



Build King Holdings Limited

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

Interim Report 2011



Content

	PAGE
Interim Financial Highlights	2
Management Discussion and Analysis	3
Disclosure of Interests	8
Other Information	13
Report on Review of Interim Financial Information	16
Condensed Consolidated Income Statement	17
Condensed Consolidated Statement of Comprehensive Income	18
Condensed Consolidated Statement of Financial Position	19
Condensed Consolidated Statement of Changes in Equity	20
Condensed Consolidated Statement of Cash Flows	21
Notes to the Condensed Consolidated Financial Statements	22
Corporate Information	32

Interim Financial 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 2011.

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity* per share	8%
Equity	HK\$244 million
Equity per share	HK20 cents
Group revenue and share of revenue of jointly controlled entities	HK\$676 million
Profit attributable to owners of the Company	HK\$17 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 2011.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Operating Results

For the six months ended 30 June 2011, the Group recorded a turnover, including our share of jointly controlled entities, of HK\$676 million representing an increase of 57% compared with HK\$432 million for the corresponding period in 2010. The major projects awarded in 2010 are now more advanced and therefore contributed to the growth of turnover for the period.

The Group profit for the period was HK\$18 million comprised of HK\$23 million (2010: HK\$21 million) from construction and a loss of HK\$5 million (2010: HK\$2 million profit) from investments in listed securities, although this loss was unrealised.

In Hong Kong, construction returned to a profit of HK\$9 million compared with a loss of HK\$7 million for the corresponding period of last year. However, this was counteracted by a smaller contribution from the Middle East; the UAE achieved a profit of HK\$11 million for 2011 against HK\$23 million for 2010. The UAE market continues to be difficult.

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

Hong Kong

Our tender strategy of bidding for projects which we believe will provide good cashflows and sensible margins is proving successful. Since the Annual Report 2010, the Group has been awarded eight projects in Hong Kong totalling over HK\$630 million. These include our share of a joint venture with international contractors to carry out major underground extension and modification works at Admiralty Station for the new MTR South Island Line, a third hangar for the Business Aviation Centre at HK International Airport, and several smaller projects below HK\$100 million for MTRC, the Airport Authority and the Hong Kong Government, most of which have already commenced.

Of the major projects in hand mention must be made of the Polar Adventure and Thrill Mountain Ride at Ocean Park. This is expected to be substantially complete by the end of this year. The two sewage treatment plants on Lamma Island are now well advanced and progressing satisfactorily. Package C1 on Central Wanchai Bypass at the Hong Kong Convention and Exhibition Centre is behind programme but is now picking up with the cross harbour water main well in hand and the commencement of diaphragm walls imminent. Although early days, the progress of joint venture working on a tunnels of Express Rail Link Contract C824 for the MTRC is on programme and within budget. This project is targeted to complete in 2016. Package C4 on the Central Wanchai Bypass, also in joint venture, is progressing well. All other projects including those of the building division are proceeding satisfactorily.

In Annual Report 2010, we stated that we expect the construction market in Hong Kong to remain buoyant for at least the coming five to seven years. This continues to be our view as evidenced by the many projects that commenced last year and to date this year and also the many projects that are in an advanced stage of planning and design. In the financial year 2010-11, the Government's total expenditure on capital works was circa HK\$50 billion (compared with \$20.5 billion in 2007-08). This is expected to increase to over HK\$58 billion in 2011-12.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS (Continued)

Hong Kong (Continued)

With the recent commencement of the South Island Line by the MTRC, four new railway lines are now under construction. The first phase of the fifth, the Shatin to Central Line is likely to start early next year. This will be the section from Tai Wai to Hung Hom. The construction of the Hong Kong Section of the Hong Kong-Zhuhai-Macao Bridge will also start next year.

The proposed Tuen Mun Western Bypass and the Tuen Mun-Chek Lap Kok Link together with the Tseung Kwan O Cross Bay Link and Tseung Kwan O and Lam Tin Tunnel are all planned to start in 2013. The Airport Authority is currently carrying out a public consultation for their Master Plan 2030.

