



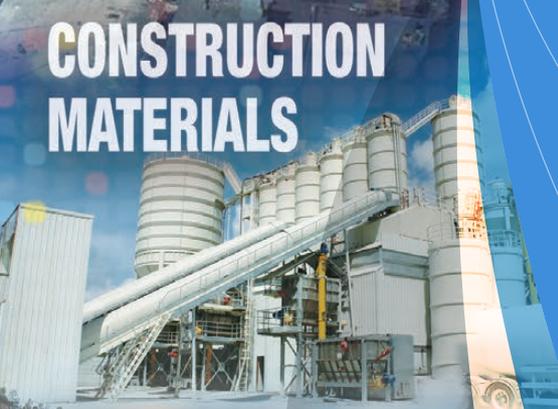
**PROPERTY  
DEVELOPMENT**



**TOLL ROAD**



**CONSTRUCTION**



**CONSTRUCTION  
MATERIALS**



**QUARRYING**



# Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

*INTERIM REPORT 2021*

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# Interim Results Highlights

The board of directors (the “Board”) of Wai Kee Holdings Limited (the “Company”) announces the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30th June, 2021.

## FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue	HK\$4,833 million
Profit attributable to owners of the Company	HK\$262 million
Basic earnings per share	HK\$0.33
Interim dividend per share	HK7 cents
Equity attributable to owners of the Company per share	HK\$12.88

# Business Review and Future Outlook

## BUSINESS REVIEW

For the six months ended 30th June, 2021, the Group's revenue was HK\$4,833 million (six months ended 30th June, 2020: HK\$3,892 million), generating an unaudited profit attributable to owners of the Company of HK\$262 million (six months ended 30th June, 2020: HK\$404 million), a decrease of 35% as compared with that of 2020.

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

For the six months ended 30th June, 2021, the Group shared a profit of HK\$143 million (six months ended 30th June, 2020: HK\$189 million) from Road King Infrastructure Limited ("Road King"), an associate of the Group. As of the date of this report, the Group holds 43.96% interest in Road King (excluding 3,000,000 ordinary shares in Road King ("Road King Shares"), representing 0.40% interest in Road King, held by Build King Holdings Limited ("Build King") which is classified under financial assets at fair value through profit or loss).

During the six months ended 30th June, 2021, the Group purchased 1,500,000 (six months ended 30th June, 2020: 6,000,000) Road King Shares and hence recognised gain on bargain purchase of HK\$27 million (six months ended 30th June, 2020: HK\$82 million) on acquisition of additional interest in Road King.

For the six months ended 30th June, 2021, Road King recorded an unaudited profit attributable to its owners of HK\$325 million (six months ended 30th June, 2020: HK\$430 million), a decrease of 24% as compared with that of 2020.

By closely following the market trend and adhering to the operating principle of ensuring a balance between sales volume and profitability, Road King achieved total property sales (including joint venture and associate projects) of RMB26,000 million in Mainland China in the first half of 2021, comprising the contracted sales of RMB22,767 million and outstanding subscribed sales of RMB3,233 million. Property sales in Mainland China increased by 33% as compared with the corresponding period of last year, mainly contributed from projects in Yangtze River Delta Region. The overall average sales price was approximately RMB21,800 per sqm.

In the first half of 2021, Road King acquired six pieces of land for residential development through listing-for-sale and/or co-development, with an aggregate floor area of 740,000 sqm. As of 30th June, 2021, Road King's land reserves in Mainland China and Hong Kong were approximately 7,240,000 sqm in total and the total area of properties pre-sold but yet to be delivered was 2,150,000 sqm. In August 2021, Road King further acquired a piece of land for residential development with a floor area of approximately 88,000 sqm through co-development. The three projects in Hong Kong are operating smoothly.

In the first half of 2021, Road King's average daily traffic volume and toll revenue of the expressway projects reached 331,000 vehicles and RMB1,895 million, representing an increase of 23% and 126% respectively as compared with the corresponding period of last year.

# Business Review and Future Outlook

## **BUSINESS REVIEW (Cont'd)**

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

In the first half of 2021, the toll revenue in Mainland China increased by 143% to RMB1,632 million as compared with the corresponding period of last year. The average daily traffic volume increased by 15% as compared with the corresponding period of last year. However, the number of confirmed cases of the novel coronavirus in some regions of Mainland China has been increasing since the end of July 2021, the government has taken measures such as traffic control again to prevent the outbreak of the pandemic, which will have a negative impact on the performance of certain projects in the second half of the year.

The toll revenue in Indonesia in the first half of the year increased by 58% to RMB263 million as compared to the first half of 2020, and the average daily traffic volume increased by 130%. However, the pandemic in Indonesia has become serious since June 2021, the imposition of strict measures in Java such as lockdowns and traffic restrictions will have a negative impact on the project's performance in the second half of the year.

The novel coronavirus pandemic continues to influence the investment mode, consumption habit, travel pattern and working style. After conducting an in-depth review of the business model of investment and asset management business, Road King has merged the cultural, tourist and commercial business and property development business of investment and asset management segment into its existing property segment to centralise its management. After reorganisation and rectification, the business scale of remaining original investment and asset management businesses has been significantly reduced.

Throughout the years, Road King's property business has developed a well-established model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. In the second half of the year, Road King will continue its pragmatic approach and adhere to the operating strategy of striking a balance between profitability and sales volume, as well as striving to maintain the sales volume and the profit target.

