

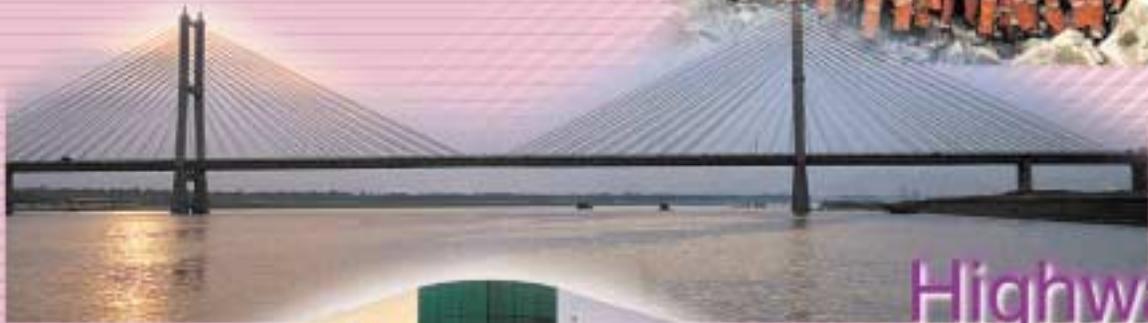


Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)



Construction



Highway



Bio-Technology



Quarry

Interim Results Highlights

The board of directors (the “Board”) of Wai Kee Holdings Limited (the “Company”) announces the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2004.

FINANCIAL PERFORMANCE HIGHLIGHTS

Group turnover and share of turnover of jointly controlled entities	HK\$472 million
Profit attributable to shareholders	HK\$517 million
Basic earnings per share	HK65.47 cents
Interim dividend per share	HK5 cents
Net assets per share	HK\$3.04

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK5 cents (six months ended 30th June, 2003: HK2 cents) per ordinary share for the six months ended 30th June, 2004 to the shareholders of the Company whose names appear in the Register of Members of the Company on 30th August, 2004.

It is expected that dividend warrants will be sent to the shareholders on or before 15th September, 2004.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Wednesday, 25th August, 2004 to Monday, 30th August, 2004, 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, Secretaries Limited, at G/F., Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not later than 4:00 p.m. on Tuesday, 24th August, 2004.

The Group's unaudited turnover and share of turnover of jointly controlled entities for the six months ended 30th June, 2004 was HK\$472 million (2003: HK\$738 million) generating an unaudited consolidated profit after taxation of HK\$517 million (2003: HK\$42 million as restated).

HIGHWAY AND EXPRESSWAY

Road King Infrastructure Limited ("Road King"), an associate of the Group, contributed profit of HK\$79 million to the Group for the six months ended 30th June, 2004 (2003: HK\$43 million as restated). The contribution for the period was stated after taking into account the income released from negative goodwill arising from acquisition of additional interest in Road King and loss on deemed disposal of partial interest in Road King resulting from the exercise of share options by employees of Road King.

Road King recorded an unaudited profit after taxation of HK\$178 million for the six months ended 30th June, 2004 (2003: HK\$148 million as restated), an increase of 20% as compared with that of year 2003. The increase was mainly due to the surge in traffic volume.

During the first half of the year, Road King signed a conditional agreement with a PRC partner to acquire 45% of toll collection and operation rights of Tangshan-Tianjin Expressway in Hebei Province. In addition, it also signed a preliminary conditional agreement with another PRC party to build, operate and manage the Hefei-Yeji Expressway in Anhui Province. The acquisitions are still in progress.

In accordance with its long term development plan and strategy, Road King is considering making appropriate adjustments to some of its existing projects. In addition, negotiations are being undertaken in respect of several prospective expressway projects in China.

On the financial front, Road King had cash and bank deposits of HK\$551 million as at 30th June, 2004. In July 2004, Road King redeemed the whole of the 9.5% p.a. guaranteed notes due in year 2007 and issued another US\$200 million guaranteed notes due in year 2011 with interest rate at 6.25% p.a.. The proceeds from the issue will be applied for the purposes of new investments, refinancing of existing indebtedness and as general working capital.

CIVIL CONSTRUCTION

The turnover and share of turnover of jointly controlled entities of civil construction division for the six months ended 30th June, 2004 was HK\$386 million (2003: HK\$679 million). The civil construction division recorded profit from operations of HK\$48 million (2003: HK\$41 million) and contributed net profit of HK\$18 million (2003: HK\$30 million) to the Group for the period.

In April this year, the Group took over I-China Holdings Limited ("I-China") as the single largest shareholder and all our construction activities were injected into I-China, which subsequently changed name to Build King Holdings Limited ("Build King"). As of the date of this report, the Group owns about 67.41% of Build King.

In the annual report last year, it was reiterated that due to government budget deficit, construction market in Hong Kong would still be weak and competition keen. Unfortunately, this prediction proves to be true. Management never believe in cut-throat competition to gain market share and as a result, Build King has a reduced turnover in this six months. Unless the market in the near future improves (the likelihood of this happening seems quite low), Build King has to live with a lower turnover for the coming 12 to 18 months. Hopefully this will not deteriorate the bottom line. With most of the current projects running in good order, management are confident that this target can be met.

Management are not pessimistic at all about the future of construction industry. The Group strongly believe that there is always a need for good quality construction work. The challenge is to identify clients who have the same philosophy on value for money and then deliver our best service possible.

As of the date of this report, Build King had contracts in hand of about HK\$8,239 million of which about HK\$1,225 million has yet to be completed.

QUARRYING

The turnover of quarrying division for the six months ended 30th June, 2004 was HK\$72 million (2003: HK\$58 million). The quarrying division recorded loss from operations of HK\$38 million for the period (2003: profit from operation of HK\$4 million) after providing an allowance of HK\$32 million on loans receivable in relation to Niu Tou Quarry.

Due to the low construction activity in Hong Kong, the total tonnage sold in the first half of this year was only 670,000 tonnes (2003: 900,000 tonnes) and the keen competition in price definitely has an adverse impact on the performance of the division.

Every attempt has been made to cut cost and streamline the operation. In this regard, recently there is a change in management with a view to improving the efficiency. The Group expects to see an improvement in the second half of this year.