The challenge in front of us now is not only to expand our turnover and secure a good order book, but also to be able to ensure delivery of all projects on time and within budget. The current resources available in the market will be unable to cope with the anticipated demand. The rapid increase in works volume coupled with the weak US dollar have pushed the local construction costs up significantly. In the first five months of 2011, the government construction indices for major materials have generally risen by more than 5% and we anticipate this rising trend will continue, albeit may be not at the same pace. Staff costs and labour wages have also increased significantly during the same period.

Other challenges that the industry is facing is the rapidly aging work force, the lack of skilled labour and the lack of front line supervision. Notwithstanding that the Government has been working closely with the Construction Industry Council on programmes to attract and train more skilled labour to meet the expected demands, such labour will need time to acquire the necessary experience to be productive on site. Hence, the effect of generic training to tackle the problems will not be prominent until a few years later. For our part, we have stepped up our labour training on site.

Shortage of experienced staff is also a problem for the industry and, as stated above, this is already reflected in salary increases. To counter this shortfall, we have been proactively recruiting from overseas and as well as increasing training for existing staff.

Our tendering strategy will continue to focus on those projects where we believe we have an edge and which have a price fluctuation clause. We will also bid with sensible margins and with the aim of achieving a positive cashflows. To put us in a better competing position, we have re-structured our estimating team and strengthened our engineering team to cope with the market expectations where more emphasis is being placed on technical excellence.

The outlook for the group's construction operations in Hong Kong is promising. With the current order book and the many new projects that will be launched gradually in the next 7-10 years, we will aim to sustain an annual growth in the next 5-7 years, if not longer.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS (Continued)

Middle East – United Arab Emirates (“UAE”)

The general market sentiment has not yet improved. Despite the slow down during the first half of 2011, our share of the joint venture with Arabian Construction Company recorded an increase of turnover of 18% to HK\$68 million. Together with the plant hire operation, the Group generated a profit of HK\$11 million for the first half of 2011 compared with HK\$23 million for the corresponding period of 2010.

Currently, there are two projects in progress, the main one being the marine reclamation project for the new Presidential Palace in Abu Dhabi awarded late last year. This is progressing well and is targeted to complete early 2012. We expect this tough market environment will however persist but in medium term we are optimistic as we believe the planned infrastructure works will eventually be pushed forward. Hence, we will continue to maintain our core team of professional staff in the UAE and we will be actively searching for new projects.

PRC

The operation of the sewage treatment plant in Wuxi City was within budget with the operational income and profit for the first half of 2011 increased by 33% and 50% respectively, compared with the corresponding period of 2010. This was a result of steadily increasing volume of sewage treated. During the period, the average volume has already exceeded 30,000 tonnes per day. As the current design capacity is 35,000 tonnes per day, we may consider a further extension in 2012 to expand the plant capacity to 50,000 tonnes per day. Further, we are continuing to pursue a rise in the treatment fee in line with inflation and as provided in the contract.

Leveraging on the experience of this project, we are positive about the prospect of further investment in environmental projects in China and are actively seeking opportunities in this sector.

Employees and Remuneration Policies

At 30 June 2011, the Group had a total of 862 employees and total remuneration for the six months ended 30 June 2011 was approximately HK\$117 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.

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2011, the Group had liquid assets of HK\$76 million (at 31 December 2010: HK\$52 million) comprising held-for-trading investments of HK\$25 million (at 31 December 2010: HK\$25 million) and bank balances and cash of HK\$51 million (at 31 December 2010: HK\$27 million).

At 30 June 2011, the Group had a total of interest bearing borrowings of HK\$37 million (at 31 December 2010: HK\$63 million) with following maturity profile:

	At 30 June 2011	At 31 December 2010
	HK\$'million	HK\$'million
Borrowings due within one year	14	36
Borrowings due in the second year	23	13
Borrowings due in the third to fifth year inclusive	—	14
	37	63

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

At 30 June 2011, total equity was HK\$260 million comprising ordinary share capital of HK\$124 million, reserves of HK\$120 million and non-controlling interests of HK\$16 million.

At 30 June 2011, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 14% (at 31 December 2010: 27%).

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Pledge of Assets

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

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

At 30 June 2011, the Group had pledged certain motor vehicles with an aggregate carrying value of HK\$6,000 (at 31 December 2010: HK\$53,000) to secure bank loans granted to the Group.

