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WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH JUNE, 2018

Financial Performance Highlights

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

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, 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30TH JUNE, 2018

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30TH JUNE, 2018

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30TH JUNE, 2018

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

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

Notes:

1. BASIS OF PREPARATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Application of new and amendments to HKFRSs

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

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

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

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

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

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

Key changes in accounting policies resulting from application of HKFRS 15 are:

(1) Under HKFRS 15, the Group recognises revenue over time when (or as) the control of an underlying performance obligation, i.e. a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same, is transferred to the customer over time.

In line with HKFRS 15, the Group continues to apply the output method in recognising the revenue from construction contracts over time by reference to the progress towards complete satisfaction of the relevant performance obligation. The progress towards complete satisfaction of a relevant performance obligation is measured with reference to the certificates issued by the internal or external surveyors on the performance of work completed to date. The current practice adopted by the Group is consistent with output method in recognising revenue over time under HKFRS 15. Hence, there were no adjustments made to the recognised revenue.

(2) Under HKAS 11, the Group charged the incurred construction costs to profit or loss by reference to the stage of completion of the contract activity at the end of relevant reporting period. Under HKFRS 15, those incurred construction costs which qualified to be recognised as assets are amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the performance obligation to which the assets relate. Accordingly, construction costs that have been incurred but deferred to be recognised in profit or loss and included in amounts due from customers for contract work under HKAS 11 were charged to retained profits and non-controlling interests. Conversely, construction costs that have not yet incurred but accelerated to be recognised in profit or loss and included in creditors and accrued charges under HKAS 11 were credited to retained profits and non-controlling interests. The related tax effects were recognised in tax liabilities and retained profits.

(3) Under HKFRS 15 deferred materials that were included in amounts due from customers for contract work under HKAS 11 were reclassified to inventories.

(4) Under HKFRS 15, unbilled revenue and retention receivables arising from the construction contracts that are conditional on issuance of payment certificates by customers and included in trade and other receivables under HKAS 11 were reclassified to contract assets.

(5) Under HKFRS 15, the Group's obligations to transfer the control of performance obligation to the customers for which the Group has received consideration from the customers that was classified as amounts due to customers for contract work under HKAS 11 were reclassified to contract liabilities.

(6) In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract. For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

(7) The initial application of HKFRS 15 by an associate of the Group resulted in a decrease in the carrying amount of the Group's interests in associates with corresponding adjustment to retained profits.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Key changes in accounting policies resulting from application of HKFRS 9 are:

(1) Classification and measurement of financial assets

All recognised financial assets that are within the scope of HKFRS 9 are classified according to specified conditions into (i) financial assets measured at amortised cost; (ii) financial assets measured at fair value through profit or loss ("FVTPL"); and (iii) financial assets measured at fair value through other comprehensive income.

The directors reviewed and assessed the Group's financial assets at 1st January, 2018 based on the facts and circumstances that existed at that date. Accordingly, the Group's equity investments were reclassified from available-for-sale investments to financial assets at FVTPL at the date of initial application. The net fair value gains relating to those equity investments previously carried at cost less impairment were adjusted to financial assets at FVTPL and retained profits at 1st January, 2018.

(2) Impairment under ECL model

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

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

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

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

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

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

3. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue

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

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. This is also the basis upon which the Group is organised. No operating segments have been aggregated in arriving at the reportatble segments of the Group. The Group's reportable and operating segments under HKFRS 8 are summarised as follows:

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

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

Quarrying
- production and sale of quarry products

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

Segment revenue and results

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

Six months ended 30th June, 2018

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

Six months ended 30th June, 2017

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

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

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

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

5. OTHER INCOME

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

6. INVESTMENT INCOME, GAINS AND LOSSES

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

7. FINANCE COSTS

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

8. OTHER GAINS AND LOSSES

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

9. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

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

10. INCOME TAX EXPENSE

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

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

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

11. DIVIDEND

Dividend paid and recognised as distribution during the period:

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

An interim dividend for the six months ended 30th June, 2018 of HK7.6 cents (six months ended 30th June, 2017: HK3.8 cents) per ordinary share amounting to HK$60,277,000 (six months ended 30th June, 2017: HK$30,139,000) was approved by the Board on 17th August, 2018. This interim dividend has not been included as a liability in the condensed consolidated financial statements.

12. EARNINGS PER SHARE

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

	Six months ended 30th June, 2018 HK$'000	2017 HK$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	**358,376**	135,297
Effect of dilutive potential ordinary shares:		
Decrease in share of profit of an associate arising from assumed exercise of share options issued by that associate	**(137)**	(181)
Earnings for the purpose of diluted earnings per share	**358,239**	135,116

	Six months ended 30th June, 2018	2017
Number of ordinary shares for the purposes of basic and diluted earnings per share	**793,124,034**	793,124,034

13. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

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

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

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

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

14. CONTRACT ASSETS

	30th June, 2018 *HK$'000*	31st December, 2017 *HK$'000*
Unbilled revenue	**1,036,092**	-
Retention receivables	**496,482**	-
	1,532,574	-

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

15. CREDITORS AND ACCRUED CHARGES

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

INTERIM DIVIDEND

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

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4th September, 2018 to Wednesday, 5th September, 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Monday, 3rd September, 2018.

BUSINESS REVIEW

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

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

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

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

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

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

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

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

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

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

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

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

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

Construction and sewage treatment

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

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

The drastic increase in profit was mainly attributable to the change of accounting policies. In accordance with the Hong Kong Financial Reporting Standards, Build King applied with effect from 1st January, 2018 the new accounting standard HKFRS 15 "Revenue from Contracts with Customers", without restating the financial information for the same period of 2017. As the profits for the two periods were determined by applying different standards, certain information may not be directly comparable. As detailed in Impacts and changes in accounting policies of application of HKFRS 15 "Revenue from Contracts with Customers" under note 2 in Build King's 2018 interim results announcement dated 17th August, 2018, had the new accounting standard not been applied, the net profit for the current period would have been HK$91 million, representing an increase of 11% over the net profit of HK$82 million for the corresponding period in 2017.

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

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

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

Construction Materials

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

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

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

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

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

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

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

Quarrying

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

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

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

Impairment Loss of Lam Tei Quarry

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

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

Property Funds

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

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

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

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

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

Notes:

(a) At 30th June, 2018, bank loans that are repayable over one year after the end of the reporting period but contain a repayment on demand clause with an aggregate carrying amount of HK$89 million (31st December, 2017: HK$55 million) have been classified as current liabilities.

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

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

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

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

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

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

Capital Structure and Gearing Ratio

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

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

Pledge of Assets

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

Capital Commitments

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

Contingent Liabilities

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

FUTURE OUTLOOK

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

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

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, 2018.

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, 2018.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30th June, 2018.

AUDIT COMMITTEE

The Audit Committee has reviewed with management, internal auditor and external auditor the accounting policies adopted by the Group and the unaudited interim financial information for the six months ended 30th June, 2018.

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 2018 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, 17th August, 2018

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.