



TOLL ROAD

**PROPERTY
DEVELOPMENT**

CONSTRUCTION

**CONSTRUCTION
MATERIALS**

QUARRYING



Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

INTERIM REPORT 2014

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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, 2014.

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue	HK\$1,611 million
Profit attributable to owners of the Company	HK\$128 million
Basic earnings per share	HK16.09 cents
Interim dividend per share	HK3 cents
Equity attributable to owners of the Company per share	HK\$6.68

Business Review and Future Outlook

BUSINESS REVIEW

For the six months ended 30th June, 2014, the Group's revenue was HK\$1,611 million (six months ended 30th June, 2013: HK\$1,154 million (restated)), generating an unaudited profit attributable to owners of the Company of HK\$128 million (six months ended 30th June, 2013: HK\$112 million), an increase of 14% as compared with that of 2013.

Toll Road and Property Development

For the six months ended 30th June, 2014, the Group shared a profit of HK\$77 million (six months ended 30th June, 2013: HK\$98 million) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this report, the Group holds 39.26% interest in Road King.

During the six months ended 30th June, 2014, Road King issued 125,000 (six months ended 30th June, 2013: 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\$0.8 million (six months ended 30th June, 2013: HK\$0.4 million) on deemed disposal of partial interest in Road King. On the other hand, the Group purchased 2,062,000 (six months ended 30th June, 2013: 2,155,000) 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\$21 million (six months ended 30th June, 2013: HK\$19 million) on acquisition of additional interest in Road King. Furthermore, Road King repurchased and cancelled 1,328,000 ordinary shares, resulting in an aggregate gain of HK\$5 million recorded by the Group on deemed 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 0.34% (six months ended 30th June, 2013: 0.28%).

For the six months ended 30th June, 2014, Road King recorded an unaudited profit attributable to its owners of HK\$198 million (six months ended 30th June, 2013: HK\$255 million). The profit recorded lower than that in the interim period of 2013 was mainly attributable to the incurrence of exchange loss (included the related fair value adjustment on certain financial instruments) of HK\$119 million reflecting the depreciation of RMB during the period. Without taking into account the impact on the valuation of RMB, the profit of Road King before exchange and related differences for the first half of the year has risen from HK\$151 million of the corresponding period of 2013 to HK\$317 million.

The average daily traffic volume and toll revenue of Road King's existing toll road portfolio reached 198,000 vehicles and RMB923 million respectively in the first half of 2014. An increase of 13% for average daily traffic volume has been recorded while the toll revenue has remained stable as compared with the corresponding period of last year. Overall speaking, there was an increase of the entire toll road portfolio in share of results of infrastructure joint ventures in the first half compared with the corresponding period of last year.

During the period, via following the predetermined plans, as well as the collective efforts of the team, Road King achieved contracted sales of RMB4,133 million and subscribed sales of RMB666 million, while the selling price per sqm remained stable as compared with last year. Road King recorded a revenue of HK\$3,722 million by delivering 306,000 sqm of properties, which represented a 40% increase over the corresponding period of last year.

At 30th June, 2014, Road King's land reserve was over 5,700,000 sqm. These comprised the area of residential properties sold but yet to be delivered amounting to 878,000 sqm.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Toll Road and Property Development (Cont'd)

For the toll road business, in the second half of the year, in addition to Road King's continued efforts in the disposal of highways and the optimisation of expressway management, it will also keep exploring the opportunities to acquire expressways, with a view to further expanding its expressway portfolio.

For the property business, though the property market is now in a relatively uncertain environment, Road King remains to have strong confidence about its prospects. Road King's property business will make timely adjustments to its plans in the second half of the year according to the changes in the market environment for its continuously healthy development.

Construction

For the six months ended 30th June, 2014, the Group shared a profit of HK\$13 million (six months ended 30th June, 2013: HK\$4 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, 2014, Build King recorded revenue of HK\$1,345 million (six months ended 30th June, 2013: HK\$1,008 million (restated)) and an unaudited profit attributable to its owners of HK\$26 million (six months ended 30th June, 2013: HK\$6 million), an increase of 296% as compared with that of 2013. This comprises profit of HK\$25 million (six months ended 30th June, 2013: HK\$3 million) from construction operation and profit of HK\$0.6 million (six months ended 30th June, 2013: HK\$3 million) from investment in listed securities.

During the first half of 2014, the gross margin was significantly improved from 6% in 2013 to 8.4%. The improvement was attributable to the healthier margin of projects on hand and the absence of the one-off loss provision made in 2013 for two government projects. The growth of turnover was consistent with the level of new projects awarded in the past years.

As of the date of this report, the outstanding value of contracts on hand has increased to HK\$9.4 billion.

