



# Build King Holdings Limited

(Incorporated in Bermuda with limited liability)  
Stock Code: 00240

INTERIM REPORT 2009

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## Interim Results Highlights

The board of directors (the “Board”) of Build King Holdings Limited (the “Company”) announces the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2009.

### FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity* per share	48%
Equity	HK\$129 million
Equity per share	HK14 cents
Group revenue and share of revenue of jointly controlled entities	HK\$578 million
Profit attributable to owners of the Company	HK\$41 million

\* *equity refers to equity attributable to owners of the Company*

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009.

## BUSINESS REVIEW AND PROSPECTS

### Operating Results

For the six months ended 30 June 2009, the Group recorded a turnover, including our share of jointly controlled entities, of HK\$578 million representing a growth of 24% compared to HK\$465 million for the six months ended 30 June 2008. The results for the period were turned to a profit of HK\$42 million from the loss of HK\$30 million for the same period in 2008.

The significant improvement of the results was mainly contributed from successful marine projects in the Middle East, fruitful outcome of our strategies in Hong Kong market and lastly surging share market price resulting in a HK\$10 million reversal of last year's provision for diminution of investment in trading shares.

### Hong Kong

The Group has consistently adopted a cautious approach to bid new projects and has only tendered with reasonable margin and cashflow. As a result, the turnover growth was not impressive in this very competitive market. However, the margin and cashflow of new projects in past 18 months was very satisfactory. Coupled with consolidation of the head office structure and reducing overhead, the contribution from Hong Kong market was over HK\$16 million as compared with a loss for the same period in 2008.

In 2008, the Group was awarded four new projects of HK\$296 million from Hong Kong Government and MTR Corporation Limited ("MTRC"). All these four projects have been progressing satisfactorily and achieving the tender target. In 2009, the Group has successfully won two small contracts of minor works and one contract from Civil Engineering and Development Department, Stage 1 Infrastructure Works at North Apron of Kai Tak Airport, of contract sum about HK\$350 million. The Group is very confident more contracts of similar size will be awarded in the remainder of 2009.

It is apparent that Hong Kong construction market is starting to recover. In fact, our tendering department was and will be extremely busy with new tendering activities. Hong Kong Government has committed to double its annual expenditure on public works to HK\$50 billion by 2011. The Group has geared up its resources to tender those new projects. Other than bidding new projects on its own, the Group is also forming joint ventures with other contractors to bid forthcoming major infrastructure projects, of which the Group has already been prequalified for projects in West Island Line and Guangzhou-Shenzhen-Hong Kong Express Rail Link (Hong Kong Section) developed by MTRC. The Group is actively preparing tenders for construction projects in Kai Tak Cruise Terminal Development, Central-Wan Chai Bypass, Island Eastern Corridor Link. These tenders will be progressively submitted in 2009 and 2010.

## Management Discussion and Analysis

### BUSINESS REVIEW AND PROSPECTS – continued

#### Middle East – United Arab Emirates (“UAE”)

Following the successful results of three medium sized marine projects completed by the joint venture with Arabic Construction Company (“Joint Venture”) last year, the Joint Venture is now working on two larger marine projects of total contract sum over HK\$600 million, namely marine works at Fujairah F2 Power Plant and construction of quay wall for the Marasy Development in Abu Dhabi, both of them will be completed on time in first quarter of 2010. On the plant chartering business, the utilization of the marine plant was maintained at a high level. In the first six months of 2009, the turnover, including our 50% share of the Joint Venture, increased fourfold to \$129 million from HK\$30 million and a profit was recorded at HK\$17 million as compared with a minor loss of HK\$3 million for the same period in 2008.

Despite the slowing down of general economy in UAE, the Group will continue to focus on the marine works for infrastructure projects in Abu Dhabi which was least affected by the financial turmoil. We are still busy with new tender enquires from the clients. We are confident we can report in 2009 Annual Report further success of those new tenders.

#### PRC

During the past six months, the Group has consolidated the management structure in PRC and reallocated resources to focus on the operation and development of sewage treatment related business. The current operation of the sewage treatment plant in Wuxi City was performing well in terms of compliance with environmental criteria as well as operational efficiency. The contribution from this business was not significant for the time being because of its small scale, daily volume 20,000 tonnes. However, the return on capital invested was reasonable and satisfactory. Leveraging on the success in the current operation, the Group has committed to invest additional HK\$43 million to increase its capacity by daily volume 30,000 tonnes in two stages. The management expects the enlarged plant for the first additional 15,000 tonnes will commence operation in mid 2010 and the second stage will be in place in three years time.

Capitalizing on the success in Wuxi City, we will try to explore opportunities in other cities and be proactive in seeking partners to develop sewage treatment business in PRC.

#### Employees and Remuneration Policies

As at 30 June 2009, the Group had a total of 718 employees and total remuneration for the six months ended 30 June 2009 was approximately HK\$94 million. Competitive remuneration packages are structured for each employee commensurate with individual responsibility, qualifications, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as that of the individual.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

As at 30 June 2009, the Group had liquid assets of HK\$53 million (as at 31 December 2008: HK\$55 million) comprising held-for-trading investments of HK\$26 million (as at 31 December 2008: HK\$18 million) and bank balances and cash of HK\$27 million (as at 31 December 2008: HK\$37 million).

As at 30 June 2009, the Group had a total of interest bearing borrowings of HK\$95 million (as at 31 December 2008: HK\$123 million) repayable within one year.