Contingent Liabilities

	At 30 June 2011 HK\$'million	At 31 December 2010 HK\$'million
Outstanding tender/performance/retention bonds in respect of construction contracts	155	201

Disclosure of Interests

DIRECTORS' INTERESTS

As at 30 June 2011, 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 on the Stock Exchange (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	122,675,228 (Note)	—	9.88
Chang Kam Chuen, Desmond	Personal	1,000,000 (Note)	—	0.08
David Howard Gem	Personal	500,000 (Note)	—	0.04
Cheng Chi Pang, Leslie	Personal	1,170,000 (Note)	—	0.09

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

Disclosure of Interests

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	185,557,078 (Note 1)	–	23.40
		Personal	770,000 (Notes 2 & 3)	–	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
Cheng Chi Pang, Leslie	Wai Kee	Personal	330,000 (Notes 2 & 3)	–	0.04

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Long position in the underlying shares of 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.
3. Share options expired on 8 July 2011.

Save as disclosed above, as at 30 June 2011, 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.

Disclosure of Interests

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 2011, 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 30.6.2011
				Balance at 1.1.2011	Granted during the period	Exercised during the period	Lapsed during the period	
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				1,100,000	-	-	-	1,100,000

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

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

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, 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 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 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	635,415,033 (Note)	51.17	—	—
Wai Kee (Zens) Holding Limited ("Wai Kee (Zens)") (Note (b))	Corporate	635,415,033 (Note)	51.17	—	—
Wai Kee (Note (c))	Corporate	635,415,033 (Note)	51.17	—	—
Vast Earn Group Limited (Note (d))	Personal/Beneficiary	67,404,052 (Note)	5.43	—	—
NWS Service Management Limited (incorporated in the British Virgin Islands) (Note (e))	Corporate	67,404,052 (Note)	5.43	—	—
NWS Service Management Limited (incorporated in the Cayman Islands) (Note (f))	Corporate	67,404,052 (Note)	5.43	—	—
NWS Holdings Limited (Note (g))	Corporate	67,404,052 (Note)	5.43	—	—
New World Development Company Limited (Note (h))	Corporate	67,404,052 (Note)	5.43	—	—
Chow Tai Fook Enterprises Limited (Note (i))	Corporate	67,404,052 (Note)	5.43	—	—
Centennial Success Limited (Note (j))	Corporate	67,404,052 (Note)	5.43	—	—
Cheng Yu Tung Family (Holdings) Limited (Note (k))	Corporate	67,404,052 (Note)	5.43	—	—

Disclosure of Interests

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 2011, 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.

Other Information

DISCLOSURES 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.

Revolving Loan Facility of HK\$20,000,000

On 26 January 2010, Leader Civil Engineering Corporation Limited ("Leader Civil", a wholly-owned subsidiary of the Company) was granted a one-year term revolving loan facility up to HK\$20,000,000 (the "Banking Facility I").

Throughout the life of the Banking Facility I, Wai Kee is required to maintain not less than 50% shareholding in the Company. Accordingly, this disclosure is made pursuant to Rules 13.18 and 13.21 of the Listing Rules.

Revolving Loan and Trade Finance Facility of HK\$20,000,000

On 11 October 2010, the Company as the borrower executed a facility letter issued by a bank. The bank had agreed to grant the Company a facility comprising revolving loan and trade finance up to an overall limit of HK\$20,000,000 (the "Banking Facility II"). The life of the Banking Facility II is not specified and the repayment is on demand and subject to annual review.

For so long as the Banking Facility II is made available to the Company, Wai Kee is required to maintain at least 35% shareholding in the Company. Accordingly, the disclosure is made pursuant to Rules 13.18 and 13.21 of the Listing Rules.

Term Loan Facility of HK\$25,000,000

On 16 November 2010, the Company as a guarantor executed a guarantee in favour of a bank. The bank had agreed to grant Leader Civil a term loan facility up to HK\$25,000,000 (the "Banking Facility III") which will mature in 30 months from 16 November 2010 being the date of a loan agreement entered into between Leader Civil and the bank.