In Hong Kong, Build King has secured three projects with a total contract value of HK\$2.6 billion since January 2014. Looking ahead, tender opportunities are now still promising. Build King is currently tendering the second phase of Shatin Central Link projects and the Government is continuing with its ambitious plan for infrastructure works and Build King expects to remain busy with these tenders for foreseeable future. Build King will consistently uphold its strategy to be selective and targeting only those projects that it believes the cashflow will be healthy and where it thinks it has edge.

In the PRC, the operation of the sewage treatment plant in Wuxi City, following completion of its expansion in the third quarter of 2013, is running smoothly and has generated steadily increasing income. With the treated sewage volume reaching 38,000 tonnes per day, the turnover and profit for the period increased by 21% and 36% respectively, compared with the corresponding period of 2013.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Construction Materials

For the six months ended 30th June, 2014, the construction materials division recorded revenue of HK\$281 million (six months ended 30th June, 2013: HK\$152 million) and a net profit of HK\$18 million (six months ended 30th June, 2013: HK\$1 million).

The considerable improvement in the results as compared with the same period last year was due to the previous secured orders now at the peak demand stage. It is envisaged that the orders would continue to increase to cope with construction progress of various projects in the second half of the year. The division continues to focus on optimizing and coordinating customer orders whilst maintaining good service and quality of product.

Quarrying

For the six months ended 30th June, 2014, the quarrying division recorded revenue of HK\$77 million (six months ended 30th June, 2013: HK\$32 million) and a net loss of HK\$1 million (six months ended 30th June, 2013: HK\$4 million).

In the first half year of 2014, as the perpetual raise in costs for production of aggregates at Niu Tou Island was nibbling away most of the profit margin, the division was suffering loss. Although the management is still actively pursuing an additional source of aggregates from other location in the PRC, the production process of the new source has to be completely fine-tuned and closely monitored and the aggregates produced from the new source have to be thoroughly tested in order to ensure its quality and stability in compliance with the Hong Kong requirements and standards.

Property Fund

Grand China Cayman Investors III, Limited ("Grand China Fund"), in which the Group holds 34.6% interest, indirectly holds 39.9% interest in a US company ("US Company I"). US Company I is now holding a property portfolio comprising of nine residential rental properties in Houston. In the first half of the year, the occupancy rates of these nine properties were all over 90%.

In addition, the Group invested US\$7.5 million (equivalent to HK\$58.2 million) in Elite International Limited I LP ("Elite Fund") in the first half year of 2014, representing 30% interest in Elite Fund which indirectly holds 75% interest in another US company ("US Company II"). It is expected that US Company II will commence the construction of a 7-storey complex on a land in Los Angeles in the third quarter of the year.

For the six months ended 30th June, 2014, both Grand China Fund and Elite Fund have no profit contribution to the Group.

FUTURE OUTLOOK

Benefiting from the booming of construction industry in Hong Kong, there is considerable improvement both in the Group's construction division and construction materials division in the first half of the year. Nevertheless, increase in raw materials costs and labour costs continues eroding the profit margins of the Group. Therefore, the Group would continue implementing measures to control costs.

The Group holds conservatively optimistic view on its performance in the second half of the year. We will keep looking for investment opportunities that create synergy for the Group to enhance the growth of the Group. Nevertheless, in making investment decision, we will continue to cautiously consider our financial capability.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings increased from HK\$239 million to HK\$308 million with the maturity profile summarised as follows:

	30th June, 2014	31st December, 2013
	HK\$'million	<i>HK\$'million</i>
Within one year	224	166
In the second year	37	30
In the third to fifth year inclusive	47	43
	308	239
Classified under:		
Current liabilities (<i>note</i>)	292	224
Non-current liabilities	16	15
	308	239

Note: At 30th June, 2014, 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\$68 million (31st December, 2013: HK\$58 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, 2014, total amount of the Group's bank balances and cash was HK\$434 million (31st December, 2013: HK\$341 million), of which bank deposits amounting to HK\$0.10 million (31st December, 2013: HK\$0.03 million) were pledged to banks to secure certain general banking facilities granted to the Group.

For the six months ended 30th June, 2014, the Group recorded finance costs of HK\$4 million (six months ended 30th June, 2013: HK\$4 million (restated)).

At 30th June, 2014, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK\$44 million (31st December, 2013: HK\$62 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\$21 million (31st December, 2013: HK\$22 million) were pledged to a bank to secure certain general banking facilities granted to Build King. For the six months ended 30th June, 2014, the Group recorded a net profit (net amount of change in fair value, dividend and interest income) of HK\$0.9 million (six months ended 30th June, 2013: HK\$4 million) from these investments, of which net profit of HK\$0.6 million (six months ended 30th June, 2013: HK\$3 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. However, as those amounts denominated in Renminbi and United States dollar are insignificant, there is no significant exposure to foreign exchange rate fluctuations.

