments on land use rights		**5,874**	5,602
Intangible assets		**32,858**	32,858
Goodwill		**35,473**	35,473
Interests in associates	*12*	**3,572,316**	3,286,397
Interests in jointly controlled entities		**68,855**	82,949
Prepaid royalties		**1,980**	2,621
Other financial assets		**48,935**	47,320
		3,812,912	3,524,269
Current assets			
Prepaid lease payments on land use rights		**134**	127
Prepaid royalties		**2,449**	2,840
Finance lease receivables		**—**	271
Inventories		**46,668**	20,250
Amounts due from customers for contract work		**104,425**	80,322
Debtors, deposits and prepayments		**286,683**	288,448
Amounts due from associates		**743**	575
Amounts due from jointly controlled entities		**20,924**	14,732
Tax recoverable		**1,239**	2,673
Held-for-trading investments		**94,962**	122,729
Pledged bank deposits		**22**	2,058
Bank balances and cash		**62,454**	86,377
		620,703	621,402
Current liabilities			
Amounts due to customers for contract work		**54,884**	19,889
Creditors and accrued charges		**292,481**	283,764
Amounts due to an associate		**18,911**	7,682
Amounts due to jointly controlled entities		**23,237**	3,974
Amount due to a related company		**487**	452
Amounts due to minority shareholders		**3,359**	3,359
Tax liabilities		**5,625**	12,496
Loans from a director		**10,000**	—
Other borrowings		**16,636**	21,697
Bank loans		**299,698**	298,189
Structured borrowing		**12,480**	12,480
Bank overdrafts, secured		**3,002**	2,110
		740,800	666,092
Net current liabilities		**(120,097)**	(44,690)
Total assets less current liabilities		**3,692,815**	3,479,579

	30th June, 2008 (Unaudited) *HK$'000*	31st December, 2007 (Restated) *HK$'000*
Non-current liabilities		
Deferred tax liabilities	**5,921**	5,921
Obligations in excess of interest in associates	**21,421**	21,910
Loan from a shareholder	**—**	30,000
Loans from minority shareholders	**960**	960
Amount due to an associate	**9,581**	10,686
Amount due to a jointly controlled entity	**4,067**	4,067
Other borrowings	**135**	82
Bank loans	**8,635**	36,394
Structured borrowing	**47,788**	41,770
	98,508	151,790
Total net assets	**3,594,307**	3,327,789
Capital and reserves		
Share capital	**79,312**	79,312
Share premium and reserves	**3,452,711**	3,173,738
Equity attributable to equity holders of the Company	**3,532,023**	3,253,050
Minority interests	**62,284**	74,739
Total equity	**3,594,307**	3,327,789

Notes:

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 Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA").

At 30th June, 2008, the Group has net current liabilities of HK$120,097,000. Taking into account of the financial resources available to the Group, including internally generated funds and the available banking facilities, the directors of the Company are of the view that the Group has sufficient working capital by maintaining adequate reserves, banking facilities and borrowing facilities for its present requirements for the next twelve months from the balance sheet date. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

2. Principal 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, 2007.

In the current interim period, the Group has applied, for the first time, the following new interpretations ("new Interpretations") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2008.

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 adoption of these new Interpretations, other than HK(IFRIC) — Int 12 "Service Concession Arrangements" which is detailed as below, had no material effect on the results or financial position of the Group for the current or prior accounting periods:

Service concession arrangements

In the current period, the Group has applied HK(IFRIC) — Int 12 "Service Concession Arrangements" which is effective for annual periods beginning on or after 1st January, 2008.

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.

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.

In prior periods, the Group's sewage treatment plant, which includes construction costs incurred on sewage treatment plant work which entitle them 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 of commencement of commercial operation 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".

For the annual period beginning 1st January, 2008, the Group applied this interpretation retrospectively.

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 13	Customer Loyalty Programmes[3]

1 Effective for annual periods beginning on or after 1st January, 2009
2 Effective for annual periods beginning on or after 1st July, 2009
3 Effective for annual periods beginning on or after 1st July, 2008

The adoption of HKFRS 3 (Revised) may affect the 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) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretation will have no material impact on the results and the financial position of the Group.

