



HIGHWAY

PROPERTIES

CONSTRUCTION

**CONSTRUCTION
MATERIALS**

QUARRYING



Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 610)

INTERIM REPORT 2011

POSITIVE THINKING ACTIVE PARTICIPATION

Contents

	<i>Page</i>
Interim Results Highlights	2
Business Review and Future Outlook	3
Financial Review	7
Disclosure of Interests	9
Corporate Governance	16
Other Information	18
Report on Review of Interim Financial Information	21
Condensed Consolidated Income Statement	22
Condensed Consolidated Statement of Comprehensive Income	23
Condensed Consolidated Statement of Financial Position	24
Condensed Consolidated Statement of Changes in Equity	26
Condensed Consolidated Statement of Cash Flows	27
Notes to the Condensed Consolidated Financial Statements	28
Corporate Information	44

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, 2011.

FINANCIAL PERFORMANCE HIGHLIGHTS

Group revenue and share of revenue of jointly controlled entities	HK\$689 million
Profit attributable to owners of the Company	HK\$173 million
Basic earnings per share	HK21.81 cents
Interim dividend per share	HK5.5 cents
Equity attributable to owners of the Company per share	HK\$5.42

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK5.5 cents (six months ended 30th June, 2010: HK5 cents) per ordinary share for the six months ended 30th June, 2011 to the shareholders of the Company whose names appear in the Register of Members of the Company on 7th September, 2011.

It is expected that dividend warrants will be sent to the shareholders on or before 14th October, 2011.

Business Review and Future Outlook

BUSINESS REVIEW

The Group's revenue for the six months ended 30th June, 2011 was HK\$454 million (six months ended 30th June, 2010: HK\$354 million) and HK\$689 million (six months ended 30th June, 2010: HK\$439 million) if including revenue of jointly controlled entities shared by the Group, generating an unaudited profit attributable to owners of the Company of HK\$173 million (six months ended 30th June, 2010: HK\$93 million), a significant increase of 86% as compared with that of 2010.

Highway and Expressway Operations and Property Development

For the six months ended 30th June, 2011, the Group shared a profit of HK\$139 million (six months ended 30th June, 2010: HK\$102 million) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this report, the Group holds 38.19% interest in Road King.

For the six months ended 30th June, 2011, Road King recorded an unaudited profit attributable to its owners of HK\$363 million (six months ended 30th June, 2010: HK\$265 million), an increase of 37% as compared with that in the corresponding period of 2010.

In the first half of 2011, the continuing growth of the PRC's economy and the increase in personal disposable income have led to the growth of passenger and freight turnover of Road King's toll roads and expanded the clientele for the property development business.

Though the PRC government's policy on enforcing the series of austerity measures and launching new measures to control the property market posed serious impacts on the property market, Road King managed to maintain a stable sales income as a result of a diversified geographic and business portfolio.

Road King's toll road business continued to be driven by the expressway projects in the first half of 2011. The average daily traffic and total toll revenue were 257,000 vehicles and RMB1,045 million respectively, representing an increment of 11% and 14% over the corresponding period last year. In addition to the economic growth, the completion of repair and maintenance works of the highways connecting to Tangjin Expressway also contributed to the rebound of income derived from that toll road.

For property business, the average selling price of Road King's contracted sales for the first half of 2011 exceeded RMB10,000 per sqm, representing an increase of over 30% as compared with that of the corresponding period last year.

For the six months ended 30th June, 2011, Road King's revenue from sale of properties amounted to HK\$2,884 million, representing a growth of 40% over the revenue of HK\$2,060 million achieved in the same period last year. As a result of the increase in revenue, profit after taxation derived from the property development business increased notably to HK\$373 million from HK\$240 million in the same period last year, representing a growth of 55%.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Highway and Expressway Operations and Property Development (Cont'd)

At 30th June, 2011, Road King's landbank had an attributable GFA of over 4.87 million sqm.

The relevant claims in relation to disputes of Sunco Property Holdings Company Limited have been transferred to the Tianjin Municipal Government for mediation and the negotiation process is underway.

Road King will continue to dispose of certain Class I and Class II highways and increase the proportion of expressway assets in its portfolio to optimise and enhance the toll road business. With the long established prudent investment strategy and cautious management approach, Road King expects that PRC government's stringent austerity measures on the property industry will not have a significant impact on its operations. Furthermore, after years of experience and integration, Road King is confident that the contribution from the property business will continue to improve.

Construction

For the six months ended 30th June, 2011, the Group shared a profit of HK\$9 million (six months ended 30th June, 2010: HK\$11 million) from Build King Holdings Limited ("Build King"), the construction arm of the Group. As of the date of this report, the Group holds 51.17% interest in Build King.

For the six months ended 30th June, 2011, Build King recorded revenue and share of revenue of jointly controlled entities of HK\$676 million (six months ended 30th June, 2010: HK\$432 million) and an unaudited profit attributable to its owners of HK\$17 million (six months ended 30th June, 2010: HK\$24 million) which comprises profit of HK\$22 million (six months ended 30th June, 2010: HK\$22 million) from construction operation and loss of HK\$5 million (six months ended 30th June, 2010: profit of HK\$2 million) from investment in listed securities.

In Hong Kong, Build King's tender strategy of bidding for projects which it believes will provide good cashflows and sensible margins is proving successful. Since the Annual Report 2010 of Build King, Build King has been awarded eight projects in Hong Kong totalling over HK\$630 million, most of which have already commenced. In addition, most of the major projects in hand are progressing well and all other projects including those of the building division are proceeding satisfactorily. Build King expects the construction market in Hong Kong to remain buoyant for at least the coming five to seven years.

On the other hand, the challenge in front of Build King now is not only to expand its turnover and secure a good order book, but also to be able to ensure delivery of all projects on time and within budget. The current resources available in the market will be unable to cope with the anticipated demand. In addition, other challenges that the industry is facing is the rapidly aging work force, the lack of skilled labour, the lack of front line supervision and the shortage of experienced staff. For its part, Build King has stepped up its labour training on site and proactively recruiting from overseas and as well as increasing training for existing staff to counter the shortfall.

BUSINESS REVIEW (Cont'd)

Construction (Cont'd)

To put it in a better competing position, Build King has re-structured its estimating team and strengthened its engineering team to cope with the market expectations where more emphasis is being placed on technical excellence. Therefore, the outlook for Build King's construction operations in Hong Kong is promising.

In United Arabic Emirates ("UAE"), the general market sentiment has not yet improved. Despite the slow down during the first half of 2011, Build King's share of the local joint venture recorded an increase of turnover. Currently, there are two projects in progress. Build King expects this tough market environment will however persist but in medium term, it is optimistic as it believes the planned infrastructure works will eventually be pushed forward. Hence, Build King will continue to maintain its core team of professional staff in the UAE and it will be actively searching for new projects.

