



TOLL ROAD

**PROPERTY
DEVELOPMENT**

CONSTRUCTION

**CONSTRUCTION
MATERIALS**

QUARRYING



Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

INTERIM REPORT 2015

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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, 2015.

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue	HK\$2,543 million
Profit attributable to owners of the Company	HK\$132 million
Basic earnings per share	HK16.64 cents
Interim dividend per share	HK3.3 cents
Equity attributable to owners of the Company per share	HK\$7.10

Business Review and Future Outlook

BUSINESS REVIEW

For the six months ended 30th June, 2015, the Group's revenue was HK\$2,543 million (six months ended 30th June, 2014: HK\$1,611 million), generating an unaudited profit attributable to owners of the Company of HK\$132 million (six months ended 30th June, 2014: HK\$128 million), an increase of 3% as compared with that of 2014.

Toll Road and Property Development

For the six months ended 30th June, 2015, the Group shared a profit of HK\$91 million (six months ended 30th June, 2014: HK\$77 million) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this report, the Group holds 39.94% interest in Road King.

During the six months ended 30th June, 2015, Road King issued 10,240,000 (six months ended 30th June, 2014: 125,000) ordinary shares upon exercise of share options granted to the directors and employees of Road King under the share option schemes of Road King. As the shares were issued at exercise prices lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK\$41 million (six months ended 30th June, 2014: HK\$1 million) on deemed disposal of partial interest in Road King. On the other hand, the Group purchased 4,000,000 (six months ended 30th June, 2014: 2,062,000) 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\$40 million (six months ended 30th June, 2014: HK\$21 million) on acquisition of additional interest in Road King. During the six months ended 30th June, 2014, 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 but there was no repurchase and cancellation of shares by Road King during the six months ended 30th June, 2015. As a result, the net effect of these transactions decreased the Group's interest in Road King by 0.01% (six months ended 30th June, 2014: increased by 0.34%).

For the six months ended 30th June, 2015, Road King recorded an unaudited profit attributable to its owners of HK\$228 million (six months ended 30th June, 2014: HK\$198 million), an increase of 15% as compared with that of 2014.

Toll revenue of the existing toll road portfolio reached RMB1,035 million in the first half of the year, represented an increase of 13% as compared with the corresponding period of last year. The average daily traffic volume reached 205,000 vehicles.

Property sales (including joint venture projects) amounted to RMB5,628 million, representing a 17% increase over the corresponding period of last year, of which the contracted sales and outstanding subscribed sales were RMB5,108 million and RMB520 million respectively.

In the first half of 2015, Road King acquired two pieces of land in Luoyang and Langfang through listing-for-sale and subscription for trust units of an investment fund respectively for residential developments with an aggregate floor area of 777,000 sqm. At 30th June, 2015, Road King's land reserve was over 5,800,000 sqm.

For the toll road business, it keeps on providing steady cash flows. Road King will continue to solicit appropriate expressway projects, with a view to expanding its expressway portfolio further.

For the property development business, with years of implementation and efforts, Road King will continue to adopt the strategy that maintains deeper exploitation, balances between profitability and sales volume, continuously optimises its product quality, and reinforces its position in the property industry in mainland China. At the same time, Road King will also actively seek suitable cooperation opportunity, effectively control the costs to increase its operating profit.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Construction

For the six months ended 30th June, 2015, the Group shared a profit of HK\$20 million (six months ended 30th June, 2014: HK\$13 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, 2015, Build King recorded revenue of HK\$2,297 million (six months ended 30th June, 2014: HK\$1,345 million) and an unaudited profit attributable to its owners of HK\$39 million (six months ended 30th June, 2014: HK\$26 million), an increase of 52% as compared with that of 2014. This comprises profit of HK\$31 million (six months ended 30th June, 2014: HK\$25 million) from construction operation and profit of HK\$7.6 million (six months ended 30th June, 2014: HK\$0.6 million) from investment in listed securities.

Major projects awarded in past two years have reached mature stage and continued to contribute to the growth of turnover as well as the profit. However, the gross profit to turnover ratio decreased from 8.4% to 5.7%. Few railway projects for MTRC revised down the forecast final profit as a result of recovery of delay cost being uncertain at this stage and not being taken into account on a prudent base. Furthermore, a portion of profit of a major project which contributed significant turnover during this period could not be booked as its completion was less than 25%. Overall, the net profit to turnover was maintained at 1.7%, broadly in line with last year.