3. Group Revenue

	Six months ended 30th June,	
	2008	2007
	HK$'000	*HK$'000*
Group revenue	**367,807**	446,332
Share of revenue of jointly controlled entities	**114,036**	169,020
Group revenue and share of revenue of jointly controlled entities	**481,843**	615,352
Group revenue analysed by revenue from:		
Civil construction	**350,639**	420,331
Quarrying	**17,168**	18,943
Others	**—**	7,058
	367,807	446,332

4. Segmental Information

The Group's revenue and profit for the six months ended 30th June, 2008 and 30th June, 2007 by business segments are as follows:

	Civil construction *HK$'000*	Quarrying *HK$'000*	Bio-technology *HK$'000*	Highway and expressway operations *HK$'000*	Property development *HK$'000*	Others *HK$'000*	Total *HK$'000*
Six months ended 30th June, 2008							
Revenue							
Group/Segment revenue	**350,639**	**17,168**	**—**	**—**	**—**	**—**	**367,807**
Results							
Segment results	**(17,709)**	**2,608**	**(5,628)**	**—**	**—**	**(3,772)**	**(24,501)**
Investment income, gains and losses							**(10,103)**
Unallocated net expenses							**(23,990)**
Finance costs							**(8,262)**
Share of results of associates	**489**	**—**	**—**	**128,537**	**51,133**	**(1,967)**	**178,192**
Share of results of jointly controlled entities	**4,558**	**—**	**—**	**—**	**—**	**—**	**4,558**
Net loss on deemed disposals of partial interest in an associate							**(105)**
Profit before tax							**115,789**
Income tax expense							**(103)**
Profit for the period							**115,686**

There were no inter-segment sales for the six months ended 30th June, 2008.

	Civil construction HK$'000	Quarrying HK$'000	Bio-technology HK$'000	Highway and expressways operations HK$'000	Property development HK$'000	Others HK$'000	Elimination HK$'000	Total HK$'000
Six months ended 30th June, 2007								
Revenue								
Group revenue	420,331	18,943	—	—	—	7,058	—	446,332
Add: Inter-segment sales	—	(40)	—	—	—	—	40	—
Segment revenue	420,331	18,903	—	—	—	7,058	40	446,332
Results								
Segment results	(12,619)	2,449	(5,426)	—	—	4,625		(10,971)
Investment income, gains and losses								57,632
Unallocated net expenses								(13,161)
Finance costs								(9,867)
Share of results of associates	—	—	—	108,621	8,782	(4,832)		112,571
Share of results of jointly controlled entities	6,957	—	—	—	—	—		6,957
Net gain on deemed disposals of partial interest in an associate								27,393
Profit before tax								170,554
Income tax expense								(7,390)
Profit for the period								163,164

Inter-segment sales are charged at prevailing market rates.

5. Other Income

	Six months ended 30th June, 2008 HK$'000	2007 HK$'000
Other income includes:		
Interest on bank deposits	**265**	338
Interest on loans and other receivable	**277**	2,075
Interest on other financial assets	**938**	875
Discount on acquisition of additional interest in a subsidiary	—	3,050
Gain on disposal of partial interest in a subsidiary	—	2,418
Gain on disposal of property, plant and equipment, net	**6,565**	2,754

6. Investment Income, Gains and Losses

	Six months ended 30th June, 2008 HK$'000	2007 HK$'000
Dividend income from held-for-trading investments	**2,106**	1,281
Change in fair value of held-for-trading investments	**(12,209)**	58,751
Impairment loss on available-for-sale investments	**—**	(2,400)
	(10,103)	57,632

7. Finance Costs

	Six months ended 30th June, 2008 HK$'000	2007 HK$'000
Interest on:		
Bank and other borrowings wholly repayable within five years	**8,127**	9,445
Interest bearing amount due to an associate	**71**	71
Interest bearing amount due to a related company	**35**	351
Interest bearing loans from a director	**29**	—
	8,262	9,867

8. Profit Before Tax

	Six months ended 30th June, 2008 HK$'000	2007 HK$'000
Profit before tax has been arrived at after charging (crediting):		
Depreciation	**3,973**	6,127
Allowance for doubtful debts	**—**	1,187
Amortisation of prepaid lease payments on land use rights	**65**	82
Share of income tax expense of associates (included in share of results of associates)	**91,691**	12,475
Share of income tax expense (credit) of jointly controlled entities (included in share of results of jointly controlled entities)	**11**	(1,069)