In the PRC, the operation of the sewage treatment plant in Wuxi City was within budget with the operational income and profit for the first half of 2011 increasing. This was a result of steadily increasing volume of sewage treated. During the period, the average volume has already exceeded 30,000 tonnes per day. As the current design capacity is 35,000 tonnes per day, Build King may consider a further extension in 2012 to expand the plant capacity to 50,000 tonnes per day. Further, Build King is continuing to pursue a rise in the treatment fee in line with inflation and as provided in the contract. Leveraging on the experience of this project, Build King is positive about the prospect of further investment in environmental projects in the PRC and are actively seeking opportunities in this sector.

The outstanding value of contracts on hand at the date of this report is approximately HK\$3.7 billion.

Construction Materials

For the six months ended 30th June, 2011, the Group shared a loss of HK\$32 million (six months ended 30th June, 2010: HK\$12 million) from Mega Yield International Holdings Limited ("Mega Yield"), the construction materials division of the Group. As of the date of this report, the Group holds 94.05% interest in Mega Yield.

The substantial loss recorded was mainly due to the pre-operating expenses incurred for the establishment of the concrete batching plant and the rental payment of the Aberdeen site. The construction of concrete batching facilities was completed in the first quarter of 2011.

The division has focused and continues to focus to fill up its order book and get recognition from its customers. The division is facing the challenge of increase of raw materials costs and severe competition from the existing operators. Management continues to adopt its prudent cost control measures. Furthermore, the operational team will work closely with customers so as to build up the trust which is important for a new entrant.

As already mentioned in the Annual Report 2010, the ready mixed concrete market has been benefited from the large expansion of infrastructure in Hong Kong and is expected to show substantial growth in the foreseeable future.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Quarrying

For the six months ended 30th June, 2011, the quarrying division recorded revenue of HK\$4 million (six months ended 30th June, 2010: HK\$8 million) and net profit of HK\$62 million (six months ended 30th June, 2010: net loss of HK\$3 million). The significant improvement in the division's result in current period is due to an one-off profit upon agreement made with the local government of Wanshan in the PRC ("Wanshan Government").

On 23rd March, 2011, the Group entered into an agreement with Wanshan Government to agree the amount of advances to and the cost of construction work for Wanshan Government together with the income thereon. It was also agreed that the outstanding amount was settled by cash instalments instead of by waiver of royalty fees arising from sale of quarry products from the Group's Niu Tou quarry. Accordingly, the allowance of prepaid royalties amounting to HK\$34 million made in 2004 has been reversed and an income of HK\$49 million has been recognised.

During the current period, the Group's licence for operation in Niu Tou Island has been successfully extended for 6 years to 2017.

Following the commencement of production in the Group's concrete batching facilities at Aberdeen in the second quarter of 2011, the demand of aggregates of the quarrying division is anticipated to be improved in the second half year.

North American Ginseng

For the six months ended 30th June, 2011, Chai-Na-Ta Corp. ("CNT"), an associate of the Group in Canada, recorded revenue of C\$7.3 million (six months ended 30th June, 2010: C\$2.8 million) and net profit of C\$2.7 million (six months ended 30th June, 2010: net loss of C\$0.3 million). The Group shared CNT's profit of HK\$10 million (six months ended 30th June, 2010: loss of HK\$1 million). As of the date of this report, the Group holds 46.19% interest in CNT.

CNT has improved both the quality and yield of its annual harvest in Ontario which is reflected in its profitability during the current period. However, CNT believes that there will continue to be a high uncertainty for the market price of ginseng and does not believe that current market price will be sustained in the long-term.

CNT is planning to cease operations in their current form after completing the harvest in 2011 and selling of the inventory from that harvest in 2012. In the next six months, CNT will focus its attention on maximizing the yield and quality of the crops from its last harvest in Ontario.

FUTURE OUTLOOK

With an increased order book in the concrete business, the quarry division will benefit directly. It is anticipated that the quarry division will show improvement in performance. The Board believes that construction materials division will integrate vertically in both directions with the Group's existing businesses and creates synergy for the Group. As the construction market is expected to thrive in coming years, the Group holds positive view on its future performance.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings increased from HK\$165 million to HK\$168 million with the maturity profile summarised as follows:

	30th June, 2011 HK\$'million	31st December, 2010 HK\$'million
Within one year	51	82
In the second year	84	42
In the third to fifth year inclusive	33	41
	168	165
Classified under:		
Current liabilities ((a) and (b))	145	139
Non-current liabilities	23	26
	168	165

- (a) At 30th June, 2011, 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\$94 million (31st December, 2010: HK\$57 million) have been classified as current liabilities.
- (b) At 30th June, 2011, total borrowings included a structured borrowing of HK\$6 million (31st December, 2010: HK\$13 million) that was designated as at fair value through profit or loss upon initial recognition and was subsequently measured at fair value based on the valuation provided by the counterparty. The differences between the fair value of the structured borrowing and the net amount of the upfront payment received less the repayment made were both insignificant at 30th June, 2011 and 31st December, 2010. The structured borrowing is denominated in United States dollars.

At 30th June, 2011, bank loans included a carrying amount of HK\$8 million (31st December, 2010: HK\$8 million) which is denominated in United States dollars.

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

At 30th June, 2011, the Group's cash and bank balances amounted to HK\$102 million (31st December, 2010: HK\$59 million), of which a bank deposit amounting to HK\$6 million (31st December, 2010: HK\$0.02 million) was pledged to a bank to secure certain general banking facilities granted to the Group.

For the six months ended 30th June, 2011, the Group recorded finance costs of HK\$3 million (six months ended 30th June, 2010: HK\$2 million).

LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

At 30th June, 2011, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK\$32 million (31st December, 2010: HK\$37 million), majority of which were equity securities listed in Hong Kong. Certain listed equity securities held by Build King with market value of HK\$18 million (31st December, 2010: HK\$21 million) were pledged to a bank to secure certain general banking facilities granted to Build King. For the six months ended 30th June, 2011, the Group recorded net loss (change in fair value and dividend income) of HK\$9 million (six months ended 30th June, 2010: net gain of HK\$2 million) from these investments, of which net loss of HK\$5 million (six months ended 30th June, 2010: net gain of HK\$2 million) was suffered from the securities invested by Build King.

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

Capital Structure and Gearing Ratio

At 30th June, 2011, the equity attributable to owners of the Company amounted to HK\$4,300 million, representing HK\$5.42 per share (31st December, 2010: HK\$4,066 million, representing HK\$5.13 per share). Increase in equity attributable to owners of the Company was mainly attributable to the profit generated after deduction of 2010 final dividend paid during the period.

