WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

Financial Performance Highlights

Revenue	**HK$2,473 million**
Profit attributable to owners of the Company	**HK$152 million**
Basic earnings per share	**HK19.15 cents**
Interim dividend per share	**HK3.3 cents**
Equity attributable to owners of the Company per share	**HK$7.18**

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, 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

		Six months ended 30th June,	
		2016	2015
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*3*	**2,472,826**	2,543,381
Cost of sales		**(2,202,700)**	(2,330,848)
Gross profit		**270,126**	212,533
Other income	*5*	**23,168**	23,955
Investment income, gains and losses	*6*	**(1,925)**	8,404
Selling and distribution costs		**(37,151)**	(38,467)
Administrative expenses		**(173,512)**	(142,151)
Finance costs	*7*	**(33,574)**	(6,147)
Share of results of associates		**91,498**	94,385
Other gains and losses	*8*	**40,254**	(433)
Profit before tax	*9*	**178,884**	152,079
Income tax expense	*10*	**(1,860)**	(1,095)
Profit for the period		**177,024**	150,984
Profit for the period attributable to:			
Owners of the Company		**151,908**	131,998
Non-controlling interests		**25,116**	18,986
		177,024	150,984
		HK cents	*HK cents*
Earnings per share	*12*		
- Basic		**19.15**	16.64
- Diluted		**19.15**	16.64

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE, 2016

	Six months ended 30th June,	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Profit for the period	**177,024**	150,984
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(1,526)**	114
Share of translation reserves of associates	**(77,643)**	(13,415)
Other comprehensive expense for the period	**(79,169)**	(13,301)
Total comprehensive income for the period	**97,855**	137,683
Total comprehensive income for the period attributable to:		
Owners of the Company	**73,486**	118,639
Non-controlling interests	**24,369**	19,044
	97,855	137,683

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2016

	Notes	**30th June, 2016 (Unaudited) *HK$'000***	31st December, 2015 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**371,523**	319,644
Intangible assets		**609,270**	615,349
Goodwill		**29,838**	29,838
Interests in associates		**5,386,465**	5,417,155
Interests in joint ventures		**40,956**	-
Available-for-sale investments		**109,215**	42,676
Other financial asset		**44,190**	44,624
Loan and other receivables		**115,088**	23,522
Deposits paid for acquisition of property, plant and equipment		**-**	410
		6,706,545	6,493,218
Current assets			
Inventories		**51,208**	45,801
Amounts due from customers for contract work		**448,633**	485,303
Debtors, deposits and prepayments	*13*	**1,355,634**	1,092,848
Amounts due from associates		**12,081**	10,210
Amount due from a joint venture		**321**	321
Amounts due from other partners of joint operations		**40,030**	24,366
Tax recoverable		**9,764**	2,682
Held-for-trading investments		**24,330**	27,430
Pledged bank deposits		**94**	80
Bank balances and cash		**764,631**	881,851
		2,706,726	2,570,892
Current liabilities			
Amounts due to customers for contract work		**628,679**	664,790
Creditors and accrued charges	*14*	**1,272,900**	1,445,797
Amounts due to associates		**17,425**	14,458
Amount due to a joint venture		**1,142**	1,142
Amounts due to other partners of joint operations		**25,594**	12,119
Amounts due to non-controlling shareholders		**3,359**	3,359
Tax liabilities		**1,112**	3,746
Bank loans		**379,411**	325,408
		2,329,622	2,470,819
Net current assets		**377,104**	100,073
Total assets less current liabilities		**7,083,649**	6,593,291

	30th June, 2016 (Unaudited) *HK$'000*	31st December, 2015 (Audited) *HK$'000*
Non-current liabilities		
Payable for extraction right	**437,556**	471,180
Provision for rehabilitation costs	**27,367**	26,889
Deferred tax liabilities	**5,750**	5,750
Obligations in excess of interests in associates	**15,980**	16,195
Amount due to an associate	**3,970**	4,807
Bank loans	**506,688**	18,000
Bonds	**178,397**	150,724
	1,175,708	693,545
Net assets	**5,907,941**	5,899,746
Capital and reserves		
Share capital	**79,312**	79,312
Share premium and reserves	**5,617,199**	5,619,522
Equity attributable to owners of the Company	**5,696,511**	5,698,834
Non-controlling interests	**211,430**	200,912
Total equity	**5,907,941**	5,899,746

