WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30TH JUNE, 2012

Financial Performance Highlights

Group revenue and share of revenue of jointly controlled entities	**HK$1,175 million**
Profit attributable to owners of the Company	**HK$75 million**
Basic earnings per share	**HK9.46 cents**
Interim dividend per share	**HK3.5 cents**
Equity attributable to owners of the Company per share	**HK$5.60**

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, 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

		Six months ended 30th June,	
		2012	2011
			(Restated)
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Group revenue	*3*	**914,404**	453,620
Cost of sales		**(829,806)**	(398,488)
Gross profit		**84,598**	55,132
Other income	*5*	**19,571**	15,338
Investment income, gains and losses	*6*	**3,699**	(8,622)
Selling and distribution costs		**(27,665)**	(7,186)
Administrative expenses		**(104,938)**	(104,858)
Finance costs	*7*	**(2,890)**	(2,560)
Share of results of associates		**84,504**	130,469
Share of results of jointly controlled entities		**6,310**	11,318
Other gains and losses	*8*	**18,896**	77,908
Profit before tax	*9*	**82,085**	166,939
Income tax credit (expense)	*10*	**667**	(4,714)
Profit for the period		**82,752**	162,225
Profit for the period attributable to:			
Owners of the Company		**75,067**	154,970
Non-controlling interests		**7,685**	7,255
		82,752	162,225
		HK cents	*HK cents*
Earnings per share	*12*		
- Basic		**9.46**	19.54
- Diluted		**9.46**	19.54

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30TH JUNE, 2012

	Six months ended 30th June,	
	2012	2011
		(Restated)
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**82,752**	162,225
Other comprehensive (expense) income		
Exchange difference arising on translation of foreign operations	**(666)**	684
Share of translation reserves of associates	**(9,523)**	100,094
Other comprehensive (expense) income for the period	**(10,189)**	100,778
Total comprehensive income for the period	**72,563**	263,003
Total comprehensive income for the period attributable to:		
Owners of the Company	**65,216**	255,386
Non-controlling interests	**7,347**	7,617
	72,563	263,003

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2012

	Notes	30th June, 2012 (Unaudited) HK$'000	31st December, 2011 (Restated) (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**124,638**	130,882
Intangible assets		**65,094**	65,996
Goodwill		**29,838**	29,838
Interests in associates		**4,252,224**	4,245,484
Interests in jointly controlled entities		**32,813**	38,815
Other financial asset		**52,026**	53,400
Loan and other receivables		**14,818**	16,767
		4,571,451	4,581,182
Current assets			
Inventories		**8,069**	5,227
Amounts due from customers for contract work		**124,684**	98,761
Debtors, deposits and prepayments	*13*	**457,736**	401,721
Amounts due from associates		**7,538**	7,218
Amounts due from jointly controlled entities		**62,165**	41,741
Held-for-trading investments		**46,963**	45,443
Pledged bank deposits		**32**	21
Bank balances and cash		**146,274**	124,450
		853,461	724,582
Current liabilities			
Amounts due to customers for contract work		**115,949**	65,549
Creditors and accrued charges	*14*	**478,117**	440,927
Amount due to an associate		**11,052**	9,947
Amounts due to jointly controlled entities		**9,266**	6,418
Amounts due to non-controlling shareholders		**3,236**	3,357
Tax liabilities		**1,140**	2,767
Other borrowings		**-**	25
Bank loans		**202,290**	183,033
Bank overdraft		**397**	-
		821,447	712,023
Net current assets		**32,014**	12,559
Total assets less current liabilities		**4,603,465**	4,593,741

	30th June, 2012 (Unaudited) *HK$'000*	31st December, 2011 (Restated) (Audited) *HK$'000*
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
Other borrowings	**-**	5
Bank loans	**-**	13,750
	30,255	48,979
Net assets	**4,573,210**	4,544,762
Capital and reserves		
Share capital	**79,312**	79,312
Share premium and reserves	**4,361,414**	4,340,613
Equity attributable to owners of the Company	**4,440,726**	4,419,925
Non-controlling interests	**132,484**	124,837
Total equity	**4,573,210**	4,544,762

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

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 and methods of computation used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31st December, 2011, except as described below.