The quarry in Shanghai has improved. The total tonnage sold in the first half of this year was 280,000 tonnes (2003: 40,000 tonnes). In May and June alone, the quarry registered an operating surplus. Every effort will be made to further improve on the operation.

BIO-TECHNOLOGY

The turnover of bio-technology division for the six months ended 30th June, 2004 was HK\$14 million (2003: HK\$3 million). The division recorded a loss from operations of HK\$2 million for the period (2003: HK\$1 million). The loss was mainly attributable to the expenses incurred by the research and development team in refining existing products and developing new products.

During the period, the division has been building up its sales team to market its products. In addition, in order to meet the future sales demand, the Group has decided to build a factory with a fermentation capacity of 150 cubic metres producing bio-pesticide concentrates for domestic as well as overseas markets. Construction is expected to be completed by the end of this year. To further enrich the product range, the Group has also started developing bio-fertilizers for domestic market. With these in place, it is expected that the division will achieve a steady growth in the near future.

PROPERTY DEVELOPMENT PROJECT WITH GOVERNMENT

In February this year, the Group disposed of its interest in the property development project in Hung Hom Bay (the "Project") to an independent third party for an aggregate consideration of HK\$597 million. This level of consideration was considered the minimum given the substantial delay and uncertainty in the Project in the past few years as a result of the change in the housing policy of the government. The consideration was arrived at after taking into account the Group's total investment in the Project and the following factors:

- (i) The Project was expected to commence generating revenue in year 2001. Because of the change of government policy in respect of home ownership scheme projects, the units developed under the Project could not be sold. Accordingly, the Group had to incur substantial expenses to maintain its investment in the Project for longer than expected;
- (ii) As the units could not be disposed of, the Group was unable to recognise the construction profit generated from the Project which should otherwise have been realised a few years ago;
- (iii) Under the prevailing accounting policy, all development costs, including finance costs, incurred subsequent to the issuance of occupation permits cannot be capitalised as investment in but are treated as expenses of the Project. As a result of the extended period subsequent to obtaining the occupation permits in year 2002, the Project recorded heavy losses of which the Group was obliged to share; and
- (iv) When the Project was awarded in year 1999, it was anticipated that the Project would generate profit for the Group within three years. The realisation of this profit has been significantly delayed.

As a result of the disposal, the Group was able to recognise the unrealised construction profit and recoup all the losses incurred, generating a one-off profit of HK\$475 million in the current period after nurturing and maintaining the investment for nearly five years. Given this kind of exceptional profit is not expected to appear again in the near future, the readers are strongly advised to exercise caution when interpreting the results of the Group for the current period.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings were significantly reduced by HK\$163 million to HK\$21 million with the maturity profile summarised as follows:

	At 30th June, 2004 HK\$' million	At 31st December, 2003 HK\$' million
Within one year	21	104
In the second year	—	40
In the third to fifth year inclusive	—	40
	21	184

With the cash generated from the disposal of the interest in the Project, the Group repaid in full the three years term secured bank loan of HK\$100 million, of which HK\$80 million was due after one year as at 31st December, 2003. During the period, the Group also managed to reduce the outstanding balances of short term loans and bank overdraft by HK\$53 million and repaid an amount of HK\$10 million due to a related company.

As at 30th June, 2004, the Group's cash and bank balances amounted to HK\$133 million, of which HK\$30 million bank deposits were pledged to secure bond and banking facilities granted to the Group and jointly controlled entities.

The Group's net finance costs for the six months ended 30th June, 2004 was HK\$1 million (2003: HK\$11 million).

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

CAPITAL STRUCTURE AND GEARING RATIO

As at 30th June, 2004, the shareholders' funds amounted to HK\$2,412 million, representing HK\$3.04 per share (as at 31st December, 2003: HK\$2,069 million as restated, representing HK\$2.64 per share). Increase in shareholders' funds was mainly attributable to the profit derived from the disposal of the Group's interest in the Project less the dividends paid during the period. The net gearing ratio, being the ratio of net borrowings (total borrowings less cash and bank balances) to shareholders' funds, was reduced from 3.6% to a negative figure during the period as the Group's borrowings were significant lower than the Group's cash and bank balances.

PLEDGE OF ASSETS

As at 30th June, 2004, apart from the bank deposits pledged to secure bond and banking facilities granted to the Group and jointly controlled entities, no other asset of the Group was pledged. During the period, a total of 226.5 million shares in Road King pledged to secure facilities granted were discharged and released back to the Group.

CONTINGENT LIABILITIES

The Group had contingent liabilities amounting to HK\$305 million as at 30th June, 2004 (HK\$1,623 million as at 31st December, 2003) related to banking facilities granted to an associate as well as performance and retention bonds issued to customers in respect of outstanding construction contracts. The substantial decrease in contingent liabilities was mainly due to release of guarantees of HK\$1,108 million given by the Company for a banking facility and performance bonds in respect of the Group's interests in the Project and another guarantee of HK\$148 million given by the Company for a banking facility granted to an associate during the period.

FUTURE OUTLOOK

The Group is now in a cash surplus position and is free to make investments whenever appropriate opportunities arise. Nevertheless, management will still maintain a cautious approach in selecting appropriate investment targets within the Group's core and related businesses.

DIRECTORS' INTERESTS

As at 30th June, 2004, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange were as follows:

(I) The Company*Interests in shares*

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%)
		Long position	Short position	
Zen Wei Pao, William	Personal	192,381,843 (Note 1)	—	24.27 (Note 2)
Zen Wei Peu, Derek	Personal	185,057,078 (Note 1)	—	23.34
Lam Wai Hon, Patrick	Personal	500,000 (Note 1)	—	0.06
Cheng Chi Pang, Leslie	Personal	500,000 (Note 1)	—	0.06
Wong Che Ming, Steve	Personal	1,100,000 (Note 1)	—	0.14

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. As at 30th June, 2004, the issued share capital of the Company is 792,824,034 shares. Accordingly, the percentage has been adjusted.

