WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

Financial Performance Highlights

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

RESULTS

The board of directors (the "Board") of Wai Kee Holdings Limited (the "Company") announces the unaudited results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE, 2014

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2014

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

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

Notes:

1. Basis of Preparation

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

2. Significant Accounting Policies

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

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

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

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

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

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

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

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

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

3. Revenue

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

4. Segment Information

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

Construction
- construction of civil engineering and building projects

Construction materials
- production and sale of concrete

Quarrying
- production and sale of quarry products

Toll road and property development
- strategic investment in Road King Infrastructure Limited ("Road King"), an associate of the Group

Segment revenue and results

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

Six months ended 30th June, 2014

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

Six months ended 30th June, 2013

	Segment revenue			
	Gross (Restated)	Inter-segment elimination (Restated)	External (Restated)	Segment profit (loss)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Construction	1,008,207	-	1,008,207	4,442
Construction materials	152,486	(14,187)	138,299	612
Quarrying	32,235	(24,676)	7,559	(3,864)
Toll road and property development	-	-	-	98,059
Total	1,192,928	(38,863)	1,154,065	99,249

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

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

	Six months ended 30th June,	
	2014	2013
	HK$'000	*HK$'000*
Total segment profit	**107,059**	99,249
Unallocated items		
Other income	**4,114**	3,798
Investment income, gains and losses	**299**	923
Administrative expenses	**(6,490)**	(9,204)
Finance costs	**(2,607)**	(1,126)
Share of losses of associates	**(1)**	(463)
Discount on acquisition of additional interest in an associate	**20,961**	18,853
Gain on deemed acquisition of additional interest in an associate	**5,069**	-
Loss on deemed disposal of partial interest in an associate	**(753)**	(418)
Profit attributable to owners of the Company	**127,651**	111,612

5. Other Income

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

6. Investment Income, Gains and Losses

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

7. Finance Costs

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

8. Other Gains and Losses

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

9. Profit before Tax

Profit before tax has been arrived at after charging:

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

10. Income Tax Expense

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

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both periods. No provision for Hong Kong Profits Tax has been made for both periods since the estimated assessable profits has been wholly offset by tax losses brought forward from prior years.

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

11. Dividend

Dividend paid and recognised as distribution during the period:

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

An interim dividend for the six months ended 30th June, 2014 of HK3 cents (six months ended 30th June, 2013: HK4.3 cents) per ordinary share was approved by the board of directors of the Company on 15th August, 2014. This interim dividend has not been included as a liability in the condensed consolidated financial statements.

12. Earnings Per Share

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

	Six months ended 30th June, 2014 HK$'000	2013 HK$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**127,651**	111,612
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from assumed exercise of share options issued by that associate	**(47)**	(84)
Earnings for the purpose of diluted earnings per share	**127,604**	111,528

	Six months ended 30th June, 2014	2013
Number of ordinary shares for the purposes of basic and diluted earnings per share	**793,124,034**	793,124,034

13. Debtors, Deposits and Prepayments

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

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

	30th June, 2014 *HK$'000*	31st December, 2013 *HK$'000*
Trade debtors		
0 to 60 days	**477,121**	580,599
61 to 90 days	**8,396**	8,404
Over 90 days	**8,523**	508
	494,040	589,511
Retention receivables		
Due within one year	**96,800**	109,220
Due after one year	**125,879**	86,181
	222,679	195,401

At 30th June, 2014, the Group's trade debtors and retention receivables included amounts of HK$1,364,000 (31st December, 2013: HK$1,495,000) and HK$5,383,000 (31st December, 2013: HK$67,000) respectively due from a related company which is an indirect wholly owned subsidiary of a substantial shareholder of the Company.

14. Creditors and Accrued Charges

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

INTERIM DIVIDEND

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

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 2nd September, 2014 to Wednesday, 3rd September, 2014, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 1st September, 2014.