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards ("HKFRS(s)") and Hong Kong Accounting Standards ("HKAS(s)"), (hereinafter collectively referred to as the "revised HKFRSs") issued by the HKICPA:

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

The application of the amendments to HKFRS 7 in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the Group's condensed consolidated financial statements.

In the current interim period, Road King Infrastructure Limited ("Road King"), an associate of the Group, has applied the amendments to HKAS 12 retrospectively and the impact on the Group's condensed consolidated financial statements is described below.

Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets"

Under the amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets", investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment Property" are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

Road King measures its investment properties using the fair value model. As a result of the application of the amendments to HKAS 12, the directors of Road King reviewed the investment property portfolios and concluded that for certain of the Road King's investment properties, their carrying amounts will be recovered through sale, and that for the other investment properties of Road King, the properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and therefore that the presumption set out in the amendments to HKAS 12 is rebutted by Road King in respect of these properties.

As a result of the application of the amendments to HKAS 12, Road King recognised additional deferred taxes in respect of those investment properties situated in the People's Republic of China ("PRC") which are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time and are subject to land appreciation tax on disposal of these investment properties. Previously, Road King did not recognise deferred tax relating to land appreciation tax on changes in fair value of those investment properties on the basis that the deferred tax was measured based on the assumption that the carrying amounts of these properties were recovered through use.

The amendments to HKAS 12 have been applied retrospectively, resulting in the Group's interests in associates being decreased by HK$48,480,000 at 31st December, 2011, with the corresponding adjustment being recognised in retained profits. In addition, the application of the amendments has resulted in the Group's profit for the six months ended 30th June, 2012 and 30th June, 2011 being decreased by HK$4,890,000 and HK$17,973,000 respectively.

Summary of the effects of the adoption of amendments to HKAS 12

The effect of the adoption of amendments to HKAS 12 by Road King described above on the Group's condensed consolidated income statement for the current and prior period is as follows:

	Six months ended 30th June,	
	2012	2011
	HK$'000	*HK$'000*
Decrease in share of results of associates	**4,890**	17,973

The effect of the adoption of amendments to HKAS 12 by Road King described above on the Group's condensed consolidated statement of financial position at 1st January, 2011 and 31st December, 2011 is as follows:

	At 1st January, 2011 (Originally stated)	Amendments to HKAS 12 adjustments	At 1st January, 2011 (Restated)	At 31st December, 2011 (Originally stated)	Amendments to HKAS 12 adjustments	At 31st December, 2011 (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Interests in associates	3,936,343	(16,788)	3,919,555	4,293,964	(48,480)	4,245,484
Retained profits	2,719,786	(16,788)	2,702,998	2,962,008	(48,480)	2,913,528

The effect of the adoption of amendments to HKAS 12 by Road King described above on the Group's basic and diluted earnings per share for the current and prior period is as follows:

	Basic earnings per share		**Diluted earnings per share**	
	Six months ended 30th June,		**Six months ended 30th June,**	
	2012	2011	**2012**	2011
	HK cents	*HK cents*	***HK cents***	*HK cents*
Figures before adjustments	**10.08**	21.81	**10.08**	21.81
Amendments to HKAS 12 adjustments	**(0.62)**	(2.27)	**(0.62)**	(2.27)
Figures after adjustments	**9.46**	19.54	**9.46**	19.54