Going forward, Road King will continue to look for suitable new expressway projects in Mainland China and the countries along the Belt and Road, especially Indonesia, to strengthen its toll road business.

# Business Review and Future Outlook

## BUSINESS REVIEW (Cont'd)

### Construction, Sewage Treatment and Steam Fuel

For the six months ended 30th June, 2021, the Group shared a profit of HK\$84 million (six months ended 30th June, 2020: HK\$119 million) from Build King. As of the date of this report, the Group holds 56.76% interest in Build King.

For the six months ended 30th June, 2021, Build King recorded revenue of HK\$4,678 million (six months ended 30th June, 2020: HK\$3,719 million) and an unaudited profit attributable to its owners of HK\$147 million (six months ended 30th June, 2020: HK\$209 million), a decrease of 30% as compared with that of 2020.

During the six months ended 30th June, 2021, Build King successfully bided five projects of a total contract sum of HK\$5.2 billion, of which the largest one is the HK\$4 billion infrastructure works which need to be completed in 2026. As at the date of this report, the total outstanding works was at HK\$27 billion, the similar level as at the end of 2020.

With the current satisfactory progress of construction projects, Build King expects the financial performance for the second half of this year will be comparable to the first half of this year, and therefore, for the whole year of 2021, the financial performance would be comparable to 2020 if the one-off government subsidy of HK\$116 million under Employment Support Scheme in 2020 had not been received.

The infrastructure investment projects in the PRC recorded the turnover of HK\$76 million and segmental profit of HK\$11 million. Though these results fell short of the expectation, it was significant improvement as compared with the turnover of HK\$22 million and a loss of HK\$2 million for the corresponding period of 2020.

For the sewage treatment plant in Wuxi City, the operation after the equipment being upgraded in 2020 runs smoothly; the sewage fee income was doubled; and operation profit exceeded the budget.

For the centralized provision of steam to factories in industrial parks, the operation of two steam plants, one in Gao Tai County and one in Yumen City, lagged behind the expectation. The demand of steam fuel by factories was lower than the budget because the factory production was slowed down by the tightened environmental and safety requirements. Currently, these two steam plants were operating at breakeven level only. Build King expects once the factories fully comply with the new requirements and more new factories move into the industrial parks, the demand of steam will rise quickly. Ongoing construction of steam plants in other four sites in Gansu Province and Hebei Province are planned to be completed in the second half of 2021. By end of 2021, the six steam plants will be in operation and are expected to make significant contribution to the profit of Build King in years ahead.

# Business Review and Future Outlook

## BUSINESS REVIEW (Cont'd)

### Construction Materials

For the six months ended 30th June, 2021, the construction materials division recorded revenue of HK\$243 million (six months ended 30th June, 2020: HK\$202 million) and a net profit of HK\$17 million (six months ended 30th June, 2020: HK\$0.2 million).

The improvement for the construction materials division in comparison with the corresponding period of 2020 was mainly due to reduction in amortisation of intangible assets and depreciation of property, plant and equipment at Lam Tei Quarry and depreciation of right-of-use assets at Yau Tong resulting from the impairment losses of those assets made in previous years.

The concrete business recorded profit in the first half year of 2021. Although the concrete market remains very competitive, the profit margin of concrete business was slightly improved in the first half year of 2021. In early 2021, the construction industry was disrupted by the novel coronavirus pandemic which caused lower concrete demand. Fortunately, the concrete demand was restored to normal in the second quarter of 2021. Besides, the Government has imposed additional stringent environmental control measures at Yau Tong region which have direct impact on the overall production capacity of the concrete plants at Yau Tong region. The sales quantities delivered from the Group's Yau Tong concrete plant is also inevitably suffered from the reduction of its production capacity by more than one-third. In order to alleviate the pressure at Yau Tong plant, some orders need to be shifted to our concrete plants at Lam Tei Quarry. The concrete orders from the construction division have grown steadily since 2020 and is now contributing significant turnover to the construction materials division.

For the asphalt business, slight loss was still recorded in the first half year of 2021. The performance of the asphalt business continues facing difficulties and fierce competition in 2021 as low activity in large scale infrastructure projects.

The management continues to adopt prudent cost control measures and is committed to providing high quality of services to our customers in order to strengthen competitiveness.

# Business Review and Future Outlook

## BUSINESS REVIEW (Cont'd)

### Quarrying

For the six months ended 30th June, 2021, the quarrying division recorded revenue of HK\$124 million (six months ended 30th June, 2020: HK\$86 million) and a net profit of HK\$21 million (six months ended 30th June, 2020: net loss of HK\$0.3 million).

The result of quarrying division had noticeable improvement compared with the corresponding period of last year. Market prices of aggregates rose in the first quarter of 2021 resulting from the decline in aggregates supply from Mainland China to Hong Kong and maintains stable since the second quarter of 2021.

Since the expansion of the production capacity by establishing a new crushing facility at Lam Tei Quarry was completed in 2020, profit margin was improved from securing additional sales volume of aggregates with higher prices in the second quarter of 2021. Nevertheless, it is anticipated that the aggregates supply contracts at low selling prices committed in previous years still need to be fulfilled until the fourth quarter of 2021. The rock available to production of aggregates will be less than the production capacity of the crushing facility in the coming few months as the progress of rock excavation is affected during the period of the planned site formation works coupled with relocation of concrete plants and asphalt plant in Lam Tei Quarry until October 2021. Hence, the performance of the division will be affected in the second half of 2021.

The management continues exercising cost control measures to minimise the production cost of aggregates.

