




**TOLL ROAD**



**PROPERTY DEVELOPMENT**



**CONSTRUCTION**



**CONSTRUCTION MATERIALS**



**QUARRYING**



# Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

*INTERIM REPORT 2012*

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## 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, 2012.

### FINANCIAL PERFORMANCE HIGHLIGHTS

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

### BUSINESS REVIEW

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

#### **Toll Road and Property Development**

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

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

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

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

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

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

## **BUSINESS REVIEW (Cont'd)**

### **Toll Road and Property Development (Cont'd)**

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

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

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

### **Construction**

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

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

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

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

### **BUSINESS REVIEW (Cont'd)**

#### **Construction (Cont'd)**

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

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

#### **Construction Materials**

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

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

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

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

## **BUSINESS REVIEW (Cont'd)**

### **Quarrying**

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

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

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

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

### **North American Ginseng**

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

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

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

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

### **FUTURE OUTLOOK**

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

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



## LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

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

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

### LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

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

#### Capital Structure and Gearing Ratio

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

At 30th June, 2012, the net gearing ratio, being the ratio of net borrowings (total borrowings less cash and bank balances) to equity attributable to owners of the Company, was 1.3% (31st December, 2011: 1.6%).

#### Pledge of Assets

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

#### Contingent Liabilities

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

#### Capital Commitments

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

### **INTERIM DIVIDEND**

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

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

### **CLOSURE OF REGISTER OF MEMBERS**

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

## DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2012, 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 <i>(Note)</i>	Short position	
Zen Wei Pao, William	Personal	192,381,843	–	24.26
Zen Wei Peu, Derek	Personal	185,557,078	–	23.40
Lam Wai Hon, Patrick	Personal	300,000	–	0.04
Wong Che Ming, Steve	Personal	900,000	–	0.11

*Note:*

Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

**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	11,300,000 (Note 1)	–	1.52
		Personal	3,900,000 (Note 2)	–	0.53
	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

**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	
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	114,995,228 (Note 1)	–	9.26
	Chai-Na-Ta Corp.	Personal	253,728 (Note 1)	–	0.73
	Road King Infrastructure Limited	Personal	8,992,000 (Note 1)	–	1.21
		Personal	2,350,000 (Note 2)	–	0.32
	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	

**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)	-	0.09
	Chai-Na-Ta Corp.	Personal	1,920 (Note 1)	-	0.01
	Road King Infrastructure Limited	Personal Personal	205,000 (Note 1) 100,000 (Note 2)	- -	0.03 0.01
Lam Wai Hon, Patrick	Build King Holdings Limited	Personal	186,666 (Note 1)	-	0.02
Chu Tat Chi	Road King Infrastructure Limited	Personal	515,000 (Note 1)	-	0.07
Cheng Chi Pang, Leslie	Build King Holdings Limited	Personal	1,170,000 (Note 1)	-	0.09
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448 (Note 1)	-	0.03

*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, 2012, the issued share capital of Build King was 1,241,877,992 shares. Accordingly, the percentage has been adjusted.

## DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

### (II) Associated Corporations (Cont'd)

#### *Interests in debentures*

<b>Name of Director</b>	<b>Name of company</b>	<b>Capacity/Nature of interest</b>	<b>Principal amount held</b>
Zen Wei Peu, Derek	Road King Infrastructure Limited	Personal	US\$6,050,000 <i>(Notes 1, 2 and 3)</i>

#### *Notes:*

1. Long position in the debentures.
2. Such debentures were US\$350,000,000 9.5% Guaranteed Senior Notes due 2015.
3. Included in the balance of the debentures in the principal amount of US\$350,000 is held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

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.

## SHARE OPTIONS

### (I) The Company

The share option scheme of the Company adopted on 18th September, 2002 (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 15th May, 2012. As a result, the Company may no longer grant further options under the Old Share Option Scheme. No options were granted under the Old Share Option Scheme or the New Share Option Scheme during the period.



**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"). As at 30th June, 2012, 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 3,705,000 share options have expired.