Disclosure of Interests

DIRECTORS' INTERESTS (Cont'd)

(II) Associated Corporation

Interests in shares

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%)
			Long position	Short position	
Zen Wei Pao, William	Road King Infrastructure Limited	Personal	2,500,000 (<i>Note 2</i>)	—	0.43
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 (<i>Note 1</i>)	—	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (<i>Note 1</i>)	—	37.50
	Build King Holdings Limited (formerly known as I-China Holdings Limited)	Personal Personal	119,400,034 (<i>Note 1</i>) 100,000,000 (<i>Note 3</i>)	— —	1.53 1.28
Zen Wei Peu, Derek	Road King Infrastructure Limited	Personal Personal	300,000 (<i>Note 1</i>) 1,300,000 (<i>Note 2</i>)	— —	0.05 0.22
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 (<i>Note 1</i>)	—	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (<i>Note 1</i>)	—	37.50
	Build King Holdings Limited	Personal	497,154,218 (<i>Note 1</i>)	—	6.36
		Personal	200,000,000 (<i>Note 3</i>)	—	2.56

DIRECTORS' INTERESTS (Cont'd)**(II) Associated Corporation** (Cont'd)*Interests in shares* (Cont'd)

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%)
			Long position	Short position	
Fong Shiu Leung, Keter	Road King Infrastructure Limited	Personal	1,000,000 (Note 2)	—	0.17
	Build King Holdings Limited	Personal	50,000,000 (Note 3)	—	0.64 (Note 4)
Lam Wai Hon, Patrick	Build King Holdings Limited	Personal	1,400,000 (Note 1)	—	0.02
Cheng Chi Pang, Leslie	Build King Holdings Limited	Personal	1,400,000 (Note 1)	—	0.02
Wong Che Ming, Steve	Build King Holdings Limited	Personal	3,112,250 (Note 1)	—	0.04 (Note 4)

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying shares of Road King Infrastructure Limited pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to directors are included in this category, the particulars of which are set out in (II) under the heading "SHARE OPTIONS" below.
3. Pursuant to the staff share purchasing scheme (the "Scheme") of the Company adopted on 15th March, 2004, each of Messrs. Zen Wei Pao, William, Zen Wei Peu, Derek and Fong Shiu Leung, Keter has been granted a right to acquire 100,000,000, 200,000,000 and 50,000,000 shares in Build King Holdings Limited from the Company respectively. Details of the Scheme were disclosed in the Company's announcement dated 15th March, 2004.
4. As at 30th June, 2004, the issued share capital of Build King Holdings Limited was 7,814,084,941 shares. Accordingly, the percentage has been adjusted.

Save as disclosed above, none of the Directors or their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS

(I) The Company

The share option scheme of the Company adopted on 7th August, 1992 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted by the Company at the annual general meeting held on 18th September, 2002 to comply with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). As a result, the Company may no longer grant further options under the Old Share Option Scheme. However, all options granted prior to the termination of the Old Share Option Scheme shall remain in full force and effect. During the period, 7,575,000 options were exercised. As at 30th June, 2004, 300,000 options granted under the Old Share Option Scheme remained outstanding. No option was granted under the New Share Option Scheme during the period.

A summary of movements during the period under the Old Share Option Scheme is as follows:

Name	Date granted	Vesting period	Exercisable period	Exercise Price HK\$	Number of share options					Balance at 30.6.2004
					Balance at 1.1.2004	Granted during the period	Exercised during the period*	Expired during the period	Cancelled during the period	
Directors										
Zen Wei Pao, William	29th November, 2000	3 years	29th November, 2001 to 28th November, 2004	0.34	5,000,000	—	(5,000,000)	—	—	—
Lam Wai Hon, Patrick	29th November, 2000	3 years	29th November, 2001 to 28th November, 2004	0.34	500,000	—	(500,000)	—	—	—
Cheng Chi Pang, Leslie	29th November, 2000	3 years	29th November, 2001 to 28th November, 2004	0.34	500,000	—	(500,000)	—	—	—
Sub-total					6,000,000	—	(6,000,000)	—	—	—
Others										
Employees	29th November, 2000	3 years	29th November, 2001 to 28th November, 2004	0.34	1,875,000	—	(1,575,000)	—	—	300,000
Sub-total					1,875,000	—	(1,575,000)	—	—	300,000
Total					7,875,000	—	(7,575,000)	—	—	300,000

* The weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised is HK\$1.45.

SHARE OPTIONS (Cont'd)**(II) Associated Corporation**

The new share option scheme of Road King Infrastructure Limited ("Road King"), an associate of the Company, was adopted by Road King at the annual general meeting held on 12th May, 2003 (the "Road King New Share Option Scheme") to comply with Chapter 17 of the Listing Rules. As at 30th June, 2004, Road King has granted 4,800,000 share options under the Road King New Share Option Scheme to three Directors of the Company.

Details of the share options granted under the Road King New Share Option Scheme to the following Directors of the Company and a summary of the movements during the period are as follows:

Name	Date granted	Vesting period	Exercisable period	Exercise Price HK\$	Number of share options					Balance at 30.6.2004
					Balance at 1.1.2004	Granted during the period	Exercised during the period	Expired during the period	Cancelled during the period	
Directors										
Zen Wei Pao, William	17th October, 2003	5 years	17th October, 2003 to 16th October, 2008	5.15	2,500,000	—	—	—	—	2,500,000
Zen Wei Peu, Derek	17th October, 2003	5 years	17th October, 2003 to 16th October, 2008	5.15	1,300,000	—	—	—	—	1,300,000
Fong Shiu Leung, Keter	17th October, 2003	5 years	17th October, 2003 to 16th October, 2008	5.15	1,000,000	—	—	—	—	1,000,000
Total					4,800,000	—	—	—	—	4,800,000