9. Income Tax Expense

	Six months ended 30th June, 2008 HK$'000	2007 HK$'000
Current tax		
Hong Kong	—	7,564
Other jurisdictions	**103**	109
Overprovision in prior years		
Hong Kong	—	(283)
	103	7,390

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group has no 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. On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which includes the reduction in corporate profit tax rate by 1% to 16.5% effective from the year of assessment 2008-2009. The effect of such decrease has been reflected in measuring the current and deferred tax for the six months ended 30th June, 2008. The estimated average annual tax rate used is 16.5% for six months ended 30th June, 2008 (six months ended 30th June, 2007: 17.5%).

Taxation arising in other jurisdictions is 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.

10. Dividends

	Six months ended 30th June, 2008 HK$'000	2007 HK$'000
Dividend paid and recognised as distributions during the period:		
2007 final dividend — HK6 cents (six months ended 30th June, 2007: 2006 final dividend HK6 cents) per share	**47,587**	47,587

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2008.

An interim dividend for the six months ended 30th June, 2007 of HK6 cents per ordinary share amounting to approximately HK$47,588,000 was approved by the Board.

11. Earnings 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:

	Six months ended 30th June, 2008	2007
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share	**129,889**	151,476
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from exercise of share options issued by that associate	**(320)**	(2,051)
Earnings for the purpose of diluted earnings per share	**129,569**	149,425
	Number of shares	
Number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share	**793,124,034**	793,124,034

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

12. Interest in Associates

As detailed in the annual consolidated financial statements for the year ended 31st December, 2007 of Road King Infrastructure Limited ("Road King"), an associate of the Group, 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.

The PRC legal counsel had confirmed that the legal procedures in respect of the acquisition of the Tianjin Companies had been completed and the acquisition was legally enforceable under the relevant laws in the PRC. However, Road King has 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 has not yet allowed the representatives of Road King to access the office of the Tianjin Companies, and has not yet handed over the official seals, the books and records as well as other relevant documents of the Tianjin Companies. Without such access of official seals and books and records, Road King has not yet effectively obtained control 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 warning 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.

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 they are accounted for as available-for-sale investments. 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 have been recorded at cost less impairment as at 30th June, 2008 and 31st December, 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 as 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 have been temporarily suspended during the current interim period on the basis that unspecified facts which relate to those proceedings may overlap with unspecified matters under investigation by Tianjin authorities. Based on the advice of Road King's PRC legal advisor, Road King is taking steps to lift the suspension for the legal proceedings, which, if successful, 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 adviser, 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.

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 condensed consolidated financial statements.

In view of the circumstances as stated above, there exist significant uncertainties in respect of the Group's interest 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 interest in Road King is necessary.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2008 (six months ended 30th June, 2007: HK6 cents per ordinary share).

CONCLUSION OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The following paragraphs were included in conclusion of the report on review of interim financial information issued by Deloitte Touche Tohmatsu.

Without qualifying our review conclusion we draw attention to note 15 to the condensed 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 15, 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. The operation and financial position of the Tianjin Companies under control of former management of Tianjin Companies are likely to be in jeopardy, if the present circumstances of the Tianjin companies are prolonged. Based on the advice of Road King's People's Republic of China ("PRC") legal advisor, Road King is taking steps to lift the suspension of the legal proceedings, which, if successful, 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 adviser, 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. Accordingly, in the opinion of the directors of Road King, no impairment on investment cost in the Tianjin Companies is considered as 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 significant 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$625,756,000.

- the banks seeking payment from Road King in relation to credit facilities to the Tianjin Companies amounting to HK$333,333,000 as at 30th June, 2008 which has been guaranteed by Road King as described in note 15, in the event that the Tianjin Companies are not in a position to repay 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 of the guarantee was initially given, no provision for any liability or impairment that may result has been made in Road King's condensed 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 interests in associates.

