BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2012

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	6%
Equity	HK$271 million
Equity per share	HK22 cents
Group revenue and share of revenue of jointly controlled entities	HK$1,046 million
Profit attributable to owners of the Company	HK$16 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 2012 together with the comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2012

	Notes	Six months ended 30 June **2012** **(Unaudited)** **HK$'000**	2011 (Unaudited) HK$'000
Revenue	3	**785,087**	440,525
Cost of sales		**(735,567)**	(389,956)
Gross profit		**49,520**	50,569
Investments and other income	5	**29,396**	8,158
Increase (decrease) in fair value of held-for-trading investments		**1,538**	(5,321)
Administrative expenses		**(54,007)**	(45,377)
Finance costs	6	**(842)**	(1,251)
Other expenses		**(14,799)**	-
Share of results of jointly controlled entities		**6,310**	11,318
Share of results of associates		**245**	(49)
Profit before tax	7	**17,361**	18,047
Income tax expense	8	**(894)**	-
Profit for the period		**16,467**	18,047
Profit for the period attributable to:			
Owners of the Company		**16,256**	16,704
Non-controlling interests		**211**	1,343
		16,467	18,047
		HK cents	HK cents
Earnings per share	9		
- Basic		**1.3**	1.3

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Six months ended 30 June	
	2012	2011
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**16,467**	18,047
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**(666)**	684
Total comprehensive income for the period	**15,801**	18,731
Total comprehensive income for the period attributable to:		
Owners of the Company	**15,615**	17,334
Non-controlling interests	**186**	1,397
	15,801	18,731

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2012

	Notes	**30 June 2012 (Unaudited) HK$'000**	31 December 2011 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**43,394**	47,934
Intangible assets		**65,094**	65,996
Goodwill		**30,554**	30,554
Interests in jointly controlled entities		**34,620**	40,622
Available-for-sale investment		**-**	-
Other financial asset		**52,026**	53,400
		225,688	238,506
Current assets			
Amounts due from customers for contract work		**124,684**	98,761
Debtors, deposits and prepayments	10	**344,674**	309,442
Amounts due from fellow subsidiaries		**1,335**	364
Amounts due from associates		**7,537**	7,171
Amounts due from jointly controlled entities		**61,841**	41,637
Held-for-trading investments		**31,104**	29,566
Pledged bank deposits		**32**	21
Bank balances and cash		**129,017**	91,300
		700,224	578,262
Current liabilities			
Amounts due to customers for contract work		**115,949**	65,549
Creditors and accrued charges	11	**406,420**	379,227
Amount due to an intermediate holding company		**6,917**	16,386
Amount due to an associate		**11,052**	9,947
Amounts due to jointly controlled entities		**9,266**	6,418
Amounts due to non-controlling interests		**2,971**	3,092
Bank loans - due within one year		**55,827**	16,418
Bank overdraft, unsecured		**397**	-
		608,799	497,037
Net current assets		**91,425**	81,225
Total assets less current liabilities		**317,113**	319,731

	30 June 2012 (Unaudited) HK$'000	31 December 2011 (Audited) HK$'000
Capital and reserves		
Ordinary share capital	**124,188**	124,188
Reserves	**146,367**	130,752
Equity attributable to owners of the Company	**270,555**	254,940
Non-controlling interests	**16,303**	15,817
Total equity	**286,858**	270,757
Non-current liabilities		
Deferred tax liabilities	**5,750**	5,750
Obligations in excess of interests in associates	**17,990**	18,235
Amount due to an associate	**6,515**	7,172
Amount due to a jointly controlled entity	**-**	4,067
Bank loans - due after one year	**-**	13,750
	30,255	48,974
	317,113	319,731

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 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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 and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011 except as described below.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA.

Amendments to HKFRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle[1]
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 7 and HKFRS 9	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]

[1] Effective for annual periods beginning on or after 1 January 2013.
[2] Effective for annual periods beginning on or after 1 January 2015.
[3] Effective for annual periods beginning on or after 1 July 2012.
[4] Effective for annual periods beginning on or after 1 January 2014.

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC) - Int “Consolidation - Special Purpose Entities”. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor’s returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures” and HK(SIC) - Int 13 “Jointly Controlled Entities - Non-Monetary Contributions by Ventures”. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The directors anticipate that these five standards will be adopted in the Group’s consolidated financial statements for the annual period beginning 1 January 2013. The directors of the Company are in the process of ascertaining the financial impact on application of these standards.