BUSINESS REVIEW

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

Toll Road and Property Development

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

During the six months ended 30th June, 2014, Road King issued 125,000 (six months ended 30th June, 2013: 112,000) ordinary shares upon exercise of share options granted to the employees of Road King under the share option scheme of Road King. As the shares were issued at an exercise price lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK$0.8 million (six months ended 30th June, 2013: HK$0.4 million) on deemed disposal of partial interest in Road King. On the other hand, the Group purchased 2,062,000 (six months ended 30th June, 2013: 2,155,000) ordinary shares in Road King at an aggregate consideration below the additional net assets value shared by the Group and hence recognised an aggregate discount of HK$21 million (six months ended 30th June, 2013: HK$19 million) on acquisition of additional interest in Road King. Furthermore, Road King repurchased and cancelled 1,328,000 ordinary shares, resulting in an aggregate gain of HK$5 million recorded by the Group on deemed acquisition of additional interest in Road King. As a result, the net effect of these transactions increased the Group's interest in Road King by 0.34% (six months ended 30th June, 2013: 0.28%).

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

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

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

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

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

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

Construction

For the six months ended 30th June, 2014, the Group shared a profit of HK$13 million (six months ended 30th June, 2013: HK$4 million) from Build King Holdings Limited ("Build King"), the construction arm of the Group. As of the date of this announcement, the Group holds 51.17% interest in Build King.

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

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

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

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

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

Construction Materials

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

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

Quarrying

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

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

Property Fund

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

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

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

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

Note: At 30th June, 2014, bank loans that are repayable over one year after the end of the reporting period but contain a repayment on demand clause with the aggregate carrying amount of HK$68 million (31st December, 2013: HK$58 million) have been classified as current liabilities.

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

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

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

At 30th June, 2014, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK$44 million (31st December, 2013: HK$62 million), comprising equity securities listed in Hong Kong and debt securities listed in Singapore. Certain listed equity securities held by Build King with a market value of HK$21 million (31st December, 2013: HK$22 million) were pledged to a bank to secure certain general banking facilities granted to Build King. For the six months ended 30th June, 2014, the Group recorded a net profit (net amount of change in fair value, dividend and interest income) of HK$0.9 million (six months ended 30th June, 2013: HK$4 million) from these investments, of which net profit of HK$0.6 million (six months ended 30th June, 2013: HK$3 million) was derived from the securities invested by Build King.

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

Capital Structure and Gearing Ratio

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

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

Pledge of Assets

At 30th June, 2014, apart from the bank deposits and certain listed equity securities pledged to banks to secure certain general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK$18 million (31st December, 2013: HK$14 million) were pledged to secure a bank loan granted to the Group. In addition, the share of a subsidiary of the Company was pledged to secure certain bank loans granted to the Group.

Contingent Liabilities

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

Capital Commitments

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

FUTURE OUTLOOK

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

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

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions on Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30th June, 2014, except for code provision A.2.1.

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The duties of the Chairman and the Vice Chairman of the Board are clearly set out in writing and are separate. Prior to 15th August, 2014, being the date of this announcement, the Company did not have any officer with the title "chief executive officer". Nevertheless, the Vice Chairman carried out the duties of the chief executive officer of the Company and had done so since 1992. He was formerly designated the "managing director" of the Company until 1998 when his title was changed to "Vice Chairman".

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' Securities Transactions. All directors of the Company have confirmed, following specific enquiry, that they have complied with the required standards set out in the Model Code throughout the six months ended 30th June, 2014.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2014.

AUDIT COMMITTEE

The Audit Committee has reviewed with management, internal auditor and external auditor the accounting policies adopted by the Group and the unaudited interim financial information for the six months ended 30th June, 2014.

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's website (www.waikee.com) and the Stock Exchange's website (www.hkexnews.hk). The Interim Report 2014 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange, and despatched to the shareholders of the Company in due course.

APPRECIATION

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

By Order of the Board
William Zen Wei Pao
Chairman

Hong Kong, 15th August, 2014

At the date of this announcement, the Board comprises three executive directors, namely Mr. William Zen Wei Pao, Mr. Derek Zen Wei Peu and Miss Anriena Chiu Wai Yee, three non-executive directors, namely Mr. Patrick Lam Wai Hon, Mr. Brian Cheng Chi Ming and Dr. Leslie Cheng Chi Pang, and three independent non-executive directors, namely Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau and Mr. Francis Wong Man Chung.