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WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30TH JUNE, 2009

Financial Performance Highlights

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

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, 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE, 2009

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

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2009

		30th June, 2009 (Unaudited) HK\$'000	31st December, 2008 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		34,368	35,133
Prepaid lease payments on land use rights		-	5,761
Intangible assets		32,858	32,858
Goodwill		29,838	29,838
Interests in associates	<i>13</i>	3,754,035	3,677,758
Interests in jointly controlled entities		74,458	62,946
Prepaid royalties		1,070	979
Loan and other receivables		3,017	3,408
Other financial assets		47,309	47,505
		3,976,953	3,896,186
Current assets			
Prepaid lease payments on land use rights		-	134
Prepaid royalties		1,498	2,337
Inventories		6,137	18,563
Amounts due from customers for contract work		127,599	151,821
Debtors, deposits and prepayments	<i>14</i>	212,266	254,810
Amounts due from associates		7,022	7,182
Amounts due from jointly controlled entities		22,123	21,889
Tax recoverable		1,239	1,239
Held-for-trading investments		37,614	28,566
Pledged bank deposits		1	1,013
Bank balances and cash		62,721	61,707
		478,220	549,261
Current liabilities			
Amounts due to customers for contract work		38,315	75,867
Creditors and accrued charges	<i>15</i>	290,909	323,368
Amount due to an associate		6,632	6,632
Amounts due to jointly controlled entities		8,319	14,270
Amount due to a related company		581	546
Amounts due to minority shareholders		3,359	3,359
Tax liabilities		383	1,179
Loans from a director		10,000	10,000
Other borrowings - due within one year		40	11,005
Bank loans - due within one year		190,635	240,273
Structured borrowing - due within one year		12,480	12,480
Bank overdrafts, secured		5,515	4,749
		567,168	703,728
Net current liabilities		(88,948)	(154,467)
Total assets less current liabilities		3,888,005	3,741,719

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

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

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

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

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

2. Significant Accounting Policies

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

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

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

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

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

HKFRS 8 “Operating Segments”

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

HKAS 1 (Revised) “Presentation of Financial Statements”

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

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 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 1st July, 2009

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

³ Effective for annual periods beginning on or after 1st January, 2010

⁴ Effective for transfers on or after 1st July, 2009

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

3. Group Revenue

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

4. Segmental Information

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

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

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

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

5. Other Income

Six months ended
30th June,
2009 **2008**
HK\$'000 **HK\$'000**

Other income includes:

Continuing operations

Interest on bank deposits	15	258
Interest on loan and other receivables	10	277
Interest on other financial assets	896	938
Gain on disposal of property, plant and equipment, net	2,657	6,358
Rental income from property, plant and equipment	90	81
Sales of scrapped materials	714	159
Service income from an associate for management service rendered	386	370

Discontinued operation

Interest on bank deposits	-	7
Gain on disposal of property, plant and equipment, net	-	207
Rental income from property, plant and equipment	180	-

6. Investment Income, Gains and Losses

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

7. Finance Costs

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

8. Profit Before Tax

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

9. Income Tax Expense

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

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

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

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

10. Discontinued Operation

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

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

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

11. Dividends

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

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

12. Earnings Per Share

From continuing and discontinued operations

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

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

From continuing operations

Earnings figures are calculated as follows:

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

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

From discontinued operation

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

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

13. Interests in Associates

The amount represents mainly the equity interests in Road King.

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

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

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

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

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

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

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

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

14. 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.

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

15. Creditors and Accrued Charges

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

CONCLUSION OF REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

The conclusion of the report on review of interim financial information issued by Deloitte Touche Tohmatsu is as follows:

“Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

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

The details of note 15 to the interim financial information as stated in the conclusion are disclosed in the paragraph headed “13. Interests in Associates” of this announcement.

BUSINESS REVIEW

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

Highway and Expressway Operations and Property Development

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

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

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

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

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

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

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

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

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

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

Civil Construction

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

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

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

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

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

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

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

Quarrying

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

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

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

Bio-technology

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

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

North American Ginseng

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

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

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

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

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

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

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

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

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

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

Capital Structure and Gearing Ratio

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

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

Pledge of Assets

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

Tender/Performance/Retention Bonds

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

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

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

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

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

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

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

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 Annual Report 2008.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules as its own code and has complied with the Code throughout the six months ended 30th June, 2009, with deviations from code provisions A.2.1 and A.4.1 of the Code in respect of the separate roles of chairman and chief executive officer and service term of the directors are explained in the section "Corporate Governance" on page 25 of the Annual Report 2008.

DIRECTORS' SECURITIES TRANSACTIONS

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

AUDIT COMMITTEE

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

APPRECIATION

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

By Order of the Board
William Zen Wei Pao
Chairman

Hong Kong, 17th August, 2009

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.