BUSINESS REVIEW

The Group's unaudited revenue for the six months ended 30th June, 2008 was HK$368 million (2007: HK$446 million restated) and HK$482 million (2007: HK$615 million restated) if including revenue of jointly controlled entities shared by the Group, generating an unaudited consolidated profit attributable to equity holders of HK$130 million (2007: HK$151 million restated), a decrease of 14% as compared with that of 2007.

Highway and Expressway Operations and Property Development

Road King Infrastructure Limited ("Road King"), an associate of the Group, contributed a profit of HK$175 million to the Group for the six months ended 30th June, 2008 (2007: HK$145 million). During the period, Road King issued new shares upon exercise of options granted to its employees under the share option scheme of Road King. As a result of the dilution effect on the Group's interest in Road King, the Group record a total net loss on deemed disposals of partial interest in Road King of HK$0.1 million (2007: net gain of HK$27 million). As of the date of this announcement, the Group holds 37.6% interest in Road King.

With respect to the property development, in addition to the contribution from Road King, the profit contributed from the direct shareholding in Sunco Property Holdings Company Limited ("Sunco Property") for the period was HK$5 million. As of the date of this announcement, the Group directly holds 5.28% interest in Sunco Property in addition to the effective interest of 33.3% held through Road King.

For the six months ended 30th June, 2008, Road King recorded an unaudited profit attributable to equity holders of HK$464 million (2007: HK$310 million), an increase of 50% as compared with that in the corresponding period of 2007.

For the first half of 2008, total traffic volume and revenue of toll road projects were 63 million vehicles and RMB1.295 billion respectively. Cash contributed from Road King's toll road business amounted to HK$510 million. Compared to the same period of 2007, toll revenue increased by 18%. Total traffic volume and revenue of Road King's expressway projects raised by 14% and 40% respectively.

In line with Road King's long term development strategy, Road King entered into an agreement in July 2008 to dispose of its entire interest in a Class I highway located in Guangdong.

For the six months ended 30th June, 2008, revenue and total GFA delivered were HK$3.102 billion and 479,000 sqm, respectively. Total pre-sales were HK$1.171 billion or 178,000 sqm in GFA during the period. The overall performance was however affected by unfavourabe market factors and only a thin profit was recorded.

As disclosed in Road King's announcement dated 30th July, 2008, Road King has not yet secured effective management control of the Tianjin Companies. Road King has initiated litigation proceedings against the former management team of the Tianjin Companies. The proceedings have been suspended by the Tianjin Nankai District People's Court. Having received PRC legal advice on the matter, Road King is taking steps in the effective continuation of the litigation proceedings as early as possible.

In April 2008, the Hong Kong court consolidated the two sets of litigation proceedings in Hong Kong initiated by Road King and a third party (collectively the "Plaintiffs") against three former major shareholders of Sunco, and that by two of them against the Plaintiffs. The litigation is still at an early stage. Road King will continue to pursue its claims diligently.

Road King has considered alternative means of seeking appropriate early resolution. Road King has engaged in discussions initiated by the former major shareholders of Sunco. No resolution has been reached yet as Road King considers that it is not in its interest to accede to unreasonable settlement demands.

Civil Construction

The Group's construction sector, Build King Holdings Limited ("Build King") recorded revenue and share of revenue of jointly controlled entities of HK$465 million (2007: HK$589 million restated). Build King recorded loss of HK$30 million (2007: profit of HK$27 million restated) for the six months ended 30th June, 2008, of which the construction business and investment in Hong Kong listed securities recorded loss of HK$17 million and HK$13 million respectively. Group's share of its loss was HK$17 million (2007: profit of HK$15 million). As of the date of this announcement, the Group owns 55.58% interest in Build King.

As the tight market conditions in Hong Kong continue, Build King does not expect any significant work to flow through to contractors until second half of 2009. Build King is in the process of implementing tight cost control measures. Furthermore, it has adopted a very cautious strategy in tendering for new projects, particularly focuses will be put on reasonable profit margins and positive cashflows. During the first half of 2008, Build King secured several new contracts with total value over HK$180 million from both public and private clients.

The Wuxi Qianhui Sewage Treatment Plant has achieved the planned average daily throughput volume. The volume treated has gradually increased with connections being made to more industrial customers. With technical support from Hong Kong Polytechnic University, the plant operation has been improved and operating costs were under control. The guaranteed income has been honored by the local government in accordance with an agreement. Build King is confident that this investment will provide a steady and reasonable return.