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 and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2016 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31st December, 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

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

3. REVENUE

	Six months ended 30th June,	
	2016	2015
	HK$'000	*HK$'000*
Revenue analysed by revenue from:		
Construction	**2,233,940**	2,290,817
Construction materials	**219,770**	237,925
Quarrying	**19,116**	14,639
	2,472,826	2,543,381

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, 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, 2016

	Segment revenue			
	Gross	**Inter-segment elimination**	**External**	**Segment profit (loss)**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Construction	**2,253,838**	**(19,898)**	**2,233,940**	**29,800**
Construction materials	**305,256**	**(85,486)**	**219,770**	**5,347**
Quarrying	**93,661**	**(74,545)**	**19,116**	**(7,860)**
Toll road and property development	**-**	**-**	**-**	**88,020**
Total	**2,652,755**	**(179,929)**	**2,472,826**	**115,307**

Six months ended 30th June, 2015

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

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

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

	Six months ended 30th June,	
	2016	2015
	HK$'000	*HK$'000*
Total segment profit	**115,307**	136,353
Unallocated items *(note)*		
Other income	**15,595**	3,317
Investment income, gains and losses	**(112)**	786
Administrative expenses	**(10,394)**	(8,304)
Finance costs	**(11,453)**	(2,644)
Share of results of associates	**3,076**	3,238
Discount on acquisition of additional interest in an associate	**39,889**	40,433
Loss on deemed disposal of partial interest in an associate	**-**	(41,291)
Gain on disposal of property, plant and equipment	**-**	110
Profit attributable to owners of the Company	**151,908**	131,998

Note: Unallocated items related to head office and other minor operations before intra-group eliminations.

5. OTHER INCOME

	Six months ended 30th June,	
	2016	2015
	HK$'000	*HK$'000*
Other income includes:		
Interest on bank deposits	**121**	40
Interest on amounts due from associates	**96**	76
Interest on other financial asset	**580**	650
Interest on loan and other receivables	**8,103**	-
Imputed interest on loan and other receivables	**89**	175
Government subsidy	**-**	2,511
Operation fee income	**6,958**	10,180
Rental income from land and buildings	**187**	1,827
Rental income from plant and machinery	**-**	625
Service income from associates	**60**	30

6. INVESTMENT INCOME, GAINS AND LOSSES

	Six months ended 30th June,	
	2016	2015
	HK$'000	*HK$'000*
(Loss) gain on change in fair value of held-for-trading investments, net	**(3,100)**	6,892
Dividend income from held-for-trading investments	**1,175**	1,512
	(1,925)	8,404

7. FINANCE COSTS

	Six months ended 30th June,	
	2016	2015
	HK$'000	*HK$'000*
Interest on bank loans	**12,227**	4,005
Interest on bonds	**5,622**	1,889
Imputed interest on payable for extraction right	**14,447**	-
Imputed interest on provision for rehabilitation costs	**1,009**	-
Imputed interest on non-current interest-free amount due to an associate	**269**	253
	33,574	6,147

8. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2016	2015
	HK$'000	*HK$'000*
Discount on acquisition of additional interest in an associate	**39,889**	40,433
Loss on deemed disposal of partial interest in an associate	**-**	(41,291)
Gain on disposal of property, plant and equipment, net	**365**	425
	40,254	(433)

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30th June, 2016 HK$'000	2015 HK$'000
Amortisation of intangible assets	**5,669**	760
Less: Amount capitalised in inventories	**(4,962)**	-
	707	760
Depreciation of property, plant and equipment	**34,344**	36,077
Less: Amount attributable to construction contracts	**(7,202)**	(9,972)
Amount capitalised in inventories	**(1,396)**	-
	25,746	26,105
Share of income tax expense of associates (included in share of results of associates)	**141,358**	169,255

