Win Win Way Construction Holdings Ltd.
恆誠建築控股有限公司
(Incorporated in Cayman Islands with limited liability)
(Stock Code: 994)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

INTERIM RESULTS

The Board (the "Board") of directors (the "Directors") of Win Win Way Construction Holdings Ltd. (the "Company") announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2017, together with comparative figures of the corresponding period in 2016. These information should be read in conjunction with the prospectus of the Company dated 30 June 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017 – Unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2017	2016
	Note	***$'000***	*$'000*
Revenue	*4*	**412,222**	317,701
Direct costs		**(350,316)**	(260,589)
Gross profit		**61,906**	57,112
Other income	*5*	**318**	148
General and administrative expenses		**(38,714)**	(30,098)
Profit from operations		**23,510**	27,162
Finance costs	*6(a)*	**(870)**	(1,337)
Profit before taxation	*6*	**22,640**	25,825
Income tax	*7*	**(5,732)**	(6,359)
Profit for the period		**16,908**	19,466
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of financial statements of overseas subsidiaries		**(2)**	2
Profit and total comprehensive income for the period		**16,906**	19,468
Earnings per share *(Hong Kong cents)*			
Basic and diluted	*8*	**4.4**	5.1

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(Expressed in Hong Kong dollars)

	Note	**As at 30 June 2017 (unaudited)** *$'000*	As at 31 December 2016 (audited) *$'000*
Non-current assets			
Property, plant and equipment		**9,780**	16,473
Deposits and prepayments	*9*	**1,021**	1,021
		10,801	17,494
Current assets			
Inventories		**1,707**	–
Gross amounts due from customers for contract work	*10*	**155,967**	151,240
Trade and other receivables	*9*	**202,666**	150,662
Cash and cash equivalents		**43,469**	19,501
		403,809	321,403
Current liabilities			
Gross amounts due to customers for contract work	*10*	**58,840**	7,177
Trade and other payables	*11*	**165,024**	150,208
Obligations under finance leases		**7,417**	7,823
Bank loans	*12*	**19,570**	29,033
Tax payable		**15,292**	9,453
		266,143	203,694

	Note	As at 30 June 2017 (unaudited) $'000	As at 31 December 2016 (audited) $'000
Net current assets		**137,666**	117,709
Total assets less current liabilities		**148,467**	135,203
Non-current liabilities			
Obligations under finance leases		**5,600**	9,135
Deferred tax liabilities		**97**	204
		5,697	9,339
NET ASSETS		**142,770**	125,864
CAPITAL AND RESERVES			
Share capital	*13(b)*	**234**	234
Reserves		**142,536**	125,630
TOTAL EQUITY		**142,770**	125,864

NOTES TO THE UNAUDITED INTERIM RESULTS ANNOUNCEMENT

(Expressed in Hong Kong dollars)

1. General information

Win Win Way Construction Holdings Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in the provision of construction and related services, which mainly included foundation works and ancillary services and general building works, and sales of piles. The Company was incorporated in the Cayman Islands on 5 October 2015 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 17 July 2017 (the "Listing").

2. Basis of presentation and preparation

Pursuant to a reorganisation of the Group (the "Reorganisation") which was completed on 23 June 2017 to rationalise the corporate structure in preparation for the listing of the Company's shares on the Main Board of the Stock Exchange, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 June 2017 (the "Prospectus").

The Group's businesses were conducted principally through Win Win Way Construction Co., Limited ("WWWC"), Smart City Engineering Limited ("SCE"), Win Win Way Materials Supply Limited ("WWWM") and Win Win Way Construction Co., (Saipan) Inc. ("WWWC (Saipan)"). Prior to the Reorganisation, WWWC and WWWM were wholly-owned by Win Win Way Holdings Limited ("WWWH") and WWWC (Saipan) was wholly-owned by Moral Grace Investment Limited ("MGIL"). WWWH and SCE were owned as to 33.33% by Mr. Kan Hou Sek, Jim ("Mr. Kan"), 33.33% by Mr. Lee Sai Man ("Mr. Lee") and 33.33% by Mr. Wong Siu Kwai ("Mr. Wong") and MGIL was held by Cheung Yuk Kwan on trust which was owned as to 33.33% by Mr. Kan, 33.33% by Mr. Lee and 33.33% by Mr. Wong. Mr. Kan, Mr. Lee and Mr. Wong are collectively the "Controlling Shareholders" and were acting in concert during the current and prior periods.