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

### Capital Structure and Gearing

As at 30 June 2009, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 70 % (as at 31 December 2008: 132%).

### Pledge of Assets

As at 30 June 2009, a bank deposit amounting to HK\$1,000 (as at 31 December 2008: bank deposits of HK\$1,013,000) of the Group was pledged to a bank for securing banking facilities granted to the Group. The pledged bank deposit carries zero interest during the period (31 December 2008: 0.01% to 1.07% per annum).

The Group has pledged certain motor vehicles with an aggregate carrying value of HK\$275,000 (as at 31 December 2008: HK\$347,000) to secure bank loans.

As at 30 June 2009, certain equity securities with market value of HK\$17,340,000 (as at 31 December 2008: HK\$8,670,000) were pledged to a bank to secure general facilities granted to the Group.

### Contingent Liabilities

	<b>As at 30 June 2009 HK\$'000</b>	As at 31 December 2008 HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	<b>88,138</b>	116,095

**DIRECTORS' INTERESTS**

As at 30 June 2009, the interests (including short positions) of the directors (the "Directors") and chief executive of the Company (including their respective spouses, infant children, related trusts and companies controlled by them) in the Shares, convertible securities, warrants, options or derivatives in respect of securities which carried voting rights of the Company and its associated corporations (within the meaning of the Securities & Futures Ordinance ("SFO")), which were 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 or short position in which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Rules Governing the Listing of Securities (the "Listing Rules"), were as follows:

**(I) The Company***Interests in Shares*

Name of Director	Capacity/ Nature of interest	Number of Shares held		Percentage of shareholding (%)
		Long position	Short position	
Zen Wei Peu, Derek	Personal	107,581,421 (Note 1)	–	11.55
Cheng Chi Pang, Leslie	Personal	1,170,000 (Note 1)	–	0.13 (Note 2)
Chan Chi Hung, Anthony	Personal	14,000,000 (Note 1)	–	1.50

Notes:

1. Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. As at 30 June 2009, the number of the issued shares of the Company was 931,408,494. Accordingly, the percentage has been adjusted.

**DIRECTORS' INTERESTS – continued****(II) Associated Corporations***Interests in shares*

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding (%)
			Long position	Short position	
Zen Wei Peu, Derek	Wai Kee Holdings Limited ("Wai Kee")	Personal	185,057,078 (Note 1)	–	23.33
		Personal	770,000 (Note 2)	–	0.10
	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
David Howard Gem	Wai Kee	Personal	500,000 (Note 1)	–	0.06
Cheng Chi Pang, Leslie	Wai Kee	Personal	500,000 (Note 1)	–	0.06
		Personal	330,000 (Note 2)	–	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 Wai Kee 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 under the heading "SHARE OPTIONS" below.



## Disclosure of Interests

### DIRECTORS' INTERESTS – continued

Save as disclosed above, as at 30 June 2009, none of the Directors or chief executive of the Company had any interests or short positions in any equity or debt securities of the Company or any associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, to be entered in the register referred to therein or which 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.

### SHARE OPTIONS

#### Associated Corporation

The share option scheme was adopted by Wai Kee at the annual general meeting held on 18 September 2002 (“Wai Kee Share Option Scheme”) to comply with Chapter 17 of the Listing Rules. As at 30 June 2009, Wai Kee has granted 1,100,000 share options under the Wai Kee Share Option Scheme to two Directors of the Company, no share option of which was exercised.

Details of the share options granted under the Wai Kee Share Option Scheme to the following Directors of the Company and a summary of the movements during the period were as follows:

Name	Date of grant	Exercisable period	Exercise price (HK\$)	Number of share options				
				Balance at 1.1.2009	Granted during the period	Exercised during the period	Lapsed during the period	Balance at 30.6.2009
Zen Wei Peu, Derek	9 July 2007	9 July, 2008 to 8 July 2011	3.39	770,000	-	-	-	770,000
Cheng Chi Pang, Leslie	9 July 2007	9 July 2008 to 8 July 2011	3.39	330,000	-	-	-	330,000
Total				<u>1,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,000</u>

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.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, so far as was known to the Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares 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 under Section 336 of the SFO:

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares held and percentage of shareholding			
		Long position		Short position	
		Number of Shares	%	Number of Shares	%
Top Horizon Holdings Limited ("Top Horizon") (Note (a))	Personal/Beneficiary	476,561,270 (Note)	51.17	–	–
Wai Kee (Zens) Holding Limited ("Wai Kee (Zens)") (Note (b))	Personal/Beneficiary	5 (Note)	0.00	–	–
	Corporate	476,561,270 (Note)	51.17	–	–
Wai Kee (Note (c))	Corporate	476,561,275 (Note)	51.17	–	–
Vast Earn Group Limited (Note (d))	Personal/Beneficiary	50,823,040 (Note)	5.46	–	–
NWS Service Management Limited (incorporated in the British Virgin Islands) (Note (e))	Corporate	50,823,040 (Note)	5.46	–	–
NWS Service Management Limited (incorporated in the Cayman Islands) (Note (f))	Corporate	50,823,040 (Note)	5.46	–	–
NWS Holdings Limited (Note (g))	Corporate	50,823,040 (Note)	5.46	–	–
New World Development Company Limited (Note (h))	Corporate	50,823,040 (Note)	5.46	–	–
Chow Tai Fook Enterprises Limited (Note (i))	Corporate	50,823,040 (Note)	5.46	–	–
Centennial Success Limited (Note (j))	Corporate	50,823,040 (Note)	5.46	–	–
Cheng Yu Tung Family (Holdings) Limited (Note (k))	Corporate	50,823,040 (Note)	5.46	–	–

