Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

INTERIM REPORT 2018

CONTENTS

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, 2018.

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue	HK$3,381 million
Profit attributable to owners of the Company	HK$358 million
Basic earnings per share	HK45.19 cents
Interim dividend per share	HK7.6 cents
Equity attributable to owners of the Company per share	HK$8.96

BUSINESS REVIEW

For the six months ended 30th June, 2018, the Group's revenue was HK$3,381 million (six months ended 30th June, 2017: HK$2,921 million), generating an unaudited profit attributable to owners of the Company of HK$358 million (six months ended 30th June, 2017: HK$135 million), an increase of 165% as compared with that of 2017.

The Group has applied, for the first time, HKFRS 15 "Revenue from Contracts with Customers" which is one of the new Hong Kong Financial Reporting Standards applied in the current interim period. Had this new accounting standard not been applied, the Group's unaudited profit attributable to owners of the Company for the six months ended 30th June, 2018 would be reduced by HK$27 million (decrease of HK$80 million in share of profit from Build King Holdings Limited ("Build King"), net of increase of HK$53 million in share of profit from Road King Infrastructure Limited ("Road King")) to HK$331 million, an increase of 145% as compared with that of 2017.

Property Development and Investment, Toll Road, Investment and Asset Management

For the six months ended 30th June, 2018, the Group shared a profit of HK$336 million (six months ended 30th June, 2017: HK$116 million) from Road King, an associate of the Group. As of the date of this report, the Group holds 41.86% interest in Road King.

During the six months ended 30th June, 2018, the Group purchased 1,256,000 (six months ended 30th June, 2017: 700,000) 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$6 million (six months ended 30th June, 2017: HK$5 million) on acquisition of additional interest in Road King. On the other hand, Road King issued 1,200,000 (six months ended 30th June, 2017: 5,600,000) ordinary shares upon exercise of share options granted to the directors and employees of Road King under the share option scheme of Road King. As the shares were issued at the exercise price lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK$7 million (six months ended 30th June, 2017: HK$24 million) on deemed disposal of partial interest in Road King. As a result, the net effect of the aforesaid transactions increased the Group's interest in Road King by 0.10% for the six months ended 30th June, 2018 (six months ended 30th June, 2017: decreased by 0.21%).

For the six months ended 30th June, 2018, Road King recorded an unaudited profit attributable to its owners of HK$808 million (six months ended 30th June, 2017: HK$284 million), an increase of 185% as compared with that of 2017.

In the first half of 2018, the property segment of Road King achieved remarkable results in property sales by the dedication of its management team even in a more complicated property market environment. The segment recorded property sales of RMB16,116 million (including joint venture projects), comprising the contracted sales of RMB14,691 million and outstanding subscribed sales of RMB1,425 million.

In the first half of 2018, property delivery of Road King (including joint venture projects) amounted to RMB6.2 billion. The average selling price was approximately RMB16,100 per sqm, which increased significantly as compared with the corresponding period of last year. Together with the delivery of more high margin projects during the period, Road King's gross profit margin increased significantly to approximately 47% in current period. Profit of the property segment also increased to HK$915 million, representing an increase of about 5 times comparing to the corresponding period of last year.

BUSINESS REVIEW (Cont'd)

Property Development and Investment, Toll Road, Investment and Asset Management (Cont'd)

For land reserve replenishment, Road King's property and investment and asset management segments acquired 5 parcels of land in Mainland China, mainly for residential purpose, through co-development with the competent enterprises in the first half of 2018, with an aggregate floor area of 542,000 sqm. At 30th June, 2018, Road King's land reserves was 8,480,000 sqm in total and total area of properties pre-sold but yet to be delivered was 1,770,000 sqm.

The average daily traffic volume and toll revenue of Road King's expressway toll road portfolio reached 254,100 vehicles and RMB1,470 million respectively in the first half of 2018, representing an increase of 16% for both as compared with the corresponding period of last year. During the period, all expressway projects recorded increase in toll revenue and certain projects even demonstrated a double-digit growth in toll revenue. Thus, Road King's share of profit of infrastructure joint ventures for the first half of the year increased significantly by 24% to HK$339 million as compared with the corresponding period of last year.

In early August 2018, Road King and a fund managed by CVC Capital Partners ("CVC") entered into an agreement. Pursuant to which, CVC will contribute capital of approximately HK$2,000 million to the expressway business of Road King. After completion of the transaction, Road King and CVC will own 75% and 25% interests in the expressway business of Road King respectively.

Road King continued to develop the investment and asset management business in 2018, which includes property fund, cultural attraction and tourism, entertainment and content development and property related business.

In the first half of 2018, the projects of investment and asset management segment (including joint venture projects) achieved sales of RMB1,109 million, representing an increase of 100% as compared with the corresponding period of last year. The sales for the six months ended 30th June, 2018 comprised contracted sales of RMB457 million and outstanding subscribed sales of RMB652 million. The segment profit for the period was approximately HK$9 million.

Construction and Sewage Treatment

For the six months ended 30th June, 2018, the Group shared a profit of HK$130 million (six months ended 30th June, 2017: HK$43 million) from Build King, the construction arm of the Group. As of the date of this report, the Group holds 56.33% interest in Build King.

For the six months ended 30th June, 2018, Build King recorded revenue of HK$3,129 million (six months ended 30th June, 2017: HK$2,730 million) and an unaudited profit attributable to its owners of HK$231 million (six months ended 30th June, 2017: HK$81 million), an increase of 185% as compared with that of 2017. This comprises profit of HK$228 million (six months ended 30th June, 2017: HK$69 million) from construction and sewage treatment operations and profit of HK$3 million (six months ended 30th June, 2017: profit of HK$12 million) from investment in listed securities.

BUSINESS REVIEW (Cont'd)

Construction and Sewage Treatment (Cont'd)

The drastic increase in profit was mainly attributable to the change of accounting policies. In accordance with the Hong Kong Financial Reporting Standards, Build King applied with effect from 1st January, 2018 the new accounting standard HKFRS 15 "Revenue from Contracts with Customers", without restating the financial information for the same period of 2017. As the profits for the two periods were determined by applying different standards, certain information may not be directly comparable. As detailed in Impacts and changes in accounting policies of application of HKFRS 15 "Revenue from Contracts with Customers" under note 2 to the condensed consolidated financial statements in Build King's Interim Report 2018, had the new accounting standard not been applied, the net profit for the current period would have been HK$91 million, representing an increase of 11% over the net profit of HK$82 million for the corresponding period in 2017.

The total outstanding values of contract-on-hand dropped from HK$18 billion as reported in Annual Report 2017 to HK$14.4 billion as at the date of this report. As anticipated, the civil engineering division would face significant decline in new tenders but the building market was much healthier and there were many new tenders from both public and private sectors. Since the issue of Annual Report 2017 of Build King, Build King has secured four contracts of total contract sum of HK$1.7 billion, mainly building work.

For building division, Build King's first design and build joint venture project has completed its foundation work and started the building works, aiming to complete in 2020. The construction of two 28-storey towers in Shum Shui Po for a private developer commenced in January 2018 was also progressing well within the budget. The recently awarded project was building work for 9 towers and 29 houses in Au Tau, Yuen Long which are targeted to complete in 2020.

The two investments in the PRC continued to generate a steady profit similar to the corresponding period in 2017. The operation of sewage treatment plant in Wuxi City maintained daily treated volume at 42,000 tonnes per day. The heat supply operation at Dezhou was running smoothly as planned.

Construction Materials

For the six months ended 30th June, 2018, the construction materials division recorded revenue of HK$314 million (six months ended 30th June, 2017: HK$269 million) and a net loss of HK$31 million (six months ended 30th June, 2017: net loss of HK$15 million).

The increase in loss for the construction materials division in comparison with that of last year was due to the shrinkage of the civil projects sector and continued decline in concrete price in Hong Kong. The low market price for concrete led to a continued reduction of its profit margin that is inadequate to absorb the operating costs and fixed costs of the concrete batching facilities incurred at Lam Tei Quarry. Coupled with low turnover and decline in concrete price led to our concrete batching facilities in Hong Kong Island reporting loss instead of profit.

Effort spent on business promotion for the asphalt business has achieved positive recognition from our customers. Due to the delay of mega infrastructure projects in Hong Kong, the replenishment of order book is much slower than expected, and profit margin generated from the low turnover was not able to absorb the operating costs and the fixed costs of the asphalt facilities incurred.