CAPITAL STRUCTURE AND GEARING RATIO

At 30th June, 2014, the equity attributable to owners of the Company amounted to HK\$5,298 million, representing HK\$6.68 per share (31st December, 2013: HK\$5,205 million, representing HK\$6.56 per share). Increase in equity attributable to owners of the Company was mainly attributable to the profit generated after deduction of 2013 final dividend paid during the period.

At 30th June, 2014, the gearing ratio, representing the ratio of interest bearing borrowings to equity attributable to owners of the Company, was 5.8% (31st December, 2013: 4.6%) 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 -2.4% (31st December, 2013: -2.0%) as a result of total amount of bank balances and cash exceeded total amount of interest bearing borrowings.

PLEDGE OF ASSETS

At 30th June, 2014, 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\$18 million (31st December, 2013: HK\$14 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, 2014, the Group had outstanding tender/performance/retention bonds for construction contracts amounting to HK\$238 million (31st December, 2013: HK\$248 million).

CAPITAL COMMITMENTS

At 30th June, 2014, the Group has committed capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the Group's condensed consolidated financial statements amounting to HK\$3 million (31st December, 2013: HK\$18 million) and no capital expenditure authorised but not contracted for (31st December, 2013: HK\$0.8 million).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3 cents (six months ended 30th June, 2013: HK4.3 cents) per ordinary share for the six months ended 30th June, 2014 to the shareholders of the Company whose names appear in the register of members of the Company on Wednesday, 3rd September, 2014.

It is expected that the payment of the interim dividend will be made on or before Wednesday, 8th October, 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2nd September, 2014 to Wednesday, 3rd September, 2014, 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, 1st September, 2014.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2014, 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).

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 <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	110,495,228 <i>(note 1)</i>	–	8.90
	Road King Infrastructure Limited	Personal	10,416,000 <i>(note 1)</i>	–	1.42
		Personal	2,350,000 <i>(note 2)</i>	–	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

Disclosure of Interests

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, 2014, 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	RKI Finance (2010) Limited (note 1)	Personal	US\$350 million 9.5% Guaranteed Senior Notes due 2015	US\$907,188 (notes 2 and 3)
	Road King Infrastructure Finance (2012) Limited (note 1)	Personal	US\$350 million 9.875% Guaranteed Senior Notes due 2017	US\$4,300,000 (note 2)
	RKI Finance (2013) Limited (note 1)	Personal	RMB2,200 million 6% Guaranteed Senior Notes due 2016	RMB12,000,000 (notes 2 and 4)

Notes:

1. These companies are wholly owned subsidiaries of Road King.
2. Long position.
3. Included in the balance of the debentures in the principal amount of US\$171,630 is held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
4. The principal amount of RMB12,000,000 is held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

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 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, 2014, 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	Number of share options			
				Balance at 1.1.2014	Granted during the period	Exercised during the period	Balance at 30.6.2014
			HK\$				
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				5,900,000	-	-	5,900,000

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 nor 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, 2014, 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

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. Mr. Lam Wai Hon, Patrick is the Assistant General Manager of New World Development Company 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. Lam Wai Hon, Patrick 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. Lam Wai Hon, Patrick 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. Lam Wai Hon, Patrick 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. Lam Wai Hon, Patrick 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) had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

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, 2014, except for code provision A.2.1.

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The duties of the Chairman and the Vice Chairman of the Board are clearly set out in writing and are separate. Prior to 15th August, 2014, being the date of this report, the Company did not have any officer with the title “chief executive officer”. Nevertheless, the Vice Chairman carried 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”.

On 15th August, 2014, Mr. Zen Wei Peu, Derek, the Vice Chairman, has been appointed as the Chief Executive Officer of the Company.

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 required standards set out in the Model Code throughout the six months ended 30th June, 2014.

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, 2014.

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, 2014.

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2014, the Group had 1,421 employees, of which 1,303 were located in Hong Kong, 112 were located in the PRC and 6 were located in UAE. For the six months ended 30th June, 2014, the Group's total staff costs were about HK\$326 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, 13.18 AND 13.21 OF THE LISTING RULES

- (1) 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, 2014.

- (2) On 27th November, 2013, the Company confirmed its acceptance of a facility letter (the "Facility Letter") issued by a bank (the "Bank"). Pursuant to the Facility Letter, the Bank agreed to grant the Company a term loan facility of up to HK\$50 million (the "Banking Facility") with the final maturity date falling 3 years from the date of the Bank's receipt of the Company's acceptance of the Facility Letter. Throughout the life of the Banking Facility, Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek shall (i) collectively maintain not less than 43% shareholding interest in the Company; and (ii) maintain management control in the Company and remain as the Chairman and Vice Chairman of the Company respectively.