10. INCOME TAX EXPENSE

	Six months ended 30th June, 2016 HK$'000	2015 HK$'000
Underprovision in prior years		
Hong Kong	**1,824**	1,049
The People's Republic of China (the "PRC")	**36**	46
	1,860	1,095

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

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

11. DIVIDEND

Dividend paid and recognised as distribution during the period:

	Six months ended 30th June,	
	2016	2015
	HK$'000	*HK$'000*
2015 final dividend - HK9.5 cents per share (six months ended 30th June, 2015: 2014 final dividend - HK13.5 cents per share)	**75,347**	107,072

An interim dividend for the six months ended 30th June, 2016 of HK3.3 cents (six months ended 30th June, 2015: HK3.3 cents) per ordinary share amounting to HK$26,173,000 (six months ended 30th June, 2015: HK$26,173,000) was approved by the board of directors of the Company on 19th August, 2016. 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,	
	2016	2015
	HK$'000	*HK$'000*
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**151,908**	131,998
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 *(note)*	**-**	(39)
Earnings for the purpose of diluted earnings per share	**151,908**	131,959

	Six months ended 30th June,	
	2016	2015
Number of ordinary shares for the purposes of basic and diluted earnings per share	**793,124,034**	793,124,034

Note: The computation of diluted earnings per share for the six months ended 30th June, 2016 does not assume the exercise of the outstanding share options of that associate as the exercise price of the share options was higher than the average market price of the shares of that associate during the period.

13. DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2016 *HK$'000*	31st December, 2015 *HK$'000*
Trade debtors	**622,139**	617,728
Bills receivables	**4,447**	11,571
Retention receivables	**281,587**	290,415
Other debtors	**50,295**	99,852
Deposits and prepayments	**99,194**	68,812
Loan and other receivables	**297,972**	4,470
	1,355,634	1,092,848

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 and bills receivables presented based on the maturity date:

	30th June, 2016 *HK$'000*	31st December, 2015 *HK$'000*
Trade debtors		
0 to 60 days	**591,946**	578,103
61 to 90 days	**15,035**	21,575
Over 90 days	**15,158**	18,050
	622,139	617,728
Bills receivables		
0 to 60 days	**3,681**	5,175
61 to 90 days	**-**	878
Over 90 days	**766**	5,518
	4,447	11,571
Retention receivables		
Due within one year	**61,252**	55,504
Due after one year	**220,335**	234,911
	281,587	290,415

At 30th June, 2016, the Group's trade debtors and retention receivables included amounts of HK$8,141,000 (31st December, 2015: HK$18,845,000) and HK$15,632,000 (31st December, 2015: HK$10,353,000) respectively due from related companies which are subsidiaries of a substantial shareholder of the Company.

14. CREDITORS AND ACCRUED CHARGES

	30th June, 2016	31st December, 2015
	HK$'000	*HK$'000*
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	**195,247**	187,536
61 to 90 days	**17,230**	18,565
Over 90 days	**29,775**	56,123
	242,252	262,224
Retention payables	**261,010**	244,688
Accrued project costs	**625,792**	760,105
Payable for extraction right	**72,900**	71,535
Other creditors and accrued charges	**70,946**	107,245
	1,272,900	1,445,797
Retention payables		
Due within one year	**72,685**	79,683
Due after one year	**188,325**	165,005
	261,010	244,688

INTERIM DIVIDEND

The Board has declared an interim dividend of HK3.3 cents (six months ended 30th June, 2015: HK3.3 cents) per ordinary share for the six months ended 30th June, 2016 to the shareholders of the Company whose names appear in the register of members of the Company on Wednesday, 7th September, 2016.

It is expected that the payment of the interim dividend will be made on or before Friday, 7th October, 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 6th September, 2016 to Wednesday, 7th September, 2016, 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, 5th September, 2016.