The companies that took part in the Reorganisation were controlled by the Controlling Shareholders before and after the Reorganisation. As the control is not transitory and, consequently, there was a continuation of risks and benefits to the Controlling Shareholders, the Reorganisation is considered to be a restructuring of entities under common control. The financial information has been prepared using the merger basis of accounting as if the Group has always been in existence. The net assets of the companies taking part in the Reorganisation are combined using the book values from the Controlling Shareholders' perspective.

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2017 but are extracted from that report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 25 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the accountants' report set out in Appendix I to the Prospectus ("Accountants' Report"), except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 historical financial information disclosed in the Accountants' Report. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3. Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and which are relevant to the Group:

– Amendments to HKAS 12, *Income taxes – Recognition of deferred tax assets for unrealised losses*

– Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*

– *Annual Improvements to HKFRSs 2014-2016 cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. Revenue and segment reporting

(a) Revenue

Revenue represents revenue from construction contracts earned and sales of piles during the current and prior periods.

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Revenue from construction contracts	**383,998**	317,701
Sales of piles	**28,224**	–
	412,222	317,701

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Construction contracts: this segment provides foundation works and ancillary services and general building works to customers in Hong Kong and Saipan.

– Sales of piles: this segment covers sales of piles to customers in Hong Kong.

(i) Information about profit or loss, assets and liabilities

For the purpose of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of deferred tax assets (if any) and other corporate assets. Segment liabilities include all current and non-current liabilities with the exception of deferred tax liabilities (if any) and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. The measure used for reporting segment profit is profit before taxation except that unallocated corporate expenses are excluded from this measurement.

Information regarding the Group's reportable segment as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2017		
	Construction contracts	**Sales of piles**	**Total**
	$'000	***$'000***	***$'000***
Revenue from external customers	**383,998**	**28,224**	**412,222**
Reportable segment revenue	**383,998**	**28,224**	**412,222**
Reportable segment profit	**36,866**	**2,787**	**39,653**
Interest expenses	**870**	**–**	**870**
Depreciation for the period	**331**	**–**	**331**
Additions to non-current segment assets during the period	**854**	**–**	**854**

	At 30 June 2017		
	Construction contracts	**Sales of piles**	**Total**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
	$'000	***$'000***	***$'000***
Reportable segment assets	**384,755**	**22,219**	**406,974**
Reportable segment liabilities	**244,629**	**21,092**	**265,721**

	Six months ended 30 June 2016		
	Construction contracts	Sales of piles	Total
	$'000	*$'000*	*$'000*
Revenue from external customers	317,701	–	317,701
Reportable segment revenue	317,701	–	317,701
Reportable segment profit	36,135	(9)	36,126
Interest expenses	1,337	–	1,337
Depreciation for the period	315	–	315
Additions to non-current segment assets during the period	973	–	973

	At 31 December 2016		
	Construction contracts	Sales of piles	Total
	(audited)	(audited)	(audited)
	$'000	*$'000*	*$'000*
Reportable segment assets	331,024	206	331,230
Reportable segment liabilities	204,258	867	205,125

(ii) Reconciliations of reportable segment profit

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Reportable segment profit	**39,653**	36,126
Unallocated corporate expenses	**(17,013)**	(10,301)
Consolidated profit before taxation	**22,640**	25,825

5. Other income

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Rental income from lease of machinery	**180**	23
Sales of scrap materials	**–**	37
Others	**138**	88
	318	148

6. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
(a) Finance costs		
Interest on bank overdrafts	**3**	91
Interest on bank loans	**505**	682
Finance charges on obligation under finance leases	**362**	564
	870	1,337