### Impairment Loss of Lam Tei Quarry

The management has 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 during the six months ended 30th June, 2021. For the purpose of impairment assessment, assets of Lam Tei Quarry have been allocated to three individual cash generating units ("CGUs"), i.e. quarrying, concrete and asphalt CGUs, and the recoverable amounts of these CGUs have been determined based on the value in use calculation. The calculation uses cash flow projections based on financial budgets covering the remaining contract period of Lam Tei Quarry and discounted at a discount rate to calculate the present value. Other key assumptions for the value in use calculation relate to the estimation of the prices and budgeted gross margins of aggregates, concrete and asphalt, and the volume of rock reserve to be extracted for the remaining contract period. Based on the impairment assessment, the management considers that no further impairment on intangible assets and property, plant and equipment is necessary for the six months ended 30th June, 2021 (six months ended 30th June, 2020: nil).

# Business Review and Future Outlook

## BUSINESS REVIEW (Cont'd)

### Property Funds

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. JV Fund I holds a 4-storey residential rental property in Houston and JV Fund II holds a 3-storey residential rental property in Stafford of Texas. In June 2021, the occupancy rates of these two residential properties were around 89.76% and 97.39% respectively. For the six months ended 30th June, 2021, Lion Trade shared profit of HK\$3 million (six months ended 30th June, 2020: shared loss of HK\$15 million) from these two US joint venture companies. During the period, the Group received cash distribution of US\$0.2 million from these two US joint venture companies.

### Fund Management Service and Securities Brokerage

WK Fund Management Limited (“WKFML”), which secured Type 4 (Advising on Securities) and Type 9 (Asset Management) registrations, and WK Securities Limited (“WKSL”), which secured Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) registrations, are two wholly owned subsidiaries of the Group carrying out the fund management service and securities brokerage businesses respectively.

As the existing client bases of WKFML and WKSL remain small, the division recorded a loss of HK\$2 million (six months ended 30th June, 2020: a loss of HK\$4 million) for the six months ended 30th June, 2021.

### Investment in equity securities and debt securities

The Group holds certain equity securities of Emmaus Life Sciences, Inc. (“Emmaus”), a company incorporated and engaged in manufacture and sale of pharmaceutical products in the USA. The equity securities of Emmaus are available for trading at the USA’s Over-the-Counter (“OTC”) market. At 30th June, 2021, the fair value of the equity securities of Emmaus was HK\$10 million (31st December, 2020: HK\$8 million), of which HK\$6 million (31st December, 2020: HK\$5 million) was invested by Build King.

The Group holds certain listed equity securities in Hong Kong. At 30th June, 2021, the fair value of the listed equity securities in Hong Kong was HK\$39 million (31st December, 2020: HK\$38 million), all of which (including 3,000,000 Road King Shares) was invested by Build King.

The Group also utilizes its surplus fund to invest in quoted debt securities. At 30th June, 2021, the fair value of the Group’s portfolio of quoted debt securities was HK\$852 million (31st December, 2020: HK\$636 million), of which HK\$426 million (31st December, 2020: HK\$447 million) was invested by Build King.

For the six months ended 30th June, 2021, the net loss of the above investments, being the net amount of change in fair value of the investments, dividend income and interest income, was HK\$1 million (six months ended 30th June, 2020: net loss of HK\$12 million), of which net loss of HK\$8 million (six months ended 30th June, 2020: net loss of HK\$11 million) was from the investments by Build King.

## FUTURE OUTLOOK

The fierce competition remains in the construction market particularly in civil works. As the construction division so far has been able to contain the overhead costs, the performance of the division in 2021 is expected to be in line with its budget.

The Group has taken proactive measures to enhance health monitoring and control measures at the production sites of both quarrying and construction materials divisions and also implements the compulsory testing of all personnel at sites. The production sites of both quarrying and construction materials divisions so far maintain operation without novel coronavirus pandemic interruption.

In consideration of the progress of the site formation works and relocation of concrete plants and asphalt plant at Lam Tei Quarry in the coming months, the output of rock will be affected and will have negative impact on the performance of the quarrying division in the second half of 2021.

For construction materials division, after the relocation of concrete plants and asphalt plant in the second half of 2021, additional concrete production lines will be established, hence the concrete production capacity at Lam Tei Quarry will be increased.

For other investments made by the Group, the Group would monitor closely its performance and review the investment strategy periodically. The Group continues actively to explore the co-investment opportunities with Build King and Road King that will create synergy for the sustainable growth of the Group as a whole.

## LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings increased from HK\$1,163 million to HK\$2,435 million, which included bonds with carrying amounts of HK\$11 million (31st December, 2020: HK\$14 million) carrying fixed coupon interest of 7% per annum and HK\$118 million (31st December, 2020: HK\$116 million) carrying no interest respectively, with the maturity profile summarised as follows:

	<b>30th June, 2021</b>	31st December, 2020
	<i>HK\$'million</i>	<i>HK\$'million</i>
Within one year	<b>1,287</b>	768
In the second year	<b>161</b>	238
In the third to fifth year inclusive	<b>987</b>	157
	<b>2,435</b>	1,163
Classified under:		
Current liabilities ( <i>note</i> )	<b>1,494</b>	888
Non-current liabilities	<b>941</b>	275
	<b>2,435</b>	1,163

*Note:* At 30th June, 2021, 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\$207 million (31st December, 2020: HK\$120 million) have been classified as current liabilities.

