

TOLL ROAD

**PROPERTY
DEVELOPMENT**

CONSTRUCTION

**CONSTRUCTION
MATERIALS**

QUARRYING



Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

INTERIM REPORT 2017

CONTENTS

	<i>Page</i>
Interim Results Highlights	2
Business Review and Future Outlook	3
Financial Review	8
Dividend	10
Disclosure of Interests	11
Corporate Governance	16
Other Information	17
Report on Review of Condensed Consolidated Financial Statements	20
Condensed Consolidated Statement of Profit or Loss	21
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	22
Condensed Consolidated Statement of Financial Position	23
Condensed Consolidated Statement of Changes in Equity	25
Condensed Consolidated Statement of Cash Flows	26
Notes to the Condensed Consolidated Financial Statements	27
Corporate Information	40

Interim Results Highlights

The board of directors (the “Board”) of Wai Kee Holdings Limited (the “Company”) announces the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2017.

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue	HK\$2,921 million
Profit attributable to owners of the Company	HK\$135 million
Basic earnings per share	HK17.06 cents
Interim dividend per share	HK3.8 cents
Equity attributable to owners of the Company per share	HK\$7.58

Business Review and Future Outlook

BUSINESS REVIEW

For the six months ended 30th June, 2017, the Group's revenue was HK\$2,921 million (six months ended 30th June, 2016: HK\$2,473 million), generating an unaudited profit attributable to owners of the Company of HK\$135 million (six months ended 30th June, 2016: HK\$152 million), a decrease of 11% as compared with that of 2016.

Toll Road and Property Development

For the six months ended 30th June, 2017, the Group shared a profit of HK\$116 million (six months ended 30th June, 2016: HK\$88 million) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this report, the Group holds 40.73% interest in Road King.

During the six months ended 30th June, 2017, the Group purchased 700,000 (six months ended 30th June, 2016: 3,469,000) ordinary shares in Road King at an aggregate consideration below the additional net assets value shared by the Group and hence recognised an aggregate discount of HK\$5 million (six months ended 30th June, 2016: HK\$40 million) on acquisition of additional interest in Road King. On the other hand, Road King issued 5,600,000 (six months ended 30th June, 2016: nil) ordinary shares upon exercise of share options granted to the directors and employees of Road King under the share option schemes of Road King. As the shares were issued at exercise prices lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK\$24 million (six months ended 30th June, 2016: nil) on deemed disposal of partial interest in Road King. As a result, the net effect of the aforesaid transactions decreased the Group's interest in Road King by 0.21% for the six months ended 30th June, 2017 (six months ended 30th June, 2016: increased by 0.47%).

For the six months ended 30th June, 2017, Road King recorded an unaudited profit attributable to its owners of HK\$284 million (six months ended 30th June, 2016: HK\$218 million), an increase of 30% as compared with that of 2016.

The toll revenue and the average daily traffic volume of the expressway toll road projects of Road King reached RMB1,272 million and 220,000 vehicles in the first half of the year, represented an increase of approximately 17% and 13% respectively as compared with the corresponding period of last year. In the first half of 2017, Road King received cash distribution from the toll road joint ventures, including the repayment of shareholders' loans, which amounted to HK\$390 million, representing an increase of 56% compared to the corresponding period of last year.

The property market of the PRC was thriving in the first half of 2017, together with the dedication of the management team, the property sales of Road King continued to deliver outstanding results and achieved RMB15,874 million (including joint venture projects) in the first half of 2017, representing an increase of approximately 51% comparing to the corresponding period of last year, in which the contracted sales and the outstanding subscribed sales were approximately RMB13,846 million and RMB2,028 million respectively.

As of the date of this report, Road King, in 2017, acquired eight pieces of land through listing-for-sale, equity acquisition and cooperation for residential developments as well as property development rights, with an aggregate floor area of 801,000 sqm. At 30th June, 2017, Road King's land reserve was over 7,200,000 sqm, in which the total area pre-sold but yet to be delivered was about 1,245,000 sqm.

For the toll road business, the toll revenue will increase steadily with the growth of the PRC's economy. Leveraging on the experience accumulated over the past two decades, Road King's toll road business will maintain steady operation and development and continue to provide steady cash flows for Road King.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Toll Road and Property Development (Cont'd)

For the property development business, Road King is optimistic about the outlook of the property markets in the PRC and Hong Kong. In addition to the continuous expansion of the property business in the PRC, Road King will keep capturing suitable opportunities for developing the property business in Hong Kong.

Construction

For the six months ended 30th June, 2017, the Group shared a profit of HK\$43 million (six months ended 30th June, 2016: HK\$30 million) from Build King Holdings Limited ("Build King"), the construction arm of the Group. As of the date of this report, the Group holds 55.60% interest in Build King.

For the six months ended 30th June, 2017, Build King recorded revenue of HK\$2,730 million (six months ended 30th June, 2016: HK\$2,254 million) and an unaudited profit attributable to its owners of HK\$81 million (six months ended 30th June, 2016: HK\$56 million), an increase of 43% as compared with that of 2016. This comprises profit of HK\$69 million (six months ended 30th June, 2016: HK\$58 million) from construction operation and profit of HK\$12.2 million (six months ended 30th June, 2016: loss of HK\$1.8 million) from investment in listed securities.

The significant increase of turnover was in line with Build King management's forecast as the contract on hand had been increasing for the past three years; the improvement of the net profit was derived from not only the increasing turnover but also the gross margin maintained at approximately 8% which was comparable with the last year, and growth of the administrative expenses controlled at approximately 5%.

As of the date of this report, the total outstanding values of contract on hand are HK\$10.2 billion, reducing from HK\$12 billion as reported in Annual Report 2016 even though Build King successfully secured eight medium size projects of total value of HK\$901 million in the first half of this year.

As Build King has anticipated, with the several railways of MTRC and major works for the Government approaching completion, the industry is now suffering from the lack of sizable projects. It has been observed that some competitors bidding with extremely low margin. This cut-throat pricing, however, is not Build King's strategy. Build King is maintaining its competitiveness without sacrificing the margin through tightening cost controls, improving operation efficiency and providing cost-effective engineering solutions to its clients.