**SUBSTANTIAL SHAREHOLDERS – continued**

Notes:

Long position in the Shares

- (a) Top Horizon was a direct wholly owned subsidiary of Wai Kee (Zens).
- (b) Wai Kee (Zens) was deemed to be interested in the Shares through its interests in Top Horizon.
- (c) Wai Kee (Zens) was a direct wholly owned subsidiary of Wai Kee. Accordingly, Wai Kee was deemed to be interested in the Shares through its interests in its wholly owned subsidiaries, namely Wai Kee (Zens) and Top Horizon.
- (d) Vast Earn Group Limited was a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).
- (e) NWS Service Management Limited (incorporated in the British Virgin Islands) was deemed to be interested in the Shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited.
- (f) NWS Service Management Limited (incorporated in the Cayman Islands) was 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).
- (g) NWS Holdings Limited was 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).
- (h) New World Development Company Limited was deemed to be interested in the Shares through its interests in its subsidiary, namely NWS Holdings Limited.
- (i) Chow Tai Fook Enterprises Limited was 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.
- (j) Centennial Success Limited was deemed to be interested in the Shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
- (k) Cheng Yu Tung Family (Holdings) Limited was deemed to be interested in the Shares through its interests in its subsidiary, namely Centennial Success Limited.

Save as disclosed above, as at 30 June 2009, no other person (other than Directors or chief executives of the Company) had 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.

## DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

### Loan facility of HK\$40,000,000

The Company was granted a term loan facility of HK\$40,000,000 (the “Facility”) pursuant to a facility letter from an independent bank dated 22 July 2004 (renewed on 13 November 2007). The full sum of the Facility shall be repaid by six half-yearly instalments commencing eighteen months after the date of drawdown of the Facility.

For so long as the Facility is made available to the Company, Wai Kee and Mr. Zen Wei Peu, Derek (“Mr. Zen”), are required to undertake to maintain their joint shareholding in the Company at not less than 50% of the total issued share capital of the Company. Wai Kee is the controlling shareholder of the Company. Mr. Zen is a director of the Company. Accordingly, this disclosure is made pursuant to Rules 13.18 and 13.21 of the Listing Rules.

### Loan Facility of Euro5,000,000

On 31 March 2006, the Company as the borrower entered into the Facility Agreement with Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (Netherlands Development Finance Company) for the amount of Euro5,000,000 (the “Facility”) to finance the acquisition and/or construction of wastewater treatment facilities in the PRC and the ongoing operation and maintenance on those facilities.

For so long as the Facility is made available to the Company, Wai Kee is required to control and/or beneficially own (directly or indirectly) more than 50% of the total issued share capital of the Company. Accordingly, this disclosure is made pursuant to Rules 13.18 and 13.21 of the Listing Rules.

Save as disclosed above, as at 30 June 2009, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

## AUDIT COMMITTEE

The Audit Committee has reviewed with the management, internal auditor and external auditor the accounting principles and policies adopted by the Group and the unaudited interim financial report for the six months ended 30 June 2009.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2009.

## Other Information

### CORPORATE GOVERNANCE

The Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2009, except for the deviations in respect of the separate roles of the chairman and chief executive officer under code provision A.2.1 of the Code and the service term under code provision A.4.1 of the Code.

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not at present have any officer with the title “Chief Executive Officer” (“CEO”). The duties of CEO were previously carried out by Mr. Yu Sai Yen, the former Vice Chairman and Executive Director. Following Mr. Yu’s resignation on 15 March 2009, the duties of CEO have been taken up by the Chairman of the Board, Mr. Zen Wei Peu, Derek. In addition to his responsibilities as Chairman overseeing the function of the Board and formulating overall strategies and policies of the Company, Mr. Zen has taken up the management of the Group’s business and overall operation. However, the day-to-day running of the Company has been delegated to the divisional heads responsible for the different aspects of the business. This constitutes a deviation from code provision A.2.1 of the Code.

The Board considers that this structure will not impair the balance of power and authority between the board and the management of the business of the Group given that there are a strong and independent non-executive directorship element on the Board and a clear division of responsibility in running the business of the Group. The Board believes that the structure outlined above is beneficial to the Company and its business.

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

None of the existing non-executive Directors (including independent non-executive Directors) is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors (executive, non-executive and independent non-executive Directors) are subject to the retirement provisions of the Bye-laws of the Company that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. As such, the Board 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.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 June 2009.

### APPRECIATION

I would like to take this opportunity to express my hearty gratitude to our shareholders, our business partners, directors and loyal and dedicated colleagues.