Save as disclosed above, as at 30th June, 2014, the Company did not have other disclosure obligations under Rules 13.17, 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 Peu, Derek	Mr. Zen has been appointed as the Chief Executive Officer of the Company with effect from 15th August, 2014.
Lam Wai Hon, Patrick	Mr. Lam's emolument for acting as a Non-executive Director of the Company has been revised from HK\$200,000 to HK\$210,000 per annum with effect from 15th August, 2014.
Cheng Chi Ming, Brian	Mr. Cheng's emolument for acting as a Non-executive Director of the Company has been revised from HK\$200,000 to HK\$210,000 per annum with effect from 15th August, 2014.
Cheng Chi Pang, Leslie	Dr. Cheng's emolument for acting as a Non-executive Director of the Company has been revised from HK\$200,000 to HK\$210,000 per annum with effect from 15th August, 2014.
Wong Che Ming, Steve	Dr. Wong's emolument for acting as an Independent Non-executive Director of the Company has been revised from HK\$200,000 to HK\$210,000 per annum with effect from 15th August, 2014.
Wan Siu Kau, Samuel	Mr. Wan resigned as the chairman of Cinderella Media Group Limited (Stock Code: 550) with effect from 7th July, 2014. He remains as a non-executive director of the company. His emolument for acting as an Independent Non-executive Director of the Company has been revised from HK\$200,000 to HK\$210,000 per annum with effect from 15th August, 2014.
Wong Man Chung, Francis	Mr. Wong's emolument for acting as an Independent Non-executive Director of the Company has been revised from HK\$200,000 to HK\$210,000 per annum with effect from 15th August, 2014.

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
Zen Wei Pao, William
Chairman

Hong Kong, 15th August, 2014



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 of Wai Kee Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 19 to 39, which comprise the condensed consolidated statement of financial position as of 30th June, 2014 and the 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, 2014

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2014

	Notes	Six months ended 30th June,	
		2014 (Unaudited) HK\$'000	2013 (Unaudited and restated) HK\$'000
Revenue	3	1,611,414	1,154,065
Cost of sales		(1,419,999)	(1,049,562)
Gross profit		191,415	104,503
Other income	5	16,728	16,433
Investment income, gains and losses	6	942	4,140
Selling and distribution costs		(33,667)	(26,089)
Administrative expenses		(133,607)	(100,033)
Finance costs	7	(4,397)	(3,552)
Share of results of associates		77,558	98,020
Other gains and losses	8	25,318	18,690
Profit before tax	9	140,290	112,112
Income tax expense	10	(225)	(17)
Profit for the period		140,065	112,095
Profit for the period attributable to:			
Owners of the Company		127,651	111,612
Non-controlling interests		12,414	483
		140,065	112,095
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	12		
– Basic		16.09	14.07
– Diluted		16.09	14.06

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June, 2014

	Six months ended 30th June,	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Profit for the period	140,065	112,095
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(2,549)	1,232
Share of translation reserves of associates	48,049	48,759
Other comprehensive income for the period	45,500	49,991
Total comprehensive income for the period	185,565	162,086
Total comprehensive income for the period attributable to:		
Owners of the Company	174,442	160,965
Non-controlling interests	11,123	1,121
	185,565	162,086

Condensed Consolidated Statement of Financial Position

At 30th June, 2014

	<i>Notes</i>	30th June, 2014 (Unaudited) HK\$'000	31st December, 2013 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	149,765	124,541
Intangible assets		69,395	71,110
Goodwill		29,838	29,838
Interests in associates	14	5,100,353	4,991,653
Other financial asset		50,036	52,390
Loan and other receivables		6,622	8,733
		5,406,009	5,278,265
Current assets			
Inventories		19,344	12,458
Amounts due from customers for contract work		420,396	325,487
Debtors, deposits and prepayments	15	843,713	936,275
Amounts due from associates		10,984	11,384
Amount due from a joint venture		321	321
Amounts due from other partners of joint operations		107,522	66,601
Tax recoverable		–	1,482
Held-for-trading investments	16	44,017	61,717
Pledged bank deposits	17	98	30
Bank balances and cash		433,845	341,129
		1,880,240	1,756,884
Current liabilities			
Amounts due to customers for contract work		712,460	643,952
Creditors and accrued charges	18	683,658	692,938
Amount due to an associate		13,264	12,159
Amount due to a joint venture		1,142	1,142
Amounts due to other partners of joint operations		89,597	69,849
Amounts due to non-controlling shareholders		3,359	3,359
Tax liabilities		2,471	1,073
Bank loans	19	292,334	224,407
		1,798,285	1,648,879
Net current assets		81,955	108,005
Total assets less current liabilities		5,487,964	5,386,270