The sewage treatment plant at Wuxi City maintained its average volume of treated sewage at 40,000 tons per day and continued to contribute steady income and profit to Build King. Its investment in the heat supply company in Dezhou also generated a satisfactory return as budgeted.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Construction Materials

For the six months ended 30th June, 2017, the construction materials division recorded revenue of HK\$269 million (six months ended 30th June, 2016: HK\$305 million) and a net loss of HK\$15 million (six months ended 30th June, 2016: net profit of HK\$5 million).

The overall results of the construction materials division turned from profit to loss as compared with that of last year and was due to the operating losses of concrete and asphalt plants at Lam Tei Quarry, which offset the positive results of the division.

Due to significant drop in concrete prices since the second half of 2016 and the scale of operation of the concrete batching facilities at Lam Tei Quarry still has not yet reached its full capacity, the profit margin generated therefrom is not able to absorb the operating costs and the fixed costs of the concrete batching facilities incurred at Lam Tei Quarry.

The operation of the asphalt facilities at Lam Tei Quarry commenced in February 2017 after prolonged establishment time and compliance with stringent environmental requirements. As a new asphalt operator, it takes time to fill up the order book and promoting business in the asphalt industry. The main reason of the net loss recorded by the asphalt business was that the profit margin generated from the low turnover was not able to absorb the operating costs and the fixed costs that the asphalt facilities incurred.

For the concrete business, with most of the existing major projects completed in the first quarter of 2017 and replenishment of the order book is slower than expected coupled with severe competition due to the shrinking civil projects sector, the future outlook for the business remains tough.

For the asphalt business, we are focusing on increasing our order book and business promotion to obtain recognition from the customers. The operational team will work closely with customers to build up trust and establish the long-term business relationships.

The management continues to adopt prudent cost control measures and is committed to provide high quality of services to both our concrete and asphalt customers. The additional concrete batching facilities and asphalt facilities at Lam Tei Quarry will assist the division in achieving better geographic coverage and access to more market in supplying concrete and asphalt in the long run.

Quarrying

For the six months ended 30th June, 2017, the quarrying division recorded revenue of HK\$89 million (six months ended 30th June, 2016: HK\$94 million) and a net loss of HK\$8 million (six months ended 30th June, 2016: HK\$8 million).

In the first half of 2017, the overall results of the quarrying division recorded similar figure of net loss as that of last year. Despite the crushing facilities at Lam Tei Quarry commenced operation in mid-2016, the thin profit margin as a result of the lower sales volume than expected, both to the Group's construction materials division and outside customers, coupled with the decline in selling prices of aggregates due to severe competition in the market, the result was still in a loss position. By the same token, the decline in aggregate prices turned the operation at Niu Tou Island from net profit in 2016 to net loss in 2017.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Quarrying (Cont'd)

Management anticipates that the keen competition will continue in near future and that both sales volume and selling price of aggregates will remain in a comparatively low level in the second half year. As such, cost control measures have been exercised to minimize the cost of aggregates. Nevertheless, Lam Tei Quarry has the geographic and synergy advantages to the Group's construction and construction materials divisions in the coming years.

Property Funds

The Group holds 34.6% interest in Grand China Cayman Investors III, Limited ("Grand China Fund") which indirectly holds 39.9% interest in a US company ("US Company I"). Following the completion of sale of two residential rental properties and cash distribution in 2016, US Company I currently holds a property portfolio comprising of seven residential rental properties in Houston. The purchase and sale agreement to dispose of another two residential rental properties have been signed in May 2017 and completed in June 2017. For the six months ended 30th June, 2017, the occupancy rates of the remaining seven properties were around 94% on average and the Group shared profit of HK\$3 million.

The Group holds 30% interest in Elite International Investment Fund I LP which indirectly holds 75% interest in another US company ("US Company II"). The sale of the entire 7-storey complex in Los Angeles was completed in June 2017. For the six months ended 30th June, 2017, the Group shared profit and received cash distributions of US\$2.8 million and of US\$10 million respectively. The liquidation of the Elite International Investment Fund I LP is in process.

The Group holds 10% interest in Grand China Overseas Investment Fund, Ltd. and Grand China Overseas Investment Management Co., Ltd. (collectively "GCOI Fund"). GCOI Fund is a fund of funds which in turn invested in a couple of sub-funds. Each sub-fund will focus on a unique property project in the USA. GCOI Fund invested three property development projects and one property re-development project in 2015, invested another four projects in 2016 and two more projects in the first half of 2017.

Talent Set Global Limited ("Talent Set"), a wholly owned subsidiary of the Company, holds 30% effective interest in the Sunnyvale project by an investment amount of US\$57 million, in forms of equity and shareholder's loan, in a US investment company which made capital contribution to another US company (the "Project Company") for the development of three-storeyed town houses in three lots of land of 25.2 acres. Landsea Holdings Corporation ("LHC"), a wholly owned subsidiary of Landsea Green Properties Co., Ltd., holds the remaining 70% effective interest in the Sunnyvale project. Repayment of shareholder's loan together with loan interest of total amount US\$38 million has been received by Talent Set in the fourth quarter of 2016. In April 2017, the Project Company has completed to sell one of the three lots of land at a consideration of US\$63 million and distribute US\$13 million, being the partial repayment of shareholder's loan and the accrued loan interest, to Talent Set. Together with US\$38 million received in fourth quarter of 2016, Talent Set has totally received US\$51 million from its investment in the project.

FUTURE OUTLOOK

With the contracts on hand, it is expected that the performance of the construction division will maintain strong in the second half of the year.

It has been observed that there is still no improvement in the market prices for the concrete following the significant drop in the second half of 2016. Coupled with the shrinkage of civil projects sector, the operators in the concrete industry face severe challenging times ahead. However, the commencement of operation of asphalt facilities at Lam Tei Quarry in the first quarter of 2017 is expected to alleviate part of the negative impact on the overall performance of the construction materials division. Given the challenges ahead, the Group continues to implement cost control measures to strengthen our competitiveness.

The performance of the property funds in 2017 has been in line with budget. The Group continues to monitor closely the performance of its property funds and to look for new property fund investment opportunities in the USA.

We will keep looking for investment opportunities that enhance the sustainable growth of the Group.