During the six months ended 30th June, 2021, the Group entered into certain interest rate swaps, with an aggregate notional amount of HK\$800 million and maturity date of 25th March, 2025, designated as effective hedging instruments in order to minimise its exposures to forecast cash flow interest rate risk on certain bank loans. At 30th June, 2021, the fair value of the interest rate swaps under derivative financial liabilities is HK\$1 million (31st December, 2020: nil).

At 30th June, 2021, apart from the bonds described above, bank loans of HK\$51 million (31st December, 2020: HK\$38 million) also carried interest at fixed rate.

At 30th June, 2021, total amount of the Group's time deposits, bank balances and cash was HK\$2,110 million (31st December, 2020: HK\$1,770 million), of which bank deposits amounting to HK\$77 million (31st December, 2020: HK\$41 million) were pledged to banks to secure certain banking facilities granted to the Group. In addition, the Group has available unutilised banking facilities of HK\$1,382 million (31st December, 2020: HK\$1,281 million).

The Group utilizes its surplus fund to invest in quoted debt securities. At 30th June, 2021, the fair value of the Group's portfolio of quoted debt securities was HK\$852 million (31st December, 2020: HK\$636 million).

## LIQUIDITY AND FINANCIAL RESOURCES (Cont'd)

At 30th June, 2021, there was an amount of HK\$664 million (31st December, 2020: nil) due from Road King for the purpose of participating in a bid submitted by Road King for a piece of land for residential use. The Group and Road King agreed to form a joint venture for development of the project upon successful bid of the land. However, the bid for this land submitted by Road King was unsuccessful and the joint venture in respect of this specific land would not proceed. Subsequent to the reporting period, the amount has been fully refunded by Road King.

For the six months ended 30th June, 2021, the Group recorded finance costs of HK\$27 million (six months ended 30th June, 2020: HK\$35 million).

The Group's borrowings, investments, time deposits 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, 2021, the equity attributable to owners of the Company amounted to HK\$10,213 million, representing HK\$12.88 per share (31st December, 2020: HK\$9,855 million, representing HK\$12.43 per share).

At 30th June, 2021, the gearing ratio, representing the ratio of total borrowings to equity attributable to owners of the Company, was 23.8% (31st December, 2020: 11.8%) and the net gearing ratio, representing the ratio of net borrowings (total borrowings less time deposits, bank balances and cash) to equity attributable to owners of the Company, was 3.2% (31st December, 2020: -6.2%).

## PLEDGE OF ASSETS

At 30th June, 2021, apart from the bank deposits pledged to secure certain banking facilities granted to the Group, the share of a subsidiary of the Company and quoted debt securities with an aggregate carrying amount of HK\$852 million (31st December, 2020: HK\$636 million) were also pledged to secure certain bank loans and banking facilities granted to the Group.

## CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 30th June, 2021, the Group committed capital expenditure contracted for but not provided in the Group's condensed consolidated financial statements of HK\$98 million (31st December, 2020: HK\$21 million) in respect of acquisition of property, plant and equipment. At 30th June, 2021, the Group had no contingent liabilities.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK7 cents (six months ended 30th June, 2020: HK8 cents) per ordinary share for the six months ended 30th June, 2021 to the shareholders of the Company whose names appear in the register of members of the Company on Monday, 6th September, 2021.

It is expected that the payment of the interim dividend will be made on or before Thursday, 7th October, 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 3rd September, 2021 to Monday, 6th September, 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 2nd September, 2021.

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2021, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were as follows:

### (I) The Company

#### *Interests in shares*

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital
		Long position <i>(note 1)</i>	Short position	
				%
Zen Wei Pao, William	Personal	251,248,843 <i>(note 2)</i>	–	31.68
Zen Wei Peu, Derek	Personal	249,424,078 <i>(note 2)</i>	–	31.45
	Securities interest	45,567,000	–	5.75
Wong Che Ming, Steve	Personal	900,000	–	0.11

#### *Notes:*

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are parties to an agreement that is subject to section 317(1)(b) of the SFO. Each of them is thereby deemed to be interested in shares held by the other. Accordingly, for the purposes of section 317(1)(b) of the SFO, each of Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek are deemed to be interested in a total of 500,672,921 shares, representing 63.13% of shares in issue of the Company, as at 30th June, 2021.

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

### (II) Associated Corporations

#### Interests in shares

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued share capital
			Long position	Short position	
					%
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000 <i>(note 1)</i>	–	0.11 <i>(note 2)</i>
	Wai Kee (Zens) Construction & Transportation Company Limited <i>(note 4)</i>	Personal	2,000,000 <i>(note 1)</i>	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 <i>(note 1)</i>	–	37.50
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	123,725,228 <i>(note 1)</i>	–	9.96
	Road King Infrastructure Limited	Personal	24,649,000 <i>(notes 1 &amp; 3)</i>	–	3.29
	Wai Kee (Zens) Construction & Transportation Company Limited <i>(note 4)</i>	Personal	2,000,000 <i>(note 1)</i>	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000 <i>(note 1)</i>	–	37.50
	WK Growth Fund Limited	Personal	3,800 <i>(note 1)</i>	–	16.66 <i>(note 5)</i>
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000 <i>(note 1)</i>	–	0.09
	Road King Infrastructure Limited	Personal	205,000 <i>(note 1)</i>	–	0.03
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448 <i>(note 1)</i>	–	0.03

#### Notes:

- Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
- As at 30th June, 2021, the issued share capital of Build King was 1,241,877,992 shares. Accordingly, the percentage has been adjusted.
- Included in the balance, 1,000,000 Road King shares are held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
- With effect from 29th February, 2016, the name of Wai Kee (Zens) Construction & Transportation Company Limited has been changed to Build King (Zens) Engineering Limited.
- As at 30th June, 2021, WK Growth Fund Limited had issued 22,809.90 non-voting participating shares. Accordingly, the percentage has been adjusted.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange.