Condensed Consolidated Statement of Financial Position

At 30th June, 2014

	<i>Notes</i>	30th June, 2014 (Unaudited) HK\$'000	31st December, 2013 (Audited) HK\$'000
Non-current liabilities			
Deferred tax liabilities		5,750	5,750
Obligations in excess of interests in associates	14	17,362	17,432
Amount due to an associate		5,171	6,041
Bank loans	19	16,000	15,000
		44,283	44,223
Net assets			
		5,443,681	5,342,047
Capital and reserves			
Share capital		79,312	79,312
Share premium and reserves		5,218,876	5,125,333
Equity attributable to owners of the Company		5,298,188	5,204,645
Non-controlling interests		145,493	137,402
Total equity			
		5,443,681	5,342,047

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2014

	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, 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 (note 11)	-	-	-	-	-	-	(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
At 1st January, 2014	79,312	731,906	914,847	(29,530)	2,319	(7,285)	3,513,076	5,204,645	137,402	5,342,047
Profit for the period	-	-	-	-	-	-	127,651	127,651	12,414	140,065
Other comprehensive income (expense) for the period	-	-	46,791	-	-	-	-	46,791	(1,291)	45,500
Total comprehensive income for the period	-	-	46,791	-	-	-	127,651	174,442	11,123	185,565
Sub-total	79,312	731,906	961,638	(29,530)	2,319	(7,285)	3,640,727	5,379,087	148,525	5,527,612
Distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(3,032)	(3,032)
Dividend paid (note 11)	-	-	-	-	-	-	(80,899)	(80,899)	-	(80,899)
At 30th June, 2014 (unaudited)	79,312	731,906	961,638	(29,530)	2,319	(7,285)	3,559,828	5,298,188	145,493	5,443,681

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, 2014

	Notes	Six months ended 30th June,	
		2014 (Unaudited) HK\$'000	2013 (Unaudited and restated) HK\$'000
Net cash from operating activities		150,300	151,053
Investing activities			
Interest received		1,017	1,951
Dividends received from an associate		114,748	85,056
Proceeds from disposal of property, plant and equipment		108	342
Purchase of property, plant and equipment		(58,437)	(25,504)
Acquisition of additional interest in an associate	8(a)	(14,400)	(15,134)
Capital injection to an associate		(58,234)	–
Acquisition of additional interest in a joint operation	21	(8,000)	–
Addition to other financial asset		(57)	–
Settlement of loan and other receivables		2,285	2,285
Repayment from (advances to) associates		493	(834)
Advances to other partners of joint operations		(16,948)	(251)
Placement in pledged bank deposits		(68)	(6,252)
Net cash (used in) from investing activities		(37,493)	41,659
Financing activities			
Interest paid		(4,162)	(3,335)
Dividend paid	11	(80,899)	(61,070)
Distribution to non-controlling shareholders		(3,032)	–
New bank loans raised		122,921	57,650
Repayment of bank loans		(53,994)	(61,304)
Net cash used in financing activities		(19,166)	(68,059)
Net increase in cash and cash equivalents		93,641	124,653
Cash and cash equivalents at the beginning of the period		341,129	174,945
Effect of foreign exchange rate changes, net		(925)	1,170
Cash and cash equivalents at the end of the period		433,845	300,768
Analysis of the balance of cash and cash equivalents			
Bank balances and cash		433,845	300,768

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

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 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.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2014 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31st December, 2013.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

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.

During the year ended 31st December, 2013, the Group had applied, for the first time, HKFRS 11 “Joint Arrangements” issued by the HKICPA. The directors of the Company reviewed and assessed the classification of the Group’s joint arrangements in accordance with the requirements of HKFRS 11. The directors concluded that certain of the Group’s joint arrangements, which were previously classified as jointly controlled entities under HKAS 31 and were accounted for using the equity method, should be classified as joint operations under HKFRS 11 taking into account the relevant joint arrangement agreements that specify that the parties to the joint arrangements have rights to the assets and obligations for the liabilities relating to the joint arrangements and accounted for the assets, liabilities, revenues and expenses relating to its interests in the joint operations. The change in accounting of the Group’s joint arrangements has been applied in accordance with the relevant transitional provisions set out in HKFRS 11. Comparative amounts for the six months ended 30th June, 2013 have been restated to reflect the change in accounting of the Group’s joint arrangements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The effects of applying HKFRS 11 described above on the condensed consolidated statement of profit or loss for the prior period by line items are as follows:

	Six months ended 30th June, 2013 <i>HK\$'000</i>
Increase in revenue	378,952
Increase in cost of sales	(361,752)
Decrease in other income	(3,341)
Increase in finance costs	(582)
Decrease in share of results of joint ventures	(13,277)
Change in profit for the period	–

The above change in accounting policy does not have any effect on the Group's basic and diluted earnings per share for the prior period.