		Six months ended 30 June	
		2017	2016
		$'000	*$'000*
(b)	**Staff costs (including directors' remuneration)**		
	Contribution to defined contribution retirement plans	**1,840**	1,705
	Salaries, wages and other benefits	**55,433**	49,754
		57,273	51,459
	Less: Amount included in construction contracts in progress	**(46,313)**	(42,072)
		10,960	9,387
(c)	**Other items**		
	Depreciation	**7,547**	10,864
	Less: Amount included in construction contracts in progress	**(7,216)**	(10,549)
		331	315
	Operating lease charges: minimum lease payments in respect of leasing of properties	**2,052**	2,182
	Less: Amount included in construction contracts in progress	**(304)**	(525)
		1,748	1,657
	Cost of goods sold	**25,416**	–
	Listing expenses	**11,771**	8,214

7. Income tax

Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2017	2016
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the period	**5,839**	7,105
Deferred tax		
Origination and reversal of temporary differences	**(107)**	(746)
	5,732	6,359

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and British Virgin Islands.

(ii) The provision for Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the six months ended 30 June 2017. No provision for overseas taxation as the Group's overseas subsidiaries either did not have assessable profits or have tax credits in excess of assessable profits during the period in the relevant jurisdiction.

8. Earnings per share

(a) Basic earnings per share

The basic earnings per shares is calculated based on the profit for the period of $16,908,000 (2016: $19,466,000) and the weighted average of 384,000,000 ordinary shares (2016: 384,000,000 ordinary shares) for the six months ended 30 June 2017 on the assumption that the Reorganisation, subdivision of shares of the Company and the Capitalisation Issue, as detailed in notes 2, 13(b)(i) and 16(b) respectively, have been completed on 1 January 2016.

(b) Diluted earnings per share

There were no potential dilutive shares in existence during the six months ended 30 June 2017 and 2016 and, therefore, diluted earnings per share are the same as the basic earnings per share.

9. Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade debtors, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2017 (unaudited) *$'000*	At 31 December 2016 (audited) *$'000*
Within 1 month	**50,142**	42,649
1 to 2 months	**4,353**	350
2 to 3 months	**19,122**	–
Over 3 months	**6,923**	2,402
Trade debtors	**80,540**	45,401
Deposits, prepayments and other receivables *(note (i))*	**27,023**	20,088
Retentions receivable *(note (ii))*	**96,124**	86,194
	203,687	151,683
Less: Non-current portion	**(1,021)**	(1,021)
	202,666	150,662

Notes:

(i) As at 30 June 2017, except for the amount of $788,000 (31 December 2016: $614,000) which was expected to be recovered or recognised as expense after one year, all of the remaining balances were expected to be recovered or recognised as expense within one year.

(ii) As at 30 June 2017, except for the amount of $82,668,000 (31 December 2016: $71,285,000) which was expected to be recovered after one year, all of the remaining balances were expected to be recovered within one year.

In respect of trade and other receivables, individual credit evaluations are performed as part of the acceptance procedures for new contracts. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables from both of construction contracts business and sales of piles business are due within 0-60 days from the date of billing.

10. Gross amounts due from/to customers for contract work

	At 30 June 2017 (unaudited) $'000	At 31 December 2016 (audited) $'000
Gross amounts due from customers for contract work		
Contract costs incurred plus recognised profits less recognised losses	**1,825,644**	1,483,963
Less: Progress billings received and receivable	**(1,669,677)**	(1,332,723)
	155,967	151,240
Gross amounts due to customers for contract work		
Progress billings received and receivable	**248,166**	195,807
Less: Contract costs incurred plus recognised profits less recognised losses	**(189,326)**	(188,630)
	58,840	7,177

All gross amounts due from/to customers for contract work are expected to be recovered/settled within one year.

11. Trade and other payables

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	At 30 June 2017 (unaudited) *$'000*	At 31 December 2016 (audited) *$'000*
Within 1 month	**68,647**	31,274
1 to 2 months	**3,869**	17,750
2 to 3 months	**13,215**	8,446
Over 3 months	**26,442**	20,593
Trade creditors	**112,173**	78,063
Other payables and accruals	**37,508**	59,306
Receipts in advance	**1,260**	1,260
Retentions payable	**14,083**	11,579
	165,024	150,208

Note:

As at 30 June 2017, except for the amount of $10,972,000 (31 December 2016: $10,470,000) which was expected to be settled after one year, all of the remaining balances were expected to be settled within one year.