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 30.6.2012
				Balance at 1.1.2012	Granted during the period	Exercised during the period	Expired during the period	
			HK\$					
Zen Wei Pao, William	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	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	6th November, 2007	6th November, 2007 to 5th November, 2012	14.85	100,000	-	-	-	100,000
<b>Total</b>				<b>6,350,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,350,000</b>

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, 2012, 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 <i>(Note 1)</i>	Short position	
Cheng Yu Tung Family (Holdings) Limited <i>(Note 2)</i>	Corporate	213,868,000	–	26.97
Cheng Yu Tung Family (Holdings II) Limited <i>(Note 3)</i>	Corporate	213,868,000	–	26.97
Chow Tai Fook Capital Limited <i>(Note 4)</i>	Corporate	213,868,000	–	26.97
Chow Tai Fook (Holding) Limited <i>(Note 5)</i>	Corporate	213,868,000	–	26.97
Chow Tai Fook Enterprises Limited <i>(Note 6)</i>	Corporate	213,868,000	–	26.97
New World Development Company Limited <i>(Note 7)</i>	Corporate	213,868,000	–	26.97
NWS Holdings Limited <i>(Note 8)</i>	Corporate	213,868,000	–	26.97
NWS Service Management Limited (incorporated in the Cayman Islands) <i>(Note 9)</i>	Corporate	213,868,000	–	26.97
NWS Service Management Limited (incorporated in the British Virgin Islands) <i>(Note 10)</i>	Corporate	213,868,000	–	26.97
Vast Earn Group Limited <i>(Note 11)</i>	Personal/ Beneficiary	213,868,000	–	26.97

### 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 more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
3. Cheng Yu Tung Family (Holdings II) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
4. Chow Tai Fook Capital Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Chow Tai Fook (Holding) Limited.
5. Chow Tai Fook (Holding) Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
6. 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.
7. New World Development Company Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.
8. 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).
9. 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).
10. 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.
11. 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 CODE

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

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

### CODE PROVISION A.2.1

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing.

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 toll road and property development divisions. 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.

Besides, the Company does not at present have any officer with the title "chief executive officer". However, the Vice Chairman carries out the duties of the chief executive officer of the Company and had done so since 1992. He was formerly designated the "managing director" of the Company until 1998 when his title was changed to "Vice Chairman". Even though he is not formally designated as the chief executive officer of the Company, his duties and responsibilities are segregated from those of the Chairman.

Since the roles of the Chairman and Vice Chairman are clearly segregated and the Vice Chairman is in practice, the chief executive officer, even though he does not carry that title, the Company does not currently intend to re-designate the Vice Chairman as the chief executive officer.

### **CODE PROVISION A.4.1**

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

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

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

### **CODE PROVISION A.6.7**

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

### **AUDIT COMMITTEE**

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

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June, 2012.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2012.

### **EMPLOYEES AND REMUNERATION POLICIES**

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

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

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

### **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 revised to HK\$55.3 million, as well as extended to 15th October, 2012.

Save as disclosed above, as at 30th June, 2012, the Company did not have other disclosure obligations under Rules 13.17 and 13.21 of the Listing Rules.