Financial Review

LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings increased from HK\$991 million to HK\$1,030 million with the maturity profile summarised as follows:

	30th June, 2017 HK\$'million	31st December, 2016 HK\$'million
Within one year	340	250
In the second year	247	170
In the third to fifth year inclusive	352	492
Over five years	91	79
	1,030	991
Classified under:		
Current liabilities (<i>note a</i>)	381	301
Non-current liabilities (<i>note b</i>)	649	690
	1,030	991

Notes:

- (a) At 30th June, 2017, bank loans that are repayable over one year after the end of the reporting period but contain a repayment on demand clause with an aggregate carrying amount of HK\$41 million (31st December, 2016: HK\$51 million) have been classified as current liabilities.
- (b) At 30th June, 2017, the amount included bonds with carrying amounts of HK\$128 million (31st December, 2016: HK\$128 million) carrying fixed coupon interest of 7% per annum and HK\$91 million (31st December, 2016: HK\$79 million) carrying fixed coupon interest of 5% per annum respectively.

During the period, the Group had no financial instruments for hedging purpose. At 30th June, 2017, apart from the bonds described above, the Group had no fixed-rate borrowings.

At 30th June, 2017, total amount of the Group's bank balances and cash was HK\$1,009 million (31st December, 2016: HK\$987 million), of which bank deposits amounting to HK\$0.07 million (31st December, 2016: HK\$0.1 million) were pledged to banks to secure certain general banking facilities granted to the Group. In addition, the Group has available unutilised bank and other borrowings facilities of HK\$565 million (31st December, 2016: HK\$570 million) and HK\$36 million (31st December, 2016: HK\$24 million) respectively.

For the six months ended 30th June, 2017, the Group recorded finance costs of HK\$32 million (six months ended 30th June, 2016: HK\$34 million).

LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

At 30th June, 2017, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK\$36 million (31st December, 2016: HK\$26 million), comprising equity securities listed in Hong Kong. For the six months ended 30th June, 2017, the Group recorded a net profit (net amount of change in fair value and dividend income) of HK\$12.2 million (six months ended 30th June, 2016: net loss of HK\$1.9 million) from these investments, of which net profit of HK\$12.2 million (six months ended 30th June, 2016: net loss of HK\$1.8 million) was derived from the securities invested by Build King.

The Group's borrowings, investments and bank balances are principally denominated in Hong Kong dollar, Renminbi and United States dollar. As a result, the Group is exposed to the currency risks for fluctuation in exchange rates of Renminbi and United States dollar. However, there is no significant exposure to foreign exchange rate fluctuations during the period. The Group will continue to monitor its exposure to the currency risks closely.

CAPITAL STRUCTURE AND GEARING RATIO

At 30th June, 2017, the equity attributable to owners of the Company amounted to HK\$6,008 million, representing HK\$7.58 per share (31st December, 2016: HK\$5,952 million, representing HK\$7.50 per share). Increase in equity attributable to owners of the Company was mainly attributable to share of translation reserves of associates and profit for the period less dividend paid during the period.

At 30th June, 2017, the gearing ratio, representing the ratio of interest bearing borrowings to equity attributable to owners of the Company, was 17.1% (31st December, 2016: 16.6%) and the net gearing ratio, representing the ratio of net borrowings (interest bearing borrowings less bank balances and cash) to equity attributable to owners of the Company, was 0.4% (31st December, 2016: 0.1%).

PLEDGE OF ASSETS

At 30th June, 2017, apart from the bank deposits pledged to secure certain general banking facilities granted to the Group, certain vessels and vessels under construction with an aggregate carrying value of HK\$196 million (31st December, 2016: nil) and the share of a subsidiary of the Company were pledged to secure certain bank loans and banking facilities granted to the Group. At 31st December, 2016, certain motor vehicles with an aggregate carrying value of HK\$3 million were also pledged to secure a bank loan granted to the Group.

CAPITAL COMMITMENTS

At 30th June, 2017, the Group committed capital expenditure contracted for but not provided in the Group's condensed consolidated financial statements of HK\$4 million (31st December, 2016: HK\$101 million) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

At 30th June, 2017, the Group had outstanding tender/performance/retention bonds in respect of construction contracts amounting to HK\$659 million (31st December, 2016: HK\$614 million).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3.8 cents (six months ended 30th June, 2016: HK3.3 cents) per ordinary share for the six months ended 30th June, 2017 to the shareholders of the Company whose names appear in the register of members of the Company on Wednesday, 6th September, 2017.

It is expected that the payment of the interim dividend will be made on or before Friday, 6th October, 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 5th September, 2017 to Wednesday, 6th September, 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 4th September, 2017.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2017, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange were as follows:

(I) The Company

Interests in shares

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital
		Long position <i>(note)</i>	Short position	
				%
Zen Wei Pao, William	Personal	192,381,843	–	24.26
Zen Wei Peu, Derek	Personal	185,557,078	–	23.40
Wong Che Ming, Steve	Personal	900,000	–	0.11

Note:

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

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations

Interests in shares

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued share capital
			Long position	Short position	
					%
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000 (note 1)	–	0.11 (note 2)
	Wai Kee (Zens) Construction & Transportation Company Limited (note 3)	Personal	2,000,000 (note 1)	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (note 1)	–	37.50
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	123,725,228 (note 1)	–	9.96
	Road King Infrastructure Limited	Personal	17,020,000 (note 1)	–	2.28 (note 4)
	Wai Kee (Zens) Construction & Transportation Company Limited (note 3)	Personal	2,000,000 (note 1)	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (note 1)	–	37.50
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000 (note 1)	–	0.09
	Road King Infrastructure Limited	Personal	205,000 (note 1)	–	0.03
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448 (note 1)	–	0.03

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. As at 30th June, 2017, the issued share capital of Build King was 1,241,877,992 shares. Accordingly, the percentage has been adjusted.
3. With effect from 29th February, 2016, the name of Wai Kee (Zens) Construction & Transportation Company Limited has been changed to Build King (Zens) Engineering Limited.
4. As at 30th June, 2017, the issued share capital of Road King was 745,536,566 shares. Accordingly, the percentage has been adjusted.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

Disclosure of Interests

SHARE OPTIONS

(I) The Company

A share option scheme (the "Share Option Scheme") was adopted by the Company at the annual general meeting held on 15th May, 2012. No options have been granted under the Share Option Scheme since its adoption.

(II) Associated Corporation

The share option scheme was adopted by Road King on 8th May, 2013 ("Road King Share Option Scheme"). As at 30th June, 2017, Road King has granted 3,500,000 share options under Road King Share Option Scheme to two existing Directors of the Company, all of those share options have been exercised.