3. Group Revenue

	Six months ended 30th June, 2012	
	2012	2011
	HK$'000	*HK$'000*
Group revenue	**914,404**	453,620
Share of revenue of jointly controlled entities	**260,886**	235,630
Group revenue and share of revenue of jointly controlled entities	**1,175,290**	689,250
Group revenue analysed by revenue from:		
Construction	**785,087**	440,525
Construction materials	**121,751**	12,155
Quarrying	**7,566**	940
	914,404	453,620

4. Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. This is also the basis upon which the Group is organized. The Group's reportable and operating segments under HKFRS 8 are summarised as follows:

Construction
- construction of civil engineering and building projects

Construction materials
- production and sale of concrete

Quarrying
- production and sale of quarry products

Toll road and property development
- strategic investment in Road King, an associate of the Group

North American ginseng
- strategic investment in Chai-Na-Ta Corp., an associate of the Group

The following is an analysis of the segment revenue and profit (loss) for each reportable and operating segment:

Six months ended 30th June, 2012

	Segment revenue			
	Gross	**Inter-segment Elimination**	**External**	**Segment profit (loss)**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Construction	**1,045,973**	**-**	**1,045,973**	**8,318**
Construction materials	**134,605**	**(12,854)**	**121,751**	**(3,902)**
Quarrying	**31,631**	**(24,065)**	**7,566**	**(6,393)**
Toll road and property development	**-**	**-**	**-**	**87,111**
North American ginseng	**-**	**-**	**-**	**(2,837)**
Total	**1,212,209**	**(36,919)**	**1,175,290**	**82,297**

Six months ended 30th June, 2011

	Segment revenue			
	Gross	Inter-segment Elimination	External	Segment profit (loss) (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Construction	676,155	-	676,155	8,548
Construction materials	12,850	(695)	12,155	(31,545)
Quarrying	4,016	(3,076)	940	62,380
Toll road and property development	-	-	-	120,763
North American ginseng	-	-	-	9,780
Total	693,021	(3,771)	689,250	169,926

Segment revenue includes share of revenue of jointly controlled entities.

Segment profit (loss) represents profit (loss) after tax and non-controlling interests for each reportable and operating segment and includes certain other income, investment income, gains and losses, share of results of certain associates, share of results of jointly controlled entities and certain other gains and losses, but excluding corporate income and expenses (including staff costs, other administrative expenses, finance costs and income tax expense), share of loss of an associate and change in fair value of structured borrowing which are not attributable to any of the reportable and operating segments. This is the measure reported to the executive directors of the Company for the purposes of resource allocation and performance assessment.

Reconciliation of total segment profit to profit attributable to owners of the Company:

	Six months ended 30th June,	
	2012	2011 (Restated)
	HK$'000	*HK$'000*
Total segment profit	**82,297**	169,926
Unallocated items		
Other income	**4,218**	1,001
Investment income, gains and losses	**727**	(3,991)
Administrative expenses	**(10,277)**	(11,198)
Finance costs	**(1,882)**	(834)
Share of loss of an associate	**(15)**	(25)
Change in fair value of structured borrowing	**-**	99
Income tax expense	**(1)**	(8)
Profit attributable to owners of the Company	**75,067**	154,970

5. Other Income

	Six months ended 30th June,	
	2012	2011
	HK$'000	*HK$'000*
Other income includes:		
Interest on bank deposits	**125**	41
Interest on other financial asset	**728**	718
Imputed interest on loan and other receivables	**411**	244
Rental income from buildings	**102**	63
Rental income from plant and machinery	**1,500**	875
Operation fee income	**5,565**	5,565
Service income from an associate	**174**	223
Service income from jointly controlled entities	**8,967**	6,448

6. Investment Income, Gains and Losses

	Six months ended 30th June, 2012	2011
	HK$'000	*HK$'000*
Net gain (loss) on change in fair value of held-for-trading investments	**1,520**	(9,358)
Dividend income from held-for-trading investments	**724**	736
Interest income from held-for-trading investments	**1,455**	-
	3,699	(8,622)