### 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	His annual salary has been revised from HK\$315,000 to HK\$330,900 with effect from 1st April, 2012.
Zen Wei Peu, Derek	His annual salary has been revised from HK\$5,381,400 to HK\$5,650,600 with effect from 1st April, 2012.
Chiu Wai Yee, Anriena	Her annual salary has been revised from HK\$1,590,000 to HK\$1,677,500 with effect from 1st April, 2012.
Lam Wai Hon, Patrick	<p data-bbox="491 924 1409 1009">On 1st March, 2012, Mr. Lam entered into a Letter of Appointment with the Company for the period of three years from 1st March, 2012 to 28th February, 2015, subject to re-election.</p> <p data-bbox="491 1047 1409 1138">His emolument for acting as a Non-executive Director of the Company has been revised from HK\$189,000 to HK\$198,500 per annum with effect from 13th August, 2012.</p>
Chu Tat Chi	<p data-bbox="491 1177 1409 1261">On 1st March, 2012, Mr. Chu entered into a Letter of Appointment with the Company for the period of three years from 1st March, 2012 to 28th February, 2015, subject to re-election.</p> <p data-bbox="491 1300 1409 1390">His emolument for acting as a Non-executive Director of the Company has been revised from HK\$189,000 to HK\$198,500 per annum with effect from 13th August, 2012.</p>
Cheng Chi Pang, Leslie	<p data-bbox="491 1429 1409 1513">On 1st March, 2012, Dr. Cheng entered into a Letter of Appointment with the Company for the period of three years from 1st March, 2012 to 28th February, 2015, subject to re-election.</p> <p data-bbox="491 1552 1409 1642">His emolument for acting as a Non-executive Director of the Company has been revised from HK\$189,000 to HK\$198,500 per annum with effect from 13th August, 2012.</p>
Wong Che Ming, Steve	<p data-bbox="491 1681 1409 1787">On 1st March, 2012, Dr. Wong entered into a Letter of Appointment with the Company for the period of three years from 1st March, 2012 to 28th February, 2015, subject to re-election.</p> <p data-bbox="491 1826 1409 2000">His 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\$189,000 to HK\$198,500 per annum, from HK\$99,000 to HK\$104,000 per annum and from HK\$33,000 to HK\$34,700 per annum respectively with effect from 13th August, 2012.</p>

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

<b>Name of Director</b>	<b>Details of changes</b>
Wan Siu Kau, Samuel	<p>On 1st March, 2012, Mr. Wan entered into a Letter of Appointment with the Company for the period of three years from 1st March, 2012 to 28th February, 2015, subject to re-election.</p> <p>His 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\$189,000 to HK\$198,500 per annum, from HK\$99,000 to HK\$104,000 per annum and from HK\$44,000 to HK\$46,200 per annum respectively with effect from 13th August, 2012.</p>
Wong Man Chung, Francis	<p>On 1st March, 2012, Mr. Wong entered into a Letter of Appointment with the Company for the period of three years from 1st March, 2012 to 28th February, 2015, subject to re-election.</p> <p>His 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\$189,000 to HK\$198,500 per annum, from HK\$110,000 to HK\$115,500 per annum and from HK\$33,000 to HK\$34,700 per annum respectively with effect from 13th August, 2012.</p>

### APPRECIATION

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

By Order of the Board  
**William Zen Wei Pao**  
*Chairman*

Hong Kong, 13th August, 2012





**REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF WAI KEE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**INTRODUCTION**

We have reviewed the condensed consolidated financial statements set out on pages 25 to 47 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, 2012 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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 these condensed consolidated financial statements 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 condensed consolidated financial statements is not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

13th August, 2012

# Condensed Consolidated Income Statement

For the six months ended 30th June, 2012

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

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30th June, 2012

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

# Condensed Consolidated Statement of Financial Position

At 30th June, 2012

	<i>Notes</i>	<b>30th June, 2012</b>	31st December, 2011
		<b>(Unaudited)</b>	(Restated)
		<b>HK\$'000</b>	(Audited)
			<b>HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	13	<b>124,638</b>	130,882
Intangible assets		<b>65,094</b>	65,996
Goodwill		<b>29,838</b>	29,838
Interests in associates	14	<b>4,252,224</b>	4,245,484
Interests in jointly controlled entities		<b>32,813</b>	38,815
Other financial asset		<b>52,026</b>	53,400
Loan and other receivables		<b>14,818</b>	16,767
		<b>4,571,451</b>	4,581,182
<b>Current assets</b>			
Inventories		<b>8,069</b>	5,227
Amounts due from customers for contract work		<b>124,684</b>	98,761
Debtors, deposits and prepayments	15	<b>457,736</b>	401,721
Amounts due from associates		<b>7,538</b>	7,218
Amounts due from jointly controlled entities		<b>62,165</b>	41,741
Held-for-trading investments	16	<b>46,963</b>	45,443
Pledged bank deposits	17	<b>32</b>	21
Bank balances and cash		<b>146,274</b>	124,450
		<b>853,461</b>	724,582
<b>Current liabilities</b>			
Amounts due to customers for contract work		<b>115,949</b>	65,549
Creditors and accrued charges	18	<b>478,117</b>	440,927
Amount due to an associate		<b>11,052</b>	9,947
Amounts due to jointly controlled entities		<b>9,266</b>	6,418
Amounts due to non-controlling shareholders		<b>3,236</b>	3,357
Tax liabilities		<b>1,140</b>	2,767
Other borrowings		<b>–</b>	25
Bank loans	19	<b>202,290</b>	183,033
Bank overdraft		<b>397</b>	–
		<b>821,447</b>	712,023
<b>Net current assets</b>		<b>32,014</b>	12,559
<b>Total assets less current liabilities</b>		<b>4,603,465</b>	4,593,741