3. REVENUE

	Six months ended 30th June,	
	2014 <i>HK\$'000</i>	2013 (Restated) <i>HK\$'000</i>
Revenue analysed by revenue from:		
Construction	1,340,442	1,008,207
Construction materials	251,405	138,299
Quarrying	19,567	7,559
	1,611,414	1,154,065

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

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

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, 2014

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction	1,344,823	(4,381)	1,340,442	13,154
Construction materials	281,181	(29,776)	251,405	17,647
Quarrying	76,611	(57,044)	19,567	(1,232)
Toll road and property development	–	–	–	77,490
Total	1,702,615	(91,201)	1,611,414	107,059

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

4. SEGMENT INFORMATION (Cont'd)

Segment revenue and results (Cont'd)

Six months ended 30th June, 2013

	Segment revenue			Segment profit (loss) <i>HK\$'000</i>
	Gross (Restated) <i>HK\$'000</i>	Inter-segment elimination (Restated) <i>HK\$'000</i>	External (Restated) <i>HK\$'000</i>	
	Construction	1,008,207	–	
Construction materials	152,486	(14,187)	138,299	612
Quarrying	32,235	(24,676)	7,559	(3,864)
Toll road and property development	–	–	–	98,059
Total	1,192,928	(38,863)	1,154,065	99,249

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, and other gains and losses, but excluding corporate income and expenses (including staff costs, other administrative expenses and finance costs), share of losses of associates, discount on acquisition of additional interest in an associate, gain on deemed 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,	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Total segment profit	107,059	99,249
Unallocated items		
Other income	4,114	3,798
Investment income, gains and losses	299	923
Administrative expenses	(6,490)	(9,204)
Finance costs	(2,607)	(1,126)
Share of losses of associates	(1)	(463)
Discount on acquisition of additional interest in an associate	20,961	18,853
Gain on deemed acquisition of additional interest in an associate	5,069	–
Loss on deemed disposal of partial interest in an associate	(753)	(418)
Profit attributable to owners of the Company	127,651	111,612

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

5. OTHER INCOME

	Six months ended 30th June,	
	2014 HK\$'000	2013 (Restated) HK\$'000
Other income includes:		
Interest on bank deposits	67	196
Interest on amount due from an associate	93	93
Interest on other financial asset	674	696
Imputed interest on loan and other receivables	256	335
Operation fee income	7,834	5,623
Rental income from land and buildings	1,601	1,276
Rental income from plant and machinery	1,500	1,500
Service income from an associate	30	30

6. INVESTMENT INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2014 HK\$'000	2013 HK\$'000
(Loss) gain on change in fair value of held-for-trading investments, net	(899)	1,762
Dividend income from held-for-trading investments	1,353	904
Interest income from held-for-trading investments	488	1,474
	942	4,140

7. FINANCE COSTS

	Six months ended 30th June,	
	2014 HK\$'000	2013 (Restated) HK\$'000
Interest on bank loans wholly repayable within five years	4,162	3,335
Imputed interest on non-current interest-free amount due to an associate	235	217
	4,397	3,552

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

8. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2014 HK\$'000	2013 HK\$'000
Discount on acquisition of additional interest in an associate (note a)	20,961	18,853
Gain on deemed acquisition of additional interest in an associate (note b)	5,069	–
Loss on deemed disposal of partial interest in an associate (note c)	(753)	(418)
Gain on disposal of property, plant and equipment, net (note 13)	41	255
	25,318	18,690

Notes:

- (a) During the period, the Group purchased 2,062,000 (six months ended 30th June, 2013: 2,155,000) ordinary shares in Road King at an aggregate consideration of HK\$14,400,000 (six months ended 30th June, 2013: 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 0.28% (six months ended 30th June, 2013: 0.29%) resulting in an aggregate discount of HK\$20,961,000 (six months ended 30th June, 2013: HK\$18,853,000) on acquisition of additional interest in Road King.
- (b) During the period, Road King repurchased and cancelled 1,328,000 ordinary shares. As a result, the Group's interest in Road King increased in aggregate by 0.07% resulting in an aggregate gain of HK\$5,069,000 on deemed acquisition of additional interest in Road King.
- (c) During the period, Road King issued 125,000 (six months ended 30th June, 2013: 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% (six months ended 30th June, 2013: 0.01%). As the shares were issued at the exercise price of HK\$6.79 (six months ended 30th June, 2013: 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\$753,000 (six months ended 30th June, 2013: 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, 2014