During the period, the local construction market continued to be hit by the lack of new public sector projects being awarded. The situation has slightly improved in the late second quarter, when the funding to most of the stack of public works projects has, after long wait, been finally approved. The delay in the implementation of new public works projects has inevitably resulted in extremely keen competition; though it has, to a lesser extent, eased the tight labour supply situation. Notwithstanding the competition, the new business strategy of Build King proved to be effective and successful. Since January 2015, Build King has won 7 contracts of total values over HK\$5 billion. As of the date of this report, the total outstanding value of contract on hand reached HK\$11 billion.

Looking forward, the core competitiveness of Build King will continue to benefit from the Government's land supply and housing policies, which in turn will require more and better infrastructures. On current projects, overall progress was satisfactory.

At Wuxi City, the sewage treatment plant recorded a mild increase of 3% in turnover during the period while the profit increased by 50% because the plant received RMB2 million cash award for its contribution to protection of water quality of Lake Tai.

Construction Materials

For the six months ended 30th June, 2015, the construction materials division recorded revenue of HK\$305 million (six months ended 30th June, 2014: HK\$281 million) and a net profit of HK\$24 million (six months ended 30th June, 2014: HK\$18 million).

The considerable improvement in the results as compared with that of last year was due to the previous secured orders. Management continues adopting prudent cost control measures with intention to alleviate the challenge of increase in raw materials costs and severe competition from the existing operators.

With some of the existing projects nearing completion later in 2015, we will continue to look for opportunities to sustain long term growth of the division.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Construction Materials (Cont'd)

The Group has secured Lam Tei Quarry in March 2015 for 7 years commencing from the handover of the site by the Government, where the establishment of additional concrete batching facilities thereon will commence in the fourth quarter of 2015. Such additional concrete batching facilities will result in better geographic coverage and access to more market in the long run.

Quarrying

For the six months ended 30th June, 2015, the quarrying division recorded revenue of HK\$91 million (six months ended 30th June, 2014: HK\$77 million) and a net profit of HK\$2 million (six months ended 30th June, 2014: net loss of HK\$1 million).

In the first half of 2015, the quarrying division recorded slim profit. The profit margin was slightly improved as a result of the perpetual costs control measure exercised for production of aggregates at Niu Tou Island.

The Group will operate a quarry in Hong Kong upon the handover of Lam Tei Quarry by the Government which is expected to be in the second half of this year.

Property Funds

The Group holds 34.6% interest in Grand China Cayman Investors III, Limited ("Grand China Fund") which indirectly holds 39.9% interest in a US company ("US Company I"). US Company I is now holding a property portfolio comprising of nine residential rental properties in Houston. In the first six months of 2015, the occupancy rates of these nine properties maintained around 95% on average. During the period, the Group shared profit and received dividends of HK\$3.2 million and US\$0.3 million (equivalent to HK\$2.2 million) from Grand China Fund respectively.

The Group holds 30% interest in Elite International Investment Fund I LP ("Elite Fund") which indirectly holds 75% interest in another US company ("US Company II"). It is expected that US Company II will complete the construction of a 7-storey complex on a land in Los Angeles in the second half of 2016.

The Group holds 10% in Grand China Overseas Investment Fund, Ltd. and Grand China Overseas Investment Management Co., Ltd. (collectively "GCOI Fund"). GCOI Fund is a fund of funds which in turn invested in a number of sub-funds. Each sub-fund will focus on a unique property project in USA. In the first six months of 2015, GCOI Fund has successfully invested in three property development projects and one property re-development project in USA.

FUTURE OUTLOOK

Benefiting from the buoyant construction industry in Hong Kong, the performance of the Group's construction division and construction materials division are considerable improved. However, increase in raw materials costs and labour costs continues eroding the profit margins of the Group. The Group would continue implementing measures to control costs.

The Group has been awarded the tender for The Rehabilitation of Lam Tei Quarry – Extended Works in March 2015 with the expected handover of the site by the Government within this year. Other than site formation/quarrying, the contract allows the operator to set up concrete batching facilities and asphalt producing facilities at the site. It is anticipated that the setup of quarrying, including processing plants, will take place within six to nine months. The securing of the Lam Tei Quarry will complement the operations of the quarrying division and construction materials division, which in turn benefits the Group as a whole in the long run.

Financial Review

LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings increased from HK\$295 million to HK\$397 million with the maturity profile summarised as follows:

	30th June, 2015 HK\$'million	31st December, 2014 HK\$'million
Within one year	240	227
In the second year	72	63
In the third to fifth year inclusive	85	5
	397	295
Classified under:		
Current liabilities (<i>note a</i>)	298	283
Non-current liabilities (<i>note b</i>)	99	12
	397	295

Notes:

- (a) At 30th June, 2015, 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\$58 million (31st December, 2014: HK\$56 million) have been classified as current liabilities.
- (b) At 30th June, 2015, the amount included bonds with an aggregate carrying amount of HK\$76 million (31st December, 2014: nil) carrying fixed coupon interest of 7% per annum.