# Disclosure of Interests

## DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

### (II) Associated Corporations (Cont'd)

#### Interests in debentures

Name of Director	Name of company	Capacity/ Nature of interest	Type of debenture	Principal amount held
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited (note 1)	Personal	US\$300 million 7% senior guaranteed perpetual capital securities	US\$800,000 (notes 2 & 3)
Ho Gilbert Chi Hang	RKI Overseas Finance 2017 (A) Limited (note 1)	Personal	US\$300 million 7% senior guaranteed perpetual capital securities	US\$200,000 (note 2)

#### Notes:

1. This company is a wholly owned subsidiary of Road King Infrastructure Limited.
2. Long position.
3. The principal amount of US\$400,000 of US\$300 million 7% senior guaranteed perpetual capital securities is held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

## SHARE OPTIONS

### (I) The Company

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

### (II) Associated Corporation

The share option scheme was adopted by Road King on 8th May, 2013 ("Road King Share Option Scheme"). As at 30th June, 2021, Road King has granted 3,500,000 share options under Road King Share Option Scheme to two existing Directors of the Company, all share options granted to those Directors have been exercised.

Save as disclosed above, none of the Directors nor their associates had any interests in the securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

Save as disclosed above, none of the Directors nor their spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

# Disclosure of Interests

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June, 2021, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital
		Long position <i>(note 1)</i>	Short position	
				%
Cheng Yu Tung Family (Holdings) Limited <i>(note 2)</i>	Corporate	91,134,000	–	11.49
Cheng Yu Tung Family (Holdings II) Limited <i>(note 3)</i>	Corporate	91,134,000	–	11.49
Chow Tai Fook Capital Limited <i>(note 4)</i>	Corporate	91,134,000	–	11.49
Chow Tai Fook (Holding) Limited <i>(note 5)</i>	Corporate	91,134,000	–	11.49
Chow Tai Fook Enterprises Limited <i>(note 6)</i>	Corporate	91,134,000	–	11.49
New World Development Company Limited <i>(note 7)</i>	Corporate	91,134,000	–	11.49
NWS Holdings Limited <i>(note 8)</i>	Corporate	91,134,000	–	11.49
NWS Service Management Limited (incorporated in the Cayman Islands) <i>(note 9)</i>	Corporate	91,134,000	–	11.49
NWS Service Management Limited (incorporated in the British Virgin Islands) <i>(note 10)</i>	Corporate	91,134,000	–	11.49
Vast Earn Group Limited <i>(note 11)</i>	Beneficial owner	91,134,000	–	11.49

# Disclosure of Interests

## SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
3. Cheng Yu Tung Family (Holdings II) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
4. Chow Tai Fook Capital Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Chow Tai Fook (Holding) Limited.
5. Chow Tai Fook (Holding) Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
6. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.
7. New World Development Company Limited is deemed to be interested in the shares through its interests in its subsidiary, namely NWS Holdings Limited.
8. NWS Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the Cayman Islands). Both Mr. Cheng Chi Ming, Brian and Mr. Ho Gilbert Chi Hang are executive directors of NWS Holdings Limited.
9. NWS Service Management Limited (incorporated in the Cayman Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely NWS Service Management Limited (incorporated in the British Virgin Islands). Both Mr. Cheng Chi Ming, Brian and Mr. Ho Gilbert Chi Hang are directors of NWS Service Management Limited (incorporated in the Cayman Islands).
10. NWS Service Management Limited (incorporated in the British Virgin Islands) is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited. Both Mr. Cheng Chi Ming, Brian and Mr. Ho Gilbert Chi Hang are directors of NWS Service Management Limited (incorporated in the British Virgin Islands).
11. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands). Both Mr. Cheng Chi Ming, Brian and Mr. Ho Gilbert Chi Hang are directors of Vast Earn Group Limited.

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

## **CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions of Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30th June, 2021.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' Securities Transactions. All Directors of the Company have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30th June, 2021.

## Other Information

### **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, 2021.

### **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, 2021.

### **EMPLOYEES AND REMUNERATION POLICIES**

At 30th June, 2021, the Group had 3,097 employees (not include contract/temporary employees) (31st December, 2020: 2,861 employees), of which 2,879 (31st December, 2020: 2,697) were located in Hong Kong, 217 (31st December, 2020: 163) were located in the PRC and 1 (31st December, 2020: 1) was located in UAE. For the six months ended 30th June, 2021, the Group's total staff costs were HK\$682 million (six months ended 30th June, 2020: HK\$633 million).