By Order of the Board  
**Zen Wei Peu, Derek**  
*Chairman*

Hong Kong, 17 August 2009



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## TO THE BOARD OF DIRECTORS OF BUILD KING HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

### Introduction

We have reviewed the interim financial information set out on pages 14 to 31, which comprises the condensed consolidated statement of financial position of Build King Holdings Limited (the “Company”) and its subsidiaries as of 30 June 2009 and the related condensed consolidated 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 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, 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  
17 August 2009

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

	Notes	Six months ended 30 June	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Revenue	4	446,155	350,639
Cost of sales		<u>(406,391)</u>	<u>(338,679)</u>
Gross profit		39,764	11,960
Other income	6	1,825	6,702
Increase (decrease) in fair value of held-for-trading investments		10,899	(14,850)
Administrative expenses		(28,259)	(34,690)
Finance costs	7	(2,201)	(4,028)
Share of results of jointly controlled entities		19,214	4,558
Share of results of associates		<u>1,049</u>	<u>489</u>
Profit (loss) before tax	8	42,291	(29,859)
Income tax expense	9	<u>-</u>	<u>(2)</u>
Profit (loss) for the period		42,291	(29,861)
Other comprehensive income for the period			
Exchange differences arising on translation of foreign operations		<u>898</u>	<u>3,137</u>
Total comprehensive income for the period		<u>43,189</u>	<u>(26,724)</u>
Profit (loss) for the period attributable to:			
Owners of the Company		40,806	(28,672)
Minority interests		<u>1,485</u>	<u>(1,189)</u>
		<u>42,291</u>	<u>(29,861)</u>
Total comprehensive income attributable to:			
Owners of the Company		41,699	(25,683)
Minority interests		<u>1,490</u>	<u>(1,041)</u>
		<u>43,189</u>	<u>(26,724)</u>
		<b>HK cents</b>	HK cents
Earnings (loss) per share	11		
– Basic		<u>4.4</u>	<u>(3.5)</u>

# Condensed Consolidated Statement of Financial Position

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At 30 June 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	28,940	27,149
Intangible assets		32,858	32,858
Goodwill		30,554	30,554
Interests in jointly controlled entities		76,265	64,754
Available-for-sale investment	13	–	–
Other financial assets		47,309	47,505
		<u>215,926</u>	<u>202,820</u>
<b>Current assets</b>			
Amounts due from customers for contract work		127,599	151,821
Debtors, deposits and prepayments	14	197,144	210,981
Amounts due from associates		6,874	6,886
Amounts due from jointly controlled entities		17,082	16,848
Held-for-trading investments	15	26,295	17,680
Tax recoverable		1,239	1,239
Pledged bank deposits	22	1	1,013
Bank balances and cash		27,332	37,453
		<u>403,566</u>	<u>443,921</u>
<b>Current liabilities</b>			
Amounts due to customers for contract work		38,315	75,867
Creditors and accrued charges	16	254,901	258,798
Amount due to an intermediate holding company		6,552	5,817
Amounts due to fellow subsidiaries		7,469	1,287
Amount due to an associate		6,632	6,632
Amounts due to jointly controlled entities		8,319	14,270
Amounts due to minority shareholders		3,094	3,094
Tax liabilities		349	1,139
Ordinary share dividend payable to an intermediate holding company		22,000	22,000
Preference share dividend payable to immediate holding company		1,224	1,224
Loans from a director	17	10,000	10,000
Bank loans – due within one year	18	79,800	108,604
Bank overdrafts, secured		5,515	4,749
		<u>444,170</u>	<u>513,481</u>
<b>Net current liabilities</b>		<u>(40,604)</u>	<u>(69,560)</u>
<b>Total assets less current liabilities</b>		<u>175,322</u>	<u>133,260</u>



## Condensed Consolidated Statement of Financial Position

At 30 June 2009

	Notes	30 June 2009 (Unaudited) HK\$'000	31 December 2008 (Audited) HK\$'000
<b>Capital and reserves</b>			
Ordinary share capital	19	93,141	93,141
Reserves		35,575	(6,124)
		<hr/>	<hr/>
Equity attributable to owners of the Company		128,716	87,017
Minority interests		7,433	5,943
		<hr/>	<hr/>
<b>Total equity</b>		<b>136,149</b>	92,960
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Deferred tax liabilities	20	5,750	5,750
Obligations in excess of interests in associates	21	19,404	20,453
Amount due to an associate		9,800	9,800
Amount due to a jointly controlled entity		4,067	4,067
Bank loans – due after one year	18	152	230
		<hr/>	<hr/>
		39,173	40,300
		<hr/>	<hr/>
		<b>175,322</b>	133,260
		<hr/>	<hr/>

# Condensed Consolidated Statement of Changes In Equity

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For the six months ended 30 June 2009

	Ordinary share capital	Convertible preference share capital	Translation reserve	Special reserve	Asset revaluation reserve	Retained profits	Equity attributable to owners of the Company	Minority interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2008 (audited)	82,141	11,000	6,399	(63,141)	4,290	136,661	177,350	9,516	186,866
Loss for the period	-	-	-	-	-	(28,672)	(28,672)	(1,189)	(29,861)
Exchange differences arising on translation of foreign operations	-	-	2,989	-	-	-	2,989	148	3,137
Total comprehensive income for the period	-	-	2,989	-	-	(28,672)	(25,683)	(1,041)	(26,724)
Dividends	-	-	-	-	-	(110)	(110)	-	(110)
At 30 June 2008 (unaudited)	82,141	11,000	9,388	(63,141)	4,290	107,879	151,557	8,475	160,032
Loss for the period	-	-	-	-	-	(64,952)	(64,952)	(2,502)	(67,454)
Exchange differences arising on translation of foreign operations	-	-	1,731	-	-	-	1,731	(30)	1,701
Reclassification adjustment for the cumulative gain included in profit or loss upon disposal of a jointly controlled entity	-	-	(1,254)	-	-	-	(1,254)	-	(1,254)
Total comprehensive income for the period	-	-	477	-	-	(64,952)	(64,475)	(2,532)	(67,007)
Conversion of convertible preference shares	11,000	(11,000)	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(65)	(65)	-	(65)
At 31 December 2008 (audited)	93,141	-	9,865	(63,141)	4,290	42,862	87,017	5,943	92,960
Profit for the period	-	-	-	-	-	40,806	40,806	1,485	42,291
Exchange differences arising on translation of foreign operations	-	-	893	-	-	-	893	5	898
Total comprehensive income for the period	-	-	893	-	-	40,806	41,699	1,490	43,189
At 30 June 2009 (unaudited)	93,141	-	10,758	(63,141)	4,290	83,668	128,716	7,433	136,149

Note: The special reserve represents adjustment in share capital on the reverse acquisition of the Company in 2004.