The two civil engineering projects undertaken by joint venture company, China Railway Tenth Group Third Engineering Co., Ltd., are progressing to completion satisfactorily. The management team of the joint venture company has been strengthened and is actively searching for new opportunities in the PRC. It will serve as a platform for Build King to develop in the environmental market by investment in projects in a build-operate-transfer and similar formats.

In Middle East, the ongoing joint venture with Arabian Construction Company is building up its order book currently with value contract in hand of HK$450 million. The jetty project was successfully completed. In late December 2007, the joint venture secured a significant contract to supply and install cooling water intakes and construct shore protection work at Fujairah Power Plant Phase II with a contract sum over HK$250 million. Two more projects have also been secured at Fujairah Power Plant Phase II. In Abu Dhabi, the joint venture won a small reclamation and seawall project which is due for completion before end of this year.

Build King is now being recognised as a player in the marine civil engineering sector and has a good reputation. Enquiries levels are increasing. As a result, Build King will devote more staff to this market from Hong Kong. In addition, it will also increase its marine plant fleet by sending more vessels from Hong Kong. Build King will primarily aim at upholding its quality of services as well as to develop its business in an orderly manner.

In Taiwan, the dredging and construction of seawalls and drainage in Kinmen County encountered some delay due to the collapse of a major subcontractor and a lack of local resources. Steps are being taken to recover the situation and to ensure satisfactory completion.

As of the date of this announcement, Build King had contracts on hand of about HK$4.9 billion, of which about HK$1.6 billion has yet to be completed.

Quarrying

For the six months ended 30th June, 2008, the revenue of the quarrying division was HK$17 million (2007: HK$19 million). Despite lower construction and housing activities in Hong Kong couple with high fuel, labour and material costs in the PRC, the quarrying division recorded a net profit of HK$3 million for the six months ended 30th June, 2008 (2007: HK$2 million).

Though the Government announced of substantially increasing investment into infrastructure, there is no sign of any significant progress in the construction in 2008. It is not anticipated any significant improvement in sales and profit margin to the quarry division in 2008. The division will focus on cost control measures and wait for the market recovery.

Bio-technology

It is a normal practice of the pesticide industry in the PRC that the buyers are allowed to return the unconsumed goods ordered and delivered to them after completion of the pesticide application period in the third quarter each year. Following the prudent approach adopted in the past years that no sales revenue will be recognized until the net sales after goods return will have been confirmed with individual customers after completion of the pesticide application period in the second half year, the bio-technology division did not record any revenue for the six months ended 30th June, 2008 (2007: nil). Due to no gross profit contributed from sales revenue during the period, the division recorded a loss of HK$7 million for the period (2007: HK$7 million), which mainly comprised of research and development expenses in refining existing products and developing new products, finance costs incurred as well as fixed overhead costs.

In the first half of the year, the bio-technology division recorded amount of goods ordered and delivered to the customers of about HK$31 million, which is 14% increase as compared with that of 2007. Significant portion of the goods ordered and delivered is expected to be recognized as sales revenue and then contribute gross profit in the second half of 2008. During the period under review, the Group has continued applying various measures including stringent cost control and refined product mix to improve the performance of the division. While the division has recorded moderate growth in the amount of goods delivered to customers despite the negative effects caused by certain natural disasters occurred in mainland China during the period under review, the management anticipates this year would still be a challenging year for the division in view of the increased raw material cost and other operating cost.

North American Ginseng

For the six months ended 30th June, 2008, revenue of Chai-Na-Ta Corp. ("CNT"), an associate of the Group in Canada, was C$6.7 million (2007: C$5.3 million) with a loss of C$0.6 million (2007: C$1.8 million). The Group held 38.1% interest in CNT and its share in loss was about HK$2 million (2007: HK$5 million).

All ginseng harvested by CNT in 2007 was committed to its customers. The ginseng market is very weak in PRC and the prices remains at low levels in the first six months. The market is currently in oversupply situation. Although management of CNT is on track with efforts to reduce operating and overhead costs, the improvement of the bottom line is remote.