At 30th June, 2011, 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 1.5% (31st December, 2010: 2.6%).

Pledge of Assets

At 30th June, 2011, apart from the bank deposit and certain listed equity securities pledged to a bank to secure certain general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK\$25 million (31st December, 2010: HK\$0.05 million) were pledged to secure certain bank loans granted to the Group. In addition, the share of a Company's subsidiary was pledged to secure certain bank loans granted to the Group.

Tender/Performance/Retention Bonds

At 30th June, 2011, the Group had outstanding tender/performance/retention bonds for construction contracts amounting to HK\$157 million (31st December, 2010: HK\$203 million).

Capital Commitments

At 30th June, 2011, 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\$5 million (31st December, 2010: HK\$21 million) and HK\$3 million (31st December, 2010: HK\$12 million) respectively.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2011, 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 the 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 Issuers, 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 the issued ordinary share capital (%)	
		Long position	Short position		
Zen Wei Pao, William	Personal	192,381,843	(Note 1)	–	24.26
	Personal	770,000	(Notes 2&3)	–	0.10
Zen Wei Peu, Derek	Personal	185,557,078	(Note 1)	–	23.40
	Personal	770,000	(Notes 2&3)	–	0.10
Chiu Wai Yee, Anriena	Personal	550,000	(Notes 2&3)	–	0.07
Lam Wai Hon, Patrick	Personal	300,000	(Note 1)	–	0.03
	Personal	330,000	(Notes 2&3)	–	0.04
Chu Tat Chi	Personal	330,000	(Notes 2&3)	–	0.04
Cheng Chi Pang, Leslie	Personal	330,000	(Notes 2&3)	–	0.04
Wong Che Ming, Steve	Personal	900,000	(Note 1)	–	0.11
	Personal	330,000	(Notes 2&3)	–	0.04
Wan Siu Kau, Samuel	Personal	330,000	(Notes 2&3)	–	0.04
Wong Man Chung, Francis	Personal	330,000	(Notes 2&3)	–	0.04

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 the Company 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 (I) under the heading "SHARE OPTIONS" below.
3. Share options expired on 8th July, 2011.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations

Interests in shares

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital	
			Long position	Short position	(%)	
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000	(Note 1)	-	0.11 (Note 3)
	Road King Infrastructure Limited	Personal	4,324,000	(Note 1)	-	0.58
		Personal	6,400,000	(Note 2)	-	0.86
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000	(Note 1)	-	10.00
Zen Wei Peu, Derek	Wai Luen Stone Products Limited	Personal	30,000	(Note 1)	-	37.50
	Build King Holdings Limited	Personal	122,675,228	(Note 1)	-	9.88
	Chai-Na-Ta Corp.	Personal	253,728	(Note 1)	-	0.73
	Road King Infrastructure Limited	Personal	6,053,000	(Note 1)	-	0.82
		Personal	3,150,000	(Note 2)	-	0.42
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000	(Note 1)	-	10.00
	Wai Luen Stone Products Limited	Personal	30,000	(Note 1)	-	37.50

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

Interests in shares (Cont'd)

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital (%)
			Long position	Short position	
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000	(Note 1)	-
	Chai-Na-Ta Corp.	Personal	1,920	(Note 1)	-
	Road King Infrastructure Limited	Personal	205,000	(Note 1)	-
		Personal	200,000	(Note 2)	-
Lam Wai Hon, Patrick	Build King Holdings Limited	Personal	186,666	(Note 1)	-
Chu Tat Chi	Road King Infrastructure Limited	Personal	515,000	(Note 1)	-
Cheng Chi Pang, Leslie	Build King Holdings Limited	Personal	1,170,000	(Note 1)	-
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448	(Note 1)	-

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 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. As at 30th June, 2011, the issued share capital of Build King was 1,241,877,992 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 by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

Disclosure of Interests

SHARE OPTIONS

(I) The Company

A share option scheme (the "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 Securities on the Stock Exchange (the "Listing Rules"). Particulars of the Share Option Scheme were set out in note 46 to the Consolidated Financial Statements in the Annual Report 2010 of the Company. During the period, no share option was lapsed.

Details of the share options granted under the Share Option Scheme and a summary of the movements during the period are as follows:

Name	Date of grant	Exercisable period	Exercise price	Number of share options						
				Balance at 1.1.2011	Granted during the period	Exercised during the period	Lapsed during the period			
<i>HK\$</i>										
Directors										
Zen Wei Pao, William	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	770,000	-	-	- 770,000			
Zen Wei Peu, Derek	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	770,000	-	-	- 770,000			
Chiu Wai Yee, Anriena	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	550,000	-	-	- 550,000			
Lam Wai Hon, Patrick	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	- 330,000			
Chu Tat Chi	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	- 330,000			
Cheng Chi Pang, Leslie	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	- 330,000			
Wong Che Ming, Steve	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	- 330,000			
Wan Siu Kau, Samuel	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	- 330,000			
Wong Man Chung, Francis	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	330,000	-	-	- 330,000			
Sub-total				4,070,000	-	-	- 4,070,000			
Others										
Employees	9th July, 2007	9th July, 2008 to 8th July, 2011	3.39	1,210,000	-	-	- 1,210,000			
Sub-total				1,210,000	-	-	- 1,210,000			
Total				5,280,000	-	-	- 5,280,000			

Disclosure of Interests

SHARE OPTIONS (Cont'd)

(II) Associated Corporation

The share option scheme was adopted by Road King at the annual general meeting held on 12th May, 2003 (the "Road King Share Option Scheme") to comply with Chapter 17 of the Listing Rules. As at 30th June, 2011, Road King has granted 22,200,000 share options under the Road King Share Option Scheme to three Directors of the Company, 12,145,000 share options have been exercised and 305,000 share options have lapsed.