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

Name of Director	Date of grant	Exercisable period	Exercise price	Number of share options			Weighted average closing price*	
				Balance at 1.1.2017	Granted during the period	Exercised during the period		
			HK\$				HK\$	
Zen Wei Peu, Derek	28th May, 2013	29th May, 2013 to 28th May, 2018	7.13	1,500,000	-	(1,500,000)	-	8.85
Total				1,500,000	-	(1,500,000)	-	

* This represents the weighted average closing price of the shares of Road King immediately before the date on which the share options were exercised.

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

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2017, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital
		Long position <i>(note 1)</i>	Short position	
				%
Cheng Yu Tung Family (Holdings) Limited <i>(note 2)</i>	Corporate	213,868,000	–	26.97
Cheng Yu Tung Family (Holdings II) Limited <i>(note 3)</i>	Corporate	213,868,000	–	26.97
Chow Tai Fook Capital Limited <i>(note 4)</i>	Corporate	213,868,000	–	26.97
Chow Tai Fook (Holding) Limited <i>(note 5)</i>	Corporate	213,868,000	–	26.97
Chow Tai Fook Enterprises Limited <i>(note 6)</i>	Corporate	213,868,000	–	26.97
New World Development Company Limited <i>(note 7)</i>	Corporate	213,868,000	–	26.97
NWS Holdings Limited <i>(note 8)</i>	Corporate	213,868,000	–	26.97
NWS Service Management Limited (incorporated in the Cayman Islands) <i>(note 9)</i>	Corporate	213,868,000	–	26.97
NWS Service Management Limited (incorporated in the British Virgin Islands) <i>(note 10)</i>	Corporate	213,868,000	–	26.97
Vast Earn Group Limited <i>(note 11)</i>	Beneficial owner	213,868,000	–	26.97

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
3. Cheng Yu Tung Family (Holdings II) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
4. Chow Tai Fook Capital Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Chow Tai Fook (Holding) Limited.
5. Chow Tai Fook (Holding) Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
6. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.
7. New World Development Company Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.
8. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands). Both Mr. Tsang Yam Pui and Mr. Cheng Chi Ming, Brian are executive directors of NWS Holdings Limited.
9. NWS Service Management Limited (incorporated in the Cayman Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the British Virgin Islands). Both Mr. Tsang Yam Pui and Mr. Cheng Chi Ming, Brian are directors of NWS Service Management Limited (incorporated in the Cayman Islands).
10. NWS Service Management Limited (incorporated in the British Virgin Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited. Both Mr. Tsang Yam Pui and Mr. Cheng Chi Ming, Brian are directors of NWS Service Management Limited (incorporated in the British Virgin Islands).
11. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands). Both Mr. Tsang Yam Pui and Mr. Cheng Chi Ming, Brian are directors of Vast Earn Group Limited.

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

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2017.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' Securities Transactions. All directors of the Company have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30th June, 2017.

Other Information

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2017.

AUDIT COMMITTEE

The Audit Committee has reviewed with management, internal auditor and external auditor the accounting policies adopted by the Group and the unaudited interim financial information for the six months ended 30th June, 2017.

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2017, the Group had 2,223 employees (31st December, 2016: 2,105 employees), of which 2,116 (31st December, 2016: 1,997) were located in Hong Kong, 106 (31st December, 2016: 107) were located in the PRC and 1 (31st December, 2016: 1) was located in UAE. For the six months ended 30th June, 2017, the Group's total staff costs were HK\$507 million (six months ended 30th June, 2016: HK\$475 million).

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

The emoluments of executive directors and senior management are determined by the Remuneration Committee with reference to salaries paid by comparable companies, their responsibilities, employment conditions and prevailing market conditions.

DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

On 15th February, 2016, Wai Kee Finance Limited, a wholly owned subsidiary of the Company, as borrower, the Company as guarantor and a bank as lender entered into a facility agreement in respect of HK\$380 million term loan facility (the "Facility") with final maturity date falling on 42 months from the first utilisation date of the Facility. Throughout the life of the Facility, (i) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek should be executive directors of the Company; and (ii) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek collectively own (directly or indirectly) at least 40% of beneficial shareholding interest in the issued share capital of the Company.

Save as disclosed above, as at 30th June, 2017, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

Other Information

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

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

Name of Director	Details of changes
Zen Wei Pao, William	Mr. Zen has been re-designated as the Co-Chairman of Road King Infrastructure Limited (Stock Code: 1098) with effect from 19th May, 2017.
Zen Wei Peu, Derek	Mr. Zen has been appointed as the Co-Chairman of Road King Infrastructure Limited (Stock Code: 1098) with effect from 19th May, 2017.
Tsang Yam Pui	Mr. Tsang's emolument for acting as a Non-executive Director of the Company has been revised from HK\$262,500 to HK\$273,000 per annum with effect from 18th August, 2017.
Cheng Chi Ming, Brian	Mr. Cheng's emolument for acting as a Non-executive Director of the Company has been revised from HK\$262,500 to HK\$273,000 per annum with effect from 18th August, 2017.
Wong Che Ming, Steve	Dr. Wong's emoluments for acting as an Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company have been revised from HK\$262,500 to HK\$273,000 per annum, from HK\$109,200 to HK\$113,600 per annum and from HK\$37,900 to HK\$39,500 per annum respectively with effect from 18th August, 2017.
Wan Siu Kau, Samuel	Mr. Wan's emoluments for acting as an Independent Non-executive Director, a member of the Audit Committee and the Chairman of the Remuneration Committee of the Company have been revised from HK\$262,500 to HK\$273,000 per annum, from HK\$109,200 to HK\$113,600 per annum and from HK\$55,000 to HK\$57,200 per annum respectively with effect from 18th August, 2017.
Wong Man Chung, Francis	Mr. Wong has been appointed as an independent non-executive director of China New Higher Education Group Limited (Stock Code: 2001) and Hilong Holding Limited (Stock Code: 1623) with effect from 20th March, 2017 and 24th March, 2017 respectively. His emoluments for acting as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company have been revised from HK\$262,500 to HK\$273,000 per annum, from HK\$123,600 to HK\$128,600 per annum and from HK\$37,900 to HK\$39,500 per annum respectively with effect from 18th August, 2017.

APPRECIATION

The Board would like to take this opportunity to extend its heartiest thanks to our shareholders, business partners, directors and our loyal and dedicated staff.

