BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

ANNOUNCEMENT OF INTERIM RESULTS
FOR SIX MONTHS ENDED 30 JUNE 2009

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity* per share	48%
Equity	HK$129 million
Equity per share	HK14 cents
Group revenue and share of revenue of jointly controlled entities	HK$578 million
Profit attributable to owners of the Company	HK$41 million

* *equity refers to equity attributable to owners of the Company*

RESULTS

The board of directors (the "Board") of Build King Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009 together with the comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	Notes	**Six months ended 30 June**	
		2009	2008
		(Unaudited)	(Unaudited)
		HK$'000	HK$'000
Revenue	3	**446,155**	350,639
Cost of sales		**(406,391)**	(338,679)
Gross profit		**39,764**	11,960
Other income	5	**1,825**	6,702
Increase (decrease) in fair value of held-for-trading investments		**10,899**	(14,850)
Administrative expenses		**(28,259)**	(34,690)
Finance costs	6	**(2,201)**	(4,028)
Share of results of jointly controlled entities		**19,214**	4,558
Share of results of associates		**1,049**	489
Profit (loss) before tax	7	**42,291**	(29,859)
Income tax expense	8	**-**	(2)
Profit (loss) for the period		**42,291**	(29,861)
Other comprehensive income for the period			
Exchange differences arising on translation of foreign operations		**898**	3,137
Total comprehensive income for the period		**43,189**	(26,724)
Profit (loss) for the period attributable to:			
Owners of the Company		**40,806**	(28,672)
Minority interests		**1,485**	(1,189)
		42,291	(29,861)
Total comprehensive income attributable to:			
Owners of the Company		**41,699**	(25,683)
Minority interests		**1,490**	(1,041)
		43,189	(26,724)
		HK cents	HK cents
Earnings (loss) per share	9		
- Basic		**4.4**	(3.5)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	**30 June 2009 (Unaudited) HK$'000**	31 December 2008 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**28,940**	27,149
Intangible assets		**32,858**	32,858
Goodwill		**30,554**	30,554
Interests in jointly controlled entities		**76,265**	64,754
Available-for-sale investment		**-**	-
Other financial assets		**47,309**	47,505
		215,926	202,820
Current assets			
Amounts due from customers for contract work		**127,599**	151,821
Debtors, deposits and prepayments	10	**197,144**	210,981
Amounts due from associates		**6,874**	6,886
Amounts due from jointly controlled entities		**17,082**	16,848
Held-for-trading investments		**26,295**	17,680
Tax recoverable		**1,239**	1,239
Pledged bank deposits		**1**	1,013
Bank balances and cash		**27,332**	37,453
		403,566	443,921
Current liabilities			
Amounts due to customers for contract work		**38,315**	75,867
Creditors and accrued charges	11	**254,901**	258,798
Amount due to an intermediate holding company		**6,552**	5,817
Amounts due to fellow subsidiaries		**7,469**	1,287
Amount due to an associate		**6,632**	6,632
Amounts due to jointly controlled entities		**8,319**	14,270
Amounts due to minority shareholders		**3,094**	3,094
Tax liabilities		**349**	1,139
Ordinary share dividend payable to an intermediate holding company		**22,000**	22,000
Preference share dividend payable to immediate holding company		**1,224**	1,224
Loans from a director		**10,000**	10,000
Bank loans – due within one year		**79,800**	108,604
Bank overdrafts, secured		**5,515**	4,749
		444,170	513,481
Net current liabilities		**(40,604)**	(69,560)
Total assets less current liabilities		**175,322**	133,260

	Notes	**30 June 2009 (Unaudited) HK$'000**	31 December 2008 (Audited) HK$'000
Capital and reserves			
Ordinary share capital		**93,141**	93,141
Reserves		**35,575**	(6,124)
Equity attributable to owners of the Company		**128,716**	87,017
Minority interests		**7,433**	5,943
Total equity		**136,149**	92,960
Non-current liabilities			
Deferred tax liabilities		**5,750**	5,750
Obligations in excess of interests in associates		**19,404**	20,453
Amount due to an associate		**9,800**	9,800
Amount due to a jointly controlled entity		**4,067**	4,067
Bank loans – due after one year		**152**	230
		39,173	40,300
		175,322	133,260