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

Name of Director	Date of grant	Exercisable period	Exercise price	Number of share options			
				Balance at 1.1.2011	Granted during the period	Exercised during the period	Lapsed during the period
				HK\$			
Zen Wei Pao, William	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	2,500,000	-	-	- 2,500,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	2,500,000	-	-	- 2,500,000
	9th April, 2010	9th April, 2010 to 8th April, 2015	6.79	1,400,000	-	-	- 1,400,000
Zen Wei Peu, Derek	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	800,000	-	-	- 800,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	1,500,000	-	-	- 1,500,000
	9th April, 2010	9th April, 2010 to 8th April, 2015	6.79	850,000	-	-	- 850,000
Chiu Wai Yee, Anriena	20th December, 2006	20th December, 2006 to 19th December, 2011	11.66	100,000	-	-	- 100,000
	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	100,000	-	-	- 100,000
Total				9,750,000	-	-	- 9,750,000

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' INTERESTS

As at 30th June, 2011, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) 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	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital (%)
		Long position	Short position	
Cheng Yu Tung Family (Holdings) Limited (<i>Note 2</i>)	Corporate	213,868,000 (<i>Note 1</i>)	–	26.97
Centennial Success Limited (<i>Note 3</i>)	Corporate	213,868,000 (<i>Note 1</i>)	–	26.97
Chow Tai Fook Enterprises Limited (<i>Note 4</i>)	Corporate	213,868,000 (<i>Note 1</i>)	–	26.97
New World Development Company Limited (<i>Note 5</i>)	Corporate	213,868,000 (<i>Note 1</i>)	–	26.97
NWS Holdings Limited (<i>Note 6</i>)	Corporate	213,868,000 (<i>Note 1</i>)	–	26.97
NWS Service Management Limited (<i>Note 7</i>)	Corporate	213,868,000 (<i>Note 1</i>)	–	26.97
NWS Service Management Limited (<i>Note 8</i>)	Corporate	213,868,000 (<i>Note 1</i>)	–	26.97
Vast Earn Group Limited (<i>Note 9</i>)	Personal/ Beneficiary	213,868,000 (<i>Note 1</i>)	–	26.97

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS (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. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Centennial Success Limited.
3. Centennial Success Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
4. 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.
5. New World Development Company Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.
6. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands).
7. 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).
8. 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.
9. 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 Directors 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.

Corporate Governance

The Company is committed to attaining good standard of corporate governance practices with an emphasis on a quality board, better transparency, and effective accountability system in order to enhance shareholders' value. Detailed disclosure of the Company's corporate governance practices is available in the Annual Report 2010.

The Company has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules as its own code and has complied with the Code throughout the six months ended 30th June, 2011, with deviations from code provisions A.2.1 and A.4.1 of the Code in respect of the separate role of chairman and chief executive officer, and service term of directors.

Under the code provisions A.2.1 and A.4.1 of the Code, (a) the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing; and (b) non-executive directors should be appointed for a specific term and subject to re-election.

CODE PROVISION A.2.1

The Chairman of the Board is Mr. Zen Wei Pao, William and the Vice Chairman is Mr. Zen Wei Peu, Derek. Their duties are clearly set out in writing and are separate. Mr. Zen Wei Pao, William, in addition to his duties as the Chairman of the Company, is also responsible for overseeing the operations of the Group's highway and expressway, and property development divisions. This constitutes a deviation from the code provision A.2.1 of the Code as part of his duties overlap with those of the Vice Chairman. However, 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.

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 formally 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's.

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 of the Company.

CODE PROVISION A.4.1

None of the existing Non-executive Directors (including Independent Non-executive Directors) of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1 of the Code. 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.

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, 2011.

AUDIT COMMITTEE

The Audit Committee has reviewed with management (including Group Financial Controller), internal auditor and external auditor the accounting principles and policies adopted by the Group and the unaudited interim financial information for the six months ended 30th June, 2011.

Other Information

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, 2011.

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2011, the Group had 990 employees (31st December, 2010: 949 employees), of which 755 (31st December, 2010: 705) were located in Hong Kong, 117 (31st December, 2010: 125) were located in the PRC and 118 (31st December, 2010: 119) were located in UAE. For the six months ended 30th June, 2011, the Group's total staff costs were about HK\$134 million (six months ended 30th June, 2010: HK\$120 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 that 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, time commitment and responsibilities of the Executive Directors, employment conditions and prevailing market conditions.

DISCLOSURES PURSUANT TO RULES 13.17 AND 13.21 OF THE LISTING RULES

Wai Kee (Zens) Construction & Transportation Company Limited, Kaden Construction Limited and Leader Civil Engineering Corporation Limited (collectively the "Borrowers", all of which are wholly owned subsidiaries of Build King) and Mr. Zen Wei Peu, Derek ("Mr. Zen") signed a banking facility letter with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") on 29th December, 2009.

Mr. Zen agreed to charge his 11,000,000 shares of the Company (the "Share Charge", representing approximately 1.39% of the issued share capital of the Company) in favour of HSBC. The Share Charge is the security to secure the personal guarantee of HK\$12.5 million provided by Mr. Zen in favour of HSBC in relation to the banking facilities in the amount of HK\$62.3 million for a period up to 15th October, 2010 provided by HSBC to the Borrowers. Subsequently, the banking facilities were renewed and extended to 15th October, 2011.

Save as disclosed above, as at 30th June, 2011, the Company did not have other disclosure obligations under Rules 13.17 and 13.21 of the Listing Rules.

Other Information

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Upon enquiry by the Company, save as disclosed below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

Name of Director	Details of changes
Zen Wei Pao, William	The annual salary has been revised from HK\$300,000 to HK\$315,000 with effect from 1st April, 2011.
Zen Wei Peu, Derek	The annual salary has been revised from HK\$5,125,080 to HK\$5,381,400 with effect from 1st April, 2011.
Chiu Wai Yee, Anriena	The annual salary has been revised from HK\$1,500,000 to HK\$1,590,000 with effect from 1st April, 2011.
Lam Wai Hon, Patrick	He resigned as a Director of Guangdong Baolihua New Energy Stock Co., Ltd., a listed company in the PRC, with effect from 1st April, 2011.
	He has been appointed as the Vice-Chairman and Non-executive Director of Newton Resources Ltd on 20th May, 2011, the shares of which were listed on the Stock Exchange on 4th July, 2011.
	The emolument for acting as a Non-executive Director of the Company has been revised from HK\$180,000 to HK\$189,000 per annum with effect from 16th August, 2011.
Chu Tat Chi	The emolument for acting as a Non-executive Director of the Company has been revised from HK\$180,000 to HK\$189,000 per annum with effect from 16th August, 2011.
Cheng Chi Pang, Leslie	The emolument for acting as a Non-executive Director of the Company has been revised from HK\$180,000 to HK\$189,000 per annum with effect from 16th August, 2011.
Wong Che Ming, Steve	The emoluments for acting as an Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company have been revised from HK\$180,000 to HK\$189,000 per annum, from HK\$90,000 to HK\$99,000 per annum and from HK\$30,000 to HK\$33,000 per annum respectively with effect from 16th August, 2011.

Other Information

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES (Cont'd)

Name of Director	Details of changes
Wan Siu Kau, Samuel	The emoluments for acting as an Independent Non-executive Director, a member of the Audit Committee and the Chairman of the Remuneration Committee of the Company have been revised from HK\$180,000 to HK\$189,000 per annum, from HK\$90,000 to HK\$99,000 per annum and HK\$40,000 to HK\$44,000 per annum respectively with effect from 16th August, 2011.
Wong Man Chung, Francis	The emoluments for acting as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company have been revised from HK\$180,000 to HK\$189,000 per annum, from HK\$100,000 to HK\$110,000 per annum and from HK\$30,000 to HK\$33,000 per annum respectively with effect from 16th August, 2011.