18 **Condensed Consolidated Statement of Cash Flows**

For the six months ended 30 June 2009

	<b>Six months ended 30 June</b>	
	<b>2009</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2008</b> <b>(Unaudited)</b> <b>HK\$'000</b>
<b>Net cash from operating activities</b>	<b>17,007</b>	6,634
<b>Investing activities</b>		
Dividends from held-for-trading investments	627	1,681
Distribution of profits from jointly controlled entities	7,930	20,311
(Advances to) repayments from jointly controlled entities	(6,185)	11,271
Proceeds from disposal of property, plant and equipment	–	3,628
Decrease in pledged bank deposits	1,012	2,036
Repayment from associates	12	1,923
Repayment of finance lease receivables	–	271
Interest on financial lease receivables	–	7
Purchase of property, plant and equipment	(7,795)	(16,244)
Advances to fellow subsidiaries	–	(1,563)
<b>Net cash (used in) from investing activities</b>	<b>(4,399)</b>	23,321
<b>Financing activities</b>		
Advances from (repayments to) fellow subsidiaries	6,182	(1,116)
Advance from intermediate holding company	735	4,655
Repayment of bank loans	(28,882)	(34,335)
Interest paid	(2,201)	(4,028)
Loans from a director	–	10,000
Advance from an associate	–	8,200
New bank loans raised	–	8,000
<b>Net cash used in financing activities</b>	<b>(24,166)</b>	(8,624)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(11,558)</b>	21,331
<b>Cash and cash equivalents at beginning of the period</b>	<b>32,704</b>	19,081
<b>Effect of foreign exchange rate changes, net</b>	<b>671</b>	825
<b>Cash and cash equivalents at end of the period,</b> represented by	<b>21,817</b>	41,237
Bank balances and cash	27,332	44,239
Bank overdrafts	(5,515)	(3,002)
	<b>21,817</b>	41,237

## 1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Top Horizon Holdings Limited. The directors of the Company (the “Directors”) consider Wai Kee Holdings Limited (“Wai Kee”), also incorporated in Bermuda as an exempted company with limited liability and its shares being listed on the Stock Exchange, as the Company’s ultimate holding company.

## 2. BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the condensed consolidated financial statements, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group’s current liabilities exceeded its current assets by HK\$40,604,000 as at 30 June 2009. As at 30 June 2009, the Group has bank loans totaling HK\$79,952,000 of which HK\$79,800,000 was classified as current liabilities. Bank loans amounting to HK\$14,235,000 were classified as current liabilities as the terms of the bank loans were breached as disclosed in note 18. For a bank loan amounting to HK\$15,647,000, subsequent to 30 June 2009, the Group received a waiver letter from a bank which confirmed that the bank agreed to waive the right to demand for immediate repayment and that the relevant loan will be repaid according to the original terms of repayment. In addition, the Directors believe that the revolving bank loans can be renewed on an annual basis. The Group has undrawn short-term borrowing facilities of HK\$6,595,000 at 30 June 2009 which will be subject to review in year 2009. The Directors are of the opinion that there are good track records and relationship with banks which would enhance the Group’s ability on renewing the borrowing facilities.

Subsequent to 30 June 2009, with respect to the amount due to an intermediate holding company of HK\$6,552,000, ordinary share dividend payable to an intermediate holding company of HK\$22,000,000 and loans from a director of HK\$10,000,000, the Group has obtained confirmations from the respective parties that they will not demand for repayment within the next twelve months from 30 June 2009.

The Directors are of the opinion that, taking into account of the internally generated funds of the Group, the presently available banking facilities and the other factors described above, the Group has sufficient working capital for its present requirements for the next twelve months from 30 June 2009. Accordingly, the condensed consolidated financial statements have been prepared on a going concern basis.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

### 3. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

In the current interim period, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 "Segment Reporting", required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was geographical segments by location of customers. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the reportable segments determined in accordance with HKAS 14 (see note 5). The adoption of the other new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

**3. PRINCIPAL ACCOUNTING POLICIES – continued**

The Group has not early adopted the following new or revised standards, amendments or interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 <sup>2</sup>
HKAS 27 (Revised in 2008)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters <sup>3</sup>
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions <sup>3</sup>
HKFRS 3 (Revised in 2008)	Business Combinations <sup>1</sup>
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC) – Int 18	Transfers of Assets from Customers <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2009

<sup>2</sup> Amendments that are effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, as appropriate

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2010

<sup>4</sup> Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised 2008) may affect the Group's accounting for business combinations for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in a Group's ownership interest in a subsidiary that do not result in a loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The Directors anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

**4. REVENUE**

The Group's revenue represents mainly the revenue on construction contracts recognised during the period.