During the period, the Group had no financial instruments for hedging purpose. At 30th June, 2015, total borrowings of HK\$100 million (31st December, 2014: HK\$12 million) carried interest at fixed rate.

At 30th June, 2015, total amount of the Group's bank balances and cash was HK\$722 million (31st December, 2014: HK\$453 million), of which bank deposits amounting to HK\$0.07 million (31st December, 2014: HK\$0.06 million) were pledged to banks to secure certain general banking facilities granted to the Group. In addition, the Group has available unutilised bank and other borrowings facilities of HK\$286 million (31st December, 2014: HK\$177 million) and HK\$27 million (31st December, 2014: HK\$24 million) respectively.

For the six months ended 30th June, 2015, the Group recorded finance costs of HK\$6 million (six months ended 30th June, 2014: HK\$4 million).

At 30th June, 2015, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK\$33 million (31st December, 2014: HK\$26 million), comprising equity securities listed in Hong Kong. Certain listed equity securities held by Build King with a market value of HK\$22 million (31st December, 2014: 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, 2015, the Group recorded a net profit (net amount of change in fair value, dividend and interest income) of HK\$8.4 million (six months ended 30th June, 2014: HK\$0.9 million) from these investments, of which net profit of HK\$7.6 million (six months ended 30th June, 2014: HK\$0.6 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. As a result, the Group is exposed to the currency risks for fluctuation in exchange rates of Renminbi and United States dollar. However, there is no significant exposure to foreign exchange rate fluctuations during the period. The Group will continue to monitor its exposure to the currency risks closely.

CAPITAL STRUCTURE AND GEARING RATIO

At 30th June, 2015, the equity attributable to owners of the Company amounted to HK\$5,632 million, representing HK\$7.10 per share (31st December, 2014: HK\$5,620 million, representing HK\$7.09 per share). Increase in equity attributable to owners of the Company was mainly attributable to the profit generated after deduction of 2014 final dividend paid during the period.

At 30th June, 2015, the gearing ratio, representing the ratio of interest bearing borrowings to equity attributable to owners of the Company, was 7.1% (31st December, 2014: 5.3%) 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 -5.8% (31st December, 2014: -2.8%) as a result of total amount of bank balances and cash exceeding total amount of interest bearing borrowings.

PLEDGE OF ASSETS

At 30th June, 2015, apart from the bank deposits and certain listed equity securities pledged to secure certain general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK\$5 million (31st December, 2014: HK\$6 million) and the share of a subsidiary of the Company were pledged to secure certain bank loans granted to the Group.

CAPITAL COMMITMENTS

At 30th June, 2015, the Group has committed capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the Group's condensed consolidated financial statements amounting to HK\$77 million (31st December, 2014: HK\$6 million) and has no committed capital expenditure authorised but not contracted for (31st December, 2014: nil).

CONTINGENT LIABILITIES

At 30th June, 2015, the Group had outstanding tender/performance/retention bonds in respect of construction contracts amounting to HK\$287 million (31st December, 2014: HK\$234 million).

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3.3 cents (six months ended 30th June, 2014: HK3.0 cents) per ordinary share for the six months ended 30th June, 2015 to the shareholders of the Company whose names appear in the register of members of the Company on Wednesday, 9th September, 2015.

It is expected that the payment of the interim dividend will be made on or before Wednesday, 7th October, 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 8th September, 2015 to Wednesday, 9th September, 2015, 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, 7th September, 2015.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2015, 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 (note 1)	–	0.11 (note 3)
	Road King Infrastructure Limited	Personal	1,500,000 (note 1)	–	0.20
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 (note 1)	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (note 1)	–	37.50
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	117,725,228 (note 1)	–	9.48
	Road King Infrastructure Limited	Personal	12,192,000 (note 1)	–	1.65
		Personal	1,500,000 (note 2)	–	0.20
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000 (note 1)	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 (note 1)	–	37.50
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000 (note 1)	–	0.09
	Road King Infrastructure Limited	Personal	205,000 (note 1)	–	0.03
Lam Wai Hon, Patrick	Build King Holdings Limited	Personal	186,666 (note 1)	–	0.02
	Road King Infrastructure Limited	Personal	100,000 (note 1)	–	0.01
		Personal	50,000 (note 2)	–	0.01
Cheng Chi Pang, Leslie	Build King Holdings Limited	Personal	1,170,000 (note 1)	–	0.09
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448 (note 1)	–	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, 2015, 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 Finance (2012) Limited <i>(note 1)</i>	Personal	US\$350 million 9.875% Guaranteed Senior Notes due 2017	US\$4,300,000 <i>(note 2)</i>
	RKI Finance (2013) Limited <i>(note 1)</i>	Personal	RMB2,200 million 6% Guaranteed Senior Notes due 2016	RMB12,000,000 <i>(notes 2 and 3)</i>

Notes:

1. These companies are wholly owned subsidiaries of Road King.
2. Long position.
3. The principal amount of RMB12,000,000 of RMB2,200 million 6% Guaranteed Senior Notes due 2016 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, 2015, 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. 14,395,000 share options and 7,805,000 share options granted under Road King Old Share Option Scheme to those Directors have been exercised and expired respectively. In addition, 2,100,000 share options granted under Road King New Share Option Scheme to those Directors have been exercised.