Save as disclosed above, none of the Directors nor any of their associates had any interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed above, none of the Directors nor their spouse or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2004, so far as is known to any Directors of the Company, the following persons (other than directors of the Company), who have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of holding (%)
			Long position	Short position	
Chow Tai Fook Enterprises Limited (Note 2)	Wai Kee Holdings Limited	Corporate	213,868,000 (Note 1)	—	26.97
New World Development Company Limited (Note 3)	Wai Kee Holdings Limited	Corporate	213,868,000 (Note 1)	—	26.97
NWS Holdings Limited (Note 4)	Wai Kee Holdings Limited	Corporate	213,868,000 (Note 1)	—	26.97
NWS Service Management Limited (Note 5)	Wai Kee Holdings Limited	Corporate	213,868,000 (Note 1)	—	26.97
NWS Service Management Limited (Note 6)	Wai Kee Holdings Limited	Corporate	213,868,000 (Note 1)	—	26.97
Vast Earn Group Limited (Note 7)	Wai Kee Holdings Limited	Personal/ Beneficiary	213,868,000 (Note 1)	—	26.97

SUBSTANTIAL SHAREHOLDERS (Cont'd)

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.
3. New World Development Company Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of NWS Holdings Limited.
4. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiaries, namely NWS Service Management Limited (incorporated in the Cayman Islands), NWS Service Management Limited (incorporated in the British Virgin Islands) and Vast Earn Group Limited.
5. NWS Service Management Limited (incorporated in the Cayman Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the British Virgin Islands).
6. NWS Service Management Limited (incorporated in the British Virgin Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited.
7. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).

Save as disclosed above, no other person (other than a director of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

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, 2004.

DISCLOSURE PURSUANT TO RULES 13.13, 13.15, 13.16, 13.20 AND 13.22 OF THE LISTING RULES

- (1) As at 30th June, 2004, financial assistance to and guarantees given for the benefit of the Company's affiliated companies by the Group together amounted in aggregate to approximately HK\$232,953,000, representing approximately 8.36% of the Group's total assets of HK\$2,786,341,000 (being the Group's total assets of HK\$2,825,982,000 as at 30th June, 2004, adjusted for the interim dividend for the year ending 31st December, 2004 amounting to approximately HK\$39,641,000 declared by the Company pursuant to Rule 14.16(1) of the Listing Rules) (the "Adjusted Total Assets") and approximately 21.42% of the Company's market capitalisation of approximately HK\$1,087,755,000 as at 30th June, 2004 (the "Market Capitalisation"). The Market Capitalisation was based on the total number of 792,824,034 ordinary shares of the Company in issue as at 30th June, 2004 and the average closing price of HK\$1.372 per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding 30th June, 2004.

DISCLOSURE PURSUANT TO RULES 13.13, 13.15, 13.16, 13.20 AND 13.22 OF THE LISTING RULES (Cont'd)

- (2) Details of the financial assistance to and guarantees given for the benefit of the Company's affiliated companies as at 30th June, 2004 are as follows:

Jointly controlled entities/ Associates	Percentage of interest attributable to the Group	Shareholders' loans to jointly controlled entities/ associates <i>HK\$'000</i>	Guarantees given for banking facilities granted <i>HK\$'000</i>	Guarantees given for tender/ performance/ retention bonds in respect of the construction contracts <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balfour Beatty-Zen Pacific Joint Venture	33.70% <i>(Note a)</i>	23	—	30,500	30,523
Barclay Mowlem-Zen Pacific-China Civil Joint Venture	23.59% <i>(Note a)</i>	17	—	—	17
China State-Zen Pacific Joint Venture	20.22% <i>(Note a)</i>	—	—	4,883	4,883
Dragages (HK) Joint Venture	9.44% <i>(Note a)</i>	1,890	—	54,000	55,890
Dragages-Zen Pacific Joint Venture	16.85% <i>(Note a)</i>	108	—	5,837	5,945
Kier/Zen Pacific Joint Venture	33.70% <i>(Note a)</i>	3	—	31,072	31,075
Taiwan Track Partners Joint Venture	5.39% <i>(Note a)</i>	—	—	6,684	6,684
Zen Pacific-Shui On Joint Venture (C518)	33.70% <i>(Note a)</i>	840	—	—	840
Hong Kong Landfill Restoration Group Limited	15.50% <i>(Note a)</i>	490	—	—	490
Kier Hong Kong Limited ("Kier") <i>(Note b)</i>	33.37% <i>(Note a)</i>	20,000	45,000	21,038	86,038
Kong On Waste Management Limited	33.70% <i>(Note a)</i>	248	—	—	248
Supertime Holdings Limited	50%	—	—	10,320	10,320
		23,619	45,000	164,334	232,953

Notes:

- (a) The Group held the effective interest in this jointly controlled entity/associate through Build King Holdings Limited, the Company's 67.41% subsidiary whose shares are listed on the main board of the Stock Exchange.

Other Information

(2) (Cont'd)

Notes: (Cont'd)

- (b) As at 30th June, 2004, the total relevant advances made by the Group to Kier amounted to approximately HK\$86,038,000, representing approximately 3.09% of the Adjusted Total Assets and approximately 7.91% of the Market Capitalisation. The shareholders' loan of HK\$20,000,000 was advanced to Kier by a subsidiary of the Company (the "Subsidiary"). Kier agreed in writing that the Subsidiary has the right to set off the loan against any amount due to Kier by the Subsidiary or any companies whose ultimate holding company is the Company. As at 30th June, 2004, HK\$7,738,000 of the loan amount was set off against the same amount due to Kier from the Group.

The guarantees of HK\$45,000,000 were given for banking facilities granted collectively to Kier and the Company's subsidiaries. As at 30th June, 2004, none of the banking facilities was utilised by Kier and HK\$6,733,000 of the banking facilities was utilised for issuance of performance bonds in respect of construction contracts of the Company's subsidiaries.

Shareholders' loans to affiliated companies were funded by internal resources and/or bank borrowings of the Group. The shareholders' loans to affiliated companies were unsecured, interest free and are repayable on demand except for a shareholder's loan to Kier amounting to HK\$20,000,000 which bears interest at best lending rate quoted by The Hongkong and Shanghai Banking Corporation Limited and is not repayable within twelve months from 30th June, 2004.