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, 16th August, 2011

Deloitte.

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**REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION
TO THE BOARD OF DIRECTORS OF WAI KEE HOLDINGS LIMITED**
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 43 which comprises the condensed consolidated statement of financial position of Wai Kee Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30th June, 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, 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.

SCOPE OF REVIEW

We conducted our review in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

16th August, 2011

Condensed Consolidated Income Statement

For the six months ended 30th June, 2011

	Notes	Six months ended 30th June, 2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Group revenue	3	453,620	353,931
Cost of sales		(398,488)	(329,084)
Gross profit		55,132	24,847
Other income	5	97,889	9,311
Investment income, gains and losses	6	(8,622)	2,081
Selling and distribution costs		(7,186)	(263)
Administrative expenses		(104,858)	(75,057)
Finance costs	7	(2,560)	(1,861)
Share of results of associates		148,442	100,277
Share of results of jointly controlled entities		11,318	31,813
Other gains and losses	8	(4,643)	8,915
Profit before tax	9	184,912	100,063
Income tax expense	10	(4,714)	(56)
Profit for the period		180,198	100,007
Profit for the period attributable to:			
Owners of the Company		172,943	93,447
Non-controlling interests		7,255	6,560
		180,198	100,007
		HK cents	HK cents
Earnings per share	12		
– Basic		21.81	11.78
– Diluted		21.81	11.78

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2011

	Six months ended 30th June,	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Profit for the period	180,198	100,007
Other comprehensive income (expense)		
Exchange difference arising on translation of foreign operations	684	(2,456)
Reclassification adjustment for translation reserve upon disposal of interest in an associate	–	(8,300)
Reclassification adjustment for translation reserve upon disposal of interest in a jointly controlled entity	–	(2,127)
Share of other comprehensive income of associates	100,094	9,298
Other comprehensive income (expense) for the period	100,778	(3,585)
Total comprehensive income for the period	280,976	96,422
Total comprehensive income for the period attributable to:		
Owners of the Company	273,359	92,090
Non-controlling interests	7,617	4,332
	280,976	96,422

Condensed Consolidated Statement of Financial Position

At 30th June, 2011

	Notes	30th June, 2011 (Unaudited) HK\$'000	31st December, 2010 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	105,229	76,093
Intangible assets		65,877	65,826
Goodwill		29,838	29,838
Interests in associates	14	4,119,765	3,936,343
Interests in jointly controlled entities		47,042	59,465
Loan and other receivables		18,678	–
Other financial asset		52,815	52,381
		4,439,244	4,219,946
Current assets			
Prepaid royalties		–	1,274
Inventories		4,403	3,055
Amounts due from customers for contract work		94,469	66,493
Debtors, deposits and prepayments	15	314,584	305,449
Amounts due from associates		7,225	7,180
Amounts due from jointly controlled entities		27,856	17,456
Held-for-trading investments	16	32,200	36,618
Tax recoverable		32	–
Pledged bank deposit	17	6,195	19
Bank balances and cash		95,856	58,623
		582,820	496,167
Current liabilities			
Amounts due to customers for contract work		53,277	30,373
Creditors and accrued charges	18	324,086	298,262
Amount due to an associate		9,947	8,842
Amounts due to jointly controlled entities		2,917	2,782
Amount due to a related company		611	611
Amounts due to non-controlling shareholders		3,734	3,359
Tax liabilities		2,960	193
Other borrowings		38	44
Bank loans	19	139,317	126,600
Structured borrowing	20	6,222	12,561
		543,109	483,627
Net current assets		39,711	12,540
Total assets less current liabilities		4,478,955	4,232,486

Condensed Consolidated Statement of Financial Position

At 30th June, 2011

	Notes	30th June, 2011 (Unaudited) HK\$'000	31st December, 2010 (Audited) HK\$'000
Non-current liabilities			
Deferred tax liabilities		5,750	5,750
Obligations in excess of interests in associates	14	18,981	18,932
Amount due to an associate		7,244	8,172
Amount due to a jointly controlled entity		4,067	4,067
Other borrowings		14	30
Bank loans	19	22,589	26,345
		58,645	63,296
Net assets		4,420,310	4,169,190
Capital and reserves			
Share capital		79,312	79,312
Share premium and reserves		4,220,251	3,986,548
Equity attributable to owners of the Company		4,299,563	4,065,860
Non-controlling interests		120,747	103,330
Total equity		4,420,310	4,169,190

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2011

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000 (Note a)	Share option reserve HK\$'000	Assets revaluation reserve HK\$'000	Other reserve HK\$'000 (Note b)	Retained profits HK\$'000	Total equity attributable to owners of the Company HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1st January, 2010 (audited)	79,312	731,906	518,707	(29,530)	3,073	2,319	-	2,614,881	3,920,668	67,818	3,988,486
Profit for the period	-	-	-	-	-	-	-	93,447	93,447	6,560	100,007
Other comprehensive (expense) income for the period	-	-	(2,083)	-	-	-	-	726	(1,357)	(2,228)	(3,585)
Total comprehensive (expense) income for the period	-	-	(2,083)	-	-	-	-	94,173	92,090	4,332	96,422
Sub-total	79,312	731,906	516,624	(29,530)	3,073	2,319	-	2,709,054	4,012,758	72,150	4,084,908
Lapse or cancellation of share options issued by an associate	-	-	-	-	-	-	-	1,142	1,142	-	1,142
Arising on capital injection into a subsidiary	-	-	-	-	-	-	(6,221)	-	(6,221)	6,221	-
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	22,743	22,743
Dividend paid	-	-	-	-	-	-	-	(63,450)	(63,450)	-	(63,450)
At 30th June, 2010 (unaudited)	79,312	731,906	516,624	(29,530)	3,073	2,319	(6,221)	2,646,746	3,944,229	101,114	4,045,343
At 1st January, 2011 (audited)	79,312	731,906	567,330	(29,530)	3,073	2,319	(8,336)	2,719,786	4,065,860	103,330	4,169,190
Profit for the period	-	-	-	-	-	-	-	172,943	172,943	7,255	180,198
Other comprehensive income for the period	-	-	100,416	-	-	-	-	-	100,416	362	100,778
Total comprehensive income for the period	-	-	100,416	-	-	-	-	172,943	273,359	7,617	280,976
Sub-total	79,312	731,906	667,746	(29,530)	3,073	2,319	(8,336)	2,892,729	4,339,219	110,947	4,450,166
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	-	9,800	9,800
Dividend paid	-	-	-	-	-	-	-	(39,656)	(39,656)	-	(39,656)
At 30th June, 2011 (unaudited)	79,312	731,906	667,746	(29,530)	3,073	2,319	(8,336)	2,853,073	4,299,563	120,747	4,420,310