	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Group revenue	<b>446,155</b>	350,639
Share of revenue of jointly controlled entities		
Hong Kong	<b>18,769</b>	84,270
Middle East	<b>111,534</b>	22,763
Other regions in the People's Republic of China (the "PRC")	<b>1,192</b>	7,004
	<b>577,650</b>	464,676

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

### 5. SEGMENTAL INFORMATION

The Group has adopted HKFRS 8 “Operating Segments” with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 “Segment Reporting”) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments.

Information reported to the Group’s chief operating decision maker (i.e. the chief executive officer) for the purposes of resource allocation and assessment of performance is focused on geographical location of its customers including Hong Kong, Taiwan, the PRC and the Middle East. The identification of the Group’s reportable segments under HKFRS 8 is consistent with the prior years’ presentation of geographical segments under HKAS 14. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8. The Group’s reportable segments under HKFRS 8 are as follows:

The Group is mainly engaged in civil engineering work.

#### Six months ended 30 June 2009

	Hong Kong HK\$’000	Taiwan HK\$’000	The PRC HK\$’000	Middle East HK\$’000	Total HK\$’000
Results					
Group revenue	424,491	–	4,653	17,011	446,155
Share of revenue of jointly controlled entities	18,769	–	1,192	111,534	131,495
Segment revenue	443,260	–	5,845	128,545	577,650
Group results	15,123	(822)	1,787	(1,329)	14,759
Share of results of jointly controlled entities	1,330	–	(924)	18,808	19,214
Segment profit (loss)	16,453	(822)	863	17,479	33,973
Unallocated corporate expenses					(2,056)
Dividends from held-for-trading investments					627
Increase in fair value of held-for-trading investments					10,899
Share of results of associates					1,049
Finance costs					(2,201)
Profit before tax					42,291

For the six months ended 30 June 2009

**5. SEGMENTAL INFORMATION – continued**

Six months ended 30 June 2008

	Hong Kong HK\$'000	Taiwan HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Results					
Group revenue	327,473	13,057	3,041	7,068	350,639
Share of revenue of jointly controlled entities	<u>84,270</u>	<u>–</u>	<u>7,004</u>	<u>22,763</u>	<u>114,037</u>
Segment revenue	<u>411,743</u>	<u>13,057</u>	<u>10,045</u>	<u>29,831</u>	<u>464,676</u>
Group results	(9,672)	(967)	(1,470)	(5,555)	(17,664)
Share of results of jointly controlled entities	<u>4,826</u>	<u>–</u>	<u>(2,811)</u>	<u>2,543</u>	<u>4,558</u>
Segment loss	<u>(4,846)</u>	<u>(967)</u>	<u>(4,281)</u>	<u>(3,012)</u>	<u>(13,106)</u>
Unallocated corporate expenses					(45)
Dividends from held-for-trading investments					1,681
Decrease in fair value of held-for- trading investments					(14,850)
Share of results of associates					489
Finance costs					<u>(4,028)</u>
Loss before tax					<u>(29,859)</u>

There are no inter-segment sales for both periods.

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

Segment profit (loss) represents the profit earned by each segment and share of results of jointly controlled entities without allocation of dividends from held-for-trading investments, change in fair value of held-for-trading investments, share of results of associates, finance costs and unallocated corporate expenses.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

### 5. SEGMENTAL INFORMATION – continued

The following is in an analysis of the Group's assets by operating segment:

	<b>At 30 June 2009 (unaudited) HK\$'000</b>	At 31 December 2008 (audited) HK\$'000
Hong Kong	<b>344,966</b>	366,734
Taiwan	<b>55</b>	1,405
The PRC	<b>106,935</b>	132,700
Middle East	<b>81,825</b>	57,936
	<hr/> <b>533,781</b>	<hr/> 558,775
Total segment assets	<b>533,781</b>	558,775

### 6. OTHER INCOME

	<b>Six months ended 30 June 2009 HK\$'000</b>	2008 HK\$'000
Other income includes:		
Dividends from held-for-trading investments	<b>627</b>	1,681
Gain on disposal of property, plant and equipment	–	3,625
Interest on other receivables	<b>10</b>	275
Interest on bank deposits	<b>7</b>	49
Interest on finance lease receivables	–	7
Interest on other financial assets	<b>896</b>	938
	<hr/> <b>896</b>	<hr/> 938

### 7. FINANCE COSTS

	<b>Six months ended 30 June 2009 HK\$'000</b>	2008 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	<b>2,036</b>	3,928
Interest bearing amount due to an associate	<b>71</b>	71
Interest bearing loans from a director	<b>94</b>	29
	<hr/> <b>2,201</b>	<hr/> 4,028

For the six months ended 30 June 2009

**8. PROFIT (LOSS) BEFORE TAX**

	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Profit (loss) before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	<b>6,004</b>	2,785
Share of income tax expenses of jointly controlled entities (included in share of results of jointly controlled entities)	<b>173</b>	11
	<u>          </u>	<u>          </u>

**9. INCOME TAX EXPENSE**

	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Underprovision in prior years:		
Other jurisdictions	<u>          </u> -	<u>          </u> 2

No provision for Hong Kong Profits Tax for the six months ended 30 June 2009 has been made in the condensed consolidated financial statements as the estimated assessable profit has been wholly absorbed by tax losses brought forward.

No provision for Hong Kong Profits Tax for the six months ended 30 June 2008 had been made in the condensed consolidated financial statements as the Group had no any assessable profit for that period.

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 average annual tax rate used is 16.5% (six months ended 30 June 2008: 16.5%) for the six months ended 30 June 2009.

Taxation arising in other jurisdictions is 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 average annual tax rate used is 25% (six months ended 30 June 2008: 25%) for the six months ended 30 June 2009.