- (3) The proforma combined balance sheet of the Company's aforesaid affiliated companies as at 30th June, 2004, which was prepared based on their adjusted financial statements prepared in accordance with the accounting principles generally accepted in Hong Kong for the period ended 30th June, 2004, is as follows:

	<i>HK\$'000</i>
Non-current assets	158,416
Current assets	1,681,615
Current liabilities	(1,401,636)
Non-current liabilities	(20,000)
<hr/>	
Net assets	<hr/> 418,395

Save as disclosed above, the Company does not have other disclosure obligations under Rules 13.13, 13.15, 13.16, 13.20 and 13.22 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed with management and external auditors the accounting principles and policies adopted by the Group and the unaudited interim financial statements for the six months ended 30th June, 2004.

CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2004, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules, save that the non-executive directors have not been appointed for a specific term but are subject to retirement by rotation.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June, 2004, the Group had 1,185 employees (1,032 employees as at 31st December, 2003), of which 829 (698 as at 31st December, 2003) were located in Hong Kong, 345 (311 as at 31st December, 2003) were located in Mainland China and 11 (23 as at 31st December, 2003) were located in Taiwan.

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

APPRECIATION

With our committed and diligent staff, the Board is optimistic on the Group's performance and future. 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, 9th August, 2004



**INDEPENDENT REVIEW REPORT
TO THE DIRECTORS OF WAI KEE HOLDINGS LIMITED**

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 21 to 42.

DIRECTORS' RESPONSIBILITIES

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagement to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2004.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

9th August, 2004

Condensed Consolidated Income Statement

For the six months ended 30th June, 2004

	Notes	Six months ended 30th June, 2004 (Unaudited) HK\$'000	2003 (Restated) (Unaudited) HK\$'000
Group turnover and share of turnover of jointly controlled entities		472,487	737,624
Less: Share of turnover of jointly controlled entities		179,796	286,502
Group turnover		292,691	451,122
Cost of sales		(290,307)	(402,928)
Gross profit		2,384	48,194
Other operating income	4	5,739	14,640
Distribution costs		(2,303)	(965)
Administrative expenses		(56,320)	(62,574)
Allowance on loans receivable	14	(32,000)	—
Share of results of jointly controlled entities		78,882	10,733
Gain on disposal of interest in a property development project	5	475,309	—
Profit from operations	6	471,691	10,028
Finance costs	7	(1,138)	(11,348)
Share of results of associates		88,711	75,398
Negative goodwill of an associate released to income		4,367	—
Amortisation of goodwill of an associate		(265)	—
Loss on deemed disposals of partial interest in an associate		(5,018)	(12,706)
Profit before taxation		558,348	61,372
Taxation	8	(27,078)	(12,063)
Profit before minority interests		531,270	49,309
Minority interests		(14,620)	(7,541)
Profit for the period		516,650	41,768
Dividends	9	158,565	15,654
		HK cents	HK cents
Earnings per share	10		
– Basic		65.47	5.34
– Diluted		65.22	5.30

Condensed Consolidated Balance Sheet

At 30th June, 2004

	<i>Notes</i>	30th June, 2004	31st December, 2003
		(Unaudited)	(Restated)
		HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment	11	45,560	49,856
Goodwill	12	37,204	—
Interests in associates		2,165,182	2,075,588
Interests in joint controlled entities		103,841	11,737
Investments in securities	13	28,302	28,302
Loans receivable	14	10,464	45,054
Deferred tax assets		—	8,000
		2,390,553	2,218,537
Current assets			
Inventories		16,422	16,834
Amount due from customers for contract work		29,036	53,719
Debtors, deposits and prepayments	15	144,212	200,730
Amounts due from associates		13,001	12,322
Amounts due from jointly controlled entities		2,882	10,561
Tax recoverable		5,518	2,820
Investments in securities	13	85,125	13,913
Loans receivable	14	6,525	6,525
Bank deposits pledged	21	29,544	54,494
Bank balances and cash		103,164	55,041
		435,429	426,959

Condensed Consolidated Balance Sheet

At 30th June, 2004

	Notes	30th June, 2004 (Unaudited) HK\$'000	31st December, 2003 (Restated) (Audited) HK\$'000
Current liabilities			
Amount due to customers for contract work		12,993	18,844
Creditors and accrued charges	16	173,716	214,911
Other payable		70,000	70,000
Amounts due to jointly controlled entities		22,657	15,397
Amounts due to associates		—	4
Amount due to a related company	17	11,172	20,980
Amounts due to minority shareholders		2,548	2,548
Taxation		5,916	8,975
Bank loans – due within one year	18	9,434	78,264
Other borrowings – due within one year		262	248
Bank overdrafts, secured		—	4,137
		308,698	434,308
Net current assets (liabilities)		126,731	(7,349)
Total assets less current liabilities		2,517,284	2,211,188
Minority interests		35,391	4,552
Non-current liabilities			
Bank loans – due after one year	18	—	80,000
Other borrowings – due after one year		139	273
Loans from minority shareholders		941	941
Amounts due to associates		33,159	33,159
Amounts due to jointly controlled entities		36,070	23,070
		70,309	137,443
		2,411,584	2,069,193
Capital and reserves			
Share capital		79,282	78,525
Reserves		2,332,302	1,990,668
		2,411,584	2,069,193

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2004

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2003						
— as originally stated	77,712	728,066	7,559	(29,530)	1,174,796	1,958,603
— adjustments on adoption of SSAP 36 (Note 2)	—	—	(122)	—	3,989	3,867
— as restated	77,712	728,066	7,437	(29,530)	1,178,785	1,962,470
Share of reserves of associates not recognised in the condensed consolidated income statement	—	—	6,435	—	—	6,435
Exercise of share options	755	1,812	—	—	—	2,567
Profit for the period	—	—	—	—	41,768	41,768
Dividends paid	—	—	—	—	(15,654)	(15,654)
At 30th June, 2003	78,467	729,878	13,872	(29,530)	1,204,899	1,997,586
Share of reserves of associates not recognised in the condensed consolidated income statement	—	—	3,549	—	—	3,549
Exercise of share options	58	138	—	—	—	196
Profit for the period	—	—	—	—	83,559	83,559
Dividends paid	—	—	—	—	(15,697)	(15,697)
At 31st December, 2003	78,525	730,016	17,421	(29,530)	1,272,761	2,069,193
Exchange difference arising on translation of the financial statements of overseas operations	—	—	(1,545)	—	—	(1,545)
Share of reserves of associates	—	—	(2,287)	—	—	(2,287)
Total recognised gains not recognised in the condensed consolidated income statement	—	—	(3,832)	—	—	(3,832)
Exercise of share options	757	1,818	—	—	—	2,575
Profit for the period	—	—	—	—	516,650	516,650
Dividends paid	—	—	—	—	(158,565)	(158,565)
Distribution of assets (Note 9)	—	—	—	—	(14,437)	(14,437)
At 30th June, 2004	79,282	731,834	13,589	(29,530)	1,616,409	2,411,584