Throughout the life of the Banking Facility III, Wai Kee is required to maintain at least 50% shareholding in the Company. Accordingly, the disclosure is made pursuant to Rules 13.18 and 13.21 of the Listing Rules.

Save as disclosed above, as at 30 June 2011, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

Other Information

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 information for the six months ended 30 June 2011.

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 Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2011.

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 2011, 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 of the Directors 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 the former Vice Chairman and Executive Director. Following his 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.

Other Information

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2011.

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, 16 August 2011

Report on Review of Interim Financial Information



德勤·關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

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 17 to 31, which comprises the condensed consolidated statement of financial position of Build King Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as of 30 June 2011 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The 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

16 August 2011

Condensed Consolidated Income Statement

For the six months ended 30 June 2011

	Notes	Six months ended 30 June	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Revenue	3	440,525	346,234
Cost of sales		(389,956)	(323,557)
Gross profit		50,569	22,677
Other income	5	8,158	12,881
(Decrease) increase in fair value of held-for-trading investments		(5,321)	1,025
Administrative expenses		(45,377)	(44,230)
Finance costs	6	(1,251)	(953)
Share of results of jointly controlled entities		11,318	31,813
Share of results of associates		(49)	(479)
Profit before tax	7	18,047	22,734
Income tax expense	8	—	(56)
Profit for the period		18,047	22,678
Profit for the period attributable to:			
Owners of the Company		16,704	24,285
Non-controlling interests		1,343	(1,607)
		18,047	22,678
		HK cents	HK cents
Earnings per share	9		
— Basic		1.3	2.0

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Profit for the period	18,047	22,678
Other comprehensive income		
Exchange differences arising on translation of foreign operations	684	(427)
Reclassification adjustment upon disposal of a jointly controlled entity	—	(4,156)
Other comprehensive income (expense) for the period	684	(4,583)
Total comprehensive income for the period	18,731	18,095
Total comprehensive income for the period attributable to:		
Owners of the Company	17,334	19,682
Non-controlling interests	1,397	(1,587)
	18,731	18,095

Condensed Consolidated Statement of Financial Position

At 30 June 2011

	Notes	30 June 2011 (Unaudited) HK\$'000	31 December 2010 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	27,977	28,448
Intangible assets		65,877	65,826
Goodwill		30,554	30,554
Interests in jointly controlled entities		48,849	61,272
Available-for-sale investment	12	—	—
Other financial asset		52,815	52,381
		226,072	238,481
Current assets			
Amounts due from customers for contract work		94,469	66,493
Debtors, deposits and prepayments	13	252,395	256,840
Amounts due from fellow subsidiaries		670	631
Amounts due from associates		7,181	7,072
Amounts due from jointly controlled entities		27,761	17,035
Held-for-trading investments	14	24,535	24,915
Tax recoverable		32	—
Pledged bank deposit	20	6,195	19
Bank balances and cash		50,704	26,812
		463,942	399,817
Current liabilities			
Amounts due to customers for contract work		53,277	30,373
Creditors and accrued charges	15	271,776	247,836
Amount due to an intermediate holding company		15,208	14,065
Amount due to an associate		9,947	8,842
Amounts due to jointly controlled entities		2,917	2,782
Amounts due to non-controlling shareholders		3,469	3,094
Tax liabilities		193	193
Bank loans — due within one year	16	14,568	36,350
		371,355	343,535
Net current assets		92,587	56,282
Total assets less current liabilities		318,659	294,763
Capital and reserves			
Ordinary share capital	17	124,188	124,188
Reserves		120,204	102,870
Equity attributable to owners of the Company		244,392	227,058
Non-controlling interests		15,636	4,439
Total equity		260,028	231,497
Non-current liabilities			
Deferred tax liabilities	18	5,750	5,750
Obligations in excess of interests in associates	19	18,981	18,932
Amount due to an associate		7,244	8,172
Amount due to a jointly controlled entity		4,067	4,067
Bank loans — due after one year	16	22,589	26,345
		58,631	63,266
		318,659	294,763