The directors of the Company anticipate that the application of the other new or revised HKFRSs will not have 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.

4. **SEGMENTAL INFORMATION**

The Group is mainly engaged in civil engineering work. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on geographical location of its customers including Hong Kong, the People's Republic of China ("PRC") and the Middle East. The Group's reportable segments under HKFRS 8 are as follows:

Six months ended 30 June 2012

	Hong Kong	The PRC	Middle East	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Results				
Group revenue	772,341	8,462	4,284	785,087
Share of revenue of jointly controlled entities	260,886	-	-	260,886
Segment revenue	1,033,227	8,462	4,284	1,045,973
Group results	9,550	8,755	(7,274)	11,031
Share of results of jointly controlled entities	6,310	-	-	6,310
Segment profit (loss)	15,860	8,755	(7,274)	17,341
Unallocated expenses				(2,355)
Investments income				1,434
Increase in fair value of held-for-trading investments				1,538
Share of results of associates				245
Finance costs				(842)
Profit before tax				17,361

Other segment information:

Six months ended 30 June 2012

	Hong Kong	The PRC	Middle East	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss:				
Expenses incurred in towing certain vessels	-	-	(14,799)	(14,799)
Gain on disposal of a subsidiary	-	4,080	-	4,080
Gain on disposal of property plant and equipment	17	-	13,937	13,954

Six months ended 30 June 2011

	Hong Kong	The PRC	Middle East	Total
	HK$'000	HK$'000	HK$'000	HK$'000
<u>Results</u>				
Group revenue	416,688	7,060	16,777	440,525
Share of revenue of jointly controlled entities	167,979	-	67,651	235,630
Segment revenue	584,667	7,060	84,428	676,155
Group results	14,854	2,449	1,018	18,321
Share of results of jointly controlled entities	1,578	-	9,740	11,318
Segment profit	16,432	2,449	10,758	29,639
Unallocated expenses				(5,661)
Investments Income				690
Decrease in fair value of held-for-trading investments				(5,321)
Share of results of associates				(49)
Finance costs				(1,251)
Profit before tax				18,047

Other segment information:

Six months ended 30 June 2011

	Hong Kong	The PRC	Middle East	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss:				
Gain on disposal of property plant and equipment	-	-	25	25

There are no inter-segment sales for both periods.

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

5. **INVESTMENTS AND OTHER INCOME**

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Investments and other income includes:		
Service income from jointly controlled entities	**8,967**	6,448
Gain on disposal of property, plant and equipment	**13,954**	25
Gain on disposal of a subsidiary	**4,080**	-
Dividends from held-for-trading investments	**720**	690
Interest on bank deposits	**107**	6
Interest on other financial asset	**728**	718
Interest on held-for-trading investments	**714**	-

6. **FINANCE COSTS**

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**644**	1,073
Imputed interest expense on non-current interest free amount due to an associate	**198**	178
	842	1,251

7. **PROFIT BEFORE TAX**

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Profit before tax has been arrived at after charging (crediting):		
Amortisation of intangible assets	**620**	611
Depreciation of property, plant and equipment	**4,401**	8,170
Expenses incurred in towing certain vessels from Middle East to Hong Kong (included in other expenses)	**14,799**	-
Share of income tax credit of jointly controlled entities (included in share of results of jointly controlled entities)	**-**	(53)

8. **INCOME TAX EXPENSE**

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Under provision in prior years:		
Hong Kong	**894**	-

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used is 16.5% (six months ended 30 June 2011: 16.5%) for the six months ended 30 June 2012.

No provision for Hong Kong Profits Tax for both periods has been made in the condensed consolidated financial statements as the estimated assessable profit has been wholly absorbed by tax losses brought forward.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Profit for the period attributable to the owners of the Company and earnings for the purpose of basic earnings per share	**16,256**	16,704

	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,241,878**	1,241,878

The Company has no potential ordinary shares outstanding during both periods.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

The following is an aged analysis of trade receivables net of allowances for doubtful debts presented based on the invoice date at the end of the reporting period:

	30 June 2012	31 December 2011
	HK$'000	HK$'000
Trade debtors analysed by age:		
0 to 60 days	**226,521**	221,091
Over 90 days	**221**	169
	226,742	221,260
Retention receivables	**75,243**	62,022
Other debtors, deposits and prepayments	**42,689**	26,160
	344,674	309,442
Retention receivables		
Due within one year	**47,753**	52,888
Due more than one year	**27,490**	9,134
	75,243	62,022

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.

11. CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	30 June 2012 HK$'000	31 December 2011 HK$'000
Trade creditors analysed by age:		
0 to 60 days	**88,338**	78,681
61 to 90 days	**5,436**	876
Over 90 days	**7,695**	3,770
	101,469	83,327
Retention payables	**83,055**	58,084
Accrued project costs	**208,994**	203,307
Other creditors and accrued charges	**12,902**	34,509
	406,420	379,227
Retention payables		
Repayable within one year	**57,694**	46,348
Repayable more than one year	**25,361**	11,736
	83,055	58,084

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 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Operating Results

As reported in the Annual Report 2011, construction is thriving in Hong Kong and the Group is well positioned to benefit. For the six months ended 30 June 2012, the Group generated a turnover of HK$1,046 million representing a jump of 55% compared with HK$676 million for the corresponding period of 2011.

The group profit for the period was maintained at HK$16 million (2011: HK$18 million) comprised of HK$13 million from construction (2011: HK$23 million) and HK$3 million from investment in listed securities (2011: loss HK$5 million). We believe the reduction in construction profit to be temporary and transitional. As a result of our decision to retreat from UAE market early this year, we incurred a net cost of HK$7 million for the one-off demobilization of plant and people. Further, in the first half of 2012 we deployed significant additional resources in tendering activities to meet the increased demands of the market and gain our share of the future work. This resulted in additional overheads of HK$9 million. Lastly, several projects with total contract value of over HK$1 billion awarded in the fourth quarter of last year progressed as programme but no profits were recognized in the period in accordance with the group's accounting policy as their progress have not reached 25% completion.

In the reporting period, the group successfully secured three new projects in Hong Kong with a total contract value of over HK$500 million. As at the date of this announcement, the value of outstanding works for the Group was HK$4.5 billion.

Hong Kong Operation

All the joint venture projects in hand are progressing satisfactorily. The Central Wanchai Bypass, Package C1, at the Hong Kong Exhibition and Convention Centre is now half-way through and is expected to meet budget and programme. The Express Rail Link Contract 824, is also progressing well and the shaft sinking is virtually complete. Tunnelling has commenced at the south end and measures are being taken to minimise the effects of earlier delays. Contract 901 for the MTRC to extend Admiralty Station to accommodate the future South Island Line is progressing satisfactorily and excavation of the main station box has commenced on time. Portion C4 of Central Wanchai Bypass over the existing MTR Tsuen Wan Line is also proceeding to plan; the piling has been completed by our partners and preparation is in hand to receive the large float and sink precast tunnel unit. The construction of this precast tunnel unit undertaken by the Group is nearing completion in the PRC; it is expected to be delivered to Hong Kong later this year. Awarded late last year, the contract for a new twin cross harbour gas mains for the Hong Kong and China Gas Company is proceeding in a timely manner and the pipe laying will commence before this end of this year. This contract also includes a significant section of main laying on land.

On solo projects, the Polar Adventure and Thrill Mountain project for the Ocean Park Corporation was successfully completed on time in the second quarter and opened to the public. The third hangar at the Business Aviation Center at Chek Lap Kok Airport was constructed within 12 months to a very tight programme and handed over to the client in June 2012. The construction of two sewage treatment plants on Lamma Island for the Drainage Service Department and infrastructure work for Kai Tak Development for the Civil Engineering Development Department are both at an advanced stage with time and costs in line with budget. The government projects awarded last year include the reconstruction and improvement work of Kai Tak River in Wong Tak Sin for DSD and two work packages for the Harbour Area Treatment Scheme, Stage 2A, both also for DSD together with upgrading work for the promenades of Aberdeen Harbour for CEDD; all these projects are proceeding smoothly within budget.

Projects awarded during the first half of 2012 include foundation work for a major logistic centre on Tsing Yi Island which is to be completed to a very tight programme and dredging for a undersea gas main, part of the Hong Kong Section of West - East Natural Gas Transmission Project; these projects are both well in hand and progressing on time.