7. Finance Costs

	Six months ended 30th June, 2012	2011
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**2,692**	2,382
Imputed interest on non-current interest-free amount due to an associate	**198**	178
	2,890	2,560

8. Other Gains and Losses

	Six months ended 30th June, 2012	2011
	HK$'000	*HK$'000*
Income on settlement of prepaid royalties	**-**	45,563
Reversal of allowance on prepaid royalties	**-**	34,000
Gain (loss) on disposal of property, plant and equipment, net	**14,816**	(1,754)
Gain on disposal of a subsidiary	**4,080**	-
Change in fair value of structured borrowing	**-**	99
	18,896	77,908

9. Profit before Tax

	Six months ended 30th June, 2012	2011 (Restated)
	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		
Owned assets	**15,984**	15,140
Assets held under finance lease arrangement	**7**	17
Expenses incurred in towing certain vessels from Middle East to Hong Kong (included in administrative expenses)	**14,799**	-
Share of income tax expense of associates (included in share of results of associates)	**132,139**	137,540
Share of income tax credit of jointly controlled entities (included in share of results of jointly controlled entities)	**-**	(53)

10. Income Tax (Credit) Expense

	Six months ended 30th June, 2012	2011
	HK$'000	*HK$'000*
Income tax for the period		
PRC	**1**	4,714
Under(over)provision in prior years		
Hong Kong	**894**	-
PRC	**(1,562)**	-
	(667)	4,714

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

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

Under the Law of PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for PRC subsidiaries is 25% for both periods.

11. Dividends

	Six months ended 30th June,	
	2012	2011
	HK$'000	*HK$'000*
Dividend paid and recognised as distribution during the period:		
2011 final dividend - HK5.6 cents per share (six months ended 30th June, 2011: 2010 final dividend - HK5 cents per share)	**44,415**	39,656

An interim dividend for the six months ended 30th June, 2012 of HK3.5 cents (six months ended 30th June, 2011: HK5.5 cents) per ordinary share was approved by the Board on 13th August, 2012. This interim dividend has not been included as a liability in the condensed consolidated financial statements.

12. Earnings Per Share

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,	
	2012	2011 (Restated)
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**75,067**	154,970
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from assumed exercise of share options issued by that associate	**-**	(2)
Earnings for the purpose of diluted earnings per share	**75,067**	154,968

	Six months ended 30th June,	
	2012	2011
Number of ordinary shares for the purposes of basic and diluted earnings per share	**793,124,034**	793,124,034

The exercise price of the Company's outstanding share options at 30th June, 2011 was higher than the average market price of the shares of the Company for the six months ended 30th June, 2011. Accordingly, no dilutive effect had been accounted for. The share options expired in July 2011.

13. 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 works. The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date.

	30th June, 2012	31st December, 2011
	HK$'000	*HK$'000*
Trade debtors:		
0 to 60 days	**260,453**	248,679
61 to 90 days	**411**	2,069
Over 90 days	**355**	208
	261,219	250,956
Retention receivables	**75,243**	62,022
Other debtors	**39,838**	21,856
Deposits and prepayments	**75,290**	60,818
Loan and other receivables	**6,146**	6,069
	457,736	401,721
Retention receivables		
Due within one year	**47,753**	52,888
Due after one year	**27,490**	9,134
	75,243	62,022

14. Creditors and Accrued Charges

	30th June, 2012	31st December, 2011
	HK$'000	*HK$'000*
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	**112,458**	94,834
61 to 90 days	**5,750**	1,071
Over 90 days	**8,912**	4,421
	127,120	100,326
Retention payables	**83,055**	58,084
Accrued project costs	**208,994**	203,307
Other creditors and accrued charges	**58,948**	79,210
	478,117	440,927
Retention payables		
Due within one year	**57,694**	46,348
Due after one year	**25,361**	11,736
	83,055	58,084

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK3.5 cents (six months ended 30th June, 2011: HK5.5 cents) per ordinary share for the six months ended 30th June, 2012 to the shareholders of the Company whose names appear in the Register of Members of the Company on 5th September, 2012.