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Ordinary share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000 (Note)	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Attributable to owners of the Company HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2010 (audited)	93,141	–	9,321	(63,141)	4,290	107,124	150,735	5,952	156,687
Profit for the period	–	–	–	–	–	24,285	24,285	(1,607)	22,678
Exchange differences arising on translation of foreign operations	–	–	(447)	–	–	–	(447)	20	(427)
Reclassification adjustment upon disposal of a jointly controlled entity	–	–	(4,156)	–	–	–	(4,156)	–	(4,156)
Total comprehensive (expense) income for the period	–	–	(4,603)	–	–	24,285	19,682	(1,587)	18,095
Issue of ordinary shares pursuant to an open offer	31,047	15,523	–	–	–	–	46,570	–	46,570
Shares issue expenses	–	(1,300)	–	–	–	–	(1,300)	–	(1,300)
At 30 June 2010 (unaudited)	124,188	14,223	4,718	(63,141)	4,290	131,409	215,687	4,365	220,052
At 1 January 2011 (audited)	124,188	14,186	11,259	(63,141)	4,290	136,276	227,058	4,439	231,497
Profit for the period	–	–	–	–	–	16,704	16,704	1,343	18,047
Exchange differences arising on translation of foreign operations	–	–	630	–	–	–	630	54	684
Total comprehensive income for the period	–	–	630	–	–	16,704	17,334	1,397	18,731
Capital contribution from a non-controlling interest upon the formation of a subsidiary	–	–	–	–	–	–	–	9,800	9,800
At 30 June 2011 (unaudited)	124,188	14,186	11,889	(63,141)	4,290	152,980	244,392	15,636	260,028

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2011

	Six months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash from (used in) operating activities	33,421	(34,817)
Investing activities		
Dividends from held-for-trading investments	690	911
Distribution of profits from jointly controlled entities	23,741	22,035
Advances to jointly controlled entities	(4,690)	(44,114)
Increase in pledged bank deposit	(6,176)	(129)
Advances to associates	(110)	(52)
Purchase of property, plant and equipment	(769)	(3,459)
Proceeds from disposal of property, plant and equipment	98	—
Proceeds from disposal of a jointly controlled entity	—	21,723
Net cash from (used in) investing activities	12,784	(3,085)
Financing activities		
(Repayment to) advances from fellow subsidiaries	(39)	17
Advance from (repayment to) intermediate holding company	1,143	(1,324)
Advances from non-controlling interests	375	—
Repayment of bank loans	(25,538)	(24,538)
Interest paid	(1,073)	(796)
New bank loans raised	—	36,000
Ordinary share dividend paid to an intermediate holding company	—	(22,000)
Preference share dividend paid to immediate holding company	—	(1,224)
Proceeds from issue of ordinary shares	—	46,570
Shares issue expenses	—	(1,300)
Capital contribution from a non-controlling interest upon the formation of a subsidiary	2,800	—
Net cash (used in) from financing activities	(22,332)	31,405
Net increase (decrease) in cash and cash equivalents	23,873	(6,497)
Cash and cash equivalents at beginning of the period	26,812	20,687
Effect of foreign exchange rate changes, net	19	489
Cash and cash equivalents at end of the period, represented by	50,704	14,679
Bank balances and cash	50,704	21,910
Bank overdrafts	—	(7,231)
	50,704	14,679

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

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.

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

2. 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 and methods of computation 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 2010 except as described below.

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

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

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

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

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

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

² Effective for annual periods beginning on or after 1 January 2013.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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

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

The directors of the Company anticipate that the application of the other new or revised standards and interpretations will not have material impact on the results and the financial position of the Group.

3. REVENUE

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

4. SEGMENTAL INFORMATION

The Group is mainly engaged in civil engineering work. 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, the People's Republic of China ("PRC") and the Middle East. The Group's reportable segments under HKFRS 8 are as follows:

Six months ended 30 June 2011

	Hong Kong HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Results				
Group revenue	416,688	7,060	16,777	440,525
Share of revenue of jointly controlled entities	167,979	—	67,651	235,630
Segment revenue	584,667	7,060	84,428	676,155
Group results	14,854	2,449	1,018	18,321
Share of results of jointly controlled entities	1,578	—	9,740	11,318
Segment profit	16,432	2,449	10,758	29,639
Unallocated corporate expenses				(5,661)
Dividends from held-for-trading investments				690
Decrease in fair value of held-for-trading investments				(5,321)
Share of results of associates				(49)
Finance costs				(1,251)
Profit before tax				18,047