Notes:

1. **BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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

In preparing the condensed consolidated financial statements, the directors of the Company (the "Directors") have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$40,604,000 as at 30 June 2009. As at 30 June 2009, the Group has bank loans totaling HK$79,952,000 of which HK$79,800,000 was classified as current liabilities. Bank loans amounting to HK$14,235,000 were classified as current liabilities as the terms of the bank loans were breached. For a bank loan amounting to HK$15,647,000, subsequent to 30 June 2009, the Group received a waiver letter from a bank which confirmed that the bank agreed to waive the right to demand for immediate repayment and that the relevant loan will be repaid according to the original terms of repayment. In addition, the Directors believe that the revolving bank loans can be renewed on an annual basis. The Group has undrawn short-term borrowing facilities of HK$6,595,000 at 30 June 2009 which will be subjected to review in year 2009.

The Directors are of the opinion that there are good track records and relationship with banks which would enhance the Group's ability on renewing the borrowing facilities.

Subsequent to 30 June 2009, with respect to the amount due to an intermediate holding company of HK$6,552,000, ordinary share dividend payable to an intermediate holding company of HK$22,000,000 and loans from a director of HK$10,000,000, the Group has obtained confirmations from the respective parties that they will not demand for repayment within the next twelve months from 30 June 2009.

The Directors are of the opinion that, taking into account of the internally generated funds of the Group, the presently available banking facilities and other factors described above, the Group has sufficient working capital for its present requirements for the next twelve months from 30 June 2009. 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 31 December 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) - Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) - Int 13	Customer Loyalty Programmes
HK(IFRIC) - Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) - Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14. The adoption of the other new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

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

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary that do not result in a loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in a loss of control of the subsidiary will be accounted for as equity transactions. The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. **REVENUE**

The Group's revenue represents mainly the revenue on construction contracts recognised during the period.

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Group revenue	**446,155**	350,639
Share of revenue of jointly controlled entities		
Hong Kong	**18,769**	84,270
Middle East	**111,534**	22,763
Other regions in the People's Republic of China (the "PRC")	**1,192**	7,004
	577,650	464,676

4. **SEGMENTAL INFORMATION**

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

Information reported to the Group's chief operating decision maker (i.e. the chief executive officer) for the purposes of resource allocation and assessment of performance is focused on geographical location of its customers including Hong Kong, Taiwan, the PRC and the Middle East. The identification of the Group's reportable segments under HKFRS 8 is consistent with the prior years' presentation of geographical segments under HKAS 14. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8. The Group's reportable segments under HKFRS 8 are as follows:

The Group is mainly engaged in civil engineering work.

Six months ended 30 June 2009

	Hong Kong HK$'000	Taiwan HK$'000	The PRC HK$'000	Middle East HK$'000	Total HK$'000
Results					
Group revenue	**424,491**	**-**	**4,653**	**17,011**	**446,155**
Share of revenue of jointly controlled entities	**18,769**	**-**	**1,192**	**111,534**	**131,495**
Segment revenue	**443,260**	**-**	**5,845**	**128,545**	**577,650**
Group results	**15,123**	**(822)**	**1,787**	**(1,329)**	**14,759**
Share of results of jointly controlled entities	**1,330**	**-**	**(924)**	**18,808**	**19,214**
Segment profit (loss)	**16,453**	**(822)**	**863**	**17,479**	**33,973**
Unallocated corporate expenses					**(2,056)**
Dividends from held-for-trading investments					**627**
Increase in fair value of held-for-trading investments					**10,899**
Share of results of associates					**1,049**
Finance costs					**(2,201)**
Profit before tax					**42,291**