It is expected that dividend warrants will be sent to the shareholders on or before 28th September, 2012.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 3rd September, 2012 to Wednesday, 5th September, 2012, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 31st August, 2012.

BUSINESS REVIEW

For the six months ended 30th June, 2012, the Group's revenue was HK$914 million (six months ended 30th June, 2011: HK$454 million) and HK$1,175 million (six months ended 30th June, 2011: HK$689 million) if including revenue of jointly controlled entities shared by the Group, generating an unaudited profit attributable to owners of the Company of HK$75 million (six months ended 30th June, 2011: HK$155 million restated), a decrease of 52% as compared with that of 2011.

Toll Road and Property Development

For the six months ended 30th June, 2012, the Group shared a profit of HK$87 million (six months ended 30th June, 2011: HK$121 million restated) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this announcement, the Group holds 38.19% interest in Road King.

For the six months ended 30th June, 2012, Road King recorded an unaudited profit attributable to its owners of HK$228 million (six months ended 30th June, 2011: HK$316 million restated), a decrease of 28% as compared with that in the corresponding period of 2011.

The profit of Road King's toll road business for the first half of 2012 was comparable with that in the corresponding period of last year. During the period under review, traffic volume and toll revenue of the expressway projects were slightly affected by the downturn of the steel industry in the Tangshan region and the surface improvement works undertaken by the Changyi Expressway.

The average daily traffic volume of the existing portfolio in the first half of the year was approximately 197,000 vehicles and toll revenue was RMB944 million. Following the stabilization of the output of the mining activities in the Tangshan region and completion of the surface improvement works of the Changyi Expressway in the second half of this year, it is anticipated that the traffic volume and toll revenue will recover.

Since the fourth quarter of 2011, Road King had made market-oriented adjustments to its sales strategies in response to the then austerity measures prevailing in the economy. As a result, approximately RMB4,770 million in contracted sales (including those of a joint venture project, but excluding car parking spaces) were recorded in the first half of 2012, representing a substantial growth of over 95% as compared with the corresponding period of last year. The total amount of contracted sales made in this year is expected to be substantially higher than that of 2011.

In the first half of 2012, Road King delivered completed properties closely to the predetermined schedule, and based on the accounting standards, recorded a revenue of HK$2,321 million (six months ended 30th June, 2011: HK$2,884 million), representing a 20% decrease over that of last year. The area delivered (excluding car parking spaces) was reduced from 368,000 square metres ("sqm") in the corresponding period of last year to 226,000 sqm in the review period, but the gross profit margin in the first half of the year was still over 30%, reaching HK$699 million (six months ended 30th June, 2011: HK$652 million). It is expected that delivery of completed properties in the second half of the year will reach 600,000 sqm.

Given the income generated by the appreciations of Renminbi and the fair value gain on investment properties in the first half of the year was less than the corresponding period of last year, the profit after tax contributed by the property business was reduced to HK$150 million (six months ended 30th June, 2011: HK$268 million restated).

At 30th June, 2012, Road King's land reserve had an attributable gross floor area of over 4.4 million sqm.

Road King will continue to optimize its toll road portfolio and will actively seek for new investment opportunities of expressway projects. Road King is currently in negotiation with a number of new projects and targets to expand its expressway portfolio at reasonable prices as and when appropriate. With respect to the property business, Road King will maintain the effective sales approach adopted in the first half of the year and accelerate receivable and inventory turnover rates in order to support future development. Road King is currently evaluating several new projects in a few cities and targets to replenish a certain amount of landbank in the second half of the year.

Construction

For the six months ended 30th June, 2012, the Group shared a profit of HK$8 million (six months ended 30th June, 2011: HK$9 million) from Build King Holdings Limited ("Build King"), the construction arm of the Group. As of the date of this announcement, the Group holds 51.17% interest in Build King.