For the concrete business, as a result of the lack of new mega civil projects on Hong Kong Island, our concrete batching facilities on Hong Kong Island is facing difficult business environment.

BUSINESS REVIEW (Cont'd)

Construction Materials (Cont'd)

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

The management continues to adopt prudent cost control measures to strengthen our competitiveness. Besides, the management keeps providing high quality of services to both our concrete and asphalt customers.

Due to the shrinking civil projects sector and delay in mega infrastructure projects, the outlook for the construction materials business remains very tough in the second half of 2018.

Quarrying

For the six months ended 30th June, 2018, the quarrying division recorded revenue of HK$85 million (six months ended 30th June, 2017: HK$89 million) and a net loss of HK$8 million (six months ended 30th June, 2017: net loss of HK$8 million).

The overall results of the quarrying division recorded similar figure of net loss as that of last year. Although the volume of aggregates produced and sold from the crushing facilities at Lam Tei Quarry had gradually picked up, loss from sales of aggregates produced at Lam Tei Quarry was recorded. That was because the selling price for aggregates remained at the low level due to severe competition in the market. The thin profit margin generated from sales was unable to cover the substantial amount of operation costs and fixed overheads at Lam Tei Quarry. Fortunately, the positive impact of Renminbi devaluation in 2018 on costs incurred in the PRC turned the operation at Niu Tou Island from net loss in 2017 to a slight net profit in 2018.

It is expected the number of quarries in China will reduce in the coming years, mainly due to environmental reason. Accordingly, the management anticipates that the supply of aggregates from China to Hong Kong may in due course decline and the aggregates price is likely to increase from a very low level. In addition, the management has been exercising cost control measures to minimize the cost of aggregates to strengthen the competitiveness and performance of quarrying division.

Impairment Loss of Lam Tei Quarry

The management has assessed the market situation of the construction materials and quarrying divisions and performed impairment assessment on the carrying amounts of property, plant and equipment, and the intangible assets (representing the extraction right of rock reserve and the rehabilitation costs to be incurred) for Lam Tei Quarry. For the purpose of impairment assessment, assets of Lam Tei Quarry have been allocated to individual cash generating units, i.e., quarrying and construction materials segments, and the recoverable amounts of the cash generating units are determined based on the value in use calculation to determine whether the carrying amounts of these assets could be recovered. The calculation uses cash flow projection based on financial budget covering the remaining contract period of Lam Tei Quarry and discounted at a discount rate of 10.41% to calculate the present value. Other key assumptions for the value in use calculation relate to the estimation of the prices of aggregates, concrete and asphalt, the budgeted gross margin and the rock reserve to be extracted for the remaining contract period. The management considered that the carrying amounts of these assets could not be fully recovered and therefore an impairment of HK$58 million (HK$9 million on property, plant and equipment, and HK$49 million on intangible assets) was made and recognized in profit or loss for the six months ended 30th June, 2018.

BUSINESS REVIEW (Cont'd)

Impairment Loss of Lam Tei Quarry (Cont'd)

The management will continue to assess the market situation and perform impairment assessment on the carrying amounts of property, plant and equipment, and the intangible assets for Lam Tei Quarry, and may make further provision, if necessary.

Property Funds

The Group holds 34.6% interest in Grand China Cayman Investors III, Limited ("Grand China Fund") which indirectly holds 39.9% interest in a US company ("US Company I"). Following the disposals of two residential rental properties in 2016 and another two residential rental properties in 2017, the remaining five residential rental properties in Houston have already been disposed of by US Company I before the date of this report. All the disposals are expected to complete in the third quarter of 2018 and cash distributions from the sales proceeds are expected to be made in the second half of 2018. For the six months ended 30th June, 2018, the Group shared profit of HK$2 million and received cash distribution of US$0.2 million from Grand China Fund.

The Group holds 10% interest in Grand China Overseas Investment Fund, Ltd. and Grand China Overseas Investment Management Co., Ltd. (collectively "GCOI Fund"). GCOI Fund is a fund of funds which in turn invested in numbers of sub-funds. Each sub-fund focuses on a unique property project in the USA. At 30th June, 2018, GCOI Fund has invested in eleven property projects in New York, Seattle, Los Angeles, Silicon Valley, Orlando, Dallas, Austin and Houston. For the six months ended 30th June, 2018, the revaluation surplus of HK$3 million for the investment in GCOI Fund was recognised in profit or loss.

The Group holds 30% effective interest in the Sunnyvale project by investment in a US investment company ("US Company II") which in turn made capital contribution to another US company (the "Project Company") for the development of 3-storey townhouses on three lots of land in Sunnyvale. In April 2017, the Project Company sold one of the three lots of land. Development work of 314 townhouses on the remaining two lots of land is in progress. At 30th June, 2018, 68 townhouses were sold and closed, and another 137 townhouses were sold but not yet closed. For the six months ended 30th June, 2018, the revaluation surplus of HK$2 million for the investment in US Company II was recognised in profit or loss.

Lion Trade Global Limited ("Lion Trade"), which is owned 70% by a wholly owned subsidiary of the Company and 30% by a wholly owned subsidiary of Build King, indirectly holds 75% interest in Wisdom H6 LLC ("JV Fund I") and 34.35% interest in Estates at Fountain Lake LLC ("JV Fund II"), both of which are US joint venture companies. In October 2017, Lion Trade contributed US$14.1 million to JV Fund I which purchased a 4-storey residential rental property in Houston. In December 2017, Lion Trade contributed US$4.5 million to JV Fund II which purchased a 3-storey residential rental property in Stafford of Texas. In June 2018, the occupancy rates of these two residential properties were around 79% and 92% respectively. For the six months ended 30th June, 2018, the Group shared profit of HK$1 million and received cash distribution of US$0.2 million from these two US joint ventures companies.

FUTURE OUTLOOK

There is no meaningful improvement in the market of aggregates and concrete in the third quarter of 2018. In addition, the market demand for asphalt reduced significantly because of the delay of mega infrastructure projects. Coupled with the shrinkage of civil projects sector, the operators in the concrete and asphalt industries will face severe challenges in the second half of 2018. In this tough business environment, the management will consider consolidating the number of concrete batching facilities, amongst other options to be also considered.

The performance of the property funds in the first half of 2018 has been in line with budget and it is anticipated that some of the funds will have profit contribution and cash distribution to the Group in the second half of 2018. The Group continues to closely monitor the performance of the property funds and look for new investments in US properties.

LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings increased from HK$1,113 million to HK$1,253 million with the maturity profile summarised as follows:

	30th June, 2018 *HK$'million*	31st December, 2017 *HK$'million*
Within one year	**420**	335
In the second year	**384**	391
In the third to fifth year inclusive	**358**	296
Over five years	**91**	91
	1,253	1,113
Classified under:		
Current liabilities *(note a)*	**509**	390
Non-current liabilities *(note b)*	**744**	723
	1,253	1,113

Notes:

(a) At 30th June, 2018, 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$89 million (31st December, 2017: HK$55 million) have been classified as current liabilities.

(b) At 30th June, 2018, the amount included bonds with carrying amounts of HK$128 million (31st December, 2017: HK$128 million) carrying fixed coupon interest of 7% per annum and HK$91 million (31st December, 2017: HK$91 million) carrying fixed coupon interest of 5% per annum respectively.

During the period, the Group had no financial instruments for hedging purpose. At 30th June, 2018, apart from the bonds described above, the Group had no fixed-rate borrowings.

At 30th June, 2018, total amount of the Group's bank balances and cash was HK$1,632 million (31st December, 2017: HK$1,306 million), of which bank deposits amounting to HK$0.04 million (31st December, 2017: HK$0.04 million) were pledged to banks to secure certain banking facilities granted to the Group. In addition, the Group has available unutilised bank and other borrowings facilities of HK$846 million (31st December, 2017: HK$894 million) and HK$50 million (31st December, 2017: HK$50 million) respectively.

For the six months ended 30th June, 2018, the Group recorded finance costs of HK$37 million (six months ended 30th June, 2017: HK$32 million).

LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

At 30th June, 2018, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK$47 million (31st December, 2017: HK$46 million), comprising equity securities listed in Hong Kong. For the six months ended 30th June, 2018, the Group recorded a net gain (net amount of change in fair value and dividend income) of HK$2 million (six months ended 30th June, 2017: net gain of HK$12 million) from these investments, of which net gain of HK$3 million (six months ended 30th June, 2017: net gain of HK$12 million) was derived from the securities invested by Build King.

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

CAPITAL STRUCTURE AND GEARING RATIO

At 30th June, 2018, the equity attributable to owners of the Company amounted to HK$7,104 million, representing HK$8.96 per share (31st December, 2017: HK$7,063 million, representing HK$8.90 per share).

At 30th June, 2018, the gearing ratio, representing the ratio of interest bearing borrowings to equity attributable to owners of the Company, was 17.6% (31st December, 2017: 15.8%) 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 –5.3% (31st December, 2017: –2.7%) as a result of total amount of bank balances and cash exceeding total amount of interest bearing borrowings.

PLEDGE OF ASSETS

At 30th June, 2018, apart from the bank deposits pledged to secure certain banking facilities granted to the Group, the shares of certain subsidiaries of the Company were also pledged to secure certain bank loans and banking facilities granted to the Group. At 31st December, 2017, certain vessels with an aggregate carrying value of HK$140 million were also pledged to secure a bank loan.

CAPITAL COMMITMENTS

At 30th June, 2018, the Group committed capital expenditure contracted for but not provided in the Group's condensed consolidated financial statements of HK$0.5 million (31st December, 2017: HK$3 million) in respect of acquisition of property, plant and equipment.

CONTINGENT LIABILITIES

At 30th June, 2018, the Group had outstanding tender/performance/retention bonds in respect of construction contracts amounting to HK$865 million (31st December, 2017: HK$721 million).

Dividend

INTERIM DIVIDEND

The Board has declared an interim dividend of HK7.6 cents (six months ended 30th June, 2017: HK3.8 cents) per ordinary share for the six months ended 30th June, 2018 to the shareholders of the Company whose names appear in the register of members of the Company on Wednesday, 5th September, 2018.

It is expected that the payment of the interim dividend will be made on or before Friday, 5th October, 2018.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4th September, 2018 to Wednesday, 5th September, 2018, 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, 3rd September, 2018.

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2018, 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 Long position *(note)*	Number of shares held Short position	Percentage of the issued ordinary share capital
				%
Zen Wei Pao, William	Personal	192,381,843	–	24.26
Zen Wei Peu, Derek	Personal	185,557,078	–	23.40
Wong Che Ming, Steve	Personal	900,000	–	0.11

Note:

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

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 Long position		Number of shares held Short position	Percentage of the issued share capital	
						%	
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000	*(note 1)*	–	0.11	*(note 2)*
	Wai Kee (Zens) Construction & Transportation Company Limited *(note 3)*	Personal	2,000,000	*(note 1)*	–	10.00	
	Wai Luen Stone Products Limited	Personal	30,000	*(note 1)*	–	37.50	
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	123,725,228	*(note 1)*	–	9.96	
	Road King Infrastructure Limited	Personal	20,649,000	*(notes 1 & 4)*	–	2.76	
	Wai Kee (Zens) Construction & Transportation Company Limited *(note 3)*	Personal	2,000,000	*(note 1)*	–	10.00	
	Wai Luen Stone Products Limited	Personal	30,000	*(note 1)*	–	37.50	
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000	*(note 1)*	–	0.09	
	Road King Infrastructure Limited	Personal	205,000	*(note 1)*	–	0.03	
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448	*(note 1)*	–	0.03	

Notes:

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

2. As at 30th June, 2018, the issued share capital of Build King was 1,241,877,992 shares. Accordingly, the percentage has been adjusted.

3. With effect from 29th February, 2016, the name of Wai Kee (Zens) Construction & Transportation Company Limited has been changed to Build King (Zens) Engineering Limited.

4. Included in the balance is 1,000,000 Road King shares 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.

SHARE OPTIONS

(I) The Company

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

(II) Associated Corporation

The share option scheme was adopted by Road King on 8th May, 2013 ("Road King Share Option Scheme"). As at 30th June, 2018, Road King has granted 3,500,000 share options under Road King Share Option Scheme to two existing Directors of the Company, all share options granted to those Directors have been 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2018, 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 Long position *(note 1)*	Number of shares held Short position	Percentage of the issued ordinary share capital
				%
Cheng Yu Tung Family (Holdings) Limited *(note 2)*	Corporate	213,868,000	–	26.97
Cheng Yu Tung Family (Holdings II) Limited *(note 3)*	Corporate	213,868,000	–	26.97
Chow Tai Fook Capital Limited *(note 4)*	Corporate	213,868,000	–	26.97
Chow Tai Fook (Holding) Limited *(note 5)*	Corporate	213,868,000	–	26.97
Chow Tai Fook Enterprises Limited *(note 6)*	Corporate	213,868,000	–	26.97
New World Development Company Limited *(note 7)*	Corporate	213,868,000	–	26.97
NWS Holdings Limited *(note 8)*	Corporate	213,868,000	–	26.97
NWS Service Management Limited (incorporated in the Cayman Islands) *(note 9)*	Corporate	213,868,000	–	26.97
NWS Service Management Limited (incorporated in the British Virgin Islands) *(note 10)*	Corporate	213,868,000	–	26.97
Vast Earn Group Limited *(note 11)*	Beneficial owner	213,868,000	–	26.97

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

Notes:

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

2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.

3. Cheng Yu Tung Family (Holdings II) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.

4. Chow Tai Fook Capital Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Chow Tai Fook (Holding) Limited.

5. Chow Tai Fook (Holding) Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.

6. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.

7. New World Development Company Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.

8. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands). Both Mr. Tsang Yam Pui and Mr. Cheng Chi Ming, Brian are executive directors of NWS Holdings Limited.

9. NWS Service Management Limited (incorporated in the Cayman Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the British Virgin Islands). Both Mr. Tsang Yam Pui and Mr. Cheng Chi Ming, Brian are directors of NWS Service Management Limited (incorporated in the Cayman Islands).

10. NWS Service Management Limited (incorporated in the British Virgin Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited. Both Mr. Tsang Yam Pui and Mr. Cheng Chi Ming, Brian are directors of NWS Service Management Limited (incorporated in the British Virgin Islands).

11. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands). Both Mr. Tsang Yam Pui and Mr. Cheng Chi Ming, Brian are directors of Vast Earn Group Limited.

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

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2018.

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, 2018.

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, 2018.

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, 2018.

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2018, the Group had 2,289 employees (31st December, 2017: 2,218 employees), of which 2,228 (31st December, 2017: 2,158) were located in Hong Kong, 60 (31st December, 2017: 59) were located in the PRC and 1 (31st December, 2017: 1) was located in UAE. For the six months ended 30th June, 2018, the Group's total staff costs were HK$554 million (six months ended 30th June, 2017: HK$507 million).

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

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

DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

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

(2) On 12th October, 2017, the Company confirmed its acceptance of a facility letter (the "Facility Letter") issued by a bank in respect of a term loan facility of up to HK$273 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 should collectively maintain at least 43% shareholding interest in the Company and maintain management control in the Company.

Save as disclosed above, as at 30th June, 2018, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

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

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

Name of Director	Details of changes
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, 2018 to 31st July, 2021. He is entitled to receive under his service agreement an annual remuneration package of HK$392,000 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, 2018 to 31st July, 2021. He is entitled to receive under his service agreement an annual remuneration package of HK$6,674,000 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, 2018 to 31st July, 2021. She is entitled to receive under her service agreement an annual remuneration package of HK$2,239,000 plus bonus as determined by the profit sharing scheme of the Company.
Tsang Yam Pui	Mr. Tsang's emolument for acting as a Non-executive Director of the Company has been revised from HK$273,000 to HK$286,700 per annum with effect from 17th August, 2018.
Cheng Chi Ming, Brian	Mr. Cheng's emolument for acting as a Non-executive Director of the Company has been revised from HK$273,000 to HK$286,700 per annum with effect from 17th August, 2018.
Wong Che Ming, Steve	Dr. Wong's emoluments for acting as an Independent Non-executive Director, a member of the Audit Committee and a member of the Remuneration Committee of the Company have been revised from HK$273,000 to HK$286,700 per annum, from HK$113,600 to HK$119,300 per annum and from HK$39,500 to HK$41,500 per annum respectively with effect from 17th August, 2018.