12. Bank loans

The bank loans were repayable as follows:

	As at 30 June 2017 (unaudited)	As at 31 December 2016 (audited)
	$'000	*$'000*
Within 1 year or on demand	**19,570**	29,033

13. Share capital and dividends

(a) Dividends

The Directors did not recommend the payment of a dividend by the Company for the six months ended 30 June 2017. For the six months ended 30 June 2016, interim dividend of $143,644,000 was declared and settled by WWWC to the then shareholder.

(b) Share capital

The Company was incorporated on 5 October 2015. Upon incorporation of the Company, 3,000 ordinary shares of $0.1 each were allotted and issued at par.

Share capital as at 30 June 2017 solely represented the share capital of the Company. Share capital as at 31 December 2016 represented the combined share capital of the Company and Win Win Way Investment Holdings Limited.

The Company

	Par value	**At 30 June 2017 (unaudited)** No. of shares	**Amount**	At 31 December 2016 (audited) No. of shares	Amount
	$		$		$
Authorised share capital:					
At the beginning of the reporting period	0.01	**38,000,000**	**380,000**	–	–
At 5 October 2015 (date of incorporation)	0.1	**–**	**–**	3,800,000	380,000
Share subdivision *(note (i))*	–	**–**	**–**	34,200,000	–
Increase in authorised ordinary shares *(note (ii))*	0.01	**962,000,000**	**9,620,000**	–	–
At the end of the reporting period		**1,000,000,000**	**10,000,000**	38,000,000	380,000
Ordinary shares, issued and fully paid:					
At the beginning of the reporting period	0.01	**30,000**	**300**	–	–
At 5 October 2015 (date of incorporation)	0.1	**–**	**–**	3,000	300
Share subdivision *(note (i))*	–	**–**	**–**	27,000	–
Issuance of shares *(note (iii))*	0.01	**23,400,000**	**234,000**	–	–
At the end of the reporting period		**23,430,000**	**234,300**	30,000	300

Notes:

(i) On 3 February 2016, the Company divided each of the issued and unissued ordinary shares of par value $0.1 each in the share capital of the Company into 10 ordinary shares of par value $0.01 each.

(ii) On 23 June 2017, the authorised share capital of the Company was increased from $380,000 divided into 38,000,000 ordinary shares of par value of $0.01 each to $10,000,000 divided into 1,000,000,000 ordinary shares of par value of $0.01 each by the creation of an additional 962,000,000 ordinary shares of par value of $0.01 each.

(iii) On 23 June 2017, Mr. Kan, Mr. Lee and Mr. Wong (as vendors) and the Company (as purchaser) entered into a sales and purchase agreement, pursuant to which the Company acquired the entire issued share capital of Win Win Way Investment Holdings Limited held by Mr. Kan, Mr. Lee and Mr. Wong (the "Transfer"). In consideration of the Transfer, the Company issued a total of 23,400,000 ordinary shares to Condover Assets Limited ("Condover Assets") at the direction of Mr. Kan, Mr. Lee and Mr. Wong.

14. Commitments

At 30 June 2017 and 31 December 2016, the Group's total future minimum lease payments under non-cancellable operating leases were payable as follows:

	At 30 June 2017 (unaudited) ***$'000***	At 31 December 2016 (audited) *$'000*
Within 1 year	**1,208**	1,965
After 1 year but within 5 years	**–**	83
	1,208	2,048

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of 2 to 5 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

15. Contingent liabilities and claims

(a) At 30 June 2017 and 31 December 2016, the Group had contingent liabilities in respect of performance bonds to guarantee the due and proper performance of the obligation undertaken by the Group's subsidiaries for projects amounting to $69,765,500 and $84,062,500 respectively.

(b) In 2012, Win Win Way Construction Co., Limited ("WWW Construction"), one of the subsidiaries of the Company, set up an arrangement with a third party to jointly undertaken a construction project with a contract sum of $270,000,000. Pursuant to the requirements of the construction contract (the "Contract"), WWW Construction and the third party entered into an agreement with the customer to jointly and severally guarantee the due and proper performance of the Contract and thus the Group had contingent liabilities in this respect as at 30 June 2017 and 31 December 2016. Given the defect liability period for the Contract had expired in October 2015 and no claims were received from the customer up to the date of this interim results announcement, the directors do not consider it is probable that a claim would be made against the Group and no provision has been made in the financial statements.