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

4. SEGMENTAL INFORMATION (Continued)

Six months ended 30 June 2010

	Hong Kong HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Results				
Group revenue	336,954	5,304	3,976	346,234
Share of revenue of jointly controlled entities	28,149	—	57,339	85,488
Segment revenue	365,103	5,304	61,315	431,722
Group results	441	4,671	(6,432)	(1,320)
Share of results of jointly controlled entities	2,436	—	29,377	31,813
Segment profit	2,877	4,671	22,945	30,493
Unallocated corporate expenses				(8,263)
Dividends from held-for-trading investments				911
Increase in fair value of held-for-trading investments				1,025
Share of results of associates				(479)
Finance costs				(953)
Profit before tax				22,734

There are no inter-segment sales for both periods.

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

Segment profit 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.

5. OTHER INCOME

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Other income includes:		
Service income from jointly controlled entities	6,448	7,670
Gain on disposal of property, plant and equipment	25	—
Dividends from held-for-trading investments	690	911
Interest on bank deposits	6	5
Interest on other financial asset	718	704
Gain on disposal of a jointly controlled entity (Note)	—	3,042

Note: On 25 February 2010, the Group entered into a sale and purchase Agreement ("S&P Agreement") to dispose of the Group's entire interest in China Railway Tenth Group Third Engineering Co., Ltd., an equity joint venture established in the PRC to third parties for a consideration of RMB19,080,000 (equivalent to approximately HK\$21,723,000). Details of the disposal were set out in the Company's Announcement and Notices — Disclosable Transactions dated 25 February 2010. The Group had reported a gain on disposal of the joint venture of HK\$3,042,000 during the last period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

6. FINANCE COSTS

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	1,073	544
Interest bearing amount due to an associate	—	71
Interest bearing loans from a director	—	181
Imputed interest expense on non-current interest free amount due to an associate	178	157
	1,251	953

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Profit before tax has been arrived at after charging (crediting):		
Amortisation of intangible assets	611	—
Depreciation of property, plant and equipment	8,170	4,271
Share of income tax credit of jointly controlled entities (included in share of results of jointly controlled entities)	(53)	(62)

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Current tax:		
Hong Kong	—	—
Under(over)provision in prior years:		
Hong Kong	—	317
Other jurisdictions	—	(261)
	—	56

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period attributable to the owners of the Company and earnings for the purpose of basic earnings per share	16,704	24,285
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,241,878	1,198,325

The weighted average number of shares for the purpose of calculating basic earnings per share for the last period had been adjusted for the effect of bonus element in connection to the open offer (see note 17) completed in February 2010.

The Company has no potential dilutive ordinary shares outstanding during both periods.

10. DIVIDEND

No interim dividend is paid, declared or proposed during the period.

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$769,000 (six months ended 30 June 2010: HK\$3,459,000) on additions to property, plant and equipment. In addition, a non-controlling interest has injected property, plant and equipment of HK\$7,000,000 as part of the capital injection upon the formation of a new subsidiary.

The Group has pledged certain motor vehicles with an aggregate carrying value of HK\$6,000 (31 December 2010: HK\$53,000) to secure bank loans.

12. AVAILABLE-FOR-SALE INVESTMENT

	30 June	31 December
	2011	2010
	HK\$'000	HK\$'000
Unlisted equity securities, at cost	800	800
Less: Impairment loss recognised	(800)	(800)
	—	—

The unlisted investment represents investment in unlisted equity securities issued by private entity incorporated in the PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

13. DEBTORS, DEPOSITS AND PREPAYMENTS

The following is an aged analysis of trade receivables net of allowances for doubtful debts presented based on the invoice date at the end of the reporting period:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade debtors analysed by age:		
0 to 60 days	139,690	162,520
Over 90 days	9,578	1,090
	149,268	163,610
Retention receivables	52,656	52,193
Other debtors, deposits and prepayments	50,471	41,037
	252,395	256,840
Retention receivables		
Due within one year	22,798	26,079
Due more than one year	29,858	26,114
	52,656	52,193

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.