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 30.6.2015	Weighted average closing price* <i>HK\$</i>
				Balance at 1.1.2015	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)	-	7.13
	28th May, 2013	29th May, 2013 to 28th May, 2018	7.13	2,000,000	-	(2,000,000)	-	8.15
Zen Wei Peu, Derek	9th April, 2010	9th April, 2010 to 8th April, 2015	6.79	850,000	-	(850,000)	-	7.13
	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	-	(100,000)	50,000	7.99
Total				5,900,000	-	(4,350,000)	1,550,000	

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

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

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

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2015, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
3. Cheng Yu Tung Family (Holdings II) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
4. Chow Tai Fook Capital Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Chow Tai Fook (Holding) Limited.
5. Chow Tai Fook (Holding) Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
6. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.
7. New World Development Company Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.
8. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands). Both Mr. 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) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' Securities Transactions. All Directors of the Company have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30th June, 2015.

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, 2015.

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, 2015.

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2015, the Group had 1,695 employees (31st December, 2014: 1,600 employees), of which 1,585 (31st December, 2014: 1,484) were located in Hong Kong, 108 (31st December, 2014: 112) were located in the PRC and 2 (31st December, 2014: 4) were located in UAE. For the six months ended 30th June, 2015, the Group's total staff costs were HK\$364 million (six months ended 30th June, 2014: 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 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\$120 million, as well as extended to 15th October, 2015.

- (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, 2015, 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 Pao, William	Mr. Zen has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2015 to 31st July, 2018. He is entitled to receive under his service agreement an annual remuneration package of HK\$365,000 plus bonus subject to the performance of the Company and the individual.
Zen Wei Peu, Derek	Mr. Zen has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2015 to 31st July, 2018. He is entitled to receive under his service agreement an annual remuneration package of HK\$6,230,000 plus bonus subject to the performance of the Company and the individual.
Chiu Wai Yee, Anriena	Miss Chiu has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2015 to 31st July, 2018. She is entitled to receive under her service agreement an annual remuneration package of HK\$1,980,000 plus bonus as determined by the profit sharing scheme of the Company.
Lam Wai Hon, Patrick	Mr. Lam's emolument for acting as a Non-executive Director of the Company has been revised from HK\$210,000 to HK\$250,000 per annum with effect from 20th August, 2015.
Cheng Chi Ming, Brian	Mr. Cheng's emolument for acting as a Non-executive Director of the Company has been revised from HK\$210,000 to HK\$250,000 per annum with effect from 20th August, 2015.
Cheng Chi Pang, Leslie	Dr. Cheng's emolument for acting as a Non-executive Director of the Company has been revised from HK\$210,000 to HK\$250,000 per annum with effect from 20th August, 2015.
Wong Che Ming, Steve	Dr. Wong's emolument for acting as an Independent Non-executive Director of the Company has been revised from HK\$210,000 to HK\$250,000 per annum with effect from 20th August, 2015.
Wan Siu Kau, Samuel	Mr. Wan's emolument for acting as an Independent Non-executive Director of the Company has been revised from HK\$210,000 to HK\$250,000 per annum with effect from 20th August, 2015.
Wong Man Chung, Francis	Mr. Wong has been appointed as an independent non-executive director of Greenheart Group Limited (Stock Code: 94) with effect from 2nd July, 2015. His emolument for acting as an Independent Non-executive Director of the Company has been revised from HK\$210,000 to HK\$250,000 per annum with effect from 20th August, 2015.