For the six months ended 30th June, 2012, Build King recorded revenue and share of revenue of jointly controlled entities of HK$1,046 million (six months ended 30th June, 2011: HK$676 million), representing a jump of 55% as compared with the corresponding period of 2011, and an unaudited profit attributable to its owners of HK$16 million (six months ended 30th June, 2011: HK$17 million) which comprises profit of HK$13 million (six months ended 30th June, 2011: HK$22 million) from construction operation and profit of HK$3 million (six months ended 30th June, 2011: loss of HK$5 million) from investment in listed securities.

Build King believes the reduction in construction profit to be temporary and transitional. As a result of its decision to retreat from UAE market early this year, Build King incurred a net cost of HK$7 million for the one-off demobilization of plants and people. Further, in the first half of 2012, Build King deployed significant additional resources in tendering activities to meet the increased demands of the market and gain its share of the future work. This resulted in additional overheads of HK$9 million.

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

In Hong Kong, all the joint venture projects in hand are progressing satisfactorily. 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. Build King is therefore optimistic that the prospects for civil engineering, construction as well as those for Build King remain very good. However, competition remains surprisingly fierce and Build King will not relax its cautious attitude towards tendering. Build King will continue to be selective and focus on those projects which it believes will be profitable with healthy cash flows and where it has an edge. Currently, Build King is actively preparing various tenders for the Hong Kong Government as well as for the MTRC's Shatin to Central Line. Build King is confident it will be able to report that it has secured some new projects soon.

In the PRC, the operation of Build King's 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 Build King has implemented, the profit contribution was doubled to HK$4 million. With the growth in both local population and industrial users, Build King expects the treated volume to regularly reach the current maximum design capacity of 35,000 tonnes per day by next year. Therefore, Build King is currently considering further expansion of the plant to 50,000 tonnes per day.

Construction Materials

For the six months ended 30th June, 2012, the Group shared a loss of HK$4 million (six months ended 30th June, 2011: HK$32 million) from Mega Yield International Holdings Limited ("Mega Yield"), the construction materials division of the Group, and the revenue of Mega Yield was HK$135 million (six months ended 30th June, 2011: HK$13 million). As of the date of this announcement, the Group holds 94.05% interest in Mega Yield.

The substantial improvement of the division's results as compared with the same period of last year is due to the previous secured orders now entering into the moderate demand stage. The division continues to focus on optimising and coordinating customer orders to ensure maximum output whilst maintaining good service and quality of product. It is anticipated that the orders will be further increased in the second half of this year to match the construction progress of various projects.

Though the Hong Kong Government imposed high standards on the Aberdeen concrete batching plant operations, the division is committed to high environmental controls. That however has resulted in higher operating costs. Management continues to adopt prudent cost control measures to alleviate the challenge of increase in raw materials costs and severe competition from the existing operators.

With an expected increase in production levels in the coming months, it is expected that the division will have better performance by the end of the year.

Quarrying

For the six months ended 30th June, 2012, the quarrying division recorded revenue of HK$32 million (six months ended 30th June, 2011: HK$4 million) and a net loss of HK$6 million (six months ended 30th June, 2011: a net profit of HK$62 million).

The significant decline in the division's results in the current period as compared with the same period of last year is due to an one-off income (net of tax) of HK$75 million (included reversal of allowance on prepaid royalties) recognized in profit or loss in the last period upon agreement with the local government of Wanshan in the PRC ("Wanshan Government") for settlement of the outstanding amount of the advances, the cost of construction work and interest from Wanshan Government by cash instead of the waiver of royalty fees arising from the sale of quarry products from a quarry of the Group.

As a result of increase in production volume of the Group's Aberdeen concrete batching plant, sales quantity of aggregates was picking up to the level of 362,000 tonnes in the first half year. However, the quarrying division still incurred a net loss in the current period as severe rises in the operating and transportation costs in the PRC were nibbling away at the profit margin of aggregates sold.