(c) The Group initiated legal proceedings in December 2015 and filed a statement of claims in January 2016 against a subcontractor and its director for their breach of sub-contracting agreement in relation to a project (the "Project") and claimed an amount of approximately $9,914,000, representing the Group's direct payments to other subcontractors in relation to the Project which were made on behalf of the subcontractor. In May 2016, the subcontractor filed a defence and made passing reference to a counterclaim of approximately $41,328,000. However, no counterclaim is formulated and presented in defence by the subcontractor. Based on the opinion of the Group's legal adviser, the directors are of the view that the claim from the subcontractor is invalid with little prospect of success and accordingly no provision has been made in the financial statements. In August 2017, based on the advice from the Group's legal adviser, the Group has taken out two summonses for stay or refixing the trial date or to discontinue the legal proceedings in order to consolidate the claim of $9,914,000 against the subcontractor with the determination of final account of the Project between the Group and the subcontractor. The summonses are scheduled to be heard in September 2017.

Regarding the aforesaid Project, there was a delay in its completion by the Group. The architect appointed by the customer indicated that the customer was entitled to deduct a sum of approximately $21,125,000 for liquidated damages ("LD Claim"), in addition to the liquidated damages of approximately $1,950,000 already deducted by the customer. The Group has engaged an external contract consultant to assess the exposure of the potential LD Claim. Based on the opinion of the contract consultant, the directors consider that the likelihood of the Group being liable to such LD Claim is highly unlikely and hence no provision has been made in the financial statements.

16. Non-adjusting events after the reporting period

(a) On 17 July 2017, the Company was successfully listed on the Stock Exchange following the completion of its share offer of 128,000,000 shares issued at a price of $0.86 per share. The Company received net proceeds of approximately $51.0 million (after deducting listing expenses) in respect of the Listing.

(b) On 17 July 2017, a total of 360,570,000 shares were allotted and issued, credited as fully paid at par, to the Condover Assets by way of capitalisation of a sum of $3,605,700 standing to the credit of the share premium account of the Company (the "Capitalisation Issue").

17. Review of interim results

The unaudited interim financial report for the six months ended 30 June 2017 has been reviewed by the Audit Committee with no disagreement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The principal activities of the Group are the provision of construction services which mainly include foundation works and ancillary services and general building works, and sales of piles. The Group mainly serves customers in Hong Kong from the private sector but also serves customers from the public sector.

In October 2014, the Group entered into a construction contract in Saipan as main contractor, providing foundation works and ancillary services and general building works ("Saipan Project"), which is a construction project of a resort hotel located at San Antonio, Saipan, Commonwealth of the Northern Mariana Islands ("CNMI"). The foundation works lasted from May 2015 to October 2015. The general building works commenced in May 2016 and are expected to complete in or around February 2018.

Construction services

As at 30 June 2017, the Group had a total of 26 contracts on hand (including contracts in progress and contracts yet to be commenced) and the relevant awarded contract sum of these contracts on hand amounted to approximately HK$2,023.8 million. The amount of contract sum yet to be recognised as at 30 June 2017 amounted to approximately HK$1,011.7 million.

Foundation Works and Ancillary Services

Foundation works mainly include mini-piling, percussive piling, rock socketed in steel H-pile and bored pile, together with pile cap. Ancillary services mainly include site formation and demolition works, for example, clearance of the site, excavation, demolition of a building or any substantial part of a building.

During the six months ended 30 June 2017, there were 35 (2016: 37) foundation works and ancillary services projects contributing revenue of HK$79.1 million (2016: HK$201.5 million) to this business segment.

General Buildings Works

General building works mainly include structural alteration and additional works, development of superstructures such as entire dwelling, office buildings, stores, public utility buildings, farm buildings, etc.

During the six months ended 30 June 2017, there were 9 (2016: 5) general building works projects contributing revenue of HK$304.9 million (2016: HK$116.2 million) to this business segment.