APPRECIATION

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

By Order of the Board
Zen Wei Pao, William
Chairman

Hong Kong, 20th August, 2015



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 20 to 39, which comprise the condensed consolidated statement of financial position as of 30th June, 2015 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

20th August, 2015

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2015

	Notes	Six months ended 30th June,	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	3	2,543,381	1,611,414
Cost of sales		(2,330,848)	(1,419,999)
Gross profit		212,533	191,415
Other income	5	23,955	16,728
Investment income, gains and losses	6	8,404	942
Selling and distribution costs		(38,467)	(33,667)
Administrative expenses		(142,151)	(133,607)
Finance costs	7	(6,147)	(4,397)
Share of results of associates		94,385	77,558
Other gains and losses	8	(433)	25,318
Profit before tax	9	152,079	140,290
Income tax expense	10	(1,095)	(225)
Profit for the period		150,984	140,065
Profit for the period attributable to:			
Owners of the Company		131,998	127,651
Non-controlling interests		18,986	12,414
		150,984	140,065
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	12		
– Basic		16.64	16.09
– Diluted		16.64	16.09

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June, 2015

	Six months ended 30th June,	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Profit for the period	150,984	140,065
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	114	(2,549)
Share of translation reserves of associates	(13,415)	48,049
Other comprehensive (expense) income for the period	(13,301)	45,500
Total comprehensive income for the period	137,683	185,565
Total comprehensive income for the period attributable to:		
Owners of the Company	118,639	174,442
Non-controlling interests	19,044	11,123
	137,683	185,565

Condensed Consolidated Statement of Financial Position

At 30th June, 2015

	<i>Notes</i>	30th June, 2015 (Unaudited) HK\$'000	31st December, 2014 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	159,358	155,466
Intangible assets		67,909	68,632
Goodwill		29,838	29,838
Interests in associates	14	5,374,084	5,399,526
Available-for-sale investments		42,676	42,676
Other financial asset		48,514	49,421
Loan and other receivables		2,275	4,470
Deposits paid for acquisition of property, plant and equipment		18,641	–
		5,743,295	5,750,029
Current assets			
Inventories		21,219	24,338
Amounts due from customers for contract work		424,771	461,531
Debtors, deposits and prepayments	15	990,449	967,373
Amounts due from associates		10,369	10,815
Amount due from a joint venture		321	321
Amounts due from other partners of joint operations		188,217	139,840
Tax recoverable		22	148
Held-for-trading investments	16	33,138	26,246
Pledged bank deposits	17	70	60
Bank balances and cash		721,549	453,200
		2,390,125	2,083,872
Current liabilities			
Amounts due to customers for contract work		665,457	648,641
Creditors and accrued charges	18	1,058,351	923,469
Amount due to an associate		15,297	13,264
Amount due to a joint venture		1,142	1,142
Amounts due to other partners of joint operations		157,377	138,304
Amounts due to non-controlling shareholders		3,359	3,359
Tax liabilities		1,844	2,694
Bank loans	19	297,812	283,258
		2,200,639	2,014,131
Net current assets		189,486	69,741
Total assets less current liabilities		5,932,781	5,819,770

Condensed Consolidated Statement of Financial Position

At 30th June, 2015

	<i>Notes</i>	30th June, 2015 (Unaudited) HK\$'000	31st December, 2014 (Audited) HK\$'000
Non-current liabilities			
Deferred tax liabilities		5,750	5,750
Obligations in excess of interests in associates	14	16,340	16,546
Amount due to an associate		4,554	5,406
Bank loans	19	24,000	12,000
Bonds	20	75,562	–
		126,206	39,702
Net assets			
		5,806,575	5,780,068
Capital and reserves			
Share capital		79,312	79,312
Share premium and reserves		5,552,518	5,540,951
Equity attributable to owners of the Company		5,631,830	5,620,263
Non-controlling interests		174,745	159,805
Total equity			
		5,806,575	5,780,068

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2015

	Equity attributable to owners of the Company								Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000 (note a)	Asset revaluation reserve HK\$'000	Other reserve HK\$'000 (note b)	Retained profits HK\$'000	Total HK\$'000		
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
At 1st January, 2015	79,312	731,906	892,558	(29,530)	2,319	(7,335)	3,951,033	5,620,263	159,805	5,780,068
Profit for the period	-	-	-	-	-	-	131,998	131,998	18,986	150,984
Other comprehensive (expense) income for the period	-	-	(13,359)	-	-	-	-	(13,359)	58	(13,301)
Total comprehensive (expense) income for the period	-	-	(13,359)	-	-	-	131,998	118,639	19,044	137,683
Sub-total	79,312	731,906	879,199	(29,530)	2,319	(7,335)	4,083,031	5,738,902	178,849	5,917,751
Capital contribution from a non-controlling shareholder	-	-	-	-	-	-	-	-	1,960	1,960
Distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(6,064)	(6,064)
Dividend paid (note 11)	-	-	-	-	-	-	(107,072)	(107,072)	-	(107,072)
At 30th June, 2015 (unaudited)	79,312	731,906	879,199	(29,530)	2,319	(7,335)	3,975,959	5,631,830	174,745	5,806,575