As stated in 2007 Annual Report, the Group does not intend to put any extra financial resources into this operation and still holds the view of putting CNT on observation list.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30th June, 2008, the Group had net current liabilities of HK$120 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$443 million to HK$399 million with the maturity profile summarised as follows:

	As at	
	30th June, 2008	31st December, 2007
	HK$' million	*HK$' million*
Within one year	**342**	335
In the second year	**17**	17
In the third to fifth year inclusive	**40**	91
	399	443

Included in the total borrowings, there was a contract of a structured borrowing with a bank that was designated as financial liabilities at fair value through profit or loss. The entire combined contract is measured at fair value as quoted by the bank and change in its fair value of HK$12 million between the balance sheet dates has been charged to the consolidated income statement for the current period. In addition, there was a margin loan of HK$17 million secured by certain shares of Road King. During the period, the Group had no significant borrowings at fixed interest rate and had no financial instrument for hedging purpose.

As at 30th June, 2008, the Group's cash and bank balances amounted to HK$62 million (as at 31st December, 2007: HK$88 million), of which bank deposits amounting to HK$0.02 million (as at 31st December, 2007: HK$2 million) were pledged to banks for securing the banking facilities granted to the Group.

The Group recorded finance expenses for the six months ended 30th June, 2008 of HK$8 million (for the six months ended 30th June, 2007: HK$10 million).

As at 30th June, 2008, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK$95 million (as at 31st December, 2007: HK$123 million), majority of which were equity securities listed in Hong Kong. Certain equity securities with market value of HK$26 million (as at 31st December, 2007: HK$41 million) were pledged to a bank to secure general banking facilities granted to the Group. For the six months ended 30th June, 2008, the Group recorded a net loss (in consideration of change in fair value and dividend income received) of HK$10 million (for the six months ended 30th June, 2007: a net gain of HK$60 million) from these investments, of which, loss of HK$13 million (for the six months ended 30th June, 2007: gain of HK$46 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, 2008, the equity attributable to equity holders amounted to HK$3,532 million, representing HK$4.45 per share (as at 31st December, 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 period after deduction of dividends paid during the period.

The net gearing ratio, being the ratio of net borrowings (total borrowings less cash and bank balances) to equity attributable to equity holders was 9.5% (as at 31st December, 2007: 10.9%) at the balance sheet date.

Pledge of Assets

As at 30th June, 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/Retention Bonds

As at 30th June, 2008, the Group had outstanding tender/performance/retention bonds for construction contracts amounting to HK$138 million (as at 31st December, 2007: HK$122 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June, 2008, the Group had 1,241 employees (as at 31st December, 2007: 1,305 employees), of which 820 (as at 31st December, 2007: 911) were located in Hong Kong, 321 (as at 31st December, 2007: 317) were located in mainland China, 12 (as at 31st December, 2007: 11) were located in Taiwan and 88 (as at 31st December, 2007: 66) were located in Dubai. For the six months ended 30th June, 2008, the Group's total staff costs were about HK$130 million (for the six months ended 30th June, 2007: HK$115 million).

Competitive remuneration packages are structured to commensurate with individual responsibilities, qualification, experience and performance.

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.

FUTURE OUTLOOK

The Board is cautiously optimistic in the business of the Group in the long term.

While the construction market in Hong Kong is expecting recovery in the second half of 2009, the contracting business is facing a very competitive environment until the major new infrastructure projects contemplated are released. The rising raw material and labour cost will affect the performance of the Group. The Group will continue to exercise strict cost control measures.

There are concern the general economic environment may slow down in Hong Kong and in mainland China in second half of 2008. In light of the uncertain general market environment, the Group will exercise prudent and cautious control in its existing business and for any new investment opportunities in order to retain financial resources to meet the challenges ahead.

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, 2008.

CORPORATE GOVERNANCE

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 2007 Annual Report.

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, 2008, with deviations from code provisions A.2.1 and A.4.1 of the Code in respect of the separate roles of chairman and chief executive officer and service term of the directors are explained in the section "Corporate Governance" on pages 25 and 26 of the 2007 Annual Report.

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, 2008.

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, 2008.

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
Derek Zen Wei Peu
Vice Chairman

Hong Kong, 21st August, 2008

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.