By Order of the Board
Zen Wei Pao, William
Chairman

Hong Kong, 18th August, 2017



TO THE BOARD OF DIRECTORS OF WAI KEE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Wai Kee Holdings Limited (the “Company”) and its subsidiaries set out on pages 21 to 39, which comprise the condensed consolidated statement of financial position as of 30th June, 2017 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The 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 these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with 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 these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

18th August, 2017

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2017

	Notes	Six months ended 30th June,	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	3	2,920,944	2,472,826
Cost of sales		(2,626,428)	(2,202,700)
Gross profit		294,516	270,126
Other income	5	33,797	23,168
Investment income, gains and losses	6	12,161	(1,925)
Selling and distribution costs		(38,851)	(37,151)
Administrative expenses		(206,176)	(173,512)
Finance costs	7	(32,465)	(33,574)
Share of results of associates		140,285	91,498
Share of results of joint ventures		2,703	–
Other gains and losses	8	(18,490)	40,254
Profit before tax	9	187,480	178,884
Income tax expense	10	(15,184)	(1,860)
Profit for the period		172,296	177,024
Profit for the period attributable to:			
Owners of the Company		135,297	151,908
Non-controlling interests		36,999	25,116
		172,296	177,024
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	12		
– Basic		17.06	19.15
– Diluted		17.04	19.15

Condensed Consolidated Statement of Profit or Loss and other Comprehensive Income

For the six months ended 30th June, 2017

	Six months ended 30th June,	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Profit for the period	172,296	177,024
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	4,539	(1,526)
Share of translation reserves of associates	50,682	(77,643)
Other comprehensive income (expense) for the period	55,221	(79,169)
Total comprehensive income for the period	227,517	97,855
Total comprehensive income for the period attributable to:		
Owners of the Company	188,421	73,486
Non-controlling interests	39,096	24,369
	227,517	97,855

Condensed Consolidated Statement of Financial Position

At 30th June, 2017

	<i>Notes</i>	30th June, 2017 (Unaudited) HK\$'000	31st December, 2016 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	659,684	558,789
Intangible assets		543,659	580,244
Goodwill		29,838	29,838
Interests in associates	14	5,502,189	5,569,562
Interests in joint ventures	15	74,768	58,518
Available-for-sale investments	16	109,215	109,215
Other financial asset		41,909	41,128
Loan and other receivables	17	12,156	108,258
Deposits paid for acquisition of property, plant and equipment		2,137	1,320
		6,975,555	7,056,872
Current assets			
Inventories		69,882	63,002
Amounts due from customers for contract work		335,597	324,351
Debtors, deposits and prepayments	18	1,774,693	1,463,404
Amounts due from associates		13,429	12,786
Amount due from a joint venture		321	321
Amounts due from other partners of joint operations		66,994	39,643
Tax recoverable		15,234	17,078
Held-for-trading investments	19	35,916	25,562
Pledged bank deposits	20	71	101
Bank balances and cash		1,008,559	986,452
		3,320,696	2,932,700
Current liabilities			
Amounts due to customers for contract work		521,911	637,795
Creditors and accrued charges	21	1,918,367	1,588,586
Amounts due to associates		17,392	16,400
Amount due to a joint venture		1,142	1,142
Amounts due to other partners of joint operations		64,880	70,795
Amounts due to non-controlling shareholders		3,359	3,359
Tax liabilities		30,656	22,648
Bank loans	22	380,846	301,011
Bank overdraft, unsecured		430	–
		2,938,983	2,641,736
Net current assets		381,713	290,964
Total assets less current liabilities		7,357,268	7,347,836

Condensed Consolidated Statement of Financial Position

At 30th June, 2017

	<i>Notes</i>	30th June, 2017 (Unaudited) HK\$'000	31st December, 2016 (Audited) HK\$'000
Non-current liabilities			
Payable for extraction right		372,265	386,495
Provision for rehabilitation costs		29,083	28,202
Deferred tax liabilities		5,750	5,750
Obligations in excess of interests in associates	14	16,409	16,208
Amount due to an associate		3,417	4,238
Bank loans	22	429,750	483,250
Bonds		219,087	206,580
		1,075,761	1,130,723
Net assets			
		6,281,507	6,217,113
Capital and reserves			
Share capital		79,312	79,312
Share premium and reserves		5,928,785	5,873,007
Equity attributable to owners of the Company		6,008,097	5,952,319
Non-controlling interests		273,410	264,794
Total equity			
		6,281,507	6,217,113

Condensed Consolidated Statement of Changes In Equity

For the six months ended 30th June, 2017

	Equity attributable to owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Special reserve	Asset revaluation reserve	Other reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January, 2016	79,312	731,906	683,638	(29,530)	2,319	(7,464)	4,238,653	5,698,834	200,912	5,899,746
Profit for the period	-	-	-	-	-	-	151,908	151,908	25,116	177,024
Other comprehensive expense for the period	-	-	(78,422)	-	-	-	-	(78,422)	(747)	(79,169)
Total comprehensive (expense) income for the period	-	-	(78,422)	-	-	-	151,908	73,486	24,369	97,855
Sub-total	79,312	731,906	605,216	(29,530)	2,319	(7,464)	4,390,561	5,772,320	225,281	5,997,601
Distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(8,797)	(8,797)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(462)	-	(462)	(5,054)	(5,516)
Dividend paid (note 11)	-	-	-	-	-	-	(75,347)	(75,347)	-	(75,347)
At 30th June, 2016 (unaudited)	79,312	731,906	605,216	(29,530)	2,319	(7,926)	4,315,214	5,696,511	211,430	5,907,941
At 1st January, 2017	79,312	731,906	369,785	(29,530)	2,319	(7,926)	4,806,453	5,952,319	264,794	6,217,113
Profit for the period	-	-	-	-	-	-	135,297	135,297	36,999	172,296
Other comprehensive income for the period	-	-	53,124	-	-	-	-	53,124	2,097	55,221
Total comprehensive income for the period	-	-	53,124	-	-	-	135,297	188,421	39,096	227,517
Sub-total	79,312	731,906	422,909	(29,530)	2,319	(7,926)	4,941,750	6,140,740	303,890	6,444,630
Distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(13,869)	(13,869)
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(1,778)	-	(1,778)	(16,611)	(18,389)
Dividend paid (note 11)	-	-	-	-	-	-	(130,865)	(130,865)	-	(130,865)
At 30th June, 2017 (unaudited)	79,312	731,906	422,909	(29,530)	2,319	(9,704)	4,810,885	6,008,097	273,410	6,281,507