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, 2015

	Notes	Six months ended 30th June,	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash from operating activities		262,228	148,947
Investing activities			
Interest received		882	1,017
Dividends received from associates		132,908	114,748
Dividends received from held-for-trading investments		1,512	1,353
Proceeds from disposal of property, plant and equipment		1,674	108
Purchase of property, plant and equipment		(41,218)	(58,437)
Deposits paid for acquisition of property, plant and equipment		(18,641)	–
Acquisition of interests in associates		(29,917)	(72,634)
Proceeds from capital reduction of an associate		2,357	–
Acquisition of additional interest in a joint operation		–	(8,000)
Addition to other financial asset		–	(57)
Settlement of loan and other receivables		2,284	2,285
Repayment from associates		1,450	493
Advances to other partners of joint operations		(32,283)	(16,948)
Placement in pledged bank deposits		(10)	(68)
Net cash from (used in) investing activities		20,998	(36,140)
Financing activities			
Interest paid		(5,792)	(4,162)
Dividend paid	11	(107,072)	(80,899)
Distribution to non-controlling shareholders		(6,064)	(3,032)
Capital contribution from a non-controlling shareholder		1,960	–
New bank loans raised		93,000	122,921
Repayment of bank loans		(66,446)	(53,994)
Bonds raised, net	20	75,460	–
Net cash used in financing activities		(14,954)	(19,166)
Net increase in cash and cash equivalents		268,272	93,641
Cash and cash equivalents at the beginning of the period		453,200	341,129
Effect of foreign exchange rate changes, net		77	(925)
Cash and cash equivalents at the end of the period		721,549	433,845
Analysis of the balance of cash and cash equivalents			
Bank balances and cash		721,549	433,845

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2015 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31st December, 2014.

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

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle

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

3. REVENUE

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Revenue analysed by revenue from:		
Construction	2,290,817	1,340,442
Construction materials	237,925	251,405
Quarrying	14,639	19,567
	2,543,381	1,611,414

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

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, 2015

	Segment revenue			Segment profit HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction	2,296,528	(5,711)	2,290,817	20,028
Construction materials	304,525	(66,600)	237,925	23,603
Quarrying	90,680	(76,041)	14,639	1,911
Toll road and property development	-	-	-	90,811
Total	2,691,733	(148,352)	2,543,381	136,353

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

4. SEGMENT INFORMATION (Cont'd)

Segment revenue and results (Cont'd)

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

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 results of associates, discount on acquisition of additional interest in an associate, gain on deemed acquisition of additional interest in an associate, loss on deemed disposal of partial interest in an associate and gain on disposal of property, plant and equipment 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,	
	2015 HK\$'000	2014 HK\$'000
Total segment profit	136,353	107,059
Unallocated items		
Other income	3,317	4,114
Investment income, gains and losses	786	299
Administrative expenses	(8,304)	(6,490)
Finance costs	(2,644)	(2,607)
Share of results of associates	3,238	(1)
Discount on acquisition of additional interest in an associate	40,433	20,961
Gain on deemed acquisition of additional interest in an associate	–	5,069
Loss on deemed disposal of partial interest in an associate	(41,291)	(753)
Gain on disposal of property, plant and equipment	110	–
Profit attributable to owners of the Company	131,998	127,651

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

5. OTHER INCOME

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Other income includes:		
Interest on bank deposits	40	67
Interest on amount due from an associate	76	93
Interest on other financial asset	650	674
Imputed interest on loan and other receivables	175	256
Government subsidy	2,511	–
Operation fee income	10,180	7,834
Rental income from land and buildings	1,827	1,601
Rental income from plant and machinery	625	1,500
Service income from an associate	30	30

6. INVESTMENT INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Gain (loss) on change in fair value of held-for-trading investments, net	6,892	(899)
Dividend income from held-for-trading investments	1,512	1,353
Interest income from held-for-trading investments	–	488
	8,404	942

7. FINANCE COSTS

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Interest on bank loans wholly repayable within five years	4,005	4,162
Interest on bonds	1,889	–
Imputed interest on non-current interest-free amount due to an associate	253	235
	6,147	4,397

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

8. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Discount on acquisition of additional interest in an associate (<i>note a</i>)	40,433	20,961
Gain on deemed acquisition of additional interest in an associate	–	5,069
Loss on deemed disposal of partial interest in an associate (<i>note b</i>)	(41,291)	(753)
Gain on disposal of property, plant and equipment, net (<i>note 13</i>)	425	41
	(433)	25,318

Notes:

- (a) During the period, the Group purchased 4,000,000 (six months ended 30th June, 2014: 2,062,000) ordinary shares in Road King at an aggregate consideration of HK\$29,917,000 (six months ended 30th June, 2014: HK\$14,400,000) 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 0.54% (six months ended 30th June, 2014: 0.28%) resulting in an aggregate discount of HK\$40,433,000 (six months ended 30th June, 2014: HK\$20,961,000) on acquisition of additional interest in Road King.
- (b) During the period, Road King issued 10,240,000 (six months ended 30th June, 2014: 125,000) ordinary shares upon exercise of share options granted to the directors and employees of Road King under the share option schemes of Road King. As a result, the Group's interest in Road King reduced in aggregate by 0.55% (six months ended 30th June, 2014: 0.01%). As the shares were issued at the weighted average exercise price of HK\$6.96 (six months ended 30th June, 2014: 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\$41,291,000 (six months ended 30th June, 2014: HK\$753,000) on deemed disposal of partial interest in Road King.