While the division's sales volume will be benefited from the expected increase in production levels of the Group's construction materials division in the coming months, management is exercising costs control measures in order to cope with the negative impact of inflation in the PRC on the profit margin.

North American Ginseng

For the six months ended 30th June, 2012, Chai-Na-Ta Corp. ("CNT"), an associate of the Group in Canada, recorded revenue of C$5.0 million (six months ended 30th June, 2011: C$7.3 million) and a net loss of C$0.8 million (six months ended 30th June, 2011: a net profit of C$2.7 million). The Group shared CNT's loss of HK$3 million (six months ended 30th June, 2011: profit of HK$10 million). As of the date of this announcement, the Group holds 46.19% interest in CNT.

During the period, CNT sold its entire inventory of ginseng roots from the final harvest in 2011 and completed the sale of certain assets and real property used in connection with the farming operations in Ontario.

On 11th May, 2012, a special resolution was approved by the CNT's shareholders for its voluntary liquidation through the distribution of the remaining assets to its shareholders. CNT has begun to realize its remaining non-cash assets, pay and provide for outstanding liabilities, contingencies and liquidation costs and will make a final liquidating distribution to its shareholders. At 30th June, 2012, CNT's net assets value using the liquidation basis of accounting was C$10.2 million.

Thereafter, CNT will file Articles of Dissolution under the Canada Business Corporations Act in order to dissolve CNT and file the appropriate forms or letters with Canadian securities regulators to cease to be a reporting issuer and with the United States Securities Exchange Commission to terminate its reporting obligations.

FINANCIAL REVIEW

Liquidity and Financial Resources

During the period, total borrowings increased from HK$197 million to HK$203 million with the maturity profile summarised as follows:

	30th June, 2012 ***HK$'million***	31st December, 2011 *HK$'million*
Within one year	**168**	123
In the second year	**19**	47
In the third to fifth year inclusive	**16**	27
	203	197
Classified under:		
Current liabilities (*note*)	**203**	183
Non-current liabilities	**-**	14
	203	197

Note: At 30th June, 2012, bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with the aggregate carrying amount of HK$35 million (31st December, 2011: HK$60 million) have been classified as current liabilities.

At 30th June, 2012, bank loans included a carrying amount of HK$4 million (31st December, 2011: HK$4 million) which is denominated in United States dollar.

During the period, the Group had no significant fixed-rate borrowings and had no financial instruments for hedging purpose.

At 30th June, 2012, the Group's cash and bank balances were HK$146 million (31st December, 2011: HK$124 million), of which bank deposits amounting to HK$0.03 million (31st December, 2011: HK$0.02 million) were pledged to banks to secure certain general banking facilities granted to the Group.

For the six months ended 30th June, 2012, the Group recorded finance costs of HK$3 million (six months ended 30th June, 2011: HK$3 million).

At 30th June, 2012, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK$47 million (31st December, 2011: HK$45 million), majority of which were equity securities listed in Hong Kong and debt securities listed in Singapore. Certain listed equity securities held by Build King with market value of HK$15 million (31st December, 2011: HK$13 million) were pledged to a bank to secure certain general banking facilities granted to Build King. For the six months ended 30th June, 2012, the Group recorded a net profit (net amount of change in fair value, dividend and interest income) of HK$4 million (six months ended 30th June, 2011: a net loss of HK$9 million) from these investments, of which a net profit of HK$3 million (six months ended 30th June, 2011: a net loss of HK$5 million) was derived from the securities invested by Build King.

The Group's borrowings, investments and bank balances are principally denominated in Hong Kong dollar, Renminbi and United States dollar. Hence, there is no significant exposure to foreign exchange rate fluctuations.