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

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

### **DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES**

- (1) On 2nd November, 2018, Wai Kee Finance Limited, a wholly owned subsidiary of the Company, as borrower, the Company as guarantor and a bank as lender entered into a facility agreement in respect of HK\$760 million term loan facility (the "Facility") with final maturity date falling on 42 months from the first utilisation date of the Facility. Throughout the life of the Facility, (i) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek should be executive directors of the Company; and (ii) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek collectively own (directly or indirectly) at least 40% of beneficial shareholding interest in the issued share capital of the Company.
- (2) On 18th March, 2021, Trend Pacific Limited, a wholly owned subsidiary of the Company, as borrower, the Company as guarantor and five independent third party licensed banks in Hong Kong, one of which also acts as agent for the lending syndicate, entered into a facility agreement in respect of HK\$1,150 million term loan facility (the "2021 Facility") with final maturity date falling on 48 months from the first utilisation date of the 2021 Facility. Throughout the life of the 2021 Facility, (i) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek and such others person(s) nominated by either or both of them should collectively represent a majority of the executive directors of the Company; (ii) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek collectively own (directly or indirectly) at least 40% of the beneficial shareholding interest in the issued share capital of the Company; and (iii) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek collectively maintain to be the largest beneficial shareholder of the Company.

Save as disclosed above, as at 30th June, 2021, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

## Other Information

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

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

Name of Director	Details of changes
Zen Wei Pao, William	<p>Mr. Zen's annual salary has been revised from HK\$410,000 to HK\$8,001,600 with effect from 1st January, 2021.</p> <p>Mr. Zen has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2021 to 31st July, 2024. He is entitled to receive under his service agreement the annual salary plus bonus subject to the performance of the Company and the individual.</p>
Zen Wei Peu, Derek	<p>Mr. Zen's annual salary has been revised from HK\$6,942,000 to HK\$600,000 with effect from 1st January, 2021.</p> <p>Mr. Zen has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2021 to 31st July, 2024. He is entitled to receive under his service agreement the annual salary plus bonus subject to the performance of the Company and the individual.</p>
Chiu Wai Yee, Anriena	<p>Miss Chiu has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2021 to 31st July, 2024. She is entitled to receive under her service agreement an annual salary of HK\$2,428,000 plus bonus as determined by the profit sharing scheme of the Company.</p>
Cheng Chi Ming, Brian	<p>Mr. Cheng's emolument for acting as a Non-executive Director of the Company has been revised from HK\$292,500 to HK\$308,800 per annum with effect from 18th August, 2021.</p>
Ho Gilbert Chi Hang	<p>Mr. Ho's emolument for acting as a Non-executive Director of the Company has been revised from HK\$292,500 to HK\$308,800 per annum with effect from 18th August, 2021.</p>
Wong Che Ming, Steve	<p>Dr. Wong's emoluments for acting as an Independent Non-executive Director of the Company has been revised from HK\$292,500 to HK\$308,800 per annum with effect from 18th August, 2021.</p>
Wan Siu Kau, Samuel	<p>Mr. Wan's emoluments for acting as an Independent Non-executive Director of the Company has been revised from HK\$292,500 to HK\$308,800 per annum with effect from 18th August, 2021.</p>
Wong Man Chung, Francis	<p>Mr. Wong's emoluments for acting as an Independent Non-executive Director of the Company has been revised from HK\$292,500 to HK\$308,800 per annum with effect from 18th August, 2021.</p>

# Other Information

## 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  
**Wai Kee Holdings Limited**  
**Zen Wei Pao, William**  
*Chairman*

Hong Kong, 18th August, 2021



## TO THE BOARD OF DIRECTORS OF WAI KEE HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Wai Kee Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 23 to 47, which comprise the condensed consolidated statement of financial position as of 30th June, 2021 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

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

#### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

18th August, 2021

# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2021

	Notes	Six months ended 30th June,	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Revenue from goods and services	3	4,833,310	3,892,407
Cost of sales		(4,400,997)	(3,425,584)
Gross profit		432,313	466,823
Other income	5	60,586	43,621
Other gains and losses	6	4,027	120,865
Selling and distribution costs		(45,010)	(37,976)
Administrative expenses		(208,092)	(228,758)
Finance costs	7	(27,497)	(34,814)
Share of results of associates		143,571	188,239
Share of results of joint ventures		4,353	(12,262)
Profit before tax	8	364,251	505,738
Income tax expense	9	(39,476)	(13,185)
<b>Profit for the period</b>		<b>324,775</b>	492,553
Profit for the period attributable to:			
Owners of the Company		261,744	403,935
Non-controlling interests		63,031	88,618
		<b>324,775</b>	492,553
		HK\$	HK\$
<b>Earnings per share</b>	11		
– Basic		<b>0.33</b>	0.51

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June, 2021

	Six months ended 30th June,	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Profit for the period	324,775	492,553
<b>Other comprehensive income (expense)</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences arising on translation of foreign operations	3,836	(5,268)
Fair value losses on hedging instruments designated in cash flow hedges	(1,430)	–
Share of translation reserve of an associate	290,734	(93,483)
Share of translation reserves of joint ventures	272	(892)
Share of cash flow hedging reserve of an associate	22,912	(41,432)
Other comprehensive income (expense) for the period	316,324	(141,075)
<b>Total comprehensive income for the period</b>	<b>641,099</b>	351,478
Total comprehensive income for the period attributable to:		
Owners of the Company	576,126	265,556
Non-controlling interests	64,973	85,922
	<b>641,099</b>	351,478