Notes:

- (a) The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation in 1992.
- (b) The other reserve represents the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company regarding the changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2017

	Notes	Six months ended 30th June,	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net cash from (used in) operating activities		96,165	(94,289)
Investing activities			
Interest received		955	869
Dividends received from held-for-trading investments		1,807	1,175
Dividends received from associates		191,412	106,487
Proceeds from return of capital of associates		56,250	–
Proceeds from disposal of property, plant and equipment		1,295	1,135
Purchase of property, plant and equipment		(144,886)	(86,589)
Deposits paid for acquisition of property, plant and equipment		(817)	–
Acquisition of additional interest in an associate		(7,612)	(22,268)
Acquisition of interest in a joint venture		–	(40,956)
Cash contribution to a joint venture		(13,547)	–
Acquisition of available-for-sale investment		–	(66,539)
Advances of loan and other receivables		–	(379,458)
Settlement of loan and other receivables		101,463	2,284
Refundable deposit paid for subscription of shares	18	(88,890)	–
Advances to associates		(510)	(1,775)
Advances to other partners of joint operations		(27,351)	(15,664)
Decrease (increase) in pledged bank deposits		30	(14)
Net cash from (used in) investing activities		69,599	(501,313)
Financing activities			
Interest paid		(16,134)	(16,315)
Dividend paid	11	(130,865)	(75,347)
Distribution to non-controlling shareholders		(13,869)	(8,797)
Acquisition of additional interest in a subsidiary		(18,389)	(5,516)
(Repayments to) advances from associates		(113)	1,861
(Repayments to) advances from other partners of joint operations		(5,915)	13,475
New bank loans raised		105,222	605,910
Repayments of bank loans		(78,887)	(63,219)
Bonds issued, net		12,250	27,440
Net cash (used in) from financing activities		(146,700)	479,492
Net increase (decrease) in cash and cash equivalents		19,064	(116,110)
Cash and cash equivalents at the beginning of the period		986,452	881,851
Effect of foreign exchange rate changes, net		2,613	(1,110)
Cash and cash equivalents at the end of the period		1,008,129	764,631
Analysis of the balance of cash and cash equivalents			
Bank balances and cash		1,008,559	764,631
Bank overdraft		(430)	–
		1,008,129	764,631

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2017 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31st December, 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle

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

Additional disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31st December, 2017.

3. REVENUE

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Revenue analysed by revenue from:		
Construction	2,704,947	2,233,940
Construction materials	196,629	219,770
Quarrying	19,368	19,116
	2,920,944	2,472,826

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

4. SEGMENT INFORMATION

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

Construction

- construction of civil engineering and building projects

Construction materials

- production and sale of concrete
- production, sale and laying of asphalt

Quarrying

- production and sale of quarry products

Toll road and property development

- strategic investment in Road King Infrastructure Limited (“Road King”), an associate of the Group

Segment revenue and results

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

Six months ended 30th June, 2017

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction	2,730,358	(25,411)	2,704,947	42,944
Construction materials	269,008	(72,379)	196,629	(15,452)
Quarrying	88,774	(69,406)	19,368	(7,614)
Toll road and property development	–	–	–	115,959
Total	3,088,140	(167,196)	2,920,944	135,837

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

4. SEGMENT INFORMATION (Cont'd)

Segment revenue and results (Cont'd)

Six months ended 30th June, 2016

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction	2,253,838	(19,898)	2,233,940	29,800
Construction materials	305,256	(85,486)	219,770	5,347
Quarrying	93,661	(74,545)	19,116	(7,860)
Toll road and property development	–	–	–	88,020
Total	2,652,755	(179,929)	2,472,826	115,307

Segment profit (loss) represents profit (loss) after tax and non-controlling interests for each reportable and operating segment and includes other income, investment income, gains and losses, share of results of associates, share of results of joint ventures and other gains and losses which are attributable to reportable and operating segments, but excluding corporate income and expenses (including staff costs, other administrative expenses and finance costs), share of results of associates, discount on acquisition of additional interest in an associate and loss on deemed disposal of partial interest in an associate which are not attributable to any of the reportable and operating segments and are classified as unallocated items. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

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

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Total segment profit	135,837	115,307
Unallocated items		
Other income	15,975	15,595
Investment income, gains and losses	(76)	(112)
Administrative expenses	(10,935)	(10,394)
Finance costs	(10,939)	(11,453)
Share of results of associates	23,926	3,076
Discount on acquisition of additional interest in an associate	5,111	39,889
Loss on deemed disposal of partial interest in an associate	(23,602)	–
Profit attributable to owners of the Company	135,297	151,908

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

5. OTHER INCOME

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Other income includes:		
Interest on loan and other receivables	4,968	8,103
Interest on bank deposits	270	121
Interest on amounts due from associates	133	96
Interest on other financial asset	552	580
Imputed interest on loan and other receivables	–	89
Insurance claim on loss of plant and machinery	339	–
Operation fee income	12,312	6,958
PRC Value-Added Tax refund	865	–
Rental income from plant and machinery	1,315	–
Reversal of allowance for doubtful debts	1,972	–
Service income from associates	60	60

6. INVESTMENT INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Gain (loss) on change in fair value of held-for-trading investments, net	10,354	(3,100)
Dividend income from held-for-trading investments	1,807	1,175
	12,161	(1,925)

7. FINANCE COSTS

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Interest on bank loans	11,621	12,227
Interest on bonds	6,863	5,622
Imputed interest on payable for extraction right	12,633	14,447
Imputed interest on provision for rehabilitation costs	1,064	1,009
Imputed interest on non-current interest-free amount due to an associate	284	269
	32,465	33,574

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

8. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Discount on acquisition of additional interest in an associate (<i>note a</i>)	5,111	39,889
Loss on deemed disposal of partial interest in an associate (<i>note b</i>)	(23,602)	–
Gain on disposal of property, plant and equipment, net	1	365
	(18,490)	40,254

Notes:

- (a) During the period, the Group purchased 700,000 (six months ended 30th June, 2016: 3,469,000) ordinary shares in Road King at an aggregate consideration of HK\$7,612,000 (six months ended 30th June, 2016: HK\$22,268,000) which was below the additional net assets value shared by the Group. As a result, the Group's interest in Road King increased in aggregate by 0.10% (six months ended 30th June, 2016: 0.47%) resulting in an aggregate discount of HK\$5,111,000 (six months ended 30th June, 2016: HK\$39,889,000) on acquisition of additional interest in Road King.
- (b) During the period, Road King issued 5,600,000 (six months ended 30th June, 2016: nil) ordinary shares upon exercise of share options granted to the directors and employees of Road King under the share option schemes of Road King. As a result, the Group's interest in Road King reduced in aggregate by 0.31% (six months ended 30th June, 2016: nil). As the shares were issued at the exercise price of HK\$7.13 per share, which was lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK\$23,602,000 (six months ended 30th June, 2016: nil) on deemed disposal of partial interest in Road King.