Condensed Consolidated Cash Flow Statement

For the six months ended 30th June, 2004

	Notes	Six months ended 30th June,	
		2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
Net cash (used in) generated from operating activities		(24,168)	42,917
Investing activities			
Distribution of profits from jointly controlled entities		8,480	56,479
Dividends received from an associate		26,306	20,245
(Advance to) repayment from associates		(679)	19,895
(Advance to) repayment from jointly controlled entities		(111,667)	6,196
Purchase of investments in securities		(67,292)	(29,354)
Increase in investment in an associate		(50,008)	—
Acquisition of subsidiaries	19	(35,633)	—
Disposal of interest in a property development project	5	573,652	—
Decrease in pledged bank deposits		24,950	9,385
Purchase of property, plant and equipment		(1,769)	(9,184)
Other investing activities		5,459	1,029
Net cash generated from investing activities		371,799	74,691
Financing activities			
New bank loans raised		—	8,222
Repayment of bank loans		(148,830)	(25,000)
Dividends paid		(158,565)	(15,654)
Advance from jointly controlled entities		20,260	2,140
Repayment to related company		(10,000)	—
Repayment to associates		(4)	(25,352)
Other financing activities		1,768	2,466
Net cash used in financing activities		(295,371)	(53,178)
Increase in cash and cash equivalents		52,260	64,430
Cash and cash equivalents at beginning of the period		50,904	82,301
Cash and cash equivalents at end of the period		103,164	146,731
Analysis of the balances of cash and cash equivalents			
Bank balances and cash		103,164	148,480
Bank overdrafts		—	(1,749)
		103,164	146,731

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

1. BASIS OF PREPARATION

The condensed 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 "Stock Exchange") and the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("HKSA").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of certain investments in securities and agricultural produce.

The condensed financial statements have been prepared in accordance with accounting policies consistent with those adopted by the Group in its annual financial statements for the year ended 31st December, 2003 except that the Group has adopted SSAP 36 "Agriculture" which is effective for accounting periods commencing on or after 1st January, 2004.

AGRICULTURE

The principal effect of the adoption of SSAP 36 is in relation to the agricultural activity undertaken by an associate. SSAP 36 requires the measurement of biological assets and agricultural produce at their fair value less estimated point-of-sale costs. The gain or loss arising from a change in fair value less estimated point-of-sale costs is included in the profit or loss for the period in which it arises. However, given the uncertainty in the process of producing the ginseng crops and the lack of a market for immature ginseng, the ginseng crops are stated at cost until the time of harvest. In the absence of any specific transitional requirements in SSAP 36, the new accounting policy has been applied retrospectively.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

2. PRINCIPAL ACCOUNTING POLICIES (Cont'd)

AGRICULTURE (Cont'd)

As a result of this change in policy, the retained profits of the Group at 1st January, 2004 has been increased by HK\$5,433,000 (1st January, 2003: increased by HK\$3,989,000). The translation reserve at 1st January, 2004 has been increased by HK\$611,000 (1st January, 2003: decreased by HK\$122,000). The interests in associate at 1st January, 2004 has been increased by HK\$6,044,000 (1st January, 2003: increased by HK\$3,867,000). The share of results of associates and the profit for the six months ended 30th June, 2004 have been decreased by HK\$1,950,000 (six months ended 30th June, 2003: decreased by HK\$3,370,000) respectively.

3. SEGMENTAL INFORMATION

For management purposes, the Group is organised into three operating divisions – civil construction, quarrying, highway and expressway operations, and other operations. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

Civil construction

- construction of civil engineering projects

Quarrying

- production and sale of quarry products

Highway and expressway operations

- investment in, development, operation and management of highways and expressways

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

3. SEGMENTAL INFORMATION (Cont'd)

The Group's turnover and profit for the six months ended 30th June, 2004 and for the six months ended 30th June, 2003 by business activity are as follows:

	Civil construction HK\$'000	Quarrying HK\$'000	Highway and expressway operations HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th June, 2004					
Results					
Segment turnover	206,543	72,017	–	14,131	292,691
Share of turnover of jointly controlled entities	179,796	–	–	–	179,796
Segment turnover of the Group and share of turnover of jointly controlled entities	386,339	72,017	–	14,131	472,487
Segment result	(30,787)	(37,666)	–	(4,135)	(72,588)
Share of results of jointly controlled entities	78,882	–	–	–	78,882
Segment result and share of results of jointly controlled entities	48,095	(37,666)	–	(4,135)	6,294
Gain on disposal of interest in a property development project	–	–	–	475,309*	475,309
Unallocated corporate expenses					(9,912)
Profit from operations					471,691
Finance costs					(1,138)
Share of results of associates	763	–	90,904	(2,956)	88,711
Negative goodwill of an associate released to income	–	–	4,367	–	4,367
Amortisation of goodwill of an associate	(265)	–	–	–	(265)
Loss on deemed disposals of partial interest in an associate	–	–	(5,018)	–	(5,018)
Profit before taxation					558,348
Taxation					(27,078)
Profit before minority interests					531,270
Minority interests					(14,620)
Profit for the period					516,650

* The gain arose from the disposal of the Group's interest in a property development project with the Government of HKSAR.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

3. SEGMENTAL INFORMATION (Cont'd)

	Civil construction	Quarrying	Highway and expressway operations (Restated)	Others	Elimination	Total (Restated)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th June, 2003						
Results						
Group turnover	392,448	56,028	—	2,646	—	451,122
Add: Inter-segment sales	—	1,880	—	—	(1,880)	—
Segment turnover	392,448	57,908	—	2,646	(1,880)	451,122
Share of turnover of jointly controlled entities	286,502	—	—	—	—	286,502
Segment turnover of the Group and share of turnover of jointly controlled entities	678,950	57,908	—	2,646	(1,880)	737,624

The inter-segment sales were charged at cost plus a percentage of profit mark up.