Six months ended 30 June 2008

	Hong Kong HK$'000	Taiwan HK$'000	The PRC HK$'000	Middle East HK$'000	Total HK$'000
Results					
Group revenue	327,473	13,057	3,041	7,068	350,639
Share of revenue of jointly controlled entities	84,270	-	7,004	22,763	114,037
Segment revenue	411,743	13,057	10,045	29,831	464,676
Group results	(9,672)	(967)	(1,470)	(5,555)	(17,664)
Share of results of jointly controlled entities	4,826	-	(2,811)	2,543	4,558
Segment loss	(4,846)	(967)	(4,281)	(3,012)	(13,106)
Unallocated corporate expenses					(45)
Dividends from held-for-trading investments					1,681
Decrease in fair value of held-for-trading investments					(14,850)
Share of results of associates					489
Finance costs					(4,028)
Loss before tax					(29,859)

There are no inter-segment sales for both periods.

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

5. OTHER INCOME

	Six months ended 30 June 2009 HK$'000	2008 HK$'000
Other income includes:		
Dividends from held-for-trading investments	**627**	1,681
Gain on disposal of property, plant and equipment	-	3,625
Interest on other receivables	**10**	275
Interest on bank deposits	**7**	49
Interest on finance lease receivables	-	7
Interest on other financial assets	**896**	938

6. FINANCE COSTS

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**2,036**	3,928
Interest bearing amount due to an associate	**71**	71
Interest bearing loans from a director	**94**	29
	2,201	4,028

7. PROFIT (LOSS) BEFORE TAX

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Profit (loss) before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**6,004**	2,785
Share of income tax expenses of jointly controlled entities (included in share of results of jointly controlled entities)	**173**	11

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Underprovision in prior years:		
Other jurisdictions	**-**	2

No provision for Hong Kong Profits Tax for the six months ended 30 June 2009 has been made in the condensed consolidated financial statements as the estimated assessable profit has been wholly absorbed by tax losses brought forward.

No provision for Hong Kong Profits Tax for the six months ended 30 June 2008 had been made in the condensed consolidated financial statements as the Group had no any assessable profit for that period.

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

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. The estimated average annual tax rate used is 25% (six months ended 30 June 2008: 25%) for the six months ended 30 June 2009.

9. EARNINGS (LOSS) PER SHARE

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

	Six months ended 30 June	
	2009	2008
	HK$'000	HK$'000
Profit (loss) for the period attributable to the owners of the Company	**40,806**	(28,672)
Dividends on convertible preference share capital	**-**	(110)
Earnings (loss) for the purpose of basic earnings (loss) per share	**40,806**	(28,782)
Effect of dilutive potential ordinary shares:		
Dividends on convertible preference share capital	**-**	110
Earnings (loss) for the purpose of diluted earnings (loss) per share	**40,806**	(28,672)

	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**931,408**	821,408
Effect of dilutive potential ordinary shares:		
Convertible preference share capital	**-**	110,000
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**931,408**	931,408

No diluted loss per share for the six months ended 30 June 2008 was presented as the exercise of the potential dilutive ordinary shares would result in a reduction in loss per share for the six months ended 30 June 2008.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

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

The following is an aged analysis of trade receivables at the reporting date:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Trade debtors analysed by age:		
0 to 60 days	**112,092**	114,910
61 to 90 days	**-**	387
Over 90 days	**10,694**	15,218
	122,786	130,515
Retention receivables	**44,722**	43,388
Other debtors, deposits and prepayments	**29,636**	37,078
	197,144	210,981
Retention receivables		
Due within one year	**16,526**	13,041
Due more than one year	**28,196**	30,347
	44,722	43,388

11. CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of trade payables at the reporting date:

	30 June 2009 HK$'000	31 December 2008 HK$'000
Trade creditors analysed by age:		
0 to 60 days	**47,090**	64,110
61 to 90 days	**1,568**	5,835
Over 90 days	**18,781**	17,184
	67,439	87,129
Retention payables	**41,607**	39,122
Accrued project costs	**113,613**	112,189
Other creditors and accrued charges	**32,242**	20,358
	254,901	258,798
Retention payables		
Repayable within one year	**21,261**	19,584
Repayable more than one year	**20,346**	19,538
	41,607	39,122

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Operating Results

For the six months ended 30 June 2009, the Group recorded a turnover, including our share of jointly controlled entities, of HK$578 million representing a growth of 24% compared to HK$465 million for the six months ended 30 June 2008. The results for the period were turned to a profit of HK$42 million from the loss of HK$30 million for the same period in 2008.

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

Hong Kong

The Group has consistently adopted a cautious approach to bid new projects and has only tendered with reasonable margin and cashflow. As a result, the turnover growth was not impressive in this very competitive market. However, the margin and cashflow of new projects in past 18 months was very satisfactory. Coupled with consolidation of the head office structure and reducing overhead, the contribution from Hong Kong market was over HK$16 million as compared with a loss for the same period in 2008.

In 2008 the Group was awarded four new projects of HK$296 million from Hong Kong Government and MTR Corporation Limited ("MTRC"). All these four projects have been progressing satisfactorily and achieving the tender target. In 2009, the Group has successfully won two small contracts of minor works and one contract from Civil Engineering and Development Department, Stage 1 Infrastructure Works at North Apron of Kai Tak Airport, of contract sum about HK$350 million. The Group is very confident more contracts of similar size will be awarded in the remainder of 2009.

It is apparent that Hong Kong construction market is starting to recover. In fact, our tendering department was and will be extremely busy with new tendering activities. Hong Kong government has committed to double its annual expenditure on public works to HK$50 billions by 2011. The Group has geared up its resources to tender those new projects. Other than bidding new projects on its own, the Group is also forming joint ventures with other contractors to bid forthcoming major infrastructure projects, of which the Group has already been prequalified for projects in West Island Line and Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section) developed by MTRC. The Group is actively preparing tenders for construction projects in Kai Tak Cruise Terminal Development, Central-Wan Chai Bypass, Island Eastern Corridor Link. These tenders will be progressively submitted in 2009 and 2010.

Middle East – United Arabic Emirates ("UAE")
Following the successful results of three medium sized marine projects completed by the joint venture with Arabic Construction Company ("Joint Venture") last year, the Joint Venture is now working on two larger marine projects of total contract sum over HK$600 million, namely marine works at Fujairah F2 Power Plant and construction of quay wall for the Marasy Development in Abu Dhabi, both of them will be complete on time in first quarter of 2010. On the plant chartering business, the utilization of the marine plant was maintained at a high level. In the first six months of 2009, the turnover, including our 50% share of the Joint Venture, increased fourfold to $129 million from HK$30 million and a profit was recorded at HK$17 million as compared with a minor loss of HK$3 million for the same period in 2008.

Despite the slowing down of general economy in UAE, the Group will continue to focus on the marine works for infrastructure projects in Abu Dhabi which was least affected by the financial turmoil. We are still busy with new tender enquires from the clients. We are confident we can report in 2009 Annual Report further success of those new tenders.

PRC
During the past six months, the Group has consolidated the management structure in PRC and reallocated resources to focus on the operation and development of sewage treatment related business. The current operation of the sewage treatment plant in Wuxi City was performing well in terms of compliance with environmental criteria as well as operational efficiency. The contribution from this business was not significant for the time being because of its small scale, daily volume 20,000 tonnes. However the return on capital invested was reasonable and satisfactory. Leveraging on the success in the current operation, the Group has committed to invest additional HK$43 million to increase its capacity by daily volumes 30,000 tonnes in two stages. The management expects the enlarged plant for the first additional 15,000 tonnes will commence operation in mid 2010 and the second stage will be in place in three years time.