BUSINESS REVIEW

For the six months ended 30th June, 2016, the Group's revenue was HK$2,473 million (six months ended 30th June, 2015: HK$2,543 million), generating an unaudited profit attributable to owners of the Company of HK$152 million (six months ended 30th June, 2015: HK$132 million), an increase of 15% as compared with that of 2015.

Toll Road and Property Development

For the six months ended 30th June, 2016, the Group shared a profit of HK$88 million (six months ended 30th June, 2015: HK$91 million) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this announcement, the Group holds 40.55% interest in Road King.

During the six months ended 30th June, 2016, the Group purchased 3,469,000 (six months ended 30th June, 2015: 4,000,000) ordinary shares in Road King at an aggregate consideration below the additional net assets value shared by the Group and hence recognised an aggregate discount of HK$40 million (six months ended 30th June, 2015: HK$40 million) on acquisition of additional interest in Road King. During the six months ended 30th June, 2015, Road King issued 10,240,000 ordinary shares upon exercise of share options granted to the directors and employees of Road King under the share option schemes of Road King. As the shares were issued at exercise prices lower than the net assets value per share of Road King, the Group recorded an aggregate loss of HK$41 million on deemed disposal of partial interest in Road King for the six months ended 30th June, 2015. As a result, the net effect of the aforesaid transactions increased the Group's interest in Road King by 0.47% for the six months ended 30th June, 2016 (six months ended 30th June, 2015: decreased by 0.01%).

For the six months ended 30th June, 2016, Road King recorded an unaudited profit attributable to its owners of HK$218 million (six months ended 30th June, 2015: HK$228 million), a decrease of 4.39% as compared with that of 2015.

The toll revenue and the average daily traffic volume of the existing toll road portfolio reached RMB1,111 million and 212,000 vehicles in the first half of the year, represented an increase of 8% and 7% respectively as compared with the corresponding period of last year.

Rewarding from continuous adoption of the strategy for maintaining deeper exploitation, effort spent by the operational teams and positive market sentiment, the property sales (including joint venture projects) achieved RMB10,520 million for the first half of 2016, representing a surge of 87% comparing to the corresponding period of last year, in which the contracted sales and the outstanding subscribed sales were approximately RMB9,059 million and RMB1,461 million respectively.

Up to the date of this announcement, Road King, in 2016, acquired five pieces of land in Shanghai, Suzhou, Tianjin and Jinan through listing-for-sale and cooperation for residential developments as well as a commercial property project in Suzhou, with an aggregate floor area of 659,000 sqm. At 30th June, 2016, Road King's land reserve was about 5,500,000 sqm.

For the toll road business, it has provided and will continue to provide steady cash flows. By leveraging the experience obtained over the past two decades, Road King ensures a sustainable and stable operation and development.

For the property development business, Road King is optimistic about the prospect of the property market. Positive impacts have been gradually crystalised for continuous adoption of the strategy that maintaining deeper exploitation, balancing profitability and sales volume, researching and developing market-oriented products, enhancing the value-added services of the property management services, and continuously improving product and service quality and brand appeal. Road King will continue to implement the said strategy and enhance cooperation with well-established PRC business partners to look for better development. Road King believes that this allows Road King to invest in larger scale projects, share higher profits and diversify financial burden, and provide additional resources to Road King for the continuous expansion in property business.

Construction

For the six months ended 30th June, 2016, the Group shared a profit of HK$30 million (six months ended 30th June, 2015: HK$20 million) from Build King Holdings Limited ("Build King"), the construction arm of the Group. As of the date of this announcement, the Group holds 52.78% interest in Build King.

For the six months ended 30th June, 2016, Build King recorded revenue of HK$2,254 million (six months ended 30th June, 2015: HK$2,297 million) and an unaudited profit attributable to its owners of HK$56 million (six months ended 30th June, 2015: HK$39 million), an increase of 44% as compared with that of 2015. This comprises profit of HK$58 million (six months ended 30th June, 2015: HK$31 million) from construction operation and loss of HK$1.8 million (six months ended 30th June, 2015: profit of HK$7.6 million) from investment in listed securities.