Segment result	(1,302)	4,021	—	1,020		3,739
Share of results of jointly controlled entities	42,583	—	—	(31,850)*		10,733
Segment result and share of results of jointly controlled entities	41,281	4,021	—	(30,830)		14,472
Unallocated corporate expenses						(4,444)
Profit from operations						10,028
Finance costs						(11,348)
Share of results of associates	797	—	73,293	1,308		75,398
Loss on deemed disposals of partial interest in an associate	—	—	(12,706)	—		(12,706)
Profit before taxation						61,372
Taxation						(12,063)
Profit before minority interests						49,309
Minority interests						(7,541)
Profit for the period						41,768

* These losses were related to the Group's interest in a property development project with the Government of HKSAR.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

4. OTHER OPERATING INCOME

	Six months ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Other operating income includes the following:		
Unrealised gains on revaluation of other unlisted investments	—	7,544
Interest on bank deposits	275	129
Gain on disposal of investments in securities	—	3,097

5. GAIN ON DISPOSAL OF INTEREST IN A PROPERTY DEVELOPMENT PROJECT

Pursuant to an agreement dated 3rd February, 2004, Main Success Investments Limited, a wholly-owned subsidiary of the Company, disposed of the entire issued share capital of Asian Reward Development Limited, a wholly-owned subsidiary of the Company, through which the Group holds a 50% interest in a jointly controlled entity that owns a property development project. Completion of the agreement took place on 26th February, 2004 and the net assets disposed of on 26th February, 2004 are as follows:

	HK\$'000
Interest in a jointly controlled entity	85,343
Deferred tax assets	8,000
Net assets disposed of	93,343
Gain on disposal	475,309
Total consideration	568,652
Satisfied by:	
Cash received	596,652
Expenses related to the disposal paid	(23,000)
Accrued legal costs	(5,000)
	568,652

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

6. PROFIT FROM OPERATIONS

	Six months ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Profit from operations has been arrived at after charging:		
Depreciation	4,301	5,765
Less: Amount attributable to construction contracts	(885)	(1,358)
	3,416	4,407
Amortisation of goodwill included in administrative expenses	418	—

7. FINANCE COSTS

	Six months ended 30th June,	
	2004	2003
	HK\$'000	HK\$'000
Interest on:		
Bank and other borrowings wholly repayable within five years	1,115	11,314
Finance lease and sale and leaseback agreement	23	34
	1,138	11,348

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

8. TAXATION

	Six months ended	
	30th June,	
	2004	2003
	HK\$'000	HK\$'000
Profits tax for the period		
Hong Kong	413	4,973
Other jurisdictions	182	133
Underprovision (overprovision) in prior years		
Hong Kong	3,043	(844)
Other jurisdictions	(39)	406
Deferred tax charge (credit)		
For the period	—	(1,531)
Effect on change in tax rate	—	131
Share of tax on results of associates	10,994	8,555
Share of tax on results of jointly controlled entities	12,485	240
	27,078	12,063

Hong Kong Profits Tax is calculated at 17.5 per cent (six months ended 30th June, 2003: 17.5 per cent) on the estimated assessable profit for the period.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

9. DIVIDENDS

	Six months ended	
	30th June,	
	2004	2003
	HK\$'000	HK\$'000
Final dividend paid		
for the year ended 31st December, 2003: HK5 cents (period from 1st April, 2002 to		
31st December, 2002: HK2 cents) per share	39,641	15,654
Special dividend paid: HK15 cents (2003: Nil) per share	118,924	—
	158,565	15,654

Other than paying the dividends in cash, a special distribution of 2,219,627,295 shares of Build King Holdings Limited (formerly known as I-China Holdings Limited) ("Build King"), the Company's subsidiary whose shares are listed on the Stock Exchange, was declared and made during the period on the basis of 14 shares of Build King per 5 shares of the Company and resulted in a reduction in the retained earnings by HK\$14,437,000.

An interim dividend for the six months ended 30th June, 2004 of HK5 cents (six months ended 30th June, 2003: HK2 cents) per ordinary share, amounting to approximately HK\$39,641,000 was approved by the Board on 9th August, 2004. This interim dividend has not been included as a liability in these condensed financial statements.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

10. EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2004	2003
		(Restated)
	HK\$'000	HK\$'000
Earnings for the purpose of basic and diluted earnings per share	516,650	41,768
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	789,167,579	782,545,029
Effect of dilutive potential ordinary shares:		
Options	2,986,597	5,481,339
Weighted average number of ordinary shares for the purpose of diluted earnings per share	792,154,176	788,026,368

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$1,769,000 (six months ended 30th June, 2003: HK\$9,184,000) on property, plant and equipment.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

12. GOODWILL

HK\$'000

COST

Addition during the period and at 30th June, 2004 37,622

AMORTISATION

Provided for the period and balance at 30th June, 2004 418

CARRYING AMOUNT

Balance at 30th June, 2004 37,204

Goodwill is amortised using the straight line method over its estimated useful life of fifteen years.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

13. INVESTMENTS IN SECURITIES

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
Investment securities		
Unlisted equity securities, at cost	29,102	29,102
Less: Impairment loss recognised	800	800
	28,302	28,302
Other investments, at fair value		
Equity securities:		
– Listed in Hong Kong	27,292	32
– Listed in overseas	2,330	1,049
– Unlisted in Hong Kong	10,542	12,784
Other unlisted securities:		
– Debt securities	25,176	48
– Equity linked notes	19,785	—
	85,125	13,913
Total	113,427	42,215
Market value of listed securities	29,622	1,081
Represented by:		
Non-current assets	28,302	28,302
Current assets	85,125	13,913
	113,427	42,215

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

14. LOANS RECEIVABLE

The maturity of the loans receivable is as follows:

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
Within one year	6,525	6,525
In the second to fifth year inclusive	42,464	45,054
	48,989	51,579
Less: Allowance	32,000	—
	16,989	51,579
Less: Amount receivable within one year shown under current assets	6,525	6,525
Amount receivable after one year	10,464	45,054