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Amortisation of intangible assets	37,671	5,669
Less: Amount capitalised in inventories	(7,982)	(4,962)
	29,689	707
Depreciation of property, plant and equipment	42,876	34,344
Less: Amount attributable to construction contracts	(2,083)	(7,202)
Amount capitalised in inventories	(3,681)	(1,396)
	37,112	25,746
Share of income tax expense of associates (included in share of results of associates)	160,194	141,358
Write-down of inventories	329	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

10. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Current tax		
Hong Kong	14,971	–
The People's Republic of China (the "PRC")	3	–
	14,974	–
(Overprovision) underprovision in prior years		
Hong Kong	(20)	1,824
The PRC	230	36
	210	1,860
	15,184	1,860

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision for Hong Kong Profits Tax had been made for the six months ended 30th June, 2016 since the estimated assessable profits had been wholly offset by tax losses brought forward from prior years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25% for both periods. No provision for the PRC income tax had been made for the six months ended 30th June, 2016 as there was no assessable profits.

11. DIVIDEND

Dividend paid and recognised as distribution during the period:

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
2016 final dividend – HK16.5 cents per share (six months ended 30th June, 2016: 2015 final dividend – HK9.5 cents per share)	130,865	75,347

An interim dividend for the six months ended 30th June, 2017 of HK3.8 cents (six months ended 30th June, 2016: HK3.3 cents) per ordinary share amounting to HK\$30,139,000 (six months ended 30th June, 2016: HK\$26,173,000) was approved by the board of directors of the Company on 18th August, 2017. This interim dividend has not been included as a liability in the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

12. EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2017 HK\$'000	2016 HK\$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	135,297	151,908
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from assumed exercise of share options issued by that associate (<i>note</i>)	(181)	–
Earnings for the purpose of diluted earnings per share	135,116	151,908

	Six months ended 30th June,	
	2017	2016
Number of ordinary shares for the purposes of basic and diluted earnings per share	793,124,034	793,124,034

Note: The computation of diluted earnings per share for the six months ended 30th June, 2016 did not assume the exercise of the outstanding share options of that associate as the exercise price of the share options was higher than the average market price of the shares of that associate during that period.

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$144,886,000 (six months ended 30th June, 2016: HK\$86,999,000) on additions to property, plant and equipment.

At 30th June, 2017, the Group had pledged certain vessels and vessels under construction with an aggregate carrying value of HK\$195,664,000 to secure a bank loan. At 31st December, 2016, the Group had pledged certain motor vehicles with an aggregate carrying value of HK\$3,387,000 to secure a bank loan.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

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

	30th June, 2017	31st December, 2016
	HK\$'000	HK\$'000
Cost of investments in associates		
Listed in Hong Kong (<i>note a</i>)	1,686,345	1,678,733
Unlisted	64,077	120,327
	1,750,422	1,799,060
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	3,735,358	3,754,294
	5,485,780	5,553,354
Represented by:		
Interests in associates	5,502,189	5,569,562
Obligations in excess of interests in associates (<i>note b</i>)	(16,409)	(16,208)
	5,485,780	5,553,354

Notes:

- (a) Included in the cost of investment in the associate listed in Hong Kong, there is goodwill of HK\$30,964,000 (31st December, 2016: HK\$30,964,000) arising on acquisition of additional interest in the associate during the year ended 31st December, 2007.
- (b) The Group has contractual obligations to share the net liabilities of certain associates.

15. INTERESTS IN JOINT VENTURES

On 27th February, 2017, Build King Holdings Limited ("Build King"), the Company's 55.60% (31st December, 2016: 52.78%) subsidiary whose shares are listed on the Main Board of the Stock Exchange, has further injected capital of HK\$13,547,000 to Sunny Harvest Corporation Limited ("Sunny Harvest") proportionate to its equity interest in Sunny Harvest. Accordingly, there is no change on Build King's equity interest in Sunny Harvest. Sunny Harvest is a limited liability company incorporated in Hong Kong and is engaged in the provision of transportation services.

16. AVAILABLE-FOR-SALE INVESTMENTS

	30th June, 2017	31st December, 2016
	HK\$'000	HK\$'000
Unlisted equity securities, at cost	110,015	110,015
Less: Impairment loss recognised	(800)	(800)
	109,215	109,215

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

16. AVAILABLE-FOR-SALE INVESTMENTS (Cont'd)

The unlisted investments represent investments in unlisted equity securities issued by private entities incorporated in the PRC, Cayman Islands and United States of America ("USA"). The unlisted investments are measured at cost less impairment loss at the end of the reporting period.

During the year ended 31st December, 2016, the Group invested a total of US\$57,309,000 (equivalent to HK\$445,997,000), as to US\$8,550,000 (equivalent to HK\$66,539,000) in the form of equity and the remaining US\$48,759,000 (equivalent to HK\$379,458,000) in the form of shareholder's loan, to a private entity incorporated in USA which has invested in another US company for property development in USA. Portion of the shareholder's loan was repaid and the remaining balance at the end of the reporting period is shown under non-current assets and included in "loan and other receivables" as disclosed in note 17.

17. LOAN AND OTHER RECEIVABLES

	30th June, 2017	31st December, 2016
	HK\$'000	HK\$'000
Amounts due from:		
An investee (note a)	12,167	109,176
An independent third party (note b)	23,054	22,226
	35,221	131,402
Less: Amount shown under current assets (note 18)	(23,065)	(23,144)
Amount shown under non-current assets	12,156	108,258

Notes:

- (a) The amount represented a shareholder's loan of US\$1,562,000 (equivalent to HK\$12,156,000) (31st December, 2016: US\$13,911,000 (equivalent to HK\$108,258,000)) to an investee and the interest receivable of US\$1,400 (equivalent to HK\$11,000) (31st December, 2016: US\$118,000 (equivalent to HK\$918,000)) from the investee. The loan is bearing variable interest rate at London Interbank Offered Rate plus 9% per annum and will be fully repaid together with the unpaid interest on or before 31st December, 2019.