Trading of Piles

The piles are manufactured and supplied by 廣州羊城管樁有限公司 ("GZYC"), the related party of the Company. Win Win Way Materials Supply Limited ("WWW Materials"), the indirect wholly owned subsidiary of the Company, has been granted the exclusive distribution right by GZYC for its piles product in Hong Kong from August 2010 to July 2020. The piles sourced from GZYC are "YANGCHENG" precast prestressed concrete piles (the "PHC Piles").

On 1 March 2017 and 24 June 2017, WWW Materials entered into a purchase agreement and a supplemental purchase agreement, respectively, with GZYC pursuant to which the WWW Materials agreed to make a one-off purchase of a total of 164,000 meters of PHC Piles of four different specifications and 4,500 units of steel cross shoes from GZYC to satisfy our Hong Kong customers' demand.

During the six months ended 30 June 2017, trading of piles contributed HK$28.2 million (2016: Nil) revenue to the Group.

FINANCIAL REVIEW

During the six months ended 30 June 2017, we completed 10 projects involving foundation works and ancillary services.

For the six months ended 30 June 2017, the Group's unaudited consolidated revenue amounted to approximately HK$412.2 million (2016: HK$317.7 million). The increase was mainly attributable to (i) increase in general building works projects during the period, together with contribution from Saipan Project for its general building works commenced in May 2016; and (ii) revenue contributed from sales of piles during the six months ended 30 June 2017.

For the six months ended 30 June 2017, the overall gross profit was HK$61.9 million (2016: HK$57.1 million), while the overall gross profit margin was 15.0% (2016: 18.0%). The gross profit and gross profit margin of the projects are affected by a number of factors, including scope of work, technical complexity, geological conditions of the work sites, variation orders and/or work programme, and therefore vary from project to project. Foundation work projects undertaken by the Group generally had a higher gross profit margin compared with general building work projects. During the 6 months ended 30 June 2017, there are 79.4% revenue of construction contract segment contributed from general building work projects (2016: 36.6%). The decrease in gross profit margin due to higher portion of revenue from general building work projects.

General and administrative expenses (the "G&A Expenses") primarily comprise staff costs, business development expenses, transportation expenses, depreciation, bank charges, office expenses and professional charges that includes the non-recurring listing related expenses. The G&A Expenses for the period increased by HK$8.6 million to approximately HK$38.7 million, compared with approximately HK$30.1 million of the corresponding period in last year, which was mainly due to additional listing expenses of approximately HK$3.6 million and legal and professional fees of approximately HK$2.4 million incurred in the current period.

As a result, profit for the period decreased to approximately HK$16.9 million, representing a decrease of 13.1% over the corresponding period of approximately HK$19.5 million in last year. Excluding the non-recurring listing related expenses, the adjusted profit for the six months ended 30 June 2017 amounted to approximately HK$28.7 million (2016: HK$27.7 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 30 June 2017	As at 31 December 2016
Current ratio[1]	**1.5**	1.6
Gearing ratio *(%)*[2]	**22.8**	36.5
Net debt to equity ratio *(%)*[3]	**N/A**	21.0

Notes:

1. Current ratio based on the total current assets divided by the total current liabilities.

2. Gearing ratio based on the total debt (which includes bank loans and obligations under finance leases) divided by total equity and multiplied by 100%.

3. Net debt to equity ratios based on net debts (which include bank loans and obligations under finance leases less cash and cash equivalents) divided by total equity and multiplied by 100%.

Current ratio decreased from 1.6 as at 31 December 2016 to 1.5 as at 30 June 2017, as a result of increase in gross amounts due to customers for contract work. Gearing ratio decreased from 36.5% as at 31 December 2016 to 22.8% as at 30 June 2017, as a result of repayment of debt during the period. Net debt to equity ratio is not applicable as at 30 June 2017 due to the cash and cash equivalents larger than the total of bank loans and obligations under finance leases at that date.

As at 30 June 2017, the Group had cash and bank balances of approximately HK$43.5 million (31 December 2016: HK$19.5 million).

The capital structure of the Group consisted of equity of HK$142.8 million and debts (bank loans and obligations under finance leases) of HK$32.6 million as at 30 June 2017.