The amount represents advances to and the cost of construction work to be recoverable from the local government in Wanshan, the People's Republic of China (the "PRC"), which will be settled by a waiver of royalty fees arising from the sale of quarry products from one quarry in the PRC. The directors have considered the prospects of the construction industry and have reassessed the likelihood of the settlement of this loan receivable in full through the waiver of royalty fees arising from the sale of quarry products. Based on the anticipated sales of quarry products, the directors are of the opinion that the loan receivable will not be recoverable in full, and accordingly an allowance of HK\$32 million has been recognised in the income statement.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
Trade debtors (aged analysis):		
0 to 60 days	93,077	103,852
61 to 90 days	1,273	658
Over 90 days	953	295
	95,303	104,805
Retentions receivable	21,452	58,627
Other debtors, deposits and prepayments	27,457	37,298
	144,212	200,730

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.

16. CREDITORS AND ACCRUED CHARGES

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
Trade creditors (aged analysis):		
0 to 60 days	15,816	39,696
61 to 90 days	4,536	2,129
Over 90 days	7,160	9,785
	27,512	51,610
Retentions payable	24,663	25,057
Accrued project costs	51,734	63,343
Other creditors and accrued charges	69,807	74,901
	173,716	214,911

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

17. AMOUNT DUE TO A RELATED COMPANY

The related company is a subsidiary of one of the Company's substantial shareholders. The amount is unsecured, carries interest at prime rate and is repayable on demand.

18. BANK LOANS

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
The maturity of bank loans is as follows:		
Within one year	9,434	78,264
In the second year	—	40,000
In the third to fifth year inclusive	—	40,000
	9,434	158,264
Less: Amount due within one year shown under current liabilities	9,434	78,264
Amount due after one year	—	80,000
Secured	9,434	155,434
Unsecured	—	2,830
	9,434	158,264

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

19. ACQUISITION OF SUBSIDIARIES

On 23rd April, 2004, Top Horizon Holdings Limited, a wholly-owned subsidiary of the Company, subscribed for 5,987,000,000 ordinary shares of HK\$0.01 each and 3,000,000,000 convertible preference shares of HK\$0.01 each of Build King. The consideration was satisfied by cash of HK\$29,870,000 and by injection of the Group's interest in Top Tactic Holding Limited ("Top Tactic") and its subsidiaries. Immediately followed by the completion of this transaction, the Group's interest in Top Tactic was reduced by 5.18%. Net assets of Build King acquired on 23rd April, 2004 were as follows:

	<i>HK\$'000</i>
Property, plant and equipment	51
Debtors, deposits and prepayments	302
Creditors and accrued charges	(213)
	140
Goodwill	37,622
	37,762
Total consideration	37,762
Satisfied by:	
Cash (including expenses related to the acquisition)	35,633
Disposal of partial interests in a subsidiary	2,129
	37,762

The subsidiaries acquired did not have significant contribution to the Group's turnover, profit and cash flow during the period.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

20. COMMITMENTS

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
Contracted for but not provided in the condensed financial statements	3,927	—
Authorised but not contracted for	11,565	—
	15,492	—

At 30th June, 2004, the Group had committed to invest approximately HK\$2,972,000 into a joint venture established in the PRC. The joint venture is principally engaged in the production of construction materials in the PRC.

At 31st December, 2003, the Group had committed to invest approximately HK\$18,820,000 into several joint ventures established in the PRC. These joint ventures are principally engaged in the research and development of bio-pesticide products and the production of construction materials in the PRC.

21. PLEDGE OF ASSETS

As at 30th June, 2004, bank deposits amounting to HK\$29,544,000 (31st December, 2003: HK\$54,494,000) of the Group were pledged to secure the banking facilities granted to the Group and jointly controlled entities.

As at 31st December, 2003, 46,500,000 shares of Road King with a market value of HK\$279,000,000 were pledged as security for certain indemnities in favour of a substantial shareholder of one of the Company's substantial shareholders. The pledge was released during the period.

As at 31st December, 2003, 180,000,000 shares of Road King with a market value of HK\$1,080,000,000 were pledged to secure the banking facilities granted to the Group and an associate. The pledge was released during the period.

Notes to the Condensed Financial Statements

For the six months ended 30th June, 2004

22. CONTINGENT LIABILITIES

	30th June, 2004 HK\$'000	31st December, 2003 HK\$'000
Guarantees given to financial institutions in respect of banking and other facilities granted to an associate	38,267	187,998
Guarantees/counter indemnities given in respect of outstanding tender/performance/retention bonds for construction contracts	266,992	385,223
Guarantee given to a substantial shareholder of one of the Company's substantial shareholders in respect of banking facilities granted to a jointly controlled entity	—	1,050,000

23. RELATED PARTY TRANSACTIONS

		Six months ended 30th June,	
	<i>Notes</i>	2004 HK\$'000	2003 HK\$'000
Associate			
Consultancy fee paid	<i>(a)</i>	—	5,802
Interest income	<i>(b)</i>	—	1,313

Notes:

- (a) The transactions were charged at the terms determined and agreed by both parties.
- (b) Interest income for the six months ended 30th June, 2003 was calculated at HIBOR as quoted by a financial institution.

EXECUTIVE DIRECTORS

ZEN Wei Pao, William (*Chairman*)
ZEN Wei Peu, Derek (*Vice Chairman*)
FONG Shiu Leung, Keter

NON-EXECUTIVE DIRECTORS

LAM Wai Hon, Patrick
CHENG Chi Pang, Leslie

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Che Ming, Steve
WAN Siu Kau, Samuel
WONG Man Chung, Francis

AUDIT COMMITTEE

WONG Che Ming, Steve (*Chairman*)
WAN Siu Kau, Samuel
WONG Man Chung, Francis

AUDITORS

Deloitte Touche Tohmatsu

SOLICITORS

Richards Butler
Conyers, Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
CITIC Ka Wah Bank Limited
Hang Seng Bank Limited

COMPANY SECRETARY

FONG Shiu Leung, Keter

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
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Pembroke
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

The Stock Exchange of Hong Kong Limited – 610