

TOLL ROAD

**PROPERTY
DEVELOPMENT**

CONSTRUCTION

**CONSTRUCTION
MATERIALS**

QUARRYING



Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

INTERIM REPORT 2013

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Interim Results Highlights

The board of directors (the “Board”) of Wai Kee Holdings Limited (the “Company”) announces the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2013.

FINANCIAL PERFORMANCE HIGHLIGHTS

Group revenue and share of revenue of joint ventures	HK\$1,163 million
Profit attributable to owners of the Company	HK\$112 million
Basic earnings per share	HK14.07 cents
Interim dividend per share	HK4.3 cents
Equity attributable to owners of the Company per share	HK\$6.11

BUSINESS REVIEW

For the six months ended 30th June, 2013, the Group's revenue was HK\$775 million (six months ended 30th June, 2012: HK\$914 million) and HK\$1,163 million (six months ended 30th June, 2012: HK\$1,175 million) if including revenue of joint ventures shared by the Group, generating an unaudited profit attributable to owners of the Company of HK\$112 million (six months ended 30th June, 2012: HK\$75 million), an increase of 49% as compared with that of 2012.

Toll Road and Property Development

For the six months ended 30th June, 2013, the Group shared a profit of HK\$98 million (six months ended 30th June, 2012: HK\$87 million) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this report, the Group holds 38.68% interest in Road King.

During the six months ended 30th June, 2013, Road King issued 112,000 ordinary shares upon exercise of share options granted to the employees of Road King under the share option scheme of Road King. As the shares were issued at an exercise price lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK\$0.4 million on deemed disposal of partial interest in Road King. On the other hand, the Group purchased 2,155,000 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\$19 million on acquisition of additional interest in Road King. As a result, the net effect of these transactions increased the Group's interest in Road King by 0.28%.

For the six months ended 30th June, 2013, Road King recorded an unaudited profit attributable to its owners of HK\$255 million (six months ended 30th June, 2012: HK\$228 million), an increase of 12% as compared with that in the corresponding period of 2012.

In the first half of the year, Road King continued to implement its strategy to optimise its investment portfolio and maintained a stable performance in its toll road business. The average daily traffic volume and toll revenue of Road King's existing toll road portfolio reached 177,000 vehicles and RMB925 million respectively in the first half of 2013, representing an increase of 9% and 6% respectively as compared with the corresponding period of last year.

The relevant PRC authorities continued the rectification campaign on toll roads across the nation. However, it is expected that the rectification campaign will not have any material impact on Road King's investment projects as Road King has obtained applicable approvals from competent authorities for all of those projects. Besides, the compensation policy in relation to the toll-free policy for major holidays introduced during the period is also favourable for Road King's toll road business.

BUSINESS REVIEW (Cont'd)

Toll Road and Property Development (Cont'd)

Road King continued to adopt the strategy that balances high turnover rate and profitability and achieved record sales in property business. In the first half of 2013, its property sales (including those of a joint venture project) were RMB7,435 million. These comprised contracted sales of RMB6,930 million, representing an increase of 42% as compared with the same period of last year, and subscribed sales of RMB505 million. The contracted sales for the year are expected to be higher than last year.

The revenue of HK\$2,654 million recognised by Road King in the first half of 2013 was mainly attributable to the delivery of properties, representing an increase of 14% as compared with HK\$2,321 million for the corresponding period of last year.

At 30th June, 2013, the total saleable area of Road King was more than 5.3 million sqm.

Road King's entitlement in the cash distribution of an expressway will increase in the third quarter of 2013. Therefore, the cash receipt from toll road business will improve in the second half of 2013 and the toll road business will continue to generate stable cash flow for Road King.

Road King will continue to adopt the strategy of deeper exploitation of the existing markets and improve product quality by further enhancing product alignment and standardization with a view to providing customers with the best quality products and increasing brand recognition in property business.

Construction

For the six months ended 30th June, 2013, the Group shared a profit of HK\$4 million (six months ended 30th June, 2012: HK\$8 million) from Build King Holdings Limited ("Build King"), the construction arm of the Group. As of the date of this report, the Group holds 51.17% interest in Build King.

For the six months ended 30th June, 2013, Build King recorded revenue and share of revenue of joint ventures of HK\$1,009 million (six months ended 30th June, 2012: HK\$1,046 million) and an unaudited profit attributable to its owners of HK\$6 million (six months ended 30th June, 2012: HK\$16 million), a decrease of 63% as compared with that of 2012. This comprises profit of HK\$3 million (six months ended 30th June, 2012: HK\$13 million) from construction operation and profit of HK\$3 million (six months ended 30th June, 2012: HK\$3 million) from investment in listed securities.

Build King's results of the past six months were hit by cost overrun on two government projects when they approached to their final stage. Both projects are now close to substantial completion and all additional costs have been allowed for in the interim results. Under both these contracts, Build King of course will endeavor to recover the extra costs to which it is entitled.

As of the date of this report, the total outstanding value of contracts on hand was increased to HK\$7.5 billion.