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Allowance for doubtful debts	–	2,442
Amortisation of intangible assets	760	759
Depreciation of property, plant and equipment	36,077	33,142
Less: Amount attributable to construction contracts	(9,972)	(11,258)
	26,105	21,884
Share of income tax expense of associates (included in share of results of associates)	169,255	189,242

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

10. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Underprovision in prior years		
Hong Kong	1,049	213
The People's Republic of China (the "PRC")	46	12
	1,095	225

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 have 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.

11. DIVIDEND

Dividend paid and recognised as distribution during the period:

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
2014 final dividend – HK13.5 cents per share (six months ended 30th June, 2014: 2013 final dividend – HK10.2 cents per share)	107,072	80,899

An interim dividend for the six months ended 30th June, 2015 of HK3.3 cents (six months ended 30th June, 2014: HK3.0 cents) per ordinary share was approved by the board of directors of the Company on 20th August, 2015. This interim dividend has not been included as a liability in the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

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,	
	2015 HK\$'000	2014 HK\$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	131,998	127,651
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	(39)	(47)
Earnings for the purpose of diluted earnings per share	131,959	127,604

	Six months ended 30th June,	
	2015	2014
Number of ordinary shares for the purposes of basic and diluted earnings per share	793,124,034	793,124,034

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$41,218,000 (six months ended 30th June, 2014: HK\$58,437,000) on additions to property, plant and equipment.

During the period, the Group disposed of certain property, plant and equipment with a carrying amount of HK\$1,249,000 (six months ended 30th June, 2014: HK\$67,000) for proceeds of HK\$1,674,000 (six months ended 30th June, 2014: HK\$108,000), resulting in a net gain on disposal of HK\$425,000 (six months ended 30th June, 2014: HK\$41,000).

At 30th June, 2015, the Group has pledged certain motor vehicles with an aggregate carrying value of HK\$5,455,000 (31st December, 2014: HK\$6,145,000) to secure a bank loan.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

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

	30th June, 2015 HK\$'000	31st December, 2014 HK\$'000
Cost of investments in associates		
Listed in Hong Kong (<i>note a</i>)	1,623,636	1,593,719
Unlisted	133,511	135,868
	1,757,147	1,729,587
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	3,600,597	3,653,393
	5,357,744	5,382,980
Represented by:		
Interests in associates	5,374,084	5,399,526
Obligations in excess of interests in associates (<i>note b</i>)	(16,340)	(16,546)
	5,357,744	5,382,980

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, 2014: 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, 2015

15. DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2015 HK\$'000	31st December, 2014 HK\$'000
Trade debtors	590,612	618,198
Retention receivables	273,266	240,235
Other debtors	37,132	41,860
Deposits and prepayments	85,091	62,818
Loan and other receivables	4,348	4,262
	990,449	967,373

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, 2015 HK\$'000	31st December, 2014 HK\$'000
Trade debtors		
0 to 60 days	561,379	602,688
61 to 90 days	12,928	7,773
Over 90 days	16,305	7,737
	590,612	618,198
Retention receivables		
Due within one year	64,765	66,745
Due after one year	208,501	173,490
	273,266	240,235

At 30th June, 2015, the Group's trade debtors and retention receivables included amounts of HK\$28,073,000 (31st December, 2014: HK\$22,341,000) and HK\$19,029,000 (31st December, 2014: HK\$10,315,000) 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, 2015

16. HELD-FOR-TRADING INVESTMENTS

	30th June, 2015 HK\$'000	31st December, 2014 HK\$'000
Held-for-trading investments at fair value		
Equity securities listed in Hong Kong	33,138	26,246

At 30th June, 2015, certain listed equity securities with a market value of HK\$22,230,000 (31st December, 2014: HK\$19,650,000) 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, 2015, bank deposits of the Group amounting to HK\$70,000 (31st December, 2014: HK\$60,000) were pledged to banks for securing certain banking facilities granted to the Group.