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30th June,	
	2014	2013 (Restated)
	HK\$'000	HK\$'000
Allowance for doubtful debts	2,442	–
Amortisation of intangible assets	759	641
Depreciation of property, plant and equipment	33,142	24,676
Less: Amount attributable to construction contracts	(11,258)	(6,960)
	21,884	17,716
Share of income tax expense of associates (included in share of results of associates)	189,242	192,620

10. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2014	2013
	HK\$'000	HK\$'000
Underprovision in prior years		
Hong Kong	213	–
The People's Republic of China (the "PRC")	12	17
	225	17

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 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 both periods as there is no assessable profits.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

11. DIVIDEND

Dividend paid and recognised as distribution during the period:

	Six months ended 30th June,	
	2014 HK\$'000	2013 HK\$'000
2013 final dividend – HK10.2 cents per share (six months ended 30th June, 2013; 2012 final dividend – HK7.7 cents per share)	80,899	61,070

An interim dividend for the six months ended 30th June, 2014 of HK3 cents (six months ended 30th June, 2013: HK4.3 cents) per ordinary share was approved by the board of directors of the Company on 15th August, 2014. 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,	
	2014 HK\$'000	2013 HK\$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	127,651	111,612
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	(47)	(84)
Earnings for the purpose of diluted earnings per share	127,604	111,528

	Six months ended 30th June,	
	2014	2013
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, 2014

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$58,437,000 (six months ended 30th June, 2013: HK\$25,504,000 (restated)) on additions to property, plant and equipment.

During the period, the Group disposed of certain property, plant and equipment with carrying amount of HK\$67,000 (six months ended 30th June, 2013: HK\$87,000) for proceeds of HK\$108,000 (six months ended 30th June, 2013: HK\$342,000), resulting in a net gain on disposal of HK\$41,000 (six months ended 30th June, 2013: HK\$255,000).

At 30th June, 2014, the Group has pledged certain motor vehicles with an aggregate carrying value of HK\$18,443,000 (31st December, 2013: HK\$13,906,000) to secure a bank loan.

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

	30th June, 2014	31st December, 2013
	HK\$'000	HK\$'000
Cost of investments in associates		
Listed in Hong Kong (<i>note a</i>)	1,573,411	1,559,011
Unlisted	135,868	77,634
	1,709,279	1,636,645
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	3,373,712	3,337,576
	5,082,991	4,974,221
Represented by:		
Interests in associates	5,100,353	4,991,653
Obligations in excess of interests in associates (<i>note b</i>)	(17,362)	(17,432)
	5,082,991	4,974,221

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, 2013: 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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2014 HK\$'000	31st December, 2013 HK\$'000
Trade debtors	494,040	589,511
Retention receivables	222,679	195,401
Other debtors	38,528	66,153
Deposits and prepayments	84,287	81,113
Loan and other receivables	4,179	4,097
	843,713	936,275

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, 2014 HK\$'000	31st December, 2013 HK\$'000
Trade debtors		
0 to 60 days	477,121	580,599
61 to 90 days	8,396	8,404
Over 90 days	8,523	508
	494,040	589,511
Retention receivables		
Due within one year	96,800	109,220
Due after one year	125,879	86,181
	222,679	195,401

At 30th June, 2014, the Group's trade debtors and retention receivables included amounts of HK\$1,364,000 (31st December, 2013: HK\$1,495,000) and HK\$5,383,000 (31st December, 2013: HK\$67,000) 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, 2014

16. HELD-FOR-TRADING INVESTMENTS

	30th June, 2014	31st December, 2013
	HK\$'000	HK\$'000
Held-for-trading investments at fair value		
Equity securities listed in Hong Kong	28,091	29,078
Debt securities listed in Singapore	15,926	32,639
	44,017	61,717

At 30th June, 2014, certain listed equity securities with a market value of HK\$21,000,000 (31st December, 2013: HK\$22,260,000) 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 that are entitled to the banking facilities, to provide cross guarantees to the bank. Although these equity securities were pledged to the bank, the Group is allowed to trade the pledged securities upon the repayment of respective bank borrowings.

17. PLEDGED BANK DEPOSITS

At 30th June, 2014, bank deposits of the Group amounting to HK\$98,000 (31st December, 2013: HK\$30,000) were pledged to banks for securing certain banking facilities granted to the Group.