Notes:

- (a) The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation in 1992.
- (b) The other reserve of the Group represents the change in net assets attributable to the Group in relation to the increase in ownership interests in subsidiaries in 2010.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2011

	Six months ended 30th June, 2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Net cash from (used in) operating activities	38,635	(104,833)
Investing activities		
Distribution of profits from jointly controlled entities	23,741	22,035
Dividends received from an associate	65,163	84,995
Advances to associates	(45)	(145)
Advances to jointly controlled entities	(10,265)	(41,073)
Proceeds from disposal of property, plant and equipment	377	–
Proceeds from disposal of interest in an associate	–	88,310
Proceeds from disposal of interest in a jointly controlled entity	–	21,723
Increase in pledged bank deposit	(6,176)	(129)
Purchase of property, plant and equipment	(39,421)	(3,735)
Other investing activities	759	1,689
Net cash from investing activities	34,133	173,670
Financing activities		
Interest paid	(2,382)	(1,703)
Capital contribution from non-controlling shareholders of subsidiaries	2,800	22,743
New bank loans raised	54,499	36,000
Repayment of bank loans	(45,538)	(43,538)
Repayment of other borrowings	(22)	(20)
Repayment of structured borrowing	(6,240)	(6,240)
Advances from non-controlling shareholders of subsidiaries	375	10,870
Dividend paid	(39,656)	(63,450)
Net cash used in financing activities	(36,164)	(45,338)
Net increase in cash and cash equivalents	36,604	23,499
Cash and cash equivalents at the beginning of the period	58,623	33,107
Effect of foreign exchange rate changes, net	629	(424)
Cash and cash equivalents at the end of the period	95,856	56,182
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	95,856	63,413
Bank overdrafts	–	(7,231)
	95,856	56,182

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

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, 2010, except as described below.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7
HKAS 24 (Revised 2009)	Disclosures for First-time Adopters
HKAS 32 (Amendments)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendments)	Classification of Rights Issues
HK(IFRIC) – Int 19	Prepayments of a Minimum Funding Requirement Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the new and revised standards and amendments that have been issued but are not yet effective. The following new and revised standards and amendments that have been issued after the date of the consolidated financial statements for the year ended 31st December, 2010 were authorised for issuance but not yet effective.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

HKFRS 10	Consolidated Financial Statements ¹
HKFRS 11	Joint Arrangements ¹
HKFRS 12	Disclosure of Interests in Other Entities ¹
HKFRS 13	Fair Value Measurement ¹
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ²
HKAS 19 (2011)	Employee Benefits ¹
HKAS 27 (2011)	Separate Financial Statements ¹
HKAS 28 (2011)	Investments in Associates and Joint Ventures ¹

¹ Effective for annual periods beginning on or after 1st January, 2013.

² Effective for annual periods beginning on or after 1st July, 2012.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements. Under HKFRS 10, there is only one basis for consolidation, that is control. In addition, HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios. Overall, the application of HKFRS 10 requires a lot of judgement.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

The directors of the Company are in the process of ascertaining the financial impact on application of HKFRS 10 and HKFRS 11.

The directors of the Company anticipate that the application of other new and revised standards and amendments will not have material impact on the Group's consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

3. GROUP REVENUE

	Six months ended 30th June,	
	2011	2010
	HK\$'000	HK\$'000
Group revenue	453,620	353,931
Share of revenue of jointly controlled entities	235,630	85,488
Group revenue and share of revenue of jointly controlled entities	689,250	439,419
Group revenue analysed by revenue from:		
Construction	440,525	346,234
Quarrying	940	7,697
Construction materials	12,155	–
	453,620	353,931

4. SEGMENT INFORMATION

Information reported to the board of directors (the "Board") of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group's reportable segments under HKFRS 8 are summarised as follows:

Construction

- construction of civil engineering and building projects

Quarrying

- production and sale of quarry products

Construction materials

- production and sale of concrete

Highway and expressway operations and property development

- strategic investment in Road King Infrastructure Limited ("Road King"), an associate of the Group
- strategic investment in Sunco Property Holdings Company Limited ("Sunco"), an associate of the Group (*note*)

North American ginseng

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

Note: The direct investment in Sunco was disposed of to Road King during the six months ended 30th June, 2010 as set out in note 8(a).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

4. SEGMENT INFORMATION (Cont'd)

The following is an analysis of the segment revenue and profit (loss):

	Segment revenue		Segment profit (loss)	
	Six months ended 30th June,		Six months ended 30th June,	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Construction	676,155	431,722	8,548	10,939
Quarrying	4,016	7,697	62,380	(3,003)
Construction materials	12,850	–	(31,545)	(11,965)
Highway and expressway operations and property development				
Share of results of Road King	–	–	138,736	101,627
Gain on disposal of interest in Sunco	–	–	–	8,300
North American ginseng	–	–	9,780	(847)
Elimination of inter-segment revenue	(3,771)	–	–	–
Total	689,250	439,419	187,899	105,051

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 segment and includes certain investment income, gains and losses, share of results of certain associates, share of results of jointly controlled entities and gains on disposals of interests in an associate and a jointly controlled entity, but excluding corporate income and expenses (including staff costs, other administrative expenses and finance costs), change in fair value of structured borrowing, share of loss of an associate, loss on deemed disposal of partial interest in an associate and income tax expense which are not attributable to any of the reportable segments. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

4. SEGMENT INFORMATION (Cont'd)

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

	Six months ended 30th June, 2011 HK\$'000	2010 HK\$'000
Total segment profit	187,899	105,051
Unallocated items		
Other income	1,001	375
Investment income, gains and losses	(3,991)	145
Administrative expenses	(11,198)	(8,867)
Finance costs	(834)	(806)
Share of loss of an associate	(25)	(24)
Loss on deemed disposal of partial interest in an associate	–	(2,758)
Change in fair value of structured borrowing	99	331
Income tax expense	(8)	–
Profit attributable to owners of the Company	172,943	93,447

5. OTHER INCOME

	Six months ended 30th June, 2011 HK\$'000	2010 HK\$'000
Other income includes:		
Interest on bank deposits	41	14
Interest on other financial asset	718	704
Imputed interest on loan and other receivables	244	–
Income on final settlement of prepaid royalties (<i>note</i>)	48,551	–
Operation fee income	5,565	–
Rental income from buildings	63	91
Rental income from plant and machinery	875	–
Reversal of allowance on prepaid royalties (<i>note</i>)	34,000	–
Service income from an associate	223	270
Service income from a jointly controlled entity	6,448	7,670