**10. DIVIDENDS**

On 30 June 2008, a dividend of HK\$110,000 was paid to the holders of 2% convertible preference shares.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

### 11. EARNINGS (LOSS) PER SHARE

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

	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Profit (loss) for the period attributable to the owners of the Company	<b>40,806</b>	(28,672)
Dividends on convertible preference share capital	<u>–</u>	<u>(110)</u>
Earnings (loss) for the purpose of basic earnings (loss) per share	<b>40,806</b>	(28,782)
Effect of dilutive potential ordinary shares:		
Dividends on convertible preference share capital	<u>–</u>	<u>110</u>
Earnings (loss) for the purpose of diluted earnings (loss) per share	<u><b>40,806</b></u>	<u>(28,672)</u>
	<b>Number of shares</b>	
	<b>'000</b>	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	<b>931,408</b>	821,408
Effect of dilutive potential ordinary shares:		
Convertible preference share capital	<u>–</u>	<u>110,000</u>
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	<u><b>931,408</b></u>	<u>931,408</u>

No diluted loss per share for the six months ended 30 June 2008 was presented as the exercise of the potential dilutive ordinary shares that would result in a reduction in loss per share for the six months ended 30 June 2008.

### 12. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$7,795,000 (six months ended 30 June 2008: HK\$16,244,000) on property, plant and equipment.

During the period ended 30 June 2008, the Group disposed of certain plant and equipment with a carrying amount of HK\$3,000 for proceeds of HK\$3,628,000, resulting in a gain on disposal of HK\$3,625,000.

The Group has pledged certain motor vehicles with an aggregate carrying value of HK\$275,000 (31 December 2008: HK\$347,000) to secure bank loans.

For the six months ended 30 June 2009

**13. AVAILABLE-FOR-SALE INVESTMENTS**

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Unlisted equity securities, at cost	<b>800</b>	800
Less: Impairment loss recognised	<b>(800)</b>	(800)
	<u>          </u>	<u>          </u>
	<b>-</b>	<b>-</b>

The unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC. They are measured at cost less impairment at each balance sheet date.

**14. 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 work.

The following is an aged analysis of trade receivables at the reporting date:

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Trade debtors analysed by age:		
0 to 60 days	<b>112,092</b>	114,910
61 to 90 days	<b>-</b>	387
Over 90 days	<b>10,694</b>	15,218
	<u>          </u>	<u>          </u>
	<b>122,786</b>	130,515
Retention receivables	<b>44,722</b>	43,388
Other debtors, deposits and prepayments	<b>29,636</b>	37,078
	<u>          </u>	<u>          </u>
	<b>197,144</b>	210,981
Retention receivables		
Due within one year	<b>16,526</b>	13,041
Due more than one year	<b>28,196</b>	30,347
	<u>          </u>	<u>          </u>
	<b>44,722</b>	43,388

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

### 15. HELD-FOR-TRADING INVESTMENTS

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Held-for-trading investments stated at fair value:		
– Equity securities listed in Hong Kong	<b>26,282</b>	17,668
– Equity securities listed in the United States of America	<b>13</b>	12
	<b>26,295</b>	17,680

At 30 June 2009, certain equity securities with market value of HK\$17,340,000 (31 December 2008: HK\$8,670,000) were pledged to a bank to secure 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 bank facilities, to provide cross guarantee to the bank. Therefore, although certain equity securities were pledged to the bank, the Group is allowed to trade the pledged securities upon the repayment of respective bank borrowing. Accordingly, investments in these equity securities are classified as held-for-trading investments in the condensed consolidated statement of financial position.

### 16. CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of trade payables at the reporting date:

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Trade creditors analysed by age:		
0 to 60 days	<b>47,090</b>	64,110
61 to 90 days	<b>1,568</b>	5,835
Over 90 days	<b>18,781</b>	17,184
	<b>67,439</b>	87,129
Retention payables	<b>41,607</b>	39,122
Accrued project costs	<b>113,613</b>	112,189
Other creditors and accrued charges	<b>32,242</b>	20,358
	<b>254,901</b>	258,798
Retention payables		
Repayable within one year	<b>21,261</b>	19,584
Repayable more than one year	<b>20,346</b>	19,538
	<b>41,607</b>	39,122

For retention payables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

For the six months ended 30 June 2009

**17. LOANS FROM A DIRECTOR**

The loans are unsecured, carry interest at Hong Kong Interbank Offered Rate plus 1.75% per annum and are repayable within one year.

**18. BANK LOANS**

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
The maturity of bank loans is as follows:		
Within one year	<b>65,565</b>	91,870
In the second year	<b>6,563</b>	9,079
In the third to fifth year inclusive	<b>7,824</b>	7,885
	<b>79,952</b>	108,834
Less: Amount due within one year shown under current liabilities	<b>(79,800)</b>	(108,604)
Amount due after one year	<b>152</b>	230
Secured	<b>45,305</b>	55,385
Unsecured	<b>34,647</b>	53,449
	<b>79,952</b>	108,834

During the period, in respect of bank loans with carrying amounts of HK\$26,647,000 (31 December 2008: HK\$32,446,000) as at 30 June 2009, the Group breached certain of the terms of the bank loans, which are primarily related to the debt-equity ratio of the Group. According to HKAS 1 "Presentation of financial statements", since the banks have not agreed to waive their right to demand immediate payment as at the balance sheet date, the non-current portion of the bank loans amounting to HK\$14,235,000 (31 December 2008: HK\$16,734,000) have been classified as current liabilities in the condensed consolidated statement of financial position as at 30 June 2009.