# Condensed Consolidated Statement of Financial Position

At 30th June, 2012

	<b>30th June, 2012</b>	31st December, 2011
	<b>(Unaudited)</b>	(Restated)
<i>Notes</i>	<b>HK\$'000</b>	(Audited) HK\$'000
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>5,750</b>	5,750
Obligations in excess of interests in associates	<b>17,990</b>	18,235
Amount due to an associate	<b>6,515</b>	7,172
Amount due to a jointly controlled entity	–	4,067
Other borrowings	–	5
Bank loans	–	13,750
	<b>30,255</b>	48,979
<b>Net assets</b>	<b>4,573,210</b>	4,544,762
<b>Capital and reserves</b>		
Share capital	<b>79,312</b>	79,312
Share premium and reserves	<b>4,361,414</b>	4,340,613
Equity attributable to owners of the Company	<b>4,440,726</b>	4,419,925
Non-controlling interests	<b>132,484</b>	124,837
<b>Total equity</b>	<b>4,573,210</b>	4,544,762

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2012

	Attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000	
	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 HK\$'000
At 1st January, 2011											
As previously stated	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
Prior year adjustment (note 2)	-	-	-	-	-	-	-	(16,788)	(16,788)	-	(16,788)
As restated	79,312	731,906	567,330	(29,530)	3,073	2,319	(8,336)	2,702,998	4,049,072	103,330	4,152,402
Profit for the period	-	-	-	-	-	-	-	154,970	154,970	7,255	162,225
Other comprehensive income for the period	-	-	100,416	-	-	-	-	-	100,416	362	100,778
Total comprehensive income for the period	-	-	100,416	-	-	-	-	154,970	255,386	7,617	263,003
Sub-total	79,312	731,906	667,746	(29,530)	3,073	2,319	(8,336)	2,857,968	4,304,458	110,947	4,415,405
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 and restated)	79,312	731,906	667,746	(29,530)	3,073	2,319	(8,336)	2,818,312	4,264,802	120,747	4,385,549
At 1st January, 2012											
As previously stated	79,312	731,906	730,726	(29,530)	-	2,319	(8,336)	2,962,008	4,468,405	124,837	4,593,242
Prior year adjustment (note 2)	-	-	-	-	-	-	-	(48,480)	(48,480)	-	(48,480)
As restated	79,312	731,906	730,726	(29,530)	-	2,319	(8,336)	2,913,528	4,419,925	124,837	4,544,762
Profit for the period	-	-	-	-	-	-	-	75,067	75,067	7,685	82,752
Other comprehensive expense for the period	-	-	(9,851)	-	-	-	-	-	(9,851)	(338)	(10,189)
Total comprehensive (expense) income for the period	-	-	(9,851)	-	-	-	-	75,067	65,216	7,347	72,563
Sub-total	79,312	731,906	720,875	(29,530)	-	2,319	(8,336)	2,988,595	4,485,141	132,184	4,617,325
Capital contribution from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	300	300
Dividend paid	-	-	-	-	-	-	-	(44,415)	(44,415)	-	(44,415)
<b>At 30th June, 2012 (unaudited)</b>	<b>79,312</b>	<b>731,906</b>	<b>720,875</b>	<b>(29,530)</b>	<b>-</b>	<b>2,319</b>	<b>(8,336)</b>	<b>2,944,180</b>	<b>4,440,726</b>	<b>132,484</b>	<b>4,573,210</b>