Capitalizing on the success in Wuxi City, we will try to explore opportunities in other cities and be proactive in seeking partners to develop sewage treatment business in PRC.

Employees and Remuneration Policies
As at 30 June 2009, the Group had a total of 718 employees and total remuneration for the six months ended 30 June 2009 was approximately HK$94 million. Competitive remuneration packages are structured for each employee commensurate with individual responsibility, qualifications, 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.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 30 June 2009, the Group had liquid assets of HK$53 million (as at 31 December 2008: HK$55 million) comprising held-for-trading investments of HK$26 million (as at 31 December 2008: HK$18 million) and bank balances and cash of HK$27 million (as at 31 December 2008: HK$37 million).

As at 30 June 2009, the Group had a total of interest bearing borrowings of HK$95 million (as at 31 December 2008: HK$123 million) repayable within one year.

The Group's borrowings, bank balances and cash and held-for-trading investments were principally denominated in Hong Kong dollars. Hence, there is no exposure to foreign exchange rate fluctuations. During the period, the Group had no significant borrowings at fixed interest rate and had no financial instrument for hedging purpose.

Capital Structure and Gearing

As at 30 June 2009, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 70 % (as at 31 December 2008:132%).

Pledge of Assets

As at 30 June 2009, a bank deposit amounting to HK$1,000 (as at 31 December 2008: bank deposits of HK$1,013,000) of the Group was pledged to a bank for securing banking facilities granted to the Group. The pledged bank deposit carries zero interest during the period (31 December 2008: 0.01% to 1.07% per annum).

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

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

Contingent Liabilities

	As at 30 June 2009 HK$'000	As at 31 December 2008 HK$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	**88,138**	116,095

AUDIT COMMITTEE

The Audit Committee has reviewed with the management, internal auditor and external auditor the accounting principles and policies adopted by the Group and the unaudited interim financial report for the six months ended 30 June 2009.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2009.

CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009, except for the deviations in respect of the separate roles of the chairman and chief executive officer under A.2.1 of the Code and the service term under code provision A.4.1 of the Code.

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not at present have any officer with the title "Chief Executive Officer" ("CEO"). The duties of CEO were previously carried out by Mr. Yu Sai Yen, the former Vice Chairman and Executive Director. Following Mr. Yu's resignation on 15 March 2009, the duties of CEO have been taken up by the Chairman of the Board, Mr. Zen Wei Peu, Derek. In addition to his responsibilities as Chairman overseeing the function of the Board and formulating overall strategies and polices of the Company, Mr. Zen has taken up the management of the Group's business and overall operation. However, the day-to-day running of the Company has been delegated to the divisional heads responsible for the different aspects of the business. This constitutes a deviation from code provision A.2.1 of the Code.

The Board considers that this structure will not impair the balance of power and authority between the board and the management of the business of the Group given that there are a strong and independent non-executive directorship element on the Board and a clear division of responsibility in running the business of the Group. The Board believes that the structure outlined above is beneficial to the Company and its business.

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive Directors (including independent non-executive Directors) is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors (executive, non-executive and independent non-executive Directors) are subject to the retirement provisions of the Bye-laws of the Company that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. As such, the Board 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.

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 for the six months ended 30 June 2009.

APPRECIATION

I would like to take this opportunity to express my hearty gratitude to our shareholders, our business partners, directors and loyal and dedicated colleagues.

By Order of the Board
Zen Wei Peu, Derek
Chairman

Hong Kong, 17 August 2009

As at the date hereof, the Board comprises two executive Directors, namely Mr. Zen Wei Peu, Derek and Mr. Chang Kam Chuen, Desmond, three non-executive Directors, namely Mr. David Howard Gem, Dr. Cheng Chi Pang, Leslie and Mr. Chan Chi Hung, Anthony, and three independent non-executive Directors, namely Dr. Chow Ming Kuen, Joseph, Mr. Ng Chi Ming, James and Mr. Ho Tai Wai, David.