The increase of the profit for the first half of 2016 was contributed by projects awarded in past two years. In addition, the cost overran and provision for loss of few railway projects had been fully provided in 2015 and did not cause adverse impact in the current period.

Due to the delay in funding approval for public works by Legco, less Government infrastructure projects have been rolled out for tendering. As a result, Build King encounters severe competition in tendering the projects. To fight for this difficult time, Build King has made its best efforts to enhance its competitiveness and taken cautious steps in pricing its tenders. The efforts have been materialized and nine contracts of total contract sum over HK$4 billion have been awarded to Build King since January 2016. Build King continues to tender actively for upcoming major infrastructure projects such as the third runway at Hong Kong International Airport.

As of the date of this announcement, the total outstanding value of contract on hand has reached HK$12.5 billion.

On new investment, Build King ventured into heat supply business in the northern PRC. In June 2016, it acquired 49% equity interest at a price of RMB35 million in Dezhou Heng Yuan Heating Company Limited which holds exclusive right to supply heat for 30 years to the west of the Jianhe in Dezhou Economic Development Zone of approximate area of 3.5 million square meters. It is expected that this new venture will generate stable income stream to Build King.

At Wuxi City, the sewage treatment plant recorded a reduction of profit by 50% mainly because a one-off cash award of RMB2 million for its contribution to protection of water quality of Lake Tai was received in 2015 and it did not recur in the current period.

Construction Materials

For the six months ended 30th June, 2016, the construction materials division recorded revenue of HK$305 million (six months ended 30th June, 2015: HK$305 million) and a net profit of HK$5 million (six months ended 30th June, 2015: HK$24 million).

The decrease in the overall results of the construction materials division as compared with that of last year was due to the pre-operating expenses incurred for the establishment of the concrete batching facilities and asphalt facilities and the fixed costs incurred at Lam Tei Quarry. Those costs offset part of the positive results of the division. The results for the construction materials division in the first half of 2016 was better than that of last year after excluding Lam Tei Quarry.

The construction of the concrete batching facilities at Lam Tei Quarry was completed in the second quarter of 2016 after substantial time and effort made to deal with the new statutory environmental requirements, which prolonged the establishment time and substantially increased the costs. The concrete batching facilities will be in full operation in the second half of the year.

The Contract for Lam Tei Quarry also allows the operator to establish asphalt facilities there, giving the Group the opportunity to start and enter a new construction materials business in supplying asphalt. The construction of the asphalt facilities was completed and we are attending to the new statutory environmental requirements. It is anticipated that the asphalt facilities will commence operation in late August 2016.

With some of the existing major projects near completion later in 2016 and severe competition due to shrinking civil projects sector, the future outlook for the division would be tough.

To sustain the long term growth of the division, management continues adopting prudent cost control measures and is committed to providing high quality of services to our customers. With additional concrete batching facilities at Lam Tei Quarry, it will assist the division in achieving better geographic coverage and access to more market in the long run.

Quarrying

For the six months ended 30th June, 2016, the quarrying division recorded revenue of HK$94 million (six months ended 30th June, 2015: HK$91 million) and a net loss of HK$8 million (six months ended 30th June, 2015: net profit of HK$2 million).

In the first half of 2016, the results of the quarrying division, excluding Lam Tei Quarry, improved slightly as compared with that of last year. That is a result of perpetual cost control measures exercised for production of aggregates at Niu Tou Island and the positive impact of devaluation in Renminbi on costs incurred in the PRC.

However, the overall results for the quarrying division in the first half of 2016 recorded a net loss because full establishment of the crushing facilities in compliance with the new statutory environmental requirements at Lam Tei Quarry has just been completed at the end of first half of the year. The revenue generated from the quantity produced at Lam Tei Quarry was too low to cover the substantial amount of pre-operating expenses and the fixed costs incurred at the establishment stage of crushing facilities.