## Notes:

- 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.
- 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, 2012

	Note	Six months ended 30th June,	
		2012 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000
<b>Net cash (used in) from operating activities</b>		<b>(7,311)</b>	38,635
<b>Investing activities</b>			
Interest received		2,308	759
Distribution of profits from jointly controlled entities		–	23,741
Dividends received from an associate		67,996	65,163
Advances to associates		(70)	(45)
Advances to jointly controlled entities		(17,576)	(10,265)
Proceeds from disposal of property, plant and equipment		16,651	377
Proceeds from disposal of a subsidiary	20	12,325	–
Placement in pledged bank deposits		(11)	(6,176)
Purchase of property, plant and equipment		(11,582)	(39,421)
<b>Net cash from investing activities</b>		<b>70,041</b>	34,133
<b>Financing activities</b>			
Interest paid		(2,683)	(2,382)
Capital contribution from non-controlling shareholders of a subsidiary		300	2,800
New bank loans raised		83,807	54,499
Repayment of bank loans		(78,300)	(45,538)
Repayment of other borrowings		(30)	(22)
Repayment of structured borrowing		–	(6,240)
(Repayment to) advances from non-controlling shareholders of a subsidiary		(121)	375
Dividend paid		(44,415)	(39,656)
<b>Net cash used in financing activities</b>		<b>(41,442)</b>	(36,164)
<b>Net increase in cash and cash equivalents</b>		<b>21,288</b>	36,604
<b>Cash and cash equivalents at the beginning of the period</b>		<b>124,450</b>	58,623
Effect of foreign exchange rate changes, net		139	629
<b>Cash and cash equivalents at the end of the period</b>		<b>145,877</b>	95,856
<b>Analysis of the balance of cash and cash equivalents</b>			
Bank balances and cash		146,274	95,856
Bank overdraft		(397)	–
		<b>145,877</b>	95,856

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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



## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### **Amendments to HKAS 12 “Deferred Tax: Recovery of Underlying Assets” (Cont'd)**

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

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

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

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

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

	<b>Six months ended 30th June,</b>	
	<b>2012</b>	2011
	<b>HK\$’000</b>	HK\$’000
Decrease in share of results of associates	<b>4,890</b>	17,973

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Amendments to HKAS 12 "Deferred Tax: Recovery of Underlying Assets" (Cont'd)

#### Summary of the effects of the adoption of amendments to HKAS 12 (Cont'd)

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

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

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

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 3. GROUP REVENUE

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

## 4. SEGMENT INFORMATION

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

### Construction

- construction of civil engineering and building projects

### Construction materials

- production and sale of concrete

### Quarrying

- production and sale of quarry products

### Toll road and property development

- strategic investment in Road King, an associate of the Group

### North American ginseng

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 4. SEGMENT INFORMATION (Cont'd)

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

### Six months ended 30th June, 2012

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

### Six months ended 30th June, 2011

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

Segment revenue includes share of revenue of jointly controlled entities.

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 4. SEGMENT INFORMATION (Cont'd)

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

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

## 5. OTHER INCOME

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 6. INVESTMENT INCOME, GAINS AND LOSSES

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

## 7. FINANCE COSTS

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

## 8. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2012 HK\$'000	2011 HK\$'000
Income on settlement of prepaid royalties (note)	–	45,563
Reversal of allowance on prepaid royalties (note)	–	34,000
Gain (loss) on disposal of property, plant and equipment, net (note 13)	14,816	(1,754)
Gain on disposal of a subsidiary (note 20)	4,080	–
Change in fair value of structured borrowing	–	99
	<b>18,896</b>	77,908