BUSINESS REVIEW (Cont'd)

Construction (Cont'd)

In Hong Kong, Build King has been awarded four projects of total contract sum of HK\$3.4 billion since January 2013. Build King anticipates that the prospect for civil engineering construction as well as that for Build King remains very promising. Tendering opportunities are expected to continue to be abundant for some time; however, Build King will not relax its cautious attitude towards pricing the tender and it will continue to be selective and focus only on those projects which it believes will be profitable with healthy cashflows and where it has an edge. Build King currently has about twenty active solo projects of various sizes and eight major joint venture projects. Except for the two projects mentioned above, all the projects are progressing on programme and forecasted to achieve satisfactory results on completion. Projects awarded in 2011 or earlier are approaching completion steadily. All major joint venture projects also moved forward steadily during the period.

In the PRC, the operation of the sewage treatment plant in Wuxi City sustained steady growth and income during the period. By the end of June 2013, the treated volume had increased to an average of 37,000 tonnes per day, already exceeding the design capacity of 35,000 tonnes per day. Build King has invested a further RMB5 million in new facilities to increase the plant capacity to 50,000 tonnes per day and the new facilities will be ready for operation in the third quarter of 2013. Leveraging on the experience of this project, Build King is actively seeking further opportunities for investment in environmental projects in China.

Construction Materials

For the six months ended 30th June, 2013, the construction materials division recorded revenue of HK\$152 million (six months ended 30th June, 2012: HK\$135 million) and a net profit of HK\$1 million (six months ended 30th June, 2012: net loss of HK\$4 million).

The result as compared with the corresponding period of last year has improved. Nevertheless, it is still below expectation. The main reasons for such small improvement are the prolonged period of rainy weather negatively impacting on various projects which caused delays at several projects coupled with other on site delays thus affecting the demand for concrete. On the positive side, several moderate size orders were awarded in the first half of the year.

It is anticipated that once weather improves, the orders will increase to match the various projects attempting to catch up with their programmes in the third quarter of the year. It is expected that the division will have better performance by the end of the year.

BUSINESS REVIEW (Cont'd)

Quarrying

For the six months ended 30th June, 2013, the quarrying division recorded revenue of HK\$32 million (six months ended 30th June, 2012: HK\$32 million) and a net loss of HK\$4 million (six months ended 30th June, 2012: HK\$6 million).

In the first half year of 2013, the sales quantity of aggregates was 353,000 tonnes which has not been catching up to the breakeven level, hence the division was still suffering loss.

As the comparatively high costs for production of aggregates at Niu Tou Island is having a negative impact on the bottom line, the management is actively pursuing an additional source of aggregates from other location in the PRC. In order to ensure the quality compliance and stability of aggregates produced from the new source to meet the Hong Kong standards, the production process has to be completely fine-tuned and closely monitored and the aggregates have to be thoroughly tested.

FUTURE OUTLOOK

Inflation in raw materials and labour costs continues eroding the profit margins of the Group. Therefore, the Group would continue implementing measures to control costs so as to closely monitor the situation.

Strict monitoring of the cost structure of the Group is our primary objective. Besides, we will keep looking for investment opportunities that create synergy for the Group to enhance the growth of the Company. Nevertheless, in making investment decision, we will continue to cautiously consider our financial capability.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings decreased from HK\$179 million to HK\$167 million with the maturity profile summarised as follows:

	30th June, 2013	31st December, 2012
	<i>HK\$'million</i>	<i>HK\$'million</i>
Within one year	131	153
In the second year	32	16
In the third to fifth year inclusive	4	10
	167	179
Classified under:		
Current liabilities (<i>note</i>)	147	179
Non-current liabilities	20	–
	167	179

Note: At 30th June, 2013, 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\$16 million (31st December, 2012: HK\$26 million) have been classified as current liabilities.

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

At 30th June, 2013, total amount of the Group's cash and bank balances was HK\$84 million (31st December, 2012: HK\$75 million), of which bank deposits amounting to HK\$6 million (31st December, 2012: HK\$0.01 million) were pledged to banks to secure certain general banking facilities granted to the Group.

For the six months ended 30th June, 2013, the Group recorded finance costs of HK\$3 million (six months ended 30th June, 2012: HK\$3 million).

At 30th June, 2013, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK\$63 million (31st December, 2012: HK\$61 million), comprising equity securities listed in Hong Kong and debt securities listed in Singapore. Certain listed equity securities held by Build King with a market value of HK\$22 million (31st December, 2012: HK\$20 million) were pledged to a bank to secure certain general banking facilities granted to Build King. For the six months ended 30th June, 2013, the Group recorded a net profit (net amount of change in fair value, dividend and interest income) of HK\$4 million (six months ended 30th June, 2012: HK\$4 million) from these investments, of which net profit of HK\$3 million (six months ended 30th June, 2012: HK\$3 million) was derived from the securities invested by Build King.

LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

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

Capital Structure and Gearing Ratio

At 30th June, 2013, the equity attributable to owners of the Company amounted to HK\$4,848 million, representing HK\$6.11 per share (31st December, 2012: HK\$4,749 million, representing HK\$5.99 per share). Increase in equity attributable to owners of the Company was mainly attributable to the profit generated after deduction of 2012 final dividend paid during the period.

At 30th June, 2013, the net gearing ratio, being the ratio of net borrowings (total borrowings less cash and bank balances) to equity attributable to owners of the Company, was 1.7% (31st December, 2012: 2.2%).