18. CREDITORS AND ACCRUED CHARGES

	30th June, 2014	31st December, 2013
	HK\$'000	HK\$'000
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	187,451	128,615
61 to 90 days	10,622	21,556
Over 90 days	26,065	13,806
	224,138	163,977
Retention payables	158,060	133,432
Accrued project costs	231,428	317,085
Other creditors and accrued charges	70,032	78,444
	683,658	692,938
Retention payables		
Due within one year	78,847	70,148
Due after one year	79,213	63,284
	158,060	133,432

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

19. BANK LOANS

	30th June, 2014 HK\$'000	31st December, 2013 HK\$'000
The maturity of the bank loans is as follows:		
Within one year	181,500	128,580
In the second year	16,000	15,000
	197,500	143,580
Carrying amount of term loans which contain a repayment on demand clause (shown under current liabilities)		
– repayable within one year	42,136	37,218
– repayable in the second year	21,102	15,484
– repayable in the third to fifth year inclusive	47,596	43,125
	110,834	95,827
Total	308,334	239,407
Less: Amount shown under current liabilities	(292,334)	(224,407)
Amount shown under non-current liabilities	16,000	15,000
Secured	123,125	89,910
Unsecured	185,209	149,497
	308,334	239,407

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”), the Company’s 51.17% subsidiary, by a bank are secured by a personal guarantee given by Mr. Zen Wei Peu, Derek, a director of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement of held-for-trading investments which are listed securities of HK\$44,017,000 (31st December, 2013: HK\$61,717,000) is derived from quoted bid 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 statement of financial position approximate to their fair values.

21. ACQUISITION OF ADDITIONAL INTEREST IN A JOINT OPERATION

On 28th February, 2014, the Group acquired, through Build King, 60% interest in Honwin-Leader Marine Joint Venture ("Honwin-Leader") from an independent third party at a cash consideration of HK\$8,000,000. Prior to the acquisition, Build King held 40% interest in Honwin-Leader which is an unincorporated entity and has been accounted for as joint operation of the Group. Immediately after the acquisition, Honwin-Leader becomes a 100% owned subsidiary of Build King and a 51.17% subsidiary of the Company. Honwin-Leader is engaged in marine engineering and provision of transportation services in Hong Kong. The acquisition is accounted for using the purchase method.

Acquisition-related costs are insignificant and recognised as an administrative expense in the period.

Assets acquired and liabilities assumed at the acquisition date are as follows:

	<i>HK\$'000</i>
Debtors, deposits and prepayments	2,665
Amount due from a partner of a joint operation	8,562
Amount due to a partner of a joint operation	(1,522)
Net assets	9,705
Goodwill arising on the acquisition:	
Cash consideration paid	8,000
Fair value of 40% interest held by Build King	3,882
Less: net assets at the acquisition date	(9,705)
	2,177

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

21. ACQUISITION OF ADDITIONAL INTEREST IN A JOINT OPERATION (Cont'd)

The management of the Group has assessed the fair values of Honwin-Leader's identifiable assets and liabilities and considered that the fair value of debtors, deposits and prepayments at the acquisition date amounting to HK\$2,665,000 approximated to gross contractual amounts of the corresponding balances acquired by Build King. At the acquisition date, the management of the Group considered that the contractual cash flows not expected to be collected was insignificant.

Goodwill arising on the acquisition includes the control premium and the potential for revenue growth and future market development.

At the end of the reporting period, the management of the Group has written off the goodwill and recognised a loss of HK\$2,177,000 in relation to the goodwill arising on the acquisition of Honwin-Leader which has been included in administrative expenses.

22. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment:

	30th June, 2014	31st December, 2013
	HK\$'000	HK\$'000
Contracted for but not provided in the condensed consolidated financial statements	2,786	18,165
Authorised but not contracted for	-	756
	2,786	18,921

23. CONTINGENT LIABILITIES

	30th June, 2014	31st December, 2013
	HK\$'000	HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	237,816	248,288

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2014

24. RELATED PARTY TRANSACTIONS

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

	Six months ended 30th June,	
	2014 HK\$'000	2013 HK\$'000
Associates		
Interest income	93	93
Service income	30	30
Disposal of property, plant and equipment	–	8
A related company (note)		
Construction contract revenue	54,400	1,380
Management fee income	3,061	–
Compensation of key management personnel		
Short-term employee benefits	18,178	16,933
Post-employment benefits	1,298	1,165
	19,476	18,098

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

At 30th June, 2014, Mr. Zen Wei Peu, Derek, a director of the Company, provided a personal guarantee amounting to HK\$12,500,000 (31st December, 2013: HK\$12,500,000) to a bank to secure the general banking facilities granted to certain subsidiaries of Build King.

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

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit 1103, 11th Floor
East Ocean Centre
98 Granville Road
Tsimshatsui
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited – 610

WEBSITE

www.waikee.com