Capital Structure and Gearing Ratio

At 30th June, 2012, the equity attributable to owners of the Company amounted to HK$4,441 million, representing HK$5.60 per share (31st December, 2011: HK$4,420 million restated, representing HK$5.57 per share). Increase in equity attributable to owners of the Company was mainly attributable to the profit generated after deduction of 2011 final dividend paid during the period.

At 30th June, 2012, 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 1.3% (31st December, 2011: 1.6%).

Pledge of Assets

At 30th June, 2012, apart from the bank deposits and certain listed equity securities pledged to banks to secure certain general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK$21 million (31st December, 2011: HK$23 million) were pledged to secure certain bank loan granted to the Group. In addition, the share of a Company's subsidiary was pledged to secure certain bank loans granted to the Group.

Contingent Liabilities

At 30th June, 2012, the Group had outstanding tender/performance/retention bonds for construction contracts amounting to HK$214 million (31st December, 2011: HK$154 million).

Capital Commitments

At 30th June, 2012, the Group has committed capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Group's condensed consolidated financial statements and authorised but not contracted for amounting to HK$1 million (31st December, 2011: HK$4 million) and HK$0.4 million (31st December, 2011: HK$0.7 million) respectively.

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2012, the Group had 1,034 employees (31st December, 2011: 1,033 employees), of which 898 (31st December, 2011: 810) were located in Hong Kong, 115 (31st December, 2011: 113) were located in the PRC and 21 (31st December, 2011: 110) were located in UAE. For the six months ended 30th June, 2012, the Group's total staff costs were about HK$134 million (six months ended 30th June, 2011: HK$134 million).

Competitive remuneration packages are structured to commensurate with individual responsibilities, qualification, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as the performance of the individual.

The emoluments of Executive Directors and senior management are to be determined by the Remuneration Committee with reference to salaries paid by comparable companies, their time commitment and responsibilities, employment conditions and prevailing market conditions.

FUTURE OUTLOOK

The construction industry has recently experienced inflation of raw materials cost and the shortage of labour, making cost control measures essential as increases directly impact on cost structure of both quarrying division and construction materials division. Management will closely monitor the situation.

To enhance continuous growth of the Company, management will continue to look for investment opportunities that create synergy for the Group. Nevertheless, in making investment decision, we will continue to cautiously consider our financial capability.

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, 2012.

CORPORATE GOVERNANCE CODE

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.

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

Code Provision A.2.1

The duties of the Chairman and the Vice Chairman of the Board are clearly set out in writing and are separate. However, part of the Chairman's duties overlap with those of the Vice Chairman. Due to the Company's nature of operations, the Company considers that these duties are best served by the Chairman with his knowledge and experience in this area of the Group's operations. Besides, the Company does not at present have any officer with the title "chief executive officer". However, the Vice Chairman carries out the duties of the chief executive officer of the Company and had done so since 1992. He was formerly designated the "managing director" of the Company until 1998 when his title was changed to "Vice Chairman". Even though he is not formally designated as the chief executive officer of the Company, his duties and responsibilities are segregated from those of the Chairman. Since the roles of the Chairman and Vice Chairman are clearly segregated and the Vice Chairman is in practice, the chief executive officer, even though he does not carry that title, the Company does not currently intend to re-designate the Vice Chairman as the chief executive officer.

Code Provision A.4.1

Prior to 1st March, 2012, none of the existing Non-executive Directors (including Independent Non-executive Directors) of the Company was appointed for a specific term. However, all the Directors of the Company are subject to the retirement provisions under Bye-law 87 of the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

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

Code Provision A.6.7

Two of the Non-executive Directors were unable to attend the annual general meeting of the Company held on 15th May, 2012 as both of them had overseas engagements.

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, 2012.

AUDIT COMMITTEE

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

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, 13th August, 2012

At the date of this announcement, the Board comprises three executive directors, namely Mr. William Zen Wei Pao, Mr. Derek Zen Wei Peu 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.