The Group adopts a prudent approach in cash management. Apart from certain debts including bank loans and obligations under finance leases, the Group did not have any material outstanding debts as at 30 June 2017. In any case, the Group may utilise its banking facilities of HK$148.5 million, of which HK$87.2 million remain unused as at 30 June 2017.

EMPLOYEES

The Group had 368 employees as at 30 June 2017. The Group offers competitive remuneration package that is based on overall market rates and employee performance, as well as performance of the Group. Remuneration package is comprised of salary, performance-based bonus, and other benefits including training and provident funds.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 June 2017.

CHARGES ON GROUP ASSETS

As at 30 June 2017, the Group had obligation under finance leases of approximately HK$13.0 million (31 December 2016: HK$17.0 million). The Group's obligation under finance leases are secured by the lessors' charge over the leased assets with net book values of HK$2.0 million as at 30 June 2017 (31 December 2016: HK$6.2 million).

FOREIGN CURRENCY EXCHANGE RISK

The Group has no significant exposure to foreign currency risk as substantially all of the Group's transactions are denominated in Hong Kong dollars and United States dollars. As the Hong Kong dollars is pegged to the United States dollars, the Group considers the risk of movements in exchange rates between the Hong Kong dollars and the United States dollars to be insignificant.

As at 30 June 2017, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

CONTINGENT LIABILITIES AND CLAIMS

Save as disclosed in note 15 to the unaudited interim results announcement, the Group had no other contingent liabilities and claims as at 30 June 2017.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the six months ended 30 June 2017. There is no other plan for material investments or capital assets as at 30 June 2017.

RECENT DEVELOPMENT

The Company successfully listed its shares on the Main Board of the Stock Exchange on 17 July 2017 and a total of 128,000,000 shares by way of public offer and placing at a price of HK$0.86 each on Listing. The net proceeds from the share offer in association with the Listing amounted to HK$51.0 million. The unused net proceeds since the Listing have been deposited with licensed banks in Hong Kong.

FUTURE PROSPECTS

In view of the growth prospects for both public and private development projects, the Group intend to expand the business capacity and scale to strength the market position in Hong Kong to capture more sizeable and profitable projects. The Directors believe that the Group can capture such opportunities and take an active part in the foundation works and ancillary services, as well as general building works required for such projects. The Group intend to further diversify the customer base by bidding works from more private residential developers.

DIVIDEND

The Directors did not recommend the payment of a dividend for the six months ended 30 June 2017.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

CONNECTED TRANSACTIONS

The Group has entered into two agreements with the Company's connected persons (as defined under Chapter 14A of the Listing Rules) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Exempt continuing connected transaction – Provision of consultancy services by Wong & Cheng Consulting Engineers Limited ("Wong & Cheng")

Connected person

Wong & Cheng is owned by Mr. Kwong Po Lam ("Mr. Kwong"), the executive Director of the Company, as to approximately 32% and by an independent third party as to 68%. Wong & Cheng is an associate of Mr. Kwong, and is therefore a connected person of the Company under Listing Rules.

Description of the transaction

The Company engaged Wong & Cheng for the provision of consultancy services relating to submission of works such as piling foundation, ELS and hoarding amendment to the relevant government departments, including the Buildings Department for approval on an ad-hoc basis ("W&C Consultancy Services"). On 23 June 2017, Win Win Way Construction Co., Limited ("WWW Construction"), the indirect wholly-owned subsidiary of the Company, entered into a framework consultancy agreement (the "W&C Framework Consultancy Agreement") with Wong & Cheng pursuant to which Wong & Cheng shall provide W&C Consultancy Services to WWW Construction from time to time. The principal terms of the W&C Framework Consultancy Agreement are as follows:

– the W&C Framework Consultancy Agreement was effective from the Listing Date until 31 December 2019; and

– the remuneration for provision of W&C Consultancy Services under the W&C Framework Consultancy Agreement will be determined based on a range of 1% to 3% of the contract sum of the relevant construction project, subject to the complexity of the project specifications.