For a bank loan amounting to HK\$15,647,000 (31 December 2008: HK\$32,446,000), the Group has subsequently obtained a written consent from the bank to waive the right to demand immediate repayment. For the remaining bank loans amounting to HK\$11,000,000, the Directors believe that the banks will not demand immediate payment.

At 30 June 2009, the Group has undrawn borrowing facilities of HK\$6,595,000 (31 December 2008: HK\$7,361,000).

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

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2009

### 19. ORDINARY SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each		
At 1 January 2008, 31 December 2008 and 30 June 2009	1,700,000,000	170,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each		
At 1 January 2008	821,408,494	82,141
Conversion of non-redeemable preference shares	110,000,000	11,000
At 31 December 2008 and 30 June 2009	931,408,494	93,141

During the year ended 31 December 2008, 1,100,000,000 non-redeemable preference shares of HK\$0.01 each were converted into fully-paid ordinary shares of the Company at the conversion price of HK\$0.1 per ordinary share. No non-redeemable preference shares were outstanding at 31 December 2008 and 30 June 2009.

### 20. DEFERRED TAX LIABILITIES

The deferred tax liabilities recognised by the Group represent fair value of intangible assets arising from the acquisition of a subsidiary during the year ended 31 December 2005. There is no movement of balance during the current period.

### 21. OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	30 June 2009 HK\$'000	31 December 2008 HK\$'000
Cost of investment in unlisted associates	4	4
Share of post-acquisition losses (note)	(19,408)	(20,457)
	(19,404)	(20,453)

Note: The Group has contractual obligations to share the net liabilities of associates.

### 22. PLEDGE OF ASSETS

Other than disclosed in notes 12, 15 and 18, as at 30 June 2009, a bank deposit amounting to HK\$1,000 (31 December 2008: bank deposits of HK\$1,013,000) of the Group was pledged to a bank for securing the banking facilities granted to the Group. The pledged bank deposit carries zero interest during the period (31 December 2008: 0.01% to 1.07% per annum).

For the six months ended 30 June 2009

**23. CONTINGENT LIABILITIES**

	<b>30 June 2009 HK\$'000</b>	31 December 2008 HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	<u>88,138</u>	<u>116,095</u>

**24. RELATED PARTY TRANSACTIONS**

	<b>Six months ended 30 June</b>	
	<b>2009 HK\$'000</b>	2008 HK\$'000
<b>Intermediate holding company</b>		
Corporate guarantee fee expense	<u>308</u>	<u>266</u>
<b>Associate</b>		
Interest expense	<u>71</u>	<u>71</u>
<b>Jointly controlled entities</b>		
Interest income	<u>-</u>	<u>66</u>
<b>Director</b>		
Interest expense	<u>94</u>	<u>29</u>
<b>Compensation of key management personnel</b>		
Short-term employee benefits	<u>5,164</u>	6,124
Post-employment benefits	<u>277</u>	<u>381</u>
	<u>5,441</u>	<u>6,505</u>

At 30 June 2009 and 31 December 2008, the director provided personal guarantees amounting to HK\$12,500,000 to a bank to secure the general banking facilities granted to the Group.

At 30 June 2009 and 31 December 2008, Wai Kee provided corporate guarantees amounting to HK\$45,000,000 and HK\$54,547,000 respectively to several banks to secure the general banking facilities granted to the Group.

At 30 June 2009 and 31 December 2008, Wai Kee has also given guarantees to indemnify all liabilities for certain construction contracts undertaken by the Group.

In addition to above, the Group has an interest in a jointly controlled entity for the construction of Zhejiang Shenjiawan – Zhongmentong (the "JCE"). The JCE is an unincorporated jointly controlled entity operating in the PRC, with a 50% attributable interests held by a wholly-owned subsidiary of the Company and the remaining attributable interest held by two wholly-owned subsidiaries of Wai Kee.



## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Zen Wei Peu, Derek (*Chairman*)  
Chang Kam Chuen, Desmond

#### Non-executive Directors

David Howard Gem  
Cheng Chi Pang, Leslie  
Chan Chi Hung, Anthony

#### Independent Non-executive Directors

Chow Ming Kuen, Joseph  
Ng Chi Ming, James  
Ho Tai Wai, David

### AUDIT COMMITTEE

Ng Chi Ming, James (*Chairman*)  
Chow Ming Kuen, Joseph  
Ho Tai Wai, David  
David Howard Gem

### REMUNERATION COMMITTEE

Chow Ming Kuen, Joseph (*Chairman*)  
Ng Chi Ming, James  
Ho Tai Wai, David  
Zen Wei Peu, Derek

### AUDITOR

Deloitte Touche Tohmatsu

### SOLICITORS

Richards Butler in association with  
Reed Smith LLP  
Conyers Dill & Pearman

### PRINCIPAL BANKERS

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

### COMPANY SECRETARY

Chang Kam Chuen, Desmond

### QUALIFIED ACCOUNTANT

Chang Kam Chuen, Desmond

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### PRINCIPAL PLACE OF BUSINESS

Units 1001-1015, 10th Floor  
Tower 1, Grand Central Plaza  
138 Shatin Rural Committee Road  
Shatin  
New Territories  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM 08  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Progressive Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### STOCK CODE

00240

### WEBSITE

[www.buildking.hk](http://www.buildking.hk)