Pledge of Assets

At 30th June, 2013, apart from the bank deposits and certain listed equity securities pledged to banks to secure certain general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK\$16 million (31st December, 2012: HK\$18 million) were pledged to secure a bank loan granted to the Group. In addition, the share of a subsidiary of the Company was pledged to secure certain bank loans granted to the Group.

Contingent Liabilities

At 30th June, 2013, the Group had outstanding tender/performance/retention bonds for construction contracts amounting to HK\$322 million (31st December, 2012: HK\$243 million).

Capital Commitment

At 30th June, 2013, the Group had no outstanding capital commitment (31st December, 2012: nil).

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend of HK4.3 cents (six months ended 30th June, 2012: HK3.5 cents) per ordinary share for the six months ended 30th June, 2013 to the shareholders of the Company whose names appear in the register of members of the Company on 3rd September, 2013.

It is expected that dividend warrants will be sent to the shareholders on or before 4th October, 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 2nd September, 2013 to Tuesday, 3rd September, 2013, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 30th August, 2013.

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2013, 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
Lam Wai Hon, Patrick	Personal	300,000	–	0.04
Wong Che Ming, Steve	Personal	900,000	–	0.11

Note:

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

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations

Interests in shares

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital (%)
			Long position	Short position	
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000 <i>(note 1)</i>	-	0.11 <i>(note 3)</i>
	Road King Infrastructure Limited	Personal	3,400,000 <i>(note 2)</i>	-	0.46
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 <i>(note 1)</i>	-	10.00
	Wai Luen Stone Products Limited	Personal	30,000 <i>(note 1)</i>	-	37.50
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	111,475,228 <i>(note 1)</i>	-	8.98
	Road King Infrastructure Limited	Personal Personal	9,096,000 <i>(note 1)</i> 2,350,000 <i>(note 2)</i>	- -	1.23 0.32
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 <i>(note 1)</i>	-	10.00
	Wai Luen Stone Products Limited	Personal	30,000 <i>(note 1)</i>	-	37.50
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000 <i>(note 1)</i>	-	0.09
	Road King Infrastructure Limited	Personal	205,000 <i>(note 1)</i>	-	0.03
Lam Wai Hon, Patrick	Build King Holdings Limited	Personal	186,666 <i>(note 1)</i>	-	0.02
	Road King Infrastructure Limited	Personal	150,000 <i>(note 2)</i>	-	0.02
Cheng Chi Pang, Leslie	Build King Holdings Limited	Personal	1,170,000 <i>(note 1)</i>	-	0.09
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448 <i>(note 1)</i>	-	0.03

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

Interests in shares (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. Long position in the underlying shares of Road King pursuant to unlisted equity derivatives (including physically settled, cash settled and other equity derivatives). Share options granted to directors are included in this category, the particulars of which are set out in (II) under the heading "SHARE OPTIONS" below.
3. As at 30th June, 2013, the issued share capital of Build King was 1,241,877,992 shares. Accordingly, the percentage has been adjusted.

Interests in debentures

Name of Director	Name of company	Capacity/Nature of interest	Type of debenture	Principal amount held
Zen Wei Peu, Derek	Road King Infrastructure Limited	Personal	US\$350 million 9.5% Guaranteed Senior Notes due 2015	US\$1,850,000 <i>(notes 1 and 2)</i>
		Personal	US\$350 million 9.875% Guaranteed Senior Notes due 2017	US\$4,300,000 <i>(note 1)</i>

Notes:

1. Long position.
2. Included in the balance of the debentures in the principal amount of US\$350,000 is held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

Save as disclosed above, none of the Directors or their associates has any interests or short positions in any shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

SHARE OPTIONS

(I) The Company

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.

SHARE OPTIONS (Cont'd)

(II) Associated Corporation

The share option schemes were adopted by Road King on 12th May, 2003 (“Road King Old Share Option Scheme”) and 8th May, 2013 (“Road King New Share Option Scheme”) respectively. As at 30th June, 2013, Road King has granted 22,200,000 share options under Road King Old Share Option Scheme to three Directors of the Company and 3,650,000 share options under Road King New Share Option Scheme to three Directors of the Company. 12,145,000 share options and 7,805,000 share options granted under Road King Old Share Option Scheme have been exercised and expired respectively.

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

Name of Director	Date of grant	Exercisable period	Exercise price <i>HK\$</i>	Number of share options			Balance at 30.6.2013
				Balance at 1.1.2013	Granted during the period*	Exercised during the period	
Zen Wei Pao, William	9th April, 2010	9th April, 2010 to 8th April, 2015	6.79	1,400,000	-	-	1,400,000
	28th May, 2013	29th May, 2013 to 28th May, 2018	7.13	-	2,000,000	-	2,000,000
Zen Wei Peu, Derek	9th April, 2010	9th April, 2010 to 8th April, 2015	6.79	850,000	-	-	850,000
	28th May, 2013	29th May, 2013 to 28th May, 2018	7.13	-	1,500,000	-	1,500,000
Lam Wai Hon, Patrick	28th May, 2013	29th May, 2013 to 28th May, 2018	7.13	-	150,000	-	150,000
Total				2,250,000	3,650,000	-	5,900,000

* The closing price of the shares of Road King immediately before the date of grant was HK\$6.94.