# Condensed Consolidated Statement of Financial Position

At 30th June, 2021

	<i>Notes</i>	<b>30th June, 2021 (Unaudited) HK\$'000</b>	31st December, 2020 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	463,798	427,965
Right-of-use assets	12	53,733	57,464
Intangible assets		330,420	323,812
Goodwill		29,838	29,838
Interests in associates	13	9,490,420	9,172,564
Loan to an associate		2,700	2,700
Interests in joint ventures	14	296,767	288,874
Other financial asset at amortised cost		36,431	36,955
Debtors, deposits and prepayments	15	24,463	24,424
		<b>10,728,570</b>	10,364,596
<b>Current assets</b>			
Inventories		33,817	30,238
Debtors, deposits and prepayments	15	579,258	601,547
Contract assets	16	1,912,254	1,775,017
Amounts due from associates	17	676,466	10,208
Amount due from a joint venture		707	701
Amounts due from other partners of joint operations		30,689	61,373
Tax recoverable		32,086	38,738
Financial assets at fair value through profit or loss ("FVTPL")	18	900,895	682,495
Cash held on behalf of customers	19	15,933	17,168
Pledged bank deposits	20	76,993	40,661
Time deposits with original maturity of not less than three months		263,028	79,540
Bank balances and cash		1,769,639	1,649,636
		<b>6,291,765</b>	4,987,322
<b>Current liabilities</b>			
Creditors and accrued charges	21	3,057,947	2,827,088
Contract liabilities		366,358	568,706
Amount due to an associate		21,002	19,896
Amounts due to other partners of joint operations		1,148	1,176
Amounts due to non-controlling shareholders		3,359	3,359
Lease liabilities		34,326	39,878
Tax liabilities		50,503	33,109
Bank loans	22	1,482,276	874,065
Bonds		10,990	13,965
		<b>5,027,909</b>	4,381,242
<b>Net current assets</b>		<b>1,263,856</b>	606,080
<b>Total assets less current liabilities</b>		<b>11,992,426</b>	10,970,676

# Condensed Consolidated Statement of Financial Position

At 30th June, 2021

	<i>Notes</i>	<b>30th June, 2021 (Unaudited) HK\$'000</b>	31st December, 2020 (Audited) HK\$'000
<b>Non-current liabilities</b>			
Payable for extraction right		<b>46,036</b>	90,831
Provision for rehabilitation costs		<b>19,871</b>	22,770
Deferred tax liabilities		<b>5,750</b>	5,750
Obligations in excess of interests in associates	<i>13</i>	<b>16,054</b>	16,094
Obligations in excess of interests in joint ventures	<i>14</i>	<b>116</b>	106
Amount due to an associate		<b>1,490</b>	2,258
Lease liabilities		<b>23,141</b>	33,531
Bank loans	<i>22</i>	<b>800,000</b>	136,800
Other creditors		<b>23,000</b>	23,000
Bonds		<b>118,370</b>	115,517
Derivative financial instruments	<i>23</i>	<b>1,430</b>	–
		<b>1,055,258</b>	446,657
<b>Net assets</b>			
		<b>10,937,168</b>	10,524,019
<b>Capital and reserves</b>			
Share capital		<b>79,312</b>	79,312
Share premium and reserves		<b>10,134,039</b>	9,775,627
Equity attributable to owners of the Company		<b>10,213,351</b>	9,854,939
Non-controlling interests		<b>723,817</b>	669,080
<b>Total equity</b>			
		<b>10,937,168</b>	10,524,019

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2021

	Equity attributable to owners of the Company							Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Special reserve HK\$'000 (note a)	Assets revaluation reserve HK\$'000	Other reserve HK\$'000 (note b)	Retained profits HK\$'000			
At 1st January, 2020 (audited)	79,312	731,906	14,332	(29,530)	2,319	413,775	7,299,956	8,512,070	495,301	9,007,371
Profit for the period	-	-	-	-	-	-	403,935	403,935	88,618	492,553
Other comprehensive expenses for the period	-	-	(96,947)	-	-	(41,432)	-	(138,379)	(2,696)	(141,075)
Total comprehensive (expenses) income for the period	-	-	(96,947)	-	-	(41,432)	403,935	265,556	85,922	351,478
Sub-total	79,312	731,906	(82,615)	(29,530)	2,319	372,343	7,703,891	8,777,626	581,223	9,358,849
Distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(25,773)	(25,773)
Dividend paid (note 10)	-	-	-	-	-	-	(190,350)	(190,350)	-	(190,350)
At 30th June, 2020 (unaudited)	79,312	731,906	(82,615)	(29,530)	2,319	372,343	7,513,541	8,587,276	555,450	9,142,726
At 1st January, 2021 (audited)	79,312	731,906	550,451	(29,530)	2,319	390,863	8,129,618	9,854,939	669,080	10,524,019
Profit for the period	-	-	-	-	-	-	261,744	261,744	63,031	324,775
Other comprehensive income for the period	-	-	292,900	-	-	21,482	-	314,382	1,942	316,324
Total comprehensive income for the period	-	-	292,900	-	-	21,482	261,744	576,126	64,973	641,099
Sub-total	79,312	731,906	843,351	(29,530)	2,319	412,345	8,391,362	10,431,065	734,053	11,165,118
Capital contribution paid on behalf of the non-controlling interest	-	-	-	-	-	(19,078)	-	(19,078)	19,078	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	(8,286)	-	(8,286)	8,286	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(16)	(16)
Distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(37,584)	(37,584)
Dividend paid (note 10)	-	-	-	-	-	-	(190,350)	(190,350)	-	(190,350)
<b>At 30th June, 2021 (unaudited)</b>	<b>79,312</b>	<b>731,906</b>	<b>843,351</b>	<b>(29,530)</b>	<b>2,319</b>	<b>384,981</b>	<b>8,201,012</b>	<b>10,213,351</b>	<b>723,817</b>	<b>10,937,168</b>