On building projects, we successfully completed a high rise residential building of 40 units in Tuen Mun for a private developer with the majority of Units handed over to the Client in the second quarter. A small but difficult project for a new chapel for The Chinese University and major improvement work to a swimming pool complex at Lai Chi Kok for Architectural Services Department was also completed. The development of Hang Seng Management College at Shatin, for which we are the management contractor, is on time. The completion of this very demanding project to a very tight programme is on track and the handover of the first block is expected to be in September 2012 with the remaining buildings to be finished in 2013.

Hong Kong Outlook

The Hong Kong Government is continuing with their plans for implementation of an enormous amount of infrastructure works and tendering opportunities are expected to continue to abound for some time. We are therefore optimistic that the prospects for civil engineering construction as well as those for the Build King Group remain very good. However, competition remains surprisingly fierce and we will not relax our cautious attitude towards tendering. We will continue to be selective and focus on those projects which we believe will be profitable with healthy cash flows and where we have an edge. Currently, we are actively preparing various tenders for the Hong Kong Government as well as for the MTRC’s Shatin to Central Line. We are confident we will be able to report that we have secured some new projects soon.

PRC

The operation of our Sewage Plant at Wuxi has continued satisfactorily during the period and treated volumes have steadily increased to over 30,000 tonnes per day. As a result, the revenue has increased by 15%. Coupled with the effect of the cost saving measures we have implemented, the profit contribution was doubled to HK$4 million. With the growth in both local population and industrial users, we expect the treated volume to regularly reach the current maximum design capacity of 35,000 tonnes per day by next year. Therefore, the Group is currently considering further expansion of the plant to 50,000 tonnes per day.

Employees and Remuneration Policies

At 30 June 2012, the Group had a total of 909 employees and total remuneration for the six months ended 30 June 2012 was approximately HK$105 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

At 30 June 2012, the Group had liquid assets of HK$160 million (at 31 December 2011: HK$121 million) comprising held-for-trading investments of HK$31 million (at 31 December 2011: HK$30 million) and bank balances and cash of HK$129 million (at 31 December 2011: HK$91 million).

At 30 June 2012, the Group had a total of interest bearing borrowings of HK$56 million (at 31 December 2011: HK$30 million) with following maturity profile.

	At 30 June 2012 HK$'million	At 31 December 2011 HK$'million
Borrowings due within one year	**56**	16
Borrowings due in the second year	**-**	14
	56	30

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

At 30 June 2012, total equity was HK$286 million comprising ordinary share capital of HK$124 million, reserves of HK$146 million and non-controlling interests of HK$16 million.

At 30 June 2012, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 20% (at 31 December 2011: 11%).

Pledge of Assets

At 30 June 2012, bank deposits of the Group amounting to HK$32,000 (at 31 December 2011: HK$21,000) were pledged to banks for securing banking facilities granted to the Group.

At 30 June 2012, certain equity securities with market value of HK$15 million (at 31 December 2011: HK$13 million) were pledged to a bank to secure general facilities granted to the Group.

Contingent Liabilities

	At 30 June 2012 HK$'million	At 31 December 2011 HK$'million
Outstanding tender/performance/retention bonds in respect of construction contracts	**212**	152

AUDIT COMMITTEE

The Audit Committee has reviewed with the management, internal auditor and external auditor the accounting policies adopted by the Group and the unaudited interim financial information for the six months ended 30 June 2012.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (collectively, the "Code") during the period from 1 April 2012 to 30 June 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited except as noted hereunder.

Code Provision A.2.1

Under 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 duties of Chief Executive Officer ("CEO") were previously carried out by the former Vice Chairman and Executive Director. Following his 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. Mr. Zen's title has been re-designated as the Chairman, an Executive Director, Chief Executive Officer and Managing Director of the Company with effect from 22 March 2012.

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.

Code Provision A.4.1

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

Prior to 1 March 2012, none of the existing Non-executive Directors (including Independent Non-executive Directors) was appointed for a specific term. However, all Directors (Executive, Non-executive and Independent Non-executive Directors) are subject to the retirement provisions of the Bye-laws of the Company. 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 Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

On 1 March 2012, each Non-execute Director (including Independent Non-executive Director) entered into a Letter of Appointment with the Company for the period of three years from 1 March 2012 to 28 February 2015, subject to re-election.

Code Provision A.6.7

One of the Non-executive Directors was unable to attend the annual general meeting of the Company held on 15 May 2012 as he had an overseas engagement.

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 Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2012.

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 2012.

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, 13 August 2012

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.