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

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2013, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

Notes:

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

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

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions on Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2013, except for code provision A.2.1 in respect of the separate roles of the chairman and chief executive.

The duties of the Chairman and the Vice Chairman of the Board are clearly set out in writing and are separate. The Company does not at present have any officer with the title “chief executive officer”. Nevertheless, the Vice Chairman carries out the duties of the chief executive officer of the Company and had done so since 1992. He was formerly designated the “managing director” of the Company until 1998 when his title was changed to “Vice Chairman”. The Company does not currently intend to re-designate the Vice Chairman as the chief executive officer.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all the Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June, 2013.

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, 2013.

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, 2013.

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2013, the Group had 1,123 employees (31st December, 2012: 1,037 employees), of which 1,013 (31st December, 2012: 915) were located in Hong Kong, 98 (31st December, 2012: 108) were located in the PRC and 12 (31st December, 2012: 14) were located in UAE. For the six months ended 30th June, 2013, the Group's total staff costs were about HK\$155 million (six months ended 30th June, 2012: HK\$134 million).

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

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

DISCLOSURES PURSUANT TO RULES 13.17 AND 13.21 OF THE LISTING RULES

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

Mr. Zen agreed to charge his 11,000,000 shares of the Company (the "Share Charge", representing approximately 1.39% of the issued share capital of the Company) in favour of HSBC. The Share Charge is the security to secure the personal guarantee of HK\$12.5 million provided by Mr. Zen in favour of HSBC in relation to the banking facilities in the amount of HK\$62.3 million for a period up to 15th October, 2010 provided by HSBC to the Borrowers. Subsequently, the banking facilities were renewed and revised to HK\$112 million, as well as extended to 15th October, 2013.

Save as disclosed above, as at 30th June, 2013, the Company did not have other disclosure obligations under Rules 13.17 and 13.21 of the Listing Rules.

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

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

Name of Director	Details of changes
Lam Wai Hon, Patrick	Mr. Lam's emolument for acting as a Non-executive Director of the Company has been revised from HK\$198,500 to HK\$200,000 per annum with effect from 15th August, 2013.
Cheng Chi Ming, Brian	<p>On 8th May, 2013, Mr. Cheng entered into a Letter of Appointment with the Company for the period from 8th May, 2013 to 28th February, 2015, subject to re-election.</p> <p>His emolument for acting as a Non-executive Director of the Company has been revised from HK\$198,500 to HK\$200,000 per annum with effect from 15th August, 2013.</p> <p>He is the chairman and non-executive director of Fook Woo Group Holdings Limited 福和集團控股有限公司 (Stock Code: 923). On 21st June, 2013, the shareholders of this company passed a special resolution approving the change of company name to "Integrated Waste Solutions Group Holdings Limited" and adopted a Chinese name "綜合環保集團有限公司" for identification purpose. The Certificate of Incorporation on change of name was issued by the Registrar of Companies in the Cayman Islands on 3rd July, 2013.</p>
Cheng Chi Pang, Leslie	Dr. Cheng's emolument for acting as a Non-executive Director of the Company has been revised from HK\$198,500 to HK\$200,000 per annum with effect from 15th August, 2013.
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\$198,500 to HK\$200,000 per annum, from HK\$104,000 to HK\$109,200 per annum and from HK\$34,700 to HK\$37,900 per annum respectively with effect from 15th August, 2013.

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

Name of Director	Details of changes
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\$198,500 to HK\$200,000 per annum, from HK\$104,000 to HK\$109,200 per annum and from HK\$46,200 to HK\$55,000 per annum respectively with effect from 15th August, 2013.
Wong Man Chung, Francis	Mr. Wong's 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\$198,500 to HK\$200,000 per annum, from HK\$115,500 to HK\$123,600 per annum and from HK\$34,700 to HK\$37,900 per annum respectively with effect from 15th August, 2013.

APPRECIATION

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

By Order of the Board
William Zen Wei Pao
Chairman

Hong Kong, 15th August, 2013



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

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements set out on pages 20 to 43 which comprises the condensed consolidated statement of financial position of Wai Kee Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30th June, 2013 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 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 ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

15th August, 2013

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2013

	Notes	Six months ended 30th June,	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Revenue	3	775,113	914,404
Cost of sales		(687,810)	(829,806)
Gross profit		87,303	84,598
Other income	5	19,774	19,571
Investment income, gains and losses	6	4,140	3,699
Selling and distribution costs		(26,089)	(27,665)
Administrative expenses		(100,033)	(90,139)
Other expenses		–	(14,799)
Finance costs	7	(2,970)	(2,890)
Share of results of associates		98,020	84,504
Share of results of joint ventures		13,277	6,310
Other gains and losses	8	18,690	18,896
Profit before tax	9	112,112	82,085
Income tax (expense) credit	10	(17)	667
Profit for the period		112,095	82,752
Profit for the period attributable to:			
Owners of the Company		111,612	75,067
Non-controlling interests		483	7,685
		112,095	82,752
		HK cents	HK cents
Earnings per share	12		
– Basic		14.07	9.46
– Diluted		14.06	9.46