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

Name of Director	Details of changes
Wan Siu Kau, Samuel	Mr. Wan's emoluments for acting as an Independent Non-executive Director, a member of the Audit Committee and the Chairman of the Remuneration Committee of the Company have been revised from HK$273,000 to HK$286,700 per annum, from HK$113,600 to HK$119,300 per annum and from HK$57,200 to HK$60,100 per annum respectively with effect from 17th August, 2018.
Wong Man Chung, Francis	Mr. Wong has been appointed as an independent non-executive director of Qeeka Home (Cayman) Inc. (Stock Code: 1739) with effect from 4th June, 2018. On the other hand, Mr. Wong has tendered his resignation as an independent non-executive director of Kunming Dianchi Water Treatment Co., Ltd. (Stock Code: 3768) on 17th August, 2018. The resignation will come into effect on 18th August, 2018. His emoluments for acting as an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company have been revised from HK$273,000 to HK$286,700 per annum, from HK$128,600 to HK$137,900 per annum and from HK$39,500 to HK$41,500 per annum respectively with effect from 17th August, 2018.

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, 17th August, 2018

Report on Review of Condensed Consolidated Financial Statements

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF WAI KEE HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Wai Kee Holdings Limited (the "Company") and its subsidiaries set out on pages 22 to 59, which comprise the condensed consolidated statement of financial position as of 30th June, 2018 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
17th August, 2018

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2018

	Notes	Six months ended 30th June, 2018 (Unaudited) *HK$'000*	2017 (Unaudited) *HK$'000*
Revenue from goods and services	*3*	**3,380,544**	2,920,944
Cost of sales		**(2,903,529)**	(2,626,428)
Gross profit		**477,015**	294,516
Other income	*5*	**31,518**	33,797
Investment income, gains and losses	*6*	**11,359**	12,161
Selling and distribution costs		**(47,499)**	(38,851)
Administrative expenses		**(208,591)**	(206,176)
Finance costs	*7*	**(37,340)**	(32,465)
Share of results of associates		**336,331**	140,285
Share of results of joint ventures		**3,291**	2,703
Other gains and losses	*8*	**(55,033)**	(18,490)
Profit before tax	*9*	**511,051**	187,480
Income tax expense	*10*	**(52,547)**	(15,184)
Profit for the period		**458,504**	172,296
Profit for the period attributable to:			
Owners of the Company		**358,376**	135,297
Non-controlling interests		**100,128**	36,999
		458,504	172,296
		HK cents	*HK cents*
Earnings per share	*12*		
– Basic		**45.19**	17.06
– Diluted		**45.17**	17.04

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June, 2018

	Six months ended 30th June,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**458,504**	172,296
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(1,913)**	4,539
Share of translation reserves of associates	**(45,239)**	50,682
Other comprehensive (expense) income for the period	**(47,152)**	55,221
Total comprehensive income for the period	**411,352**	227,517
Total comprehensive income for the period attributable to:		
Owners of the Company	**312,095**	188,421
Non-controlling interests	**99,257**	39,096
	411,352	227,517

Condensed Consolidated Statement of Financial Position

At 30th June, 2018

	Notes	**30th June, 2018 (Unaudited) HK$'000**	31st December, 2017 (Audited) HK$'000
Non-current assets			
Property, plant and equipment	13	**434,119**	544,633
Intangible assets		**414,839**	510,864
Goodwill		**29,838**	29,838
Interests in associates	14	**6,603,103**	6,556,960
Interests in joint ventures		**227,569**	229,113
Available-for-sale investments		**–**	63,112
Financial assets at fair value through profit or loss	15	**119,791**	–
Other financial asset at amortised cost		**41,262**	42,909
Deposits paid for acquisition of property, plant and equipment		**1,619**	1,619
		7,872,140	7,979,048
Current assets			
Inventories		**87,081**	56,886
Amounts due from customers for contract work		**–**	253,443
Debtors, deposits and prepayments	16	**452,630**	1,924,917
Contract assets	17	**1,532,574**	–
Amounts due from associates		**10,568**	14,168
Amounts due from other partners of joint operations		**138,283**	134,934
Tax recoverable		**15,381**	11,950
Held-for-trading investments	18	**46,507**	46,391
Cash held on behalf of customers	19	**8,079**	–
Pledged bank deposits	20	**37**	37
Bank balances and cash		**1,632,359**	1,305,972
		3,923,499	3,748,698
Current liabilities			
Amounts due to customers for contract work		**–**	410,053
Creditors and accrued charges	21	**2,061,325**	2,284,541
Contract liabilities		**528,337**	–
Amounts due to associates		**18,177**	16,842
Amounts due to joint ventures		**1,236**	1,142
Amounts due to other partners of joint operations		**58,593**	61,710
Amounts due to non-controlling shareholders		**3,359**	3,359
Tax liabilities		**80,843**	61,301
Bank loans	22	**509,426**	389,721
		3,261,296	3,228,669
Net current assets		**662,203**	520,029
Total assets less current liabilities		**8,534,343**	8,499,077

Condensed Consolidated Statement of Financial Position

At 30th June, 2018

	Notes	30th June, 2018 (Unaudited) HK$'000	31st December, 2017 (Audited) HK$'000
Non-current liabilities			
Payable for extraction right		**297,281**	335,294
Provision for rehabilitation costs		**27,162**	29,980
Deferred tax liabilities		**5,750**	5,750
Obligations in excess of interests in associates	*14*	**15,070**	17,246
Amount due to an associate		**2,894**	3,701
Bank loans	*22*	**524,300**	504,350
Bonds		**219,607**	219,350
		1,092,064	1,115,671
Net assets		**7,442,279**	7,383,406
Capital and reserves			
Share capital		**79,312**	79,312
Share premium and reserves		**7,025,157**	6,983,417
Equity attributable to owners of the Company		**7,104,469**	7,062,729
Non-controlling interests		**337,810**	320,677
Total equity		**7,442,279**	7,383,406

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2018

	Equity attributable to owners of the Company									
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Translation reserve** *HK$'000*	**Special reserve** *HK$'000* *(note a)*	**Assets revaluation reserve** *HK$'000*	**Other reserve** *HK$'000* *(note b)*	**Retained profits** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
At 1st January, 2017	79,312	731,906	369,785	(29,530)	2,319	(7,926)	4,806,453	5,952,319	264,794	6,217,113
Profit for the period	–	–	–	–	–	–	135,297	135,297	36,999	172,296
Other comprehensive income for the period	–	–	53,124	–	–	–	–	53,124	2,097	55,221
Total comprehensive income for the period	–	–	53,124	–	–	–	135,297	188,421	39,096	227,517
Sub-total	79,312	731,906	422,909	(29,530)	2,319	(7,926)	4,941,750	6,140,740	303,890	6,444,630
Distribution to non-controlling shareholders	–	–	–	–	–	–	–	–	(13,869)	(13,869)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	(1,778)	–	(1,778)	(16,611)	(18,389)
Dividend paid *(note 11)*	–	–	–	–	–	–	(130,865)	(130,865)	–	(130,865)
At 30th June, 2017 (unaudited)	79,312	731,906	422,909	(29,530)	2,319	(9,704)	4,810,885	6,008,097	273,410	6,281,507
At 31st December, 2017 (audited)	79,312	731,906	730,515	(29,530)	2,319	(9,704)	5,557,911	7,062,729	320,677	7,383,406
Adjustments *(note 2)*	–	–	–	–	–	–	(92,174)	(92,174)	(60,233)	(152,407)
At 1st January, 2018 (restated)	79,312	731,906	730,515	(29,530)	2,319	(9,704)	5,465,737	6,970,555	260,444	7,230,999
Profit for the period	–	–	–	–	–	–	358,376	358,376	100,128	458,504
Other comprehensive expense for the period	–	–	(46,281)	–	–	–	–	(46,281)	(871)	(47,152)
Total comprehensive (expense) income for the period	–	–	(46,281)	–	–	–	358,376	312,095	99,257	411,352
Sub-total	79,312	731,906	684,234	(29,530)	2,319	(9,704)	5,824,113	7,282,650	359,701	7,642,351
Distribution to non-controlling shareholders	–	–	–	–	–	–	–	–	(16,270)	(16,270)
Acquisition of additional interest in a subsidiary	–	–	–	–	–	272	–	272	(5,621)	(5,349)
Dividend paid *(note 11)*	–	–	–	–	–	–	(178,453)	(178,453)	–	(178,453)
At 30th June, 2018 (unaudited)	**79,312**	**731,906**	**684,234**	**(29,530)**	**2,319**	**(9,432)**	**5,645,660**	**7,104,469**	**337,810**	**7,442,279**