Management expects that the revenue from sales of aggregates at Lam Tei Quarry will pick up in the second half of the year and Lam Tei Quarry will have geographic and synergy advantages to the Group's construction and construction materials divisions in the coming years.

Property Funds

The Group holds 34.6% interest in Grand China Cayman Investors III, Limited ("Grand China Fund") which indirectly holds 39.9% interest in a US company ("US Company I"). US Company I initially held a property portfolio comprising of nine residential rental properties in Houston, two of which have been successfully disposed of in the first quarter so as to maximize the return of the portfolio as a whole. The Group will receive additional distribution for the net sales proceeds of these two disposed properties from Grand China Fund in the second half of the year. For the six months ended 30th June, 2016, the occupancy rates of the remaining seven properties maintained around 95% on average and the Group shared profit and received distributions of HK$3.3 million and US$0.2 million (equivalent to HK$1.5 million) from Grand China Fund respectively.

The Group holds 30% interest in Elite International Investment Fund I LP which indirectly holds 75% interest in another US company ("US Company II"). It is expected that US Company II will complete the construction of a 7-storey complex on a land in Los Angeles in the second half of the year. A potential buyer has signed the purchase and sales agreement in the first quarter to purchase the whole property held by US Company II and it is expected to complete the deal by the end of 2016.

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

Talent Set Global Limited ("Talent Set"), a wholly owned subsidiary of the Company, entered into the definitive agreements with Landsea Holdings Corporation ("LHC"), a wholly owned subsidiary of Landsea Green Properties Co., Ltd., on 13th April, 2016 to complete the investment in the Sunnyvale project. The project involves the development on the Sunnyvale Land of three-storeyed cluster townhouses, three-storeyed small townhouses and three-storeyed large townhouses respectively in three lots of land of 25.2 acres in total comprised in the Sunnyvale Land. Talent Set holds 30% effective interest in the Sunnyvale project by an investment amount of US$57 million (approximately HK$446 million), in forms of equity and shareholder's loan, in a US investment company which made capital contribution to another US company for development of the Sunnyvale project. LHC holds 70% effective interest in the Sunnyvale project.

FINANCIAL REVIEW

Liquidity and Financial Resources

During the period, total borrowings increased from HK$494 million to HK$1,064 million with the maturity profile summarised as follows:

	30th June, 2016 *HK$'million*	31st December, 2015 *HK$'million*
Within one year	**359**	243
In the second year	**176**	55
In the third to fifth year inclusive	**468**	159
Over five years	**61**	37
	1,064	494
Classified under:		
Current liabilities *(note a)*	**379**	325
Non-current liabilities *(note b)*	**685**	169
	1,064	494

Notes:

(a) At 30th June, 2016, 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$20 million (31st December, 2015: HK$82 million) have been classified as current liabilities.

(b) At 30th June, 2016, the amount included bonds with carrying amounts of HK$117 million (31st December, 2015: HK$114 million) carrying fixed coupon interest of 7% per annum and HK$61 million (31st December, 2015: HK$37 million) carrying fixed coupon interest of 5% per annum respectively.

For the six months ended 30th June, 2016, substantial increase in total amount of borrowings was mainly attributable to the fund requirements for the investment in the Sunnyvale project and the capital expenditures at Lam Tei Quarry.

During the period, the Group had no financial instruments for hedging purpose. At 30th June, 2016, apart from the bonds described above, the Group had no fixed-rate borrowings.

At 30th June, 2016, total amount of the Group's bank balances and cash was HK$765 million (31st December, 2015: HK$882 million), of which bank deposits amounting to HK$0.09 million (31st December, 2015: HK$0.08 million) were pledged to banks to secure certain general banking facilities granted to the Group. In addition, the Group has available unutilised bank and other borrowings facilities of HK$249 million (31st December, 2015: HK$427 million) and HK$23 million (31st December, 2015: HK$25 million) respectively.

For the six months ended 30th June, 2016, the Group recorded finance costs of HK$34 million (six months ended 30th June, 2015: HK$6 million).