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

5. OTHER INCOME (Cont'd)

Note: Previously, the Group had advanced funds to and incurred cost of construction work for the local government of Wanshan in the PRC ("Wanshan Government"), which would be settled by the waiver of royalty fees arising from the sale of quarry products from a quarry of the Group in the PRC. Accordingly, the balance was presented as prepaid royalties in the consolidated financial statements. On 23rd March, 2011, the Group entered into an agreement with Wanshan Government that Wanshan Government would settle the outstanding amount of the advances and the cost of construction work of HK\$41,817,000 and interest of HK\$42,604,000, with a total amount of HK\$84,421,000, by cash instead of the waiver of royalty fees arising from the sale of quarry products from the quarry of the Group. HK\$57,004,000 out of HK\$84,421,000 was received during the period and the remaining balance of HK\$27,417,000 will be settled by cash instalments semi-annually up to December 2016. At the date of agreement, the gross carrying amount of prepaid royalties stated in the consolidated financial statements was HK\$35,870,000, of which an allowance of HK\$34,000,000 was recognised in profit or loss for the year ended 31st December, 2004. Accordingly, the allowance of prepaid royalties previously made has been reversed to and an additional income of HK\$48,551,000 has been recognised in profit or loss during the period.

6. INVESTMENT INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2011 HK\$'000	2010 HK\$'000
(Loss) gain on change in fair value and disposal of held-for-trading investments, net	(9,358)	1,110
Dividend income from held-for-trading investments	736	971
	(8,622)	2,081

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

7. FINANCE COSTS

	Six months ended 30th June,	
	2011 HK\$'000	2010 HK\$'000
Interest on:		
bank and other borrowings wholly repayable within five years	2,382	1,451
amount due to an associate	–	71
loans from a director	–	181
	2,382	1,703
Imputed interest on non-current interest-free amount due to an associate	178	158
	2,560	1,861

8. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2011 HK\$'000	2010 HK\$'000
Loss on disposal of property, plant and equipment, net	(1,754)	–
Gain on disposal of interest in an associate (<i>note a</i>)	–	8,300
Loss on deemed disposal of partial interest in an associate (<i>note b</i>)	–	(2,758)
Gain on disposal of interest in a jointly controlled entity	–	3,042
Change in fair value of loan and other receivables	(2,988)	–
Change in fair value of structured borrowing	99	331
	(4,643)	8,915

Notes:

- (a) On 1st December, 2009, the Group entered into a sale and purchase agreement with Road King to dispose of the equity interest of 5.276% in Sunco which was directly held by the Group to Road King at a cash consideration of HK\$88,310,000. The transaction was completed on 27th January, 2010 and the Group reported a gain on disposal of HK\$8,300,000 during the six months ended 30th June, 2010. After the disposal, the Group did not hold any direct interest in Sunco and Road King's interest in Sunco increased from 89.46% to 94.74%.
- (b) During the six months ended 30th June, 2010, Road King issued 1,000,000 ordinary shares upon exercise of share options granted to a director of Road King under the share option scheme of Road King. As a result, the Group's interest in Road King reduced in aggregate by 0.052%. As the shares were issued at an exercise price of HK\$5.8 per share, which was lower than the net asset value per share of Road King, the Group recorded a loss of HK\$2,758,000 on deemed disposal of partial interest in Road King.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

9. PROFIT BEFORE TAX

	Six months ended 30th June, 2011 HK\$'000	2010 HK\$'000
Profit before tax has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment		
Owned assets	15,140	5,284
Assets held under finance lease arrangement	17	23
Amortisation of intangible assets	611	–
Share of income tax expense of associates (included in share of results of associates)	119,567	147,632
Share of income tax credit of jointly controlled entities (included in share of results of jointly controlled entities)	(53)	(62)

10. INCOME TAX EXPENSE

	Six months ended 30th June, 2011 HK\$'000	2010 HK\$'000
Income tax for the period		
Other jurisdictions	4,714	–
Under(over)provision in prior years		
Hong Kong	–	317
Other jurisdictions	–	(261)
	4,714	56

Hong Kong Profits Tax was recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used for the six months ended 30th June, 2011 is 16.5% (six months ended 30th June, 2010: 16.5%).

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

Taxation arising in other jurisdictions was recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year prevailing in the relevant jurisdictions. The estimated weighted average annual tax rate used for the six months ended 30th June, 2011 is 25% (six months ended 30th June, 2010: 25%).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

11. DIVIDEND

	Six months ended 30th June,	
	2011	2010
	HK\$'000	HK\$'000
Dividend paid and recognised as distribution:		
2010 final dividend – HK5 cents per share (six months ended 30th June, 2010: 2009 final dividend – HK8 cents per share)	39,656	63,450

An interim dividend for the six months ended 30th June, 2011 of HK5.5 cents (six months ended 30th June, 2010: HK5 cents) per ordinary share was approved by the Board on 16th August, 2011. 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,	
	2011	2010
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	172,943	93,447
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)	(11)
Earnings for the purpose of diluted earnings per share	172,941	93,436
	Number of shares	
Number of ordinary shares for the purposes of basic and diluted earnings per share	793,124,034	793,124,034

The exercise prices of the Company's outstanding share options are higher than the average market prices of the shares of the Company for the respective six months ended 30th June, 2011 and 30th June, 2010. Accordingly, no dilutive effect has been accounted for.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$39,421,000 (six months ended 30th June, 2010: HK\$3,735,000) on property, plant and equipment. In addition, a non-controlling shareholder of a subsidiary has injected property, plant and equipment of HK\$7,000,000 as part of capital injection upon the formation of a new subsidiary.

During the period, the Group disposed of certain property, plant and equipment with carrying amount of HK\$2,131,000 for proceeds of HK\$377,000, resulting in a loss on disposal of HK\$1,754,000.

At 30th June, 2011, the Group has pledged certain motor vehicles with an aggregate carrying value of HK\$25,259,000 (31st December, 2010: HK\$53,000) to secure certain bank loans.

14. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	30th June, 2011 HK\$'000	31st December, 2010 HK\$'000
Cost of investment in associates		
Listed in the HKSAR (<i>note a</i>)	1,543,877	1,543,877
Quoted on National Association of Securities Dealers Automated Quotation's Over the Counter Bulletin Board in the United States of America ("OTCBB")	37,907	37,907
Unlisted	4	4
	1,581,788	1,581,788
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	2,518,996	2,335,623
	4,100,784	3,917,411
Represented by:		
Interests in associates	4,119,765	3,936,343
Obligations in excess of interests in associates (<i>note b</i>)	(18,981)	(18,932)
	4,100,784	3,917,411
Fair value of listed investments	1,680,072	1,997,388
Quoted value of investments on OTCBB	22,501	6,250

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

14. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES (Cont'd)

Notes:

- (a) Included in the cost of investment in this associate is goodwill of HK\$30,964,000 (31st December, 2010: HK\$30,964,000) arising on acquisition of additional interests in an associate during the year ended 31st December, 2007.
- (b) The Group has contractual obligations to share the net liabilities of certain associates.