At 30th June, 2017, the principal of US\$1,562,000 (equivalent to HK\$12,156,000) (31st December, 2016: US\$13,911,000 (equivalent to HK\$108,258,000)) to be settled after twelve months from the end of the reporting period is shown under non-current assets and the interest receivable of US\$1,400 (equivalent to HK\$11,000) (31st December, 2016: US\$118,000 (equivalent to HK\$918,000)) to be settled within twelve months from the end of the reporting period is shown under current assets and included in "Debtors, deposits and prepayments" as disclosed in note 18.

- (b) The amount represented a loan advanced to an independent third party by 惠記環保工程(上海)有限公司, a wholly owned subsidiary of Build King, in 2015. The loan is secured by 51% equity interest in a PRC company, bearing fixed interest rate at 4.5% per annum and will be fully repaid before 30th November, 2017. At 30th June, 2017, the amount is shown as current assets and included in "Debtors, deposits and prepayments" as disclosed in note 18.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2017 HK\$'000	31st December, 2016 HK\$'000
Trade debtors	1,082,267	919,707
Bills receivables	2,657	11,013
Retention receivables	367,267	331,752
Other debtors	118,770	71,009
Deposits and prepayments	180,667	106,779
Loan and other receivables (note 17)	23,065	23,144
	1,774,693	1,463,404

The Group allows an average credit period of 60 days to its trade customers. For retention receivables in respect of construction contracts, the due dates are usually one year after the completion of the construction works. The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on the invoice date:

	30th June, 2017 HK\$'000	31st December, 2016 HK\$'000
Trade debtors		
0 to 60 days	1,065,935	898,596
61 to 90 days	6,104	2,780
Over 90 days	10,228	18,331
	1,082,267	919,707
Retention receivables		
Due within one year	144,754	61,618
Due after one year	222,513	270,134
	367,267	331,752

Bills receivables of the Group normally mature within 90 days from the bills receipt date.

At 30th June, 2017, the Group's trade debtors and retention receivables included amounts of HK\$16,859,000 (31st December, 2016: HK\$20,395,000) and HK\$20,747,000 (31st December, 2016: HK\$14,566,000) respectively due from related companies which are subsidiaries of a substantial shareholder of the Company.

At 30th June, 2017, deposits and prepayments included an amount of HK\$88,890,000 which represented the refundable deposit paid for subscription of shares of a subsidiary of Road King ("RK Subsidiary") under initial public offering. As RK Subsidiary has suspended the listing plan, the deposit has been fully refunded in July 2017.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

19. HELD-FOR-TRADING INVESTMENTS

	30th June, 2017	31st December, 2016
	HK\$'000	HK\$'000
Equity securities listed in Hong Kong, at fair value	35,916	25,562

20. PLEDGED BANK DEPOSITS

At 30th June, 2017, bank deposits of the Group amounting to HK\$71,000 (31st December, 2016: HK\$101,000) were pledged to banks for securing certain banking facilities granted to the Group.

21. CREDITORS AND ACCRUED CHARGES

	30th June, 2017	31st December, 2016
	HK\$'000	HK\$'000
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	193,540	202,181
61 to 90 days	15,429	20,353
Over 90 days	30,447	9,583
	239,416	232,117
Retention payables	328,383	306,376
Accrued project costs	1,197,754	835,951
Payable for extraction right	70,987	90,830
Other creditors and accrued charges	81,827	123,312
	1,918,367	1,588,586
Retention payables		
Due within one year	154,969	89,769
Due after one year	173,414	216,607
	328,383	306,376

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

22. BANK LOANS

	30th June, 2017 HK\$'000	31st December, 2016 HK\$'000
The maturity of the bank loans is as follows:		
Within one year	307,466	215,434
In the second year	217,000	143,000
In the third to fifth year inclusive	212,750	340,250
	737,216	698,684
Carrying amount of term loans which contain a repayment on demand clause (shown under current liabilities)		
– repayable within one year	32,546	35,018
– repayable in the second year	29,812	27,006
– repayable in the third to fifth year inclusive	11,022	23,553
	73,380	85,577
Total	810,596	784,261
Less: Amount shown under current liabilities	(380,846)	(301,011)
Amount shown under non-current liabilities	429,750	483,250
Secured	174,539	156,050
Unsecured	636,057	628,211
	810,596	784,261

At 30th June, 2017, the share of a subsidiary of the Company, certain vessels, vessels under construction and bank deposits are pledged to secure certain bank loans and banking facilities granted to the Group. At 31st December, 2016, the share of a subsidiary of the Company, certain motor vehicles and bank deposits were pledged to secure certain bank loans and banking facilities granted to the Group.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's held-for-trading investments which are listed securities of HK\$35,916,000 (31st December, 2016: HK\$25,562,000) are measured at fair value on a recurring basis, derived from quoted bid prices (unadjusted) in active markets for identical assets and classified as Level 1 of the fair value hierarchy.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate to their fair values.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2017

24. CAPITAL COMMITMENTS

	30th June, 2017	31st December, 2016
	HK\$'000	HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	4,496	101,229

25. CONTINGENT LIABILITIES

	30th June, 2017	31st December, 2016
	HK\$'000	HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	658,507	614,307

26. RELATED PARTY TRANSACTIONS

During the period, the Group entered into the following transactions with related parties:

	Six months ended 30th June,	
	2017	2016
	HK\$'000	HK\$'000
Associates		
Purchase of raw materials	1,528	2,388
Transportation expenses	1,865	2,707
Interest income	133	96
Service income	60	60
Joint operations		
Sale of construction materials	35,351	55,458
Related companies (note)		
Construction contract revenue	146,465	108,224
Project management fee income	5,631	4,111
Compensation of key management personnel		
Short-term employee benefits	27,093	25,813
Post-employment benefits	1,635	1,566
	28,728	27,379

Note: The related companies are subsidiaries of a substantial shareholder of the Company.

Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

TSANG Yam Pui
CHENG Chi Ming, Brian

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

CHIU Wai Yee, Anriena

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Reed Smith Richards Butler
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
China CITIC Bank International Limited
The Bank of East Asia, Limited
Bangkok Bank Public Company Limited
DBS Bank Ltd., Hong Kong Branch
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