At 30th June, 2016, a portfolio of held-for-trading investments were stated at their fair values in a total amount of HK$24 million (31st December, 2015: HK$27 million), comprising equity securities listed in Hong Kong. For the six months ended 30th June, 2016, the Group recorded a net loss (net amount of change in fair value and dividend income) of HK$1.9 million (six months ended 30th June, 2015: net profit of HK$8.4 million) from these investments, of which net loss of HK$1.8 million (six months ended 30th June, 2015: net profit of HK$7.6 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, 2016, the equity attributable to owners of the Company amounted to HK$5,697 million, representing HK$7.18 per share (31st December, 2015: HK$5,699 million, representing HK$7.19 per share). Decrease in equity attributable to owners of the Company was mainly attributable to the larger aggregate amount of 2015 final dividend paid and the share of the decrease in translation reserve of Road King than the profit generated during the period.

At 30th June, 2016, the gearing ratio, representing the ratio of interest bearing borrowings to equity attributable to owners of the Company, was 18.7% (31st December, 2015: 8.7%) 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, 2015: -6.8% as a result of total amount of bank balances and cash exceeded total amount of interest bearing borrowings).

Pledge of Assets

At 30th June, 2016, apart from the bank deposits pledged to secure certain general banking facilities granted to the Group, certain motor vehicles with an aggregate carrying value of HK$4 million (31st December, 2015: HK$5 million) and the share of a subsidiary of the Company were pledged to secure certain bank loans granted to the Group.

Capital Commitments

At 30th June, 2016, the Group committed capital expenditure of HK$30 million (31st December, 2015: HK$72 million) in respect of acquisition of property, plant and equipment of which HK$20 million (31st December, 2015: HK$42 million) was contracted for but not provided in the Group's condensed consolidated financial statements and HK$10 million (31st December, 2015: HK$30 million) was authorised but not contracted for. At 31st December, 2015, apart from the aforesaid capital commitment, the Group had also authorised but not contracted for capital expenditure of HK$41 million in respect of acquisition of 49% equity interest in a PRC company by Build King.

Contingent Liabilities

At 30th June, 2016, the Group had outstanding tender/performance/retention bonds in respect of construction contracts amounting to HK$377 million (31st December, 2015: HK$309 million).

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2016, the Group had 2,009 employees (31st December, 2015: 1,929 employees), of which 1,902 (31st December, 2015: 1,821) were located in Hong Kong, 106 (31st December, 2015: 107) were located in the PRC and 1 (31st December, 2015: 1) was located in UAE. For the six months ended 30th June, 2016, the Group's total staff costs were HK$475 million (six months ended 30th June, 2015: HK$364 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.

FUTURE OUTLOOK

The performance of the Group's construction division was substantially improved due to significant increase in the profit attributable to the improvement of gross margin of the projects awarded in 2015 which is expected to carry over to the second half of the year.

It is expected that full operation of the processing facilities at Lam Tei Quarry will be picking up gradually in the second half of the year, the revenue generated therefrom however will not be able to absorb the pre-operating costs of processing plants and the fixed costs incurred at Lam Tei Quarry for the whole year. As such, it is anticipated that the performance of the quarrying and construction material divisions for 2016 will be worse than that for 2015. However, we expect that the commencement of operation of asphalt facilities in the second half of the year will alleviate negative impact on the overall performance of the construction materials division. In order to face the coming challenges, the Group would continue implementing cost control measures to strengthen our competiveness.

We will keep looking for investment opportunities that create synergy for the Group to enhance the sustainable growth of the Group.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of 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, 2016.

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 Model Code throughout the six months ended 30th June, 2016.

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, 2016.

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, 2016.

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 2016 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 our shareholders, business partners, directors and our loyal and dedicated staff.

By Order of the Board
William Zen Wei Pao
Chairman

Hong Kong, 19th August, 2016

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, two non-executive directors, namely Mr. Tsang Yam Pui and Mr. Brian Cheng Chi Ming, and three independent non-executive directors, namely Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau and Mr. Francis Wong Man Chung.