At 30th June, 2011, the carrying amount of the Group's interest in Road King was more than its fair value. The management of the Group carried out impairment review on the entire carrying amount of its interest in Road King (including goodwill) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its entire carrying amount. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal. The key assumptions included growth rate and dividend payout ratio of Road King, and use of 10% to discount the cash flow projections to net present value. Based on the assessment, the recoverable amount of the Group's interest in Road King exceeded its entire carrying amount. Hence, no impairment of the Group's interest in Road King is considered necessary.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

15. 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, 2011 HK\$'000	31st December, 2010 HK\$'000
Trade debtors (aged analysis):		
0 to 60 days	143,600	163,433
Over 90 days	9,729	1,096
	153,329	164,529
Retention receivables	52,656	52,193
Other debtors, deposits and prepayments	108,599	88,727
	314,584	305,449
Retention receivables		
Due within one year	22,798	26,079
Due after one year	29,858	26,114
	52,656	52,193

16. HELD-FOR-TRADING INVESTMENTS

	30th June, 2011 HK\$'000	31st December, 2010 HK\$'000
Held-for-trading investments at fair value		
Equity securities listed in the HKSAR	31,956	36,577
Equity securities quoted on OTCBB	244	41
	32,200	36,618

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

16. HELD-FOR-TRADING INVESTMENTS (Cont'd)

At 30th June, 2011, certain listed equity securities with market value of HK\$17,790,000 (31st December, 2010: HK\$21,150,000) were pledged to a bank to secure certain general banking facilities granted to the Group.

In relation to the pledge of equity securities, the bank requires certain subsidiaries of the Company that are entitled to the banking facilities, to provide cross guarantees to the bank. Although these equity securities were pledged to the bank, the Group is allowed to trade the pledged securities upon the repayment of respective bank borrowing.

17. PLEDGED BANK DEPOSIT

At 30th June, 2011, a bank deposit of the Group amounting to HK\$6,195,000 (31st December, 2010: HK\$19,000) was pledged to a bank to secure certain general banking facilities granted to the Group.

18. CREDITORS AND ACCRUED CHARGES

	30th June, 2011 HK\$'000	31st December, 2010 HK\$'000
Trade creditors (aged analysis):		
0 to 60 days	51,843	55,662
61 to 90 days	2,814	2,785
Over 90 days	2,893	5,436
	57,550	63,883
Retention payables	47,964	43,435
Accrued project costs	135,528	113,023
Other creditors and accrued charges	83,044	77,921
	324,086	298,262
Retention payables		
Due within one year	24,197	38,835
Due after one year	23,767	4,600
	47,964	43,435

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

19. BANK LOANS

	30th June, 2011 HK\$'000	31st December, 2010 HK\$'000
The maturity of the bank loans is as follows:		
Within one year	45,230	69,644
In the second year	22,589	12,595
In the third to fifth year inclusive	–	13,750
	67,819	95,989
Carrying amount of bank loans that are not repayable within one year from the end of the reporting period but contain a repayment on demand clause (shown under current liabilities)		
– repayable in the second year	60,851	29,945
– repayable in the third to fifth year inclusive	33,236	27,011
	161,906	152,945
Less: Amount shown under current liabilities	(139,317)	(126,600)
Amount shown under non-current liabilities	22,589	26,345
Secured	89,506	50,069
Unsecured	72,400	102,876
	161,906	152,945

Certain bank loans are secured by personal guarantees given by a director of the Company.

At 30th June, 2011, the share of a Company's subsidiary and certain motor vehicles were pledged to secure certain bank loans granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

20. STRUCTURED BORROWING

	30th June, 2011 HK\$'000	31st December, 2010 HK\$'000
Structured borrowing, classified as current liability, at fair value	6,222	12,561

The structured borrowing contains embedded derivatives which are not closely related to the host contract, hence the entire combined contract was designated as financial instruments at fair value through profit or loss upon initial recognition. The minimum amount repayable to the bank within one year is classified as a current liability.

The entire combined contract is measured at fair value based on the valuation provided by the counterparty at 30th June, 2011. At 30th June, 2011, the difference between the fair value of the structured borrowing and the net amount of the upfront payment received less the repayments made was -HK\$18,000 (31st December, 2010: HK\$81,000). Decrease in fair value of HK\$99,000 during the period (six months ended 30th June, 2010: HK\$331,000) has been credited to profit or loss.

21. TENDER/PERFORMANCE/RETENTION BONDS

	30th June, 2011 HK\$'000	31st December, 2010 HK\$'000
Outstanding amount for construction contracts	156,716	203,349

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2011

22. CAPITAL COMMITMENTS

	30th June, 2011 HK\$'000	31st December, 2010 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment:		
Contracted for but not provided in the condensed consolidated financial statements	5,129	21,473
Authorised but not contracted for	2,939	12,275
	8,068	33,748

23. RELATED PARTY TRANSACTIONS

	Six months ended 30th June,	
	2011 HK\$'000	2010 HK\$'000
Associates		
Service income	223	270
Interest expense	–	71
Jointly controlled entities		
Service income	6,448	7,670
Construction contract revenue	27,389	–
A director		
Interest expense	–	181
Compensation of key management personnel		
Short-term employee benefits	13,817	9,145
Post-employment benefits	856	607
	14,673	9,752

At 30th June, 2011, a director provided personal guarantees amounting to HK\$12,500,000 (31st December, 2010: HK\$12,500,000) to a bank to secure certain general banking facilities granted to the Group.

EXECUTIVE DIRECTORS

ZEN Wei Pao, William (*Chairman*)
ZEN Wei Peu, Derek (*Vice Chairman*)
CHIU Wai Yee, Anriena

NON-EXECUTIVE DIRECTORS

LAM Wai Hon, Patrick
CHU Tat Chi
CHENG Chi Pang, Leslie

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

WAN Siu Kau, Samuel (*Chairman*)
WONG Che Ming, Steve
WONG Man Chung, Francis
ZEN Wei Pao, William
ZEN Wei Peu, Derek

COMPANY SECRETARY

CHIU Wai Yee, Anriena

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Reed Smith Richards Butler
Sidley Austin
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
CITIC Bank International Limited
The Bank of East Asia, Limited

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