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 8. OTHER GAINS AND LOSSES (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 a 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 in the past. On 23rd March, 2011, the Group entered into an agreement with Wanshan Government and a PRC entity wholly-owned by Wanshan Government whereby the Group agreed to relocate the operation from the aforesaid quarry to the other location, and that 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, would be settled by cash instead of the waiver of royalty fees arising from the sale of quarry products from the quarry of the Group. Out of the total amount of HK\$84,421,000, HK\$57,004,000 was received during the six months ended 30th June, 2011 and the remaining balance of HK\$27,417,000 would be settled by cash instalments semi-annually up to December 2016. The remaining consideration stated above had been classified as loan and other receivables which was carried at amortised cost using effective interest rate of 4% per annum and such impact was HK\$2,988,000 upon initial recognition. At the date of the 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 2004. Accordingly, the allowance of prepaid royalties previously made had been reversed and an additional income of HK\$45,563,000 had been recognised in profit or loss during the six months ended 30th June, 2011.

## 9. PROFIT BEFORE TAX

	Six months ended 30th June,	
	2012	2011
	<i>HK\$'000</i>	(Restated) <i>HK\$'000</i>
Profit before tax has been arrived at after charging (crediting):		
Amortisation of intangible assets	620	611
Depreciation of property, plant and equipment:		
Owned assets	15,984	15,140
Assets held under finance lease arrangement	7	17
Expenses incurred in towing certain vessels from Middle East to Hong Kong (included in administrative expenses)	14,799	–
Share of income tax expense of associates (included in share of results of associates)	132,139	137,540
Share of income tax credit of jointly controlled entities (included in share of results of jointly controlled entities)	–	(53)

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 10. INCOME TAX (CREDIT) EXPENSE

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

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

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

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

## 11. DIVIDENDS

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

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 12. EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2012	2011 (Restated)
	HK\$'000	HK\$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	75,067	154,970
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from assumed exercise of share options issued by the associate	–	(2)
Earnings for the purpose of diluted earnings per share	75,067	154,968

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

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

## 13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$11,582,000 (six months ended 30th June, 2011: HK\$39,421,000) on additions to property, plant and equipment.

During the period, the Group disposed of certain property, plant and equipment with carrying amount of HK\$1,835,000 (six months ended 30th June, 2011: HK\$2,131,000) for proceeds of HK\$16,651,000 (six months ended 30th June, 2011: HK\$377,000), resulting in a gain on disposal of HK\$14,816,000 (six months ended 30th June, 2011: loss on disposal of HK\$1,754,000). Included in such gain for the period is HK\$13,000,000 relating to disposal of a vessel originally situated in Middle East.

At 30th June, 2012, the Group has pledged certain motor vehicles with an aggregate carrying value of HK\$20,796,000 (31st December, 2011: HK\$23,093,000) to secure certain bank loan.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

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

	<b>30th June, 2012</b>	31st December, 2011 (Restated)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investment in associates		
Listed in Hong Kong ( <i>note a</i> )	<b>1,543,877</b>	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")	<b>37,907</b>	37,907
Unlisted	<b>4</b>	4
	<b>1,581,788</b>	1,581,788
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	<b>2,652,446</b>	2,645,461
	<b>4,234,234</b>	4,227,249
Represented by:		
Interests in associates	<b>4,252,224</b>	4,245,484
Obligations in excess of interests in associates ( <i>note b</i> )	<b>(17,990)</b>	(18,235)
	<b>4,234,234</b>	4,227,249

*Notes:*

- (a) Included in the cost of investment in an associate is goodwill of HK\$30,964,000 (31st December, 2011: 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 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.

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

## 16. HELD-FOR-TRADING INVESTMENTS

	<b>30th June, 2012</b>	31st December, 2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
Held-for-trading investments at fair value		
Equity securities listed in Hong Kong	<b>18,950</b>	17,431
Equity securities quoted on OTCBB	<b>338</b>	270
Debt securities listed in Singapore	<b>27,675</b>	27,742
	<b>46,963</b>	45,443

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

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

At 30th June, 2012, certain listed equity securities with market value of HK\$14,910,000 (31st December, 2011: HK\$13,350,000) 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 DEPOSITS

At 30th June, 2012, bank deposits of the Group amounting to HK\$32,000 (31st December, 2011: HK\$21,000) were pledged to banks to secure certain general banking facilities granted to the Group.