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, 2018

	Six months ended 30th June,	
	2018	2017
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Net cash from operating activities	**234,023**	96,165
Investing activities		
Interest received	**3,702**	955
Dividends received from held-for-trading investments	**2,341**	1,807
Dividends received from associates	**245,061**	191,412
Dividends received from joint ventures	**4,885**	–
Proceeds from disposal of property, plant and equipment	**3,865**	1,295
Purchase of property, plant and equipment	**(14,757)**	(144,886)
Deposits paid for acquisition of property, plant and equipment	**–**	(817)
Return of investment costs from associates	**–**	56,250
Acquisition of additional interests in associates	**(22,239)**	(7,612)
Cash contributions to joint ventures	**(50)**	(13,547)
Acquisition of financial assets at fair value through profit or loss	**(39,060)**	–
Settlement of loan and other receivables	**–**	101,463
Refundable deposit paid for subscription of shares	**–**	(88,890)
Advances to associates	**(641)**	(510)
Advances to other partners of joint operations	**(3,349)**	(27,351)
Withdrawal of pledged bank deposits	**–**	30
Net cash from investing activities	**179,758**	69,599
Financing activities		
Interest paid	**(22,690)**	(16,134)
Dividend paid	**(178,453)**	(130,865)
Acquisition of additional interest in a subsidiary	**(5,349)**	(18,389)
Distribution to non-controlling shareholders	**(16,270)**	(13,869)
Advances from (repayments to) associates	**229**	(113)
Advances from joint ventures	**94**	–
Repayments to other partners of joint operations	**(3,117)**	(5,915)
New bank loans raised	**283,939**	105,222
Repayments of bank loans	**(144,284)**	(78,887)
Bonds issued, net	**–**	12,250
Net cash used in financing activities	**(85,901)**	(146,700)
Net increase in cash and cash equivalents	**327,880**	19,064
Cash and cash equivalents at the beginning of the period	**1,305,972**	986,452
Effect of foreign exchange rate changes, net	**(1,493)**	2,613
Cash and cash equivalents at the end of the period	**1,632,359**	1,008,129
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	**1,632,359**	1,008,559
Bank overdraft	**–**	(430)
	1,632,359	1,008,129

1. BASIS OF PREPARATION

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

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.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2018 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31st December, 2017.

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1st January, 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current interim period. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources:

- Construction contracts;
- Sewage treatment plant operation;
- Sale of construction materials including concrete and asphalt; and
- Sale of quarry products.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, i.e. 1st January, 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" (Cont'd)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Cont'd)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" (Cont'd)

2.1.1 Key changes in accounting policies resulting from application of HKFRS 15 (Cont'd)

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant HKFRSs, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The asset is subject to impairment review.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" (Cont'd)

2.1.2 Summary of effects arising from initial application of HKFRS 15

The revenue from construction contracts is recognised over time under output method. The progress towards complete satisfaction of a performance obligation of construction contracts is measured with reference to the certificates issued by the internal or external surveyors on the performance of work completed to date. Costs incurred at the initial stage that generate or enhance resources to be utilised subsequently in fulfilling the performance obligation will be recognised as contract costs to be amortised on a systematic basis with the transfer to the customer of the services to which the assets relate, while contract costs that related to satisfy performance obligations are expensed as incurred.

The revenue from sewage treatment plant operation is recognised over time when the related services are rendered.

The revenue from sale of construction materials and sale of quarry products is recognised when the customers obtain the control of the construction materials and quarry products and the Group has present right to payment and the collection of the consideration is probable.

The following table summarises the impact of transition to HKFRS 15 on retained profits at 1st January, 2018.

	Notes	**Impact on application of HKFRS 15 at 1st January, 2018** *HK$'000*
Retained profits		
Adjustments of amounts due from customers for contract work and creditors and accrued charges	*(a)*	(153,879)
Adjustments of interests in associates	*(e)*	(23,710)
Tax effect	*(a)*	16,465
		(161,124)
Non-controlling interests	*(a) & (e)*	60,233
		(100,891)

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" (Cont'd)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Cont'd)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1st January, 2018. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31st December, 2017	Reclassification	Remeasurement	Carrying amounts under HKFRS 15 at 1st January, 2018*
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current asset					
Interests in associates	*(e)*	6,556,960	–	(23,710)	6,533,250
Current assets					
Inventories	*(a)*	56,886	38,064	–	94,950
Amounts due from customers for contract work	*(a)*	253,443	(38,064)	(215,379)	–
Debtors, deposits and prepayments	*(b) & (c)*	1,924,917	(1,342,656)	–	582,261
Contract assets	*(b) & (c)*	–	1,342,656	–	1,342,656
Current liabilities					
Amounts due to customers for contract work	*(d)*	410,053	(410,053)	–	–
Creditors and accrued charges	*(a)*	2,284,541	–	(61,500)	2,223,041
Contract liabilities	*(d)*	–	410,053	–	410,053
Tax liabilities	*(a)*	61,301	–	(16,465)	44,836
Capital and reserves					
Retained profits	*(a) & (e)*	5,557,911	–	(100,891)	5,457,020
Non-controlling interests	*(a) & (e)*	320,677	–	(60,233)	260,444

* The amounts in this column are before the adjustments from the application of HKFRS 9.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" (Cont'd)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Cont'd)

Notes:

(a) In relation to construction contracts previously accounted under HKAS 11, the Group continues to apply output method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Deferred materials of HK$38,064,000 were reclassified from amounts due from customers for contract work to inventories. Under HKAS 11, construction costs were charged to profit or loss by reference to the stage of completion of the contract, which is measured by reference to the estimated total revenue for contracts entered into by the Group that have been performed to date. Under HKFRS 15, costs that related to satisfy performance obligations are expensed as incurred. Construction costs of HK$215,379,000 that have been incurred but deferred to be recognised in profit or loss under HKAS 11 included in amounts due from customers for contract work were charged to retained profits and non-controlling interests. Construction costs of HK$61,500,000 that have not yet incurred but accelerated to be recognised in profit or loss under HKAS 11 and included in creditors and accrued charges were credited to retained profits and non-controlling interests. The related tax effects of HK$16,465,000 were recognised in tax liabilities and included in adjustment to retained profits.

(b) At the date of initial application, unbilled revenue of HK$887,735,000 arising from the construction contracts are conditional on the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers, and such balance was reclassified from trade and other receivables to contract assets.

(c) At the date of initial application, retention receivables of HK$454,921,000 arising from the construction contracts are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts, and such balance was reclassified from trade and other receivables to contract assets.

(d) The reclassification of HK$410,053,000 from amounts due to customers for contract work to contract liabilities under HKFRS 15 represented the Group's obligations to transfer to the customers of the services to which the assets relate and the Group has received consideration from the customers.