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June, 2013

	Six months ended 30th June,	
	2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Profit for the period	112,095	82,752
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference arising on translation of foreign operations	1,232	(666)
Share of translation reserves of associates	48,759	(9,523)
Other comprehensive income (expense) for the period	49,991	(10,189)
Total comprehensive income for the period	162,086	72,563
Total comprehensive income for the period attributable to:		
Owners of the Company	160,965	65,216
Non-controlling interests	1,121	7,347
	162,086	72,563

Condensed Consolidated Statement of Financial Position

At 30th June, 2013

	<i>Notes</i>	30th June, 2013 (Unaudited) HK\$'000	31st December, 2012 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	103,350	113,430
Intangible assets		64,907	65,095
Goodwill		29,838	29,838
Interests in associates	14	4,592,475	4,497,169
Interests in joint ventures		34,529	26,156
Other financial asset		52,219	52,295
Loan and other receivables		10,801	12,830
		4,888,119	4,796,813
Current assets			
Inventories		7,082	11,223
Amounts due from customers for contract work		194,828	138,152
Debtors, deposits and prepayments	15	579,962	652,182
Amounts due from associates		11,355	10,427
Amounts due from joint ventures		100,414	82,573
Tax recoverable		722	–
Held-for-trading investments	16	63,178	61,416
Pledged bank deposits	17	6,262	10
Bank balances and cash		77,925	75,185
		1,041,728	1,031,168
Current liabilities			
Amounts due to customers for contract work		72,100	125,957
Creditors and accrued charges	18	613,822	580,414
Amount due to an associate		12,159	11,052
Amounts due to joint ventures		45,735	12,465
Amounts due to non-controlling shareholders		3,359	3,359
Tax liabilities		1,140	2,039
Bank loans	19	147,402	178,706
		895,717	913,992
Net current assets		146,011	117,176
Total assets less current liabilities		5,034,130	4,913,989

Condensed Consolidated Statement of Financial Position

At 30th June, 2013

		30th June, 2013	31st December, 2012
	<i>Notes</i>	(Unaudited)	(Audited)
		HK\$'000	HK\$'000
Non-current liabilities			
Deferred tax liabilities		5,750	5,750
Obligations in excess of interests in associates	14	17,809	17,795
Amount due to an associate		5,824	6,713
Bank loan	19	20,000	–
		49,383	30,258
Net assets			
		4,984,747	4,883,731
Capital and reserves			
Share capital		79,312	79,312
Share premium and reserves		4,769,103	4,669,208
Equity attributable to owners of the Company		4,848,415	4,748,520
Non-controlling interests		136,332	135,211
Total equity			
		4,984,747	4,883,731

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2013

	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
				(Note a)		(Note b)				
At 1st January, 2012	79,312	731,906	730,726	(29,530)	2,319	(8,336)	2,913,528	4,419,925	124,837	4,544,762
Profit for the period	-	-	-	-	-	-	75,067	75,067	7,685	82,752
Other comprehensive expense for the period	-	-	(9,851)	-	-	-	-	(9,851)	(338)	(10,189)
Total comprehensive (expense) income for the period	-	-	(9,851)	-	-	-	75,067	65,216	7,347	72,563
Sub-total	79,312	731,906	720,875	(29,530)	2,319	(8,336)	2,988,595	4,485,141	132,184	4,617,325
Capital contribution from a non-controlling shareholder of a subsidiary	-	-	-	-	-	-	-	-	300	300
Dividend paid	-	-	-	-	-	-	(44,415)	(44,415)	-	(44,415)
At 30th June, 2012 (unaudited)	79,312	731,906	720,875	(29,530)	2,319	(8,336)	2,944,180	4,440,726	132,484	4,573,210
At 1st January, 2013	79,312	731,906	804,803	(29,530)	2,319	(8,336)	3,168,046	4,748,520	135,211	4,883,731
Profit for the period	-	-	-	-	-	-	111,612	111,612	483	112,095
Other comprehensive income for the period	-	-	49,353	-	-	-	-	49,353	638	49,991
Total comprehensive income for the period	-	-	49,353	-	-	-	111,612	160,965	1,121	162,086
Sub-total	79,312	731,906	854,156	(29,530)	2,319	(8,336)	3,279,658	4,909,485	136,332	5,045,817
Dividend paid	-	-	-	-	-	-	(61,070)	(61,070)	-	(61,070)
At 30th June, 2013 (unaudited)	79,312	731,906	854,156	(29,530)	2,319	(8,336)	3,218,588	4,848,415	136,332	4,984,747

Notes:

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2013

	Notes	Six months ended 30th June,	
		2013 (Unaudited) HK\$'000	2012 (Unaudited) HK\$'000
Net cash used in operating activities		(3,327)	(7,311)
Investing activities			
Interest received		1,950	2,308
Dividends received from an associate		85,056	67,996
Distribution of profits from joint ventures		4,904	–
Proceeds from disposal of property, plant and equipment		342	16,651
Proceeds from disposal of a subsidiary	21	–	12,325
Purchase of property, plant and equipment		(7,722)	(11,582)
Acquisition of additional interest in an associate	8(a)	(15,134)	–
Settlement of loan and other receivables		2,285	–
Advances to associates		(834)	(70)
Advances to joint ventures		–	(17,576)
Placement in pledged bank deposits		(6,252)	(11)
Net cash from investing activities		64,595	70,041
Financing activities			
Interest paid		(2,753)	(2,683)
Dividend paid		(61,070)	(44,415)
Capital contribution from a non-controlling shareholder of a subsidiary		–	300
New bank loans raised		50,000	83,807
Repayment of bank loans		(61,304)	(78,300)
Repayment of other borrowings		–	(30)
Advances from joint ventures		15,429	–
Repayment to non-controlling shareholders of a subsidiary		–	(121)
Net cash used in financing activities		(59,698)	(41,442)
Net increase in cash and cash equivalents		1,570	21,288
Cash and cash equivalents at the beginning of the period		75,185	124,450
Effect of foreign exchange rate changes, net		1,170	139
Cash and cash equivalents at the end of the period		77,925	145,877
Analysis of the balance of cash and cash equivalents			
Bank balances and cash		77,925	146,274
Bank overdraft		–	(397)
		77,925	145,877

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) 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 are consistent with those followed in the preparation of the consolidated financial statements for the year ended 31st December, 2012, except as described below.

In the current interim period, the Group has applied the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in the Group’s condensed consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

HKFRS 10 “Consolidated Financial Statements”

HKFRS 10 replaces the parts of HKAS 27 “Consolidated and Separate Financial Statements” that deal with consolidated financial statements and HK(SIC)-Int 12 “Consolidation – Special Purpose Entities”. HKFRS 10 changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. To meet the definition of control in HKFRS 10, all of the three criteria, including (a) an investor has power over an investee; (b) the investor has exposure, or rights, to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor’s returns, must be met. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Much more guidance has been included in HKFRS 10 to illustrate when an investor has control over an investee. In particular, guidance in HKFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group. In assessing whether or not an investor with less than a majority of the voting rights in an investee has a sufficiently dominant voting interest to meet the power criterion, HKFRS 10 requires the investor to take into account all relevant facts and circumstances, particularly, the size of the investor’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities at 1st January, 2013.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

HKFRS 11 “Joint Arrangements”

HKFRS 11 replaces HKAS 31 “Interests in Joint Ventures”, and the guidance contained in a related interpretation, HK(SIC)-Int 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Interests in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Interests in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenues (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

As a result of the adoption of HKFRS 11, the Group has re-evaluated its involvement in its joint arrangements and reclassified the interests from interests in jointly controlled entities to interests in joint ventures. The interests in joint ventures continue to be accounted for using the equity method, and the adoption of HKFRS 11 has had no other effect on the Group’s condensed consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

HKFRS 13 “Fair Value Measurement”

The Group has applied HKFRS 13 in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements. In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively. Disclosures of fair value information are set out in note 20.

Amendments to HKAS 1 “Presentation of Items of Other Comprehensive Income”

The amendments to HKAS 1 introduce new terminology for income statement and statement of comprehensive income. Under the amendments to HKAS 1, an “income statement” is renamed as a “statement of profit or loss” and a “statement of comprehensive income” is renamed as a “statement of profit or loss and other comprehensive income”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis while the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

3. REVENUE

	Six months ended 30th June,	
	2013 HK\$'000	2012 HK\$'000
Group revenue	775,113	914,404
Share of revenue of joint ventures	387,520	260,886
Group revenue and share of revenue of joint ventures	1,162,633	1,175,290
Group revenue analysed by revenue from:		
Construction	621,312	785,087
Construction materials	146,242	121,751
Quarrying	7,559	7,566
	775,113	914,404

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

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

North American ginseng

- strategic investment in Chai-Na-Ta Corp., an associate of the Group, which was dissolved during the year ended 31st December, 2012

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

4. SEGMENT INFORMATION (Cont'd)

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, 2013

	Segment revenue			Segment profit (loss) HK\$'000
	Gross	Inter-segment	External	
	HK\$'000	elimination HK\$'000	HK\$'000	
Construction	1,008,832	–	1,008,832	4,442
Construction materials	152,486	(6,244)	146,242	612
Quarrying	32,235	(24,676)	7,559	(3,864)
Toll road and property development	–	–	–	98,059
Total	1,193,553	(30,920)	1,162,633	99,249

Six months ended 30th June, 2012

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

Segment revenue includes share of revenue of joint ventures. Reconciliation between the total segment revenue and the Group revenue is disclosed in note 3.

4. SEGMENT INFORMATION (Cont'd)**Segment revenue and results (Cont'd)**

Segment profit (loss) represents profit (loss) after tax and non-controlling interests for each reportable and operating segment and includes certain other income, certain investment income, gains and losses, share of results of certain associates, share of results of joint ventures and certain other gains and losses, but excluding corporate income and expenses (including staff costs, other administrative expenses, finance costs and income tax expense), share of losses 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. 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,	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Total segment profit	99,249	82,297
Unallocated items		
Other income	3,798	4,218
Investment income, gains and losses	923	727
Administrative expenses	(9,204)	(10,277)
Finance costs	(1,126)	(1,882)
Share of losses of associates	(463)	(15)
Discount on acquisition of additional interest in an associate	18,853	–
Loss on deemed disposal of partial interest in an associate	(418)	–
Income tax expense	–	(1)
Profit attributable to owners of the Company	111,612	75,067