## 18. CREDITORS AND ACCRUED CHARGES

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 19. BANK LOANS

	<b>30th June, 2012</b>	31st December, 2011
	<b>HK\$'000</b>	<b>HK\$'000</b>
The maturity of the bank loans is as follows:		
Within one year	<b>108,203</b>	54,587
In the second year	–	13,750
	<b>108,203</b>	68,337
Carrying amount of term loans which contain a repayment on demand clause (shown under current liabilities)		
– repayable within one year	<b>58,828</b>	68,768
– repayable in the second year	<b>18,875</b>	33,226
– repayable in the third to fifth year inclusive	<b>16,384</b>	26,452
	<b>94,087</b>	128,446
Total	<b>202,290</b>	196,783
Less: Amount shown under current liabilities	<b>(202,290)</b>	(183,033)
Amount shown under non-current liabilities	–	13,750
Secured	<b>118,213</b>	38,403
Unsecured	<b>84,077</b>	158,380
	<b>202,290</b>	196,783

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

The share of a Company's subsidiary and certain motor vehicles were pledged to secure certain bank loans of the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 20. DISPOSAL OF A SUBSIDIARY

On 5th March, 2012, the Group entered into a sale and purchase agreement to dispose of its 100% equity interest in a subsidiary incorporated in Hong Kong, Leader Construction Overseas Limited ("Leader Overseas") which holds 51% equity interest in a jointly controlled entity, Shanxi Jin Ya Road and Bridge Construction Co., Ltd., an entity registered in the PRC, to an independent third party at a consideration of RMB10,000,000 (equivalent to HK\$12,325,000). The disposal enables the Group to realise its investment in the PRC construction business, so that it may focus on its civil engineering business in Hong Kong. The disposal was completed upon receipt of the full consideration, on which date the Group's control of Leader Overseas has passed.

The loss from Leader Overseas for the current period and prior period is analysed as follows:

	Six months ended 30th June,	
	2012 HK\$'000	2011 HK\$'000
Administrative expenses and loss for the period	6,134	1

The net assets of Leader Overseas at the date of disposal were as follows:

	HK\$'000
Interest in a jointly controlled entity	12,312
Amount due to a jointly controlled entity	(4,067)
Net assets disposed of	8,245
Gain on disposal	4,080
Total cash consideration received	12,325

Net cash inflow arising on disposal:

	HK\$'000
Total cash consideration received	12,325
Bank balances and cash disposed of	–
	12,325

Leader Overseas does not contribute any significant cash flows to the Group during the current and prior periods.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 21. CONTINGENT LIABILITIES

	<b>30th June, 2012</b>	31st December, 2011
	<b>HK\$'000</b>	HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	<b>213,604</b>	153,854

## 22. CAPITAL COMMITMENTS

	<b>30th June, 2012</b>	31st December, 2011
	<b>HK\$'000</b>	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	<b>1,313</b>	4,343
Authorised but not contracted for	<b>393</b>	699
	<b>1,706</b>	5,042

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2012

## 23. RELATED PARTY TRANSACTIONS

	Six months ended 30th June,	
	2012 HK\$'000	2011 HK\$'000
<b>Associates</b>		
Service income	174	223
<b>Jointly controlled entities</b>		
Construction contract revenue	–	27,389
Sale of concrete	985	–
Service income	8,967	6,448
<b>Compensation of key management personnel</b>		
Short-term employee benefits	14,427	13,817
Post-employment benefits	1,012	856
	<b>15,439</b>	14,673

At 30th June, 2012, a director provided personal guarantees amounting to HK\$12,500,000 (31st December, 2011: 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

## NOMINATION COMMITTEE

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

## 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  
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

## REGISTERED OFFICE

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Bermuda

## PRINCIPAL PLACE OF BUSINESS

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Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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The Stock Exchange of Hong Kong Limited – 610

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