14. HELD-FOR-TRADING INVESTMENTS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Held-for-trading investments stated at fair value:		
— Equity securities listed in Hong Kong	24,291	24,874
— Equity securities listed in the United States of America	244	41
	24,535	24,915

At 30 June 2011, certain equity securities with market value of HK\$17,790,000 (31 December 2010: HK\$21,150,000) were pledged to a bank to secure general banking facilities granted to the Group. 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. In relation to the pledge of equity securities, the bank also requires certain subsidiaries of the Company that are entitled to the bank facilities to provide cross guarantee to the bank.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

15. CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade creditors analysed by age:		
0 to 60 days	44,847	54,608
61 to 90 days	2,094	2,824
Over 90 days	2,609	4,745
	49,550	62,177
Retention payables	47,964	43,435
Accrued project costs	135,528	113,023
Other creditors and accrued charges	38,734	29,201
	271,776	247,836
Retention payables		
Repayable within one year	24,197	38,835
Repayable more than one year	23,767	4,600
	47,964	43,435

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

16. BANK LOANS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
The maturity of bank loans is as follows:		
Within one year	14,568	36,350
In the second year	22,589	12,595
In the third to fifth year inclusive	—	13,750
	37,157	62,695
Less: Amount due within one year shown under current liabilities	(14,568)	(36,350)
Amount due after one year	22,589	26,345
Secured	25,007	50,069
Unsecured	12,150	12,626
	37,157	62,695

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

16. BANK LOANS (Continued)

As at 30 June 2010, 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\$3,239,000 (31 December 2010: HK\$3,831,000) have been classified as current liabilities.

As at the end of the reporting period, the Group has undrawn borrowing facilities of HK\$103,005,000 (31 December 2010: HK\$78,110,000).

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

17. ORDINARY SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each At 1 January 2010, 31 December 2010 and 30 June 2011	1,700,000,000	170,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each At 1 January 2010	931,408,494	93,141
Issue of shares	310,469,498	31,047
At 31 December 2010 and 30 June 2011	1,241,877,992	124,188

On 10 February 2010, the Company raised approximately HK\$46.6 million before expenses for general working capital of the Group, by way of issuing 310,469,498 shares of HK\$0.1 each at the subscription price of HK\$0.150 per share on the basis of one offer share for every three shares held on 15 January 2010, the record date of the open offer.

Details of the open offer of shares were set out in the circular of the Company dated 18 January 2010.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

18. 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.

19. OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Cost of investment in unlisted associates	4	4
Share of post-acquisition losses (note)	(18,985)	(18,936)
	(18,981)	(18,932)

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

20. PLEDGE OF ASSETS

Other than disclosed in notes 11, 14 and 16, as at 30 June 2011 bank deposit amounting to HK\$6,195,000 (31 December 2010: HK\$19,000) of the Group was pledged to a bank for securing the banking facilities granted to the Group.

21. CONTINGENT LIABILITIES

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	154,796	201,429

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2011

22. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2011 HK\$'000	2010 HK\$'000
Intermediate holding company		
Corporate guarantee fee expense	176	313
Fellow subsidiary		
Purchase of construction materials	164	—
Jointly controlled entities		
Service income	6,448	7,670
Construction contract revenue	27,389	—
Associate		
Interest expense	—	71
Director		
Interest expense	—	181
Compensation of key management personnel		
Short-term employee benefits	6,671	5,440
Post-employment benefits	360	270
	7,031	5,710

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

At 30 June 2011, Wai Kee provided corporate guarantees amounting to HK\$25,000,000 (31 December 2010: HK\$45,000,000) to a bank to secure the general banking facilities granted to the Group.

At 30 June 2011 and 31 December 2010, 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 (the "JCE") with a carrying value of HK\$1,807,000 (31 December 2010: HK\$1,807,000) for the site formation of Zhejiang Shenjiawan — Zhongmentong. 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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Chang Kam Chuen, Desmond

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Reed Smith Richards Butler
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
CITIC Bank International Limited
Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Units 601-605A, 6th Floor, Tower B
Manulife Financial Centre
223 Wai Yip Street
Kwun Tong, Kowloon
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