(e) The net effect arising from the initial application of HKFRS 15 by an associate of the Group resulted in a decrease in the carrying amount of interests in associates of HK$23,710,000 with corresponding adjustment to retained profits.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" (Cont'd)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Cont'd)

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position at 30th June, 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position at 30th June, 2018

	Notes	As reported	Reclassification	Remeasurement	Amounts without application of HKFRS 15
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current asset					
Interests in associates	*(e)*	6,603,103	–	76,320	6,679,423
Current assets					
Inventories	*(a)*	87,081	(32,276)	–	54,805
Amounts due from customers for contract work	*(a)*	–	32,276	1,084	33,360
Debtors, deposits and prepayments	*(b) & (c)*	452,630	1,532,574	–	1,985,204
Contract assets	*(b) & (c)*	1,532,574	(1,532,574)	–	–
Tax recoverable	*(a)*	15,381	–	797	16,178
Current liabilities					
Amounts due to customers for contract work	*(d)*	–	528,337	–	528,337
Creditors and accrued charges	*(a)*	2,061,325	–	7,140	2,068,465
Contract liabilities	*(d)*	528,337	(528,337)	–	–
Tax liabilities	*(a)*	80,843	–	(640)	80,203
Capital and reserves					
Translation reserve	*(e)*	684,234	–	(440)	683,794
Retained profits	*(a) & (e)*	5,645,660	–	74,158	5,719,818
Non-controlling interests	*(a) & (e)*	337,810	–	(2,017)	335,793

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" (Cont'd)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Cont'd)

Impact on the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30th June, 2018

	Notes	As reported *HK$'000*	Adjustments *HK$'000*	Amounts without application of HKFRS 15 *HK$'000*
Revenue		3,380,544	–	3,380,544
Cost of sales	*(a)*	(2,903,529)	(159,935)	(3,063,464)
Gross profit	*(a)*	477,015	(159,935)	317,080
Share of results of associates	*(e)*	336,331	53,050	389,381
Profit before tax	*(a) & (e)*	511,051	(106,885)	404,166
Income tax expense	*(a)*	(52,547)	17,902	(34,645)
Profit for the period attributable to:				
Owners of the Company		358,376	(26,733)	331,643
Non-controlling interests		100,128	(62,250)	37,878
	(a) & (e)	458,504	(88,983)	369,521
Total comprehensive income for the period attributable to:				
Owners of the Company		312,095	(27,173)	284,922
Non-controlling interests		99,257	(62,250)	37,007
	(a) & (e)	411,352	(89,423)	321,929

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.1 Impacts and changes in accounting policies on application of HKFRS 15 "Revenue from Contracts with Customers" (Cont'd)

2.1.2 Summary of effects arising from initial application of HKFRS 15 (Cont'd)

Notes:

(a) Prior to application of HKFRS 15, deferred materials of HK$32,276,000 at 30th June, 2018 should be included in amounts due from customers for contract work. It was reclassified to inventories under HKFRS 15. Prior to application of HKFRS 15, the difference between the actual construction costs incurred and the amount calculated based on the stage of completion of the contract activity, which is by reference to the estimated total revenue for contracts entered into by the Group that have been performed to date, was included in amounts due from customers for contract work or creditors and accrued charges. The accumulated difference in the recognition of the construction costs under HKAS 11 and HKFRS 15 at 30th June, 2018 was HK$6,056,000 and including in such difference HK$1,084,000 would be recognised as amounts due from customers for contract work and HK$7,140,000 would be recognised as creditors and accrued charges prior to application of HKFRS 15. Upon application of HKFRS 15, for the accumulated difference in the recognition of the construction costs to profit or loss under HKAS 11 and HKFRS 15, HK$153,879,000 has been charged to retained profits and HK$159,935,000 has been credited to cost of sales for the current period. The accumulated tax effect at 30th June, 2018 was HK$1,437,000 in which HK$16,465,000 was credited to retained profits and HK$17,902,000 was charged to income tax expenses for the current period upon application of HKFRS 15.

(b) Prior to application of HKFRS 15, unbilled revenue of HK$1,036,092,000 at 30th June, 2018 was included in debtors, deposits and prepayments. Such amount was reclassified to contract assets upon application of HKFRS 15.

(c) Prior to application of HKFRS 15, retention receivables of HK$496,482,000 at 30th June, 2018 was included in debtors, deposits and prepayments. Such amount was reclassified to contract assets upon application of HKFRS 15.

(d) Prior to application of HKFRS 15, the Group's obligation to transfer of control of goods and construction services to the customers for which the Group has received consideration from the customers amounting to HK$528,337,000 at 30th June, 2018 would be recognised as amounts due to customers for contract work. Such amount was reclassified to contract liabilities upon application of HKFRS 15.

(e) The net effect arising from the application of HKFRS 15 resulted in an accumulated decrease of HK$76,320,000 in the carrying amount of interests in associates at 30th June, 2018, of which HK$23,710,000 has been charged to retained profits, HK$53,050,000 has been charged to share of results of associates for the current period and HK$440,000 has been credited to share of translation reserves of associates for the current period.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments"

In the current period, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (i) the classification and measurement of financial assets and financial liabilities; (ii) expected credit losses ("ECL") for financial assets and other items (for example, contract assets); and (iii) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised at 1st January, 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised at 1st January, 2018. The difference between the carrying amounts at 31st December, 2017 and the carrying amounts at 1st January, 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9

Classification and measurement of financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets that are within the scope of HKFRS 9 are subsequently measured at amortised cost or fair value, including unquoted equity investments measured at cost less impairment under HKAS 39.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" (Cont'd)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Cont'd)

Classification and measurement of financial assets (Cont'd)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss ("FVTPL"), except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 "Business Combinations" applies.

In addition, the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "investment income, gains and losses" line item.

The directors reviewed and assessed the Group's financial assets at 1st January, 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed in note 2.2.2.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" (Cont'd)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Cont'd)

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including bank deposits, trade and other debtors, other financial asset at amortised cost, amounts due from associates and other partners of joint operations and contract assets). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors and contract assets. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" (Cont'd)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Cont'd)

Impairment under ECL model (Cont'd)

Significant increase in credit risk (Cont'd)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, and the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" (Cont'd)

2.2.1 Key changes in accounting policies resulting from application of HKFRS 9 (Cont'd)

Impairment under ECL model (Cont'd)

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors and contract assets where the corresponding adjustment is recognised through a loss allowance account.

At 1st January, 2018, the directors reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact were considered insignificant to the Group.

Classification and measurement of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amounts of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rates. Transaction costs or fees incurred are adjusted to the carrying amounts of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Impacts and changes in accounting policies on application of HKFRS 9 "Financial Instruments" (Cont'd)

2.2.2 Summary of effects arising from initial application of HKFRS 9

The table below illustrates the classification and measurement (including impairment) under HKFRS 9 at the date of initial application, i.e. 1st January, 2018.

	Note	Available-for-sale investments	Financial assets at FVTPL required by HKFRS 9
		HK$'000	*HK$'000*
Closing balance at 31st December, 2017 – HKAS 39		63,112	–
Effects arising from initial application of HKFRS 9:			
Reclassification			
From available-for-sale investments to financial assets at FVTPL	*(a)*	(63,112)	63,112
Remeasurement			
From cost less impairment to fair value	*(a)*	–	8,717
Opening balance at 1st January, 2018 – HKFRS 9		–	71,829

Note:

(a) From available-for-sale investments to financial assets at FVTPL

At the date of initial application of HKFRS 9, the Group's equity investments of HK$63,112,000 were reclassified from available-for-sale investments to financial assets at FVTPL. The net fair value gains of HK$8,717,000 relating to those equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained profits at 1st January, 2018.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.3 Impacts on opening condensed consolidated statement of financial position arising from the application of all new HKFRSs

	31st December, 2017 (Audited) *HK$'000*	HKFRS 15 *HK$'000*	HKFRS 9 *HK$'000*	1st January, 2018 (Restated) *HK$'000*
Non-current assets				
Interests in associates	6,556,960	(23,710)	–	6,533,250
Available-for-sale investments	63,112	–	(63,112)	–
Financial assets at FVTPL	–	–	71,829	71,829
Others with no adjustments	1,358,976	–	–	1,358,976
	7,979,048	(23,710)	8,717	7,964,055
Current assets				
Inventories	56,886	38,064	–	94,950
Amounts due from customers for contract work	253,443	(253,443)	–	–
Debtors, deposits and prepayments	1,924,917	(1,342,656)	–	582,261
Contract assets	–	1,342,656	–	1,342,656
Others with no adjustments	1,513,452	–	–	1,513,452
	3,748,698	(215,379)	–	3,533,319
Current liabilities				
Amounts due to customers for contract work	410,053	(410,053)	–	–
Creditors and accrued charges	2,284,541	(61,500)	–	2,223,041
Contract liabilities	–	410,053	–	410,053
Tax liabilities	61,301	(16,465)	–	44,836
Others with no adjustments	472,774	–	–	472,774
	3,228,669	(77,965)	–	3,150,704
Net current assets	520,029	(137,414)	–	382,615
Total assets less current liabilities	8,499,077	(161,124)	8,717	8,346,670
Non-current liabilities				
Others with no adjustments	1,115,671	–	–	1,115,671
Net assets	7,383,406	(161,124)	8,717	7,230,999
Capital and reserves				
Retained profits	5,557,911	(100,891)	8,717	5,465,737
Non-controlling interests	320,677	(60,233)	–	260,444
Others with no adjustments	1,504,818	–	–	1,504,818
Total equity	7,383,406	(161,124)	8,717	7,230,999

3. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue

	Six months ended 30th June, 2018 *HK$'000*
Type of goods and services	
Construction contracts	**3,085,095**
Sewage treatment plant operation	**11,200**
Sale of construction materials	**255,902**
Sale of quarry products	**28,347**
	3,380,544
Timing of revenue recognition	
At a point in time	**284,249**
Over time	**3,096,295**
	3,380,544

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. No operating segments have been aggregated in arriving at the reportable segments of the Group. The Group's reportable and operating segments under HKFRS 8 are summarised as follows:

Construction and sewage treatment
- construction of civil engineering and building projects
- operation of sewage treatment plant

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

Quarrying
- production and sale of quarry products

Property development and investment, toll road, investment and asset management
- strategic investment in Road King Infrastructure Limited ("Road King"), an associate of the Group

4. SEGMENT INFORMATION (Cont'd)

Segment revenue and results

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

Six months ended 30th June, 2018

	Segment revenue			
	Gross	**Inter-segment elimination**	**External**	**Segment profit (loss)**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Construction and sewage treatment	**3,129,087**	**(32,792)**	**3,096,295**	**129,611**
Construction materials	**313,963**	**(58,061)**	**255,902**	**(31,371)**
Quarrying	**84,916**	**(56,569)**	**28,347**	**(8,326)**
Property development and investment, toll road, investment and asset management	**–**	**–**	**–**	**336,262**
Total	**3,527,966**	**(147,422)**	**3,380,544**	**426,176**

Six months ended 30th June, 2017

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

Segment profit (loss) represents profit (loss) after tax and non-controlling interests for each reportable and operating segment and includes other income, investment income, gains and losses, share of results of associates, share of results of joint ventures and other gains and losses which are attributable to reportable and operating segments, but excluding corporate income and expenses (including staff costs, other administrative expenses and finance costs), share of results of associates, share of results of joint ventures, and other gains and losses 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.

4. SEGMENT INFORMATION (Cont'd)

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

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
Total segment profit	**426,176**	135,837
Unallocated items		
Other income	**14,270**	15,975
Investment income, gains and losses	**8,645**	(76)
Administrative expenses	**(18,619)**	(10,935)
Finance costs	**(15,636)**	(10,939)
Share of results of associates	**1,204**	23,926
Share of results of joint ventures	**859**	–
Other gains and losses	**(58,519)**	(18,491)
Income tax expense	**(4)**	–
Profit attributable to owners of the Company	**358,376**	135,297

5. OTHER INCOME

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
Other income includes:		
Interest on loan and other receivables	**374**	4,968
Interest on bank deposits	**3,151**	270
Interest on amounts due from associates	**159**	133
Interest on other financial asset at amortised cost	**541**	552
Insurance claim on loss of plant and machinery	**–**	339
Operation fee income	**13,857**	12,312
PRC Value-Added Tax refund	**951**	865
Rental income from plant and machinery	**1,315**	1,315
Reversal of allowance for doubtful debts	**–**	1,972
Service income from associates	**60**	60

6. INVESTMENT INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
Gain on change in fair value of financial assets at FVTPL	**8,902**	–
Gain on change in fair value of held-for-trading investments, net	**116**	10,354
Dividend income from held-for-trading investments	**2,341**	1,807
	11,359	12,161

7. FINANCE COSTS

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
Interest on bank loans	**18,177**	11,621
Interest on bonds	**7,018**	6,863
Imputed interest on payable for extraction right	**10,717**	12,633
Imputed interest on provision for rehabilitation costs	**1,129**	1,064
Imputed interest on non-current interest-free amount due to an associate	**299**	284
	37,340	32,465

8. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
Discount on acquisition of additional interest in an associate *(note a)*	**6,197**	5,111
Loss on deemed disposal of partial interest in an associate *(note b)*	**(6,837)**	(23,602)
Gain on disposal of property, plant and equipment, net	**3,486**	1
Impairment loss recognised in respect of intangible assets *(note c)*	**(48,666)**	–
Impairment loss recognised in respect of property, plant and equipment *(note c)*	**(9,213)**	–
	(55,033)	(18,490)

8. OTHER GAINS AND LOSSES (Cont'd)

Notes:

(a) During the period, the Group purchased 1,256,000 (six months ended 30th June, 2017: 700,000) ordinary shares in Road King at an aggregate consideration of HK$20,439,000 (six months ended 30th June, 2017: HK$7,612,000) 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 0.17% (six months ended 30th June, 2017: 0.10%) resulting in an aggregate discount of HK$6,197,000 (six months ended 30th June, 2017: HK$5,111,000) on acquisition of additional interest in Road King.

(b) During the period, Road King issued 1,200,000 (six months ended 30th June, 2017: 5,600,000) ordinary shares upon exercise of share options granted to the directors and 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 0.07% (six months ended 30th June, 2017: 0.31%). As the shares were issued at the exercise price of HK$7.13 (six months ended 30th June, 2017: HK$7.13) per share, which was lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK$6,837,000 (six months ended 30th June, 2017: HK$23,602,000) on deemed disposal of partial interest in Road King.

(c) Due to the drop in the demand and the competitive pricing of construction materials and quarry products in the market, segment losses have been recognised on the Group's construction materials and quarrying segments. For the purpose of impairment assessment of a quarry site in Hong Kong, assets of the quarry site have been allocated to individual cash generating units, i.e., concrete, asphalt and quarrying divisions. The recoverable amounts of these cash generating units are determined based on cash flow projection on financial budget covering the remaining contract period of the quarry site and a discount rate of 10.41% has been used. Other key assumptions for the value in use calculation include the price and budgeted gross margin of concrete, asphalt and aggregates and the volume of rock reserve to be extracted. The management considers that the carrying amounts of the assets are less than their recoverable amounts, therefore impairment losses of HK$48,666,000 and HK$9,213,000 have been recognised in respect of the intangible assets and the property, plant and equipment, respectively, for the six months ended 30th June, 2018.

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
Amortisation of intangible assets	**46,941**	37,671
Less: Amount capitalised in inventories	**(46,222)**	(36,969)
	719	702
Depreciation of property, plant and equipment	**115,680**	42,876
Less: Amount attributable to construction contracts and included in amounts due from customers for contract work	**–**	(2,083)
Amount capitalised in inventories	**(3,735)**	(3,681)
	111,945	37,112
Share of income tax expense of associates (included in share of results of associates)	**578,090**	160,194
Write-down of inventories	**–**	329

10. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
Current tax		
Hong Kong	**52,482**	14,971
The People's Republic of China (the "PRC")	**–**	3
	52,482	14,974
Underprovision (overprovision) in prior years		
Hong Kong	**52**	(20)
The PRC	**13**	230
	65	210
	52,547	15,184

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25% for both periods. No provision for the PRC income tax has been made for the six months ended 30th June, 2018 as there is no assessable profits.

11. DIVIDEND

Dividend paid and recognised as distribution during the period:

	Six months ended 30th June,	
	2018	2017
	HK$'000	*HK$'000*
2017 final dividend – HK22.5 cents per share (six months ended 30th June, 2017: 2016 final dividend – HK16.5 cents per share)	**178,453**	130,865

An interim dividend for the six months ended 30th June, 2018 of HK7.6 cents (six months ended 30th June, 2017: HK3.8 cents) per ordinary share amounting to HK$60,277,000 (six months ended 30th June, 2017: HK$30,139,000) was approved by the board of directors of the Company on 17th August, 2018. 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,	
	2018	2017
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**358,376**	135,297
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	**(137)**	(181)
Earnings for the purpose of diluted earnings per share	**358,239**	135,116

	Six months ended 30th June,	
	2018	2017
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$14,757,000 (six months ended 30th June, 2017: HK$144,886,000) on additions to property, plant and equipment.

At 31st December, 2017, the Group had pledged certain vessels with an aggregate carrying value of HK$139,787,000 to secure a bank loan.

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

	30th June, 2018 HK$'000	31st December, 2017 HK$'000
Cost of investments in associates		
Listed in Hong Kong *(note a)*	**1,791,107**	1,770,668
Unlisted	**60,154**	53,954
	1,851,261	1,824,622
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	**4,736,772**	4,715,092
	6,588,033	6,539,714
Represented by:		
Interests in associates	**6,603,103**	6,556,960
Obligations in excess of interests in associates *(note b)*	**(15,070)**	(17,246)
	6,588,033	6,539,714
Fair value of listed investments	**4,281,346**	4,189,522

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, 2017: HK$30,964,000) arising on acquisition of additional interest in the associate during the year ended 31st December, 2007.