18. CREDITORS AND ACCRUED CHARGES

	30th June, 2015 HK\$'000	31st December, 2014 HK\$'000
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	195,377	256,738
61 to 90 days	10,516	21,519
Over 90 days	27,173	38,267
	233,066	316,524
Retention payables	223,501	194,730
Accrued project costs	480,715	323,236
Other creditors and accrued charges	121,069	88,979
	1,058,351	923,469
Retention payables		
Due within one year	55,448	52,412
Due after one year	168,053	142,318
	223,501	194,730

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

19. BANK LOANS

	30th June, 2015 HK\$'000	31st December, 2014 HK\$'000
The maturity of the bank loans is as follows:		
Within one year	195,000	183,000
In the second year	24,000	12,000
	219,000	195,000
Carrying amount of term loans which contain a repayment on demand clause (shown under current liabilities)		
– repayable within one year	44,713	43,661
– repayable in the second year	48,550	51,403
– repayable in the third to fifth year inclusive	9,549	5,194
	102,812	100,258
Total	321,812	295,258
Less: Amount shown under current liabilities	(297,812)	(283,258)
Amount shown under non-current liabilities	24,000	12,000
Secured	75,875	62,000
Unsecured	245,937	233,258
	321,812	295,258

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.

20. BONDS

On 5th January, 2015, Kaden Construction Limited, a wholly owned subsidiary of Build King as the issuer and Build King as the guarantor have entered into a placing agreement with a placing agent, an independent third party, for the purposes of arranging places for the issue of bonds in denomination of HK\$1,000,000 each up to an aggregate principal amount of HK\$100,000,000. The bonds will be matured at the date immediately following five years after the first issue of the bonds and carry coupon interest of 7% per annum, accrued daily on a 365 days basis that is payable semi-annually in arrears on every 1st July and 1st January of each calendar year, up to but excluding the maturity date of the bonds. At 30th June, 2015, bonds with the total amount of HK\$75,460,000, net of issue expenses, are issued. Such expenses will be amortised over the life of the bonds by charging the expenses to the profit or loss using effective interest rate of 7.68% per annum and increasing the net carrying amount of the bonds with the corresponding amount.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

21. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value measurement of held-for-trading investments which are listed securities of HK\$33,138,000 (31st December, 2014: HK\$26,246,000) 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.

22. ACQUISITION OF ADDITIONAL INTEREST IN A JOINT OPERATION

On 16th March, 2015, the Group, through Build King, further acquired 49% attributable interest in SEGACN-Yat Hing Joint Venture ("SEGACN-Yat Hing") from an independent third party at a cash consideration of HK\$1. Prior to the acquisition, Build King held 51% interest in SEGACN-Yat Hing which is an unincorporated entity and has been accounted for as a joint operation of the Group. Immediately after the acquisition, SEGACN-Yat Hing becomes a 100% owned subsidiary of Build King and a 51.17% subsidiary of the Company. SEGACN-Yat Hing is engaged in fitting out, improvement and alteration works in the PRC. 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	8,599
Creditors and accrued charges	(2,095)
Amount due to a partner of a joint operation	(6,080)
Net assets	424
Gain on bargain purchase arising from the acquisition:	
Cash consideration paid	–
Fair value of 51% interest held by Build King	216
Less: Net assets at the acquisition date	(424)
Gain on bargain purchase arising from the acquisition	(208)

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

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

The management of the Group has assessed the fair values of SEGACN-Yat Hing's identifiable assets and liabilities and considered that the fair values of debtors, deposits and prepayments and creditors and accrued charges at the acquisition date, amounting to HK\$8,599,000 and HK\$2,095,000 respectively, 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 were insignificant and the resultant gain on bargain purchase arising from acquisition of HK\$208,000 has been recognised by the Group as other income.

23. CAPITAL COMMITMENTS

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

	30th June, 2015	31st December, 2014
	HK\$'000	HK\$'000
Contracted for but not provided in the condensed consolidated financial statements	76,963	5,988

24. CONTINGENT LIABILITIES

	30th June, 2015	31st December, 2014
	HK\$'000	HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	286,751	234,278

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2015

25. RELATED PARTY TRANSACTIONS

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

	Six months ended 30th June,	
	2015 HK\$'000	2014 HK\$'000
Associates		
Transportation expenses	2,802	2,819
Interest income	76	93
Service income	30	30
Joint operations		
Sale of construction materials	85,732	45,573
A related company (note)		
Construction contract revenue	21,192	54,400
Project management fee income	96,050	3,061
Compensation of key management personnel		
Short-term employee benefits	20,085	18,178
Post-employment benefits	1,404	1,298
	21,489	19,476

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

At 30th June, 2015, Mr. Zen Wei Peu, Derek, a director of the Company, provided a personal guarantee amounting to HK\$12,500,000 (31st December, 2014: 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

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