Since each of the relevant percentage ratio under the Listing Rules in respect of the total annual consideration of the transactions under the W&C Framework Consultancy Agreement is expected to be less than 5% and the total annual consideration is expected to be less than HK$3 million, the transaction constitutes de minimis transaction under Rule 14A.76 (1) which is fully exempt from the shareholders' approval, annual review and all disclosure requirements.

Non-exempt continuing connected transactions – Provision of consultancy services by Paul Tong & Associated Consulting Engineers Ltd. ("Paul Tong")

Connected person

Paul Tong is a Hong Kong incorporated private company principal engaged in the provision of general construction consulting services and certification of piles manufactured by GZYC. It is held as to 75% by Dr. Kan and as to 25% by Mr. Yeung Nai Cheong, a senior management of the Company, and is therefore an associate of Dr. Kan and a connected person of the Company under the Listing Rules. Paul Tong obtained the Buildings Department's approval for the use of PHC Piles in 2006 subject to certain conditions and requirements being met, rendering Paul Tong's certification necessary for use of the PHC Piles in Hong Kong.

Description of the transaction

On 2 May 2017, WWW Materials entered into a consultancy agreement (the "Paul Tong Framework Consultancy Agreement") with Paul Tong pursuant to which Paul Tong will provide PHC Piles consultancy services to the Group from time to time during the term of that agreement ("PHC Piles Consultancy Services"). The principal terms of the Paul Tong Framework Consultancy Agreement are as follows:

– the Paul Tong Framework Consultancy Agreement will be effective from the Listing Date until 31 December 2017; and

– the compensation for provision of PHC Piles Consultancy Services under the Paul Tong Framework Consultancy Agreement will be HK$50 for every meter of the PHC Piles required to be inspected and certified by Paul Tong.

Annual cap and basis of cap

As the fees of PHC Piles Consultancy Services depend on the actual demand of the Group's end customers, we expect the aggregate annual amounts to be paid by the Group to Paul Tong for the financial year ending 31 December 2017 will be capped at HK$8.2 million based on (i) the 164,000 meters of PHC Piles to be purchased by WWW Materials under the PHC Piles purchase agreement and expected to be inspected and certified by Paul Tong; and (ii) the rate of consultancy fee agreed under the Paul Tong Framework Consultancy Agreement at HK$50 per meter of the PHC Piles inspected and certified.

Listing Rules impactions

As Paul Tong is a connected person of the company and in light of the view of the Directors (including the independent non-executive Directors) as described below, the transactions as contemplated under the Paul Tong Framework Consultancy Agreement with Paul Tong are subject to the reporting, annual review, announcement, circular and independent shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules from the Listing Date and up to the date of this interim results announcement.

CORPORATE GOVERNANCE

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

Since Listing, the Board is of the opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors (the "Model Code"). Upon specific enquires of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code during the period.

EVENTS AFTER THE REPORTING PERIOD

Save as those disclosed in note 16 to the unaudited interim results announcement, there is no other material subsequent event undertaken by the Company or the Group after 30 June 2017 and up to the date of this interim results announcement.

AUDIT COMMITTEE

An Audit Committee was established by the Board with written terms of reference which are consistent with the provisions as set out in the CG Code. The Audit Committee comprises three independence non-executive Directors, namely, Mr. Lo Chi Leung (chairman of the Audit Committee), Mr. Fan Siu Kay and Mr. Leung William Wai Kai.

The Audit Committee is principally responsible for reviewing with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters including the review of the Group's unaudited interim financial report for the six months ended 30 June 2017.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This results announcement is published on the Company's website at www.winwinway.com.hk and the Stock Exchange's website at www.hkexnews.hk. The interim report will be despatched to shareholders and will also be published on the websites of both the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the period.

By order of the Board of Directors
Win Win Way Construction Holdings Ltd.
Lee Kai Lun
Chairman

Hong Kong, 25 August 2017

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Lee Kai Lun as Chairman and executive Director; Dr. Kan Hou Sek, Jim, Mr. Lee Sai Man, Mr. Wong Siu Kwai and Mr. Kwong Po Lam, as executive Directors; and Mr. Fan Siu Kay, Mr. Leung William Wai Kai and Mr. Lo Chi Leung, as independent non-executive Directors.