(b) The Group has contractual obligations to share the net liabilities of certain associates.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th June, 2018 **HK$'000**	31st December, 2017 *HK$'000*
Investments in unlisted equity securities *(note a)*	**76,870**	–
Investment in unlisted debt security *(note b)*	**42,921**	–
	119,791	–

Notes:

(a) The investments represent investments in unlisted equity securities issued by private entities incorporated in the Cayman Islands and the United States of America (the "USA"). The unlisted investments were previously classified as available-for-sale investments and measured at cost less impairment loss at 31st December, 2017.

(b) During the period, the Group invested US$5,000,000 (equivalent to HK$39,060,000) on unlisted convertible bond issued by a private entity incorporated in the USA. The private entity is engaged in manufacture and sale of pharmaceutical products.

Details of measurement of fair values of financial assets at FVTPL are disclosed in note 23.

16. DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2018 **HK$'000**	31st December, 2017 *HK$'000*
Trade debtors	**250,660**	385,066
Unbilled revenue *(note)*	**–**	887,735
Bills receivables	**15,214**	2,130
Retention receivables *(note)*	**–**	454,921
Other debtors	**64,385**	105,094
Deposits and prepayments	**122,371**	89,971
	452,630	1,924,917

Note: Unbilled revenue and retention receivables were reclassified to contract assets upon initial application of HKFRS 15 on 1st January, 2018. Details are set out in note 17.

16. DEBTORS, DEPOSITS AND PREPAYMENTS (Cont'd)

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 debtors (net of allowance for doubtful debts) presented based on the invoice date and retention receivables presented based on the due date:

	30th June, 2018	31st December, 2017
	HK$'000	*HK$'000*
Trade debtors		
0 to 60 days	**222,232**	363,951
61 to 90 days	**9,365**	3,953
Over 90 days	**19,063**	17,162
	250,660	385,066
Retention receivables		
Due within one year	**–**	129,691
Due after one year	**–**	325,230
	–	454,921

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

At 30th June, 2018, the Group's trade debtors and retention receivables included amounts of HK$21,653,000 (31st December, 2017: HK$24,940,000) and nil (31st December, 2017: HK$25,597,000) respectively due from related companies which are subsidiaries of a substantial shareholder of the Company.

As part of the internal credit risk management, the Group applies internal credit rating for its customers in relation to construction contracts. The exposure to credit risk and ECL for trade debtors are assessed collectively based on provision matrix at 30th June, 2018. After the assessment performed by the Group, the impairment allowance on trade debtors based on the provision matrix is insignificant to the Group for the current interim period.

17. CONTRACT ASSETS

	30th June, 2018 **_HK$'000_**	31st December, 2017 *HK$'000*
Unbilled revenue *(note a)*	**1,036,092**	–
Retention receivables *(note b)*	**496,482**	–
	1,532,574	–

Notes:

(a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

(b) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group.

At 30th June, 2018, the Group's retention receivables included an amount of HK$36,104,000 (31st December, 2017: nil) due from related companies which are subsidiaries of a substantial shareholder of the Company.

As part of the internal credit risk management, the Group applies internal credit rating for its customers in relation to construction contracts. The exposure to credit risk and ECL for contract assets are assessed collectively based on provision matrix at 30th June, 2018. After the assessment performed by the Group, the impairment allowance on contract assets based on the provision matrix is insignificant to the Group for the current interim period.

18. HELD-FOR-TRADING INVESTMENTS

	30th June, 2018 **_HK$'000_**	31st December, 2017 *HK$'000*
Equity securities listed in Hong Kong, at fair value	**46,507**	46,391

The investments held for trading are measured at fair value on a recurring basis, by reference to market bid price in active market and classified under Level 1 as disclosed in note 23.

19. CASH HELD ON BEHALF OF CUSTOMERS

WK Securities Limited, a wholly owned subsidiary of the Company, maintains segregated account with authorised institution to hold client's money arising from its normal course of business.

The Group has classified the client's money as cash held on behalf of customers under the current assets section of the condensed consolidated statement of financial position and recognised the corresponding accounts payable to respective client on the grounds that it is liable for any loss or misappropriation of client's money.

The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

20. PLEDGED BANK DEPOSITS

At 30th June, 2018, bank deposits of the Group amounting to HK$37,000 (31st December, 2017: HK$37,000) were pledged to banks for securing certain banking facilities granted to the Group.

21. CREDITORS AND ACCRUED CHARGES

	30th June, 2018 ***HK$'000***	31st December, 2017 *HK$'000*
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	**187,874**	290,940
61 to 90 days	**18,514**	15,780
Over 90 days	**38,458**	40,588
	244,846	347,308
Retention payables	**345,808**	365,023
Accrued project costs	**1,264,990**	1,376,388
Payable for extraction right	**74,984**	72,960
Other creditors and accrued charges	**130,697**	122,862
	2,061,325	2,284,541
Retention payables		
Due within one year	**125,191**	124,257
Due after one year	**220,617**	240,766
	345,808	365,023

22. BANK LOANS

	30th June, 2018 **HK$'000**	31st December, 2017 *HK$'000*
The maturity of the bank loans is as follows:		
Within one year	**420,751**	334,860
In the second year	**307,525**	391,461
In the third to fifth year inclusive	**305,450**	167,750
Total	**1,033,726**	894,071
Less: Amount shown under current liabilities	**(509,426)**	(389,721)
Amount shown under non-current liabilities	**524,300**	504,350
Secured	**347,000**	265,154
Unsecured	**686,726**	628,917
	1,033,726	894,071

At 30th June, 2018, 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$88,675,000 (31st December, 2017: HK$54,861,000) have been classified as current liabilities.

At 30th June, 2018, the shares of certain subsidiaries of the Company and certain bank deposits are pledged to secure certain bank loans and banking facilities granted to the Group. At 31st December, 2017, the shares of certain subsidiaries of the Company, certain vessels and bank deposits were pledged to secure certain bank loans and banking facilities granted to the Group.

23. FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair values at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30th June, 2018 ***HK$'000***	31st December, 2017 *HK$'000*			
1) Unlisted equity investments included in financial assets at FVTPL	**76,870**	71,829	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees.	Weighted average cost of capital ranging from 15.69% to 17.17% (31st December, 2017: from 15.25% to 16.35%).
2) Unlisted debt investment included in financial assets at FVTPL	**42,921**	N/A	Level 3	Discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of the investee.	Weighted average cost of capital at 23.42%. Volatility at 44.68%.
3) Listed equity investments included in held-for-trading investments – Listed equity securities in Hong Kong	**46,507**	46,391	Level 1	Quoted bid price in an active market.	N/A.

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.

24. CAPITAL COMMITMENTS

	30th June, 2018 HK$'000	31st December, 2017 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**480**	2,634

25. CONTINGENT LIABILITIES

	30th June, 2018 HK$'000	31st December, 2017 HK$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	**865,322**	720,694

26. RELATED PARTY TRANSACTIONS

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

	Six months ended 30th June,	
	2018 HK$'000	2017 HK$'000
Associates		
Construction contract revenue	**75,844**	–
Purchase of raw materials	**591**	1,528
Transportation expenses	**1,027**	1,865
Interest income	**159**	133
Service income	**60**	60
Joint operations		
Sale of construction materials	**49,177**	35,351
Related companies *(note)*		
Construction contract revenue	**136,488**	146,465
Project management fee income	**7,476**	5,631
Compensation of key management personnel		
Short-term employee benefits	**40,170**	27,093
Post-employment benefits	**1,678**	1,635
	41,848	28,728

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

Corporate Information

EXECUTIVE DIRECTORS

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

NON-EXECUTIVE DIRECTORS

TSANG Yam Pui
CHENG Chi Ming, Brian

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

COMPANY SECRETARY

CHIU Wai Yee, Anriena

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Reed Smith Richards Butler
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited
Hang Seng Bank Limited
Bangkok Bank Public Company Limited
Shinhan Bank
China CITIC Bank International Limited

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

Wai Kee Holdings Limited