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

5. OTHER INCOME

	Six months ended 30th June,	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Other income includes:		
Interest on bank deposits	195	125
Interest on other financial asset	696	728
Interest on amount due from an associate	93	–
Imputed interest on loan and other receivables	335	411
Operation fee income	5,623	5,565
Rental income from land and buildings	1,276	102
Rental income from plant and machinery	1,500	1,500
Service income from an associate	30	174
Service income from joint ventures	3,341	8,967

6. INVESTMENT INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Gain on change in fair value of held-for-trading investments, net	1,762	1,520
Dividend income from held-for-trading investments	904	724
Interest income from held-for-trading investments	1,474	1,455
	4,140	3,699

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

7. FINANCE COSTS

	Six months ended 30th June,	
	2013 HK\$'000	2012 HK\$'000
Interest on bank and other borrowings wholly repayable within five years	2,753	2,692
Imputed interest on non-current interest-free amount due to an associate	217	198
	2,970	2,890

8. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2013 HK\$'000	2012 HK\$'000
Gain on disposal of property, plant and equipment, net (note 13)	255	14,816
Discount on acquisition of additional interest in an associate (note a)	18,853	–
Loss on deemed disposal of partial interest in an associate (note b)	(418)	–
Gain on disposal of a subsidiary (note 21)	–	4,080
	18,690	18,896

Notes:

- (a) During the current period, the Group purchased 2,155,000 shares in Road King at an aggregate consideration of HK\$15,134,000 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 0.29% resulting in an aggregate discount of HK\$18,853,000.
- (b) During the current period, Road King issued 112,000 ordinary shares upon exercise of share options granted to the employees of Road King under the share option scheme of Road King. As a result, the Group's interest in Road King reduced in aggregate by 0.01%. As the shares were issued at the exercise price of HK\$6.79 per share, which was lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK\$418,000 on deemed disposal of partial interest in Road King.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

9. PROFIT BEFORE TAX

	Six months ended 30th June,	
	2013 HK\$'000	2012 HK\$'000
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	641	620
Depreciation of property, plant and equipment:		
Owned assets	17,716	15,984
Assets held under finance lease arrangement	-	7
Expenses incurred in towing certain vessels from Middle East to Hong Kong (classified as other expenses)	-	14,799
Share of income tax expense of associates (included in share of results of associates)	192,620	132,139

10. INCOME TAX EXPENSE (CREDIT)

	Six months ended 30th June,	
	2013 HK\$'000	2012 HK\$'000
Income tax for the period		
The People's Republic of China (the "PRC")	-	1
Under(over)provision in prior years		
Hong Kong	-	894
The PRC	17	(1,562)
	17	(667)

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for both periods since the estimated assessable profits has 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 has been made for the current period as there is no assessable profit.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

11. DIVIDEND

	Six months ended 30th June,	
	2013 HK\$'000	2012 HK\$'000
Dividend paid and recognised as distribution during the period:		
2012 final dividend – HK7.7 cents per share (six months ended 30th June, 2012: 2011 final dividend – HK5.6 cents per share)	61,070	44,415

An interim dividend for the six months ended 30th June, 2013 of HK4.3 cents (six months ended 30th June, 2012: HK3.5 cents) per ordinary share was approved by the board of directors of the Company on 15th August, 2013. This interim dividend has not been included as a liability in the condensed consolidated financial statements.

12. EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2013 HK\$'000	2012 HK\$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	111,612	75,067
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	(84)	–
Earnings for the purpose of diluted earnings per share	111,528	75,067

	Six months ended 30th June,	
	2013	2012
Number of ordinary shares for the purposes of basic and diluted earnings per share	793,124,034	793,124,034

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$7,722,000 (six months ended 30th June, 2012: HK\$11,582,000) on additions to property, plant and equipment.

During the period, the Group disposed of certain property, plant and equipment with carrying amount of HK\$87,000 (six months ended 30th June, 2012: HK\$1,835,000) for proceeds of HK\$342,000 (six months ended 30th June, 2012: HK\$16,651,000), resulting in a net gain on disposal of HK\$255,000 (six months ended 30th June, 2012: HK\$14,816,000). Included in such gain for the six months ended 30th June, 2012 was an amount of HK\$13,000,000 relating to disposal of a vessel originally situated in Middle East.

At 30th June, 2013, the Group has pledged certain motor vehicles with an aggregate carrying value of HK\$16,202,000 (31st December, 2012: HK\$18,499,000) to secure a bank loan.

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

	30th June, 2013	31st December, 2012
	HK\$'000	HK\$'000
Cost of investments in associates		
Listed in Hong Kong (<i>note a</i>)	1,559,011	1,543,877
Unlisted	44	44
	1,559,055	1,543,921
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	3,015,611	2,935,453
	4,574,666	4,479,374
Represented by:		
Interests in associates	4,592,475	4,497,169
Obligations in excess of interests in associates (<i>note b</i>)	(17,809)	(17,795)
	4,574,666	4,479,374

Notes:

- (a) Included in the cost of investment in associate listed in Hong Kong, there is goodwill of HK\$30,964,000 (31st December, 2012: HK\$30,964,000) arising on acquisition of additional interest in an associate during the year ended 31st December, 2007.
- (b) The Group has contractual obligations to share the net liabilities of certain associates.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2013	31st December, 2012
	HK\$'000	<i>HK\$'000</i>
Trade debtors	357,921	429,655
Retention receivables	98,751	94,527
Other debtors	37,556	30,469
Deposits and prepayments	81,717	93,593
Loan and other receivables	4,017	3,938
	579,962	652,182

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, 2013	31st December, 2012
	HK\$'000	<i>HK\$'000</i>
Trade debtors		
0 to 60 days	357,289	423,857
61 to 90 days	403	5,655
Over 90 days	229	143
	357,921	429,655
Retention receivables		
Due within one year	74,406	44,763
Due after one year	24,345	49,764
	98,751	94,527

At 30th June, 2013, the Group's trade debtors and retention receivables included amounts of HK\$655,000 (31st December, 2012: HK\$2,000,000) and HK\$136,000 (31st December, 2012: nil) respectively due from a related company which is an indirect wholly owned subsidiary of a substantial shareholder of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

16. HELD-FOR-TRADING INVESTMENTS

	30th June, 2013	31st December, 2012
	HK\$'000	HK\$'000
Held-for-trading investments at fair value		
Equity securities listed in Hong Kong	30,660	28,290
Debt securities listed in Singapore	32,518	33,126
	63,178	61,416

At 30th June, 2013, certain listed equity securities with a market value of HK\$21,540,000 (31st December, 2012: HK\$20,310,000) were pledged to a bank to secure certain general banking facilities granted to the Group.

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

17. PLEDGED BANK DEPOSITS

At 30th June, 2013, bank deposits of the Group amounting to HK\$6,262,000 (31st December, 2012: HK\$10,000) were pledged to banks to secure certain general banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

18. CREDITORS AND ACCRUED CHARGES

	30th June, 2013	31st December, 2012
	HK\$'000	<i>HK\$'000</i>
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	105,685	109,037
61 to 90 days	20,109	4,399
Over 90 days	10,640	3,821
	136,434	117,257
Retention payables	107,169	102,447
Accrued project costs	306,459	295,435
Other creditors and accrued charges	63,760	65,275
	613,822	580,414
Retention payables		
Due within one year	85,716	43,006
Due after one year	21,453	59,441
	107,169	102,447

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

19. BANK LOANS

	30th June, 2013	31st December, 2012
	HK\$'000	HK\$'000
The maturity of the bank loans is as follows:		
Within one year	92,143	99,028
In the second year	20,000	–
	112,143	99,028
Carrying amount of term loans which contain a repayment on demand clause (shown under current liabilities)		
– repayable within one year	38,875	53,851
– repayable in the second year	12,009	15,718
– repayable in the third to fifth year inclusive	4,375	10,109
	55,259	79,678
Total	167,402	178,706
Less: Amount shown under current liabilities	(147,402)	(178,706)
Amount shown under non-current liabilities	20,000	–
Secured	70,379	78,069
Unsecured	97,023	100,637
	167,402	178,706

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

The bank loans granted to certain subsidiaries of Build King Holdings Limited (“Build King”) by a bank are secured by a personal guarantee given by Mr. Zen Wei Peu, Derek, a director of the Company.

20. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value measurement of held-for-trading investments which are listed securities of HK\$63,178,000 (31st December, 2012: HK\$61,416,000) is derived from quoted prices in active markets. The valuation is classified as Level 1 of the fair value hierarchy with the fair values derived from quoted prices (unadjusted) in active markets for identical assets.

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

21. DISPOSAL OF A SUBSIDIARY

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

The loss from Leader Overseas for the six months ended 30th June, 2012 was HK\$6,134,000.

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

	2012 HK\$'000
Interest in a joint venture	12,312
Amount due to a joint venture	(4,067)
Net assets disposal of	8,245
Gain on disposal	4,080
Total cash consideration received	12,325

Leader Overseas did not contribute any significant cash flows to the Group during the prior period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2013

22. CONTINGENT LIABILITIES

	30th June, 2013	31st December, 2012
	HK\$'000	HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	322,228	242,799

23. RELATED PARTY TRANSACTIONS

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

	Six months ended 30th June,	
	2013	2012
	HK\$'000	HK\$'000
Associates		
Interest income	93	–
Service income	30	174
Disposal of property, plant and equipment	8	–
Joint ventures		
Construction contract revenue	3,640	–
Sale of concrete	10,838	985
Plant hire income	2,248	–
Service income	3,341	8,967
A related company (note)		
Construction contract revenue	1,380	–
Compensation of key management personnel		
Short-term employee benefits	16,933	14,427
Post-employment benefits	1,165	1,012
	18,098	15,439

Note: The related company is an indirect wholly owned subsidiary of a substantial shareholder of the Company.

At 30th June, 2013, Mr. Zen Wei Peu, Derek, a director of the Company, provided a personal guarantee amounting to HK\$12,500,000 (31st December, 2012: HK\$12,500,000) to a bank to secure the general banking facilities granted to certain subsidiaries of Build King.

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

LAM Wai Hon, Patrick
CHENG Chi Ming, Brian
CHENG Chi Pang, Leslie

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

CHIU Wai Yee, Anriena

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Reed Smith Richards Butler
Conyers Dill & Pearman

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Hang Seng Bank Limited
China CITIC Bank International Limited
The Bank of East Asia, Limited

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