## Notes:

- (a) The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation in 1992.
- (b) The other reserve represents (i) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received which is recognised directly in equity and attributed to owners of the Company regarding the changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries; (ii) the share of other reserve of an associate of the Group; (iii) fair value losses on hedging instruments designated in cash flow hedges; and (iv) the capital contribution paid on behalf of the non-controlling interest.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2021

	Note	Six months ended 30th June,	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Net cash (used in) from operating activities</b>		<b>(29,722)</b>	215,693
<b>Investing activities</b>			
Interest received		3,184	10,898
Dividends received from associates		181,263	284,236
Dividends received from joint ventures		1,561	5,464
Net cash outflow arising on disposal of a subsidiary		(4,141)	–
Proceeds from disposal of property, plant and equipment		904	4,629
Purchase of property, plant and equipment		(91,480)	(168,067)
Payments for right-of-use assets		(5,604)	(664)
Additions of service concession arrangement		(27,125)	–
Acquisition of additional interests in associates		(15,102)	(65,952)
Capital contribution to a joint venture		–	(12)
(Advances to) repayments from associates		(666,258)	63
Loans to a joint venture		(4,819)	(17,098)
Placement of pledged bank deposits		(36,332)	(508)
Placement of time deposits with original maturity of not less than three months		(262,414)	(284)
Withdrawal of time deposits with original maturity of not less than three months		78,931	76,782
<b>Net cash (used in) from investing activities</b>		<b>(847,432)</b>	129,487
<b>Financing activities</b>			
Interest paid on bank loans, bonds and other borrowings		(18,183)	(23,410)
Interest paid on lease liabilities		(941)	(835)
Dividend paid	10	(190,350)	(190,350)
Distribution to non-controlling shareholders		(37,584)	(25,773)
Repayments of lease liabilities		(22,469)	(19,584)
New bank loans raised		1,524,434	59,045
Repayments of bank loans		(253,782)	(87,410)
Repayments of bonds		(3,000)	(77,000)
<b>Net cash from (used in) financing activities</b>		<b>998,125</b>	(365,317)
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>120,971</b>	(20,137)
Cash and cash equivalents at the beginning of the period		1,649,636	2,061,360
Effect of foreign exchange rate changes, net		(968)	(2,726)
<b>Cash and cash equivalents at the end of the period</b>		<b>1,769,639</b>	2,038,497
<b>Analysis of the balance of cash and cash equivalents</b>			
Bank balances and cash		1,769,639	2,038,497

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 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 (the “Stock Exchange”).

## 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 amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2021 are the same as those followed in the preparation of the consolidated financial statements for the year ended 31st December, 2020.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the current period for the preparation of the Group’s condensed consolidated financial statements:

Amendment to HKFRS 16	Covid-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except as described below, the application of the amendments to HKFRSs in the current interim period had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### ***Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 “Interest Rate Benchmark Reform – Phase 2”***

#### Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### Application of amendments to HKFRSs (Cont'd)

#### ***Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (Cont'd)***

##### Financial instruments (Cont'd)

###### Hedge accounting

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

###### *Cash flow hedges*

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in reserve for the cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

##### Leases

The Group as a lessee

###### *Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform*

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans and derivative financial instruments. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the current interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending 31st December, 2021.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 3. REVENUE FROM GOODS AND SERVICES

### Disaggregation of revenue from contracts with customers

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
<b>Type of goods and services</b>		
Construction contracts	4,589,268	3,667,777
Sewage treatment plant operation	27,352	13,367
Steam fuel plant operation	19,792	8,233
Sale of construction materials	120,500	157,466
Sale of quarry products	76,398	45,564
	<b>4,833,310</b>	3,892,407
<b>Timing of revenue recognition</b>		
At a point in time	196,898	203,030
Over time	4,636,412	3,689,377
	<b>4,833,310</b>	3,892,407

## 4. SEGMENT INFORMATION

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

Construction, sewage treatment and steam fuel

- construction of civil engineering and building projects
- operation of sewage treatment plant
- operation of steam fuel 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"), the Group's 43.96% (31st December, 2020: 43.76%) associate whose shares are listed on the Main Board of the Stock Exchange

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 4. SEGMENT INFORMATION (Cont'd)

### Segment revenue and results

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

#### Six months ended 30th June, 2021

	Segment revenue			Segment profit HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	4,677,801	(41,389)	4,636,412	83,658
Construction materials	242,668	(122,168)	120,500	16,815
Quarrying	124,276	(47,878)	76,398	20,919
Property development and investment, toll road, investment and asset management	–	–	–	143,452
<b>Total</b>	<b>5,044,745</b>	<b>(211,435)</b>	<b>4,833,310</b>	<b>264,844</b>

#### Six months ended 30th June, 2020

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	3,719,131	(29,754)	3,689,377	118,702
Construction materials	201,748	(44,282)	157,466	176
Quarrying	85,597	(40,033)	45,564	(328)
Property development and investment, toll road, investment and asset management	–	–	–	189,352
<b>Total</b>	<b>4,006,476</b>	<b>(114,069)</b>	<b>3,892,407</b>	<b>307,902</b>

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 4. SEGMENT INFORMATION (Cont'd)

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

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Total segment profit	264,844	307,902
Unallocated items		
Other income	12,175	4,825
Other gains and losses	25,267	141,957
Administrative expenses	(29,437)	(22,525)
Finance costs	(13,546)	(17,301)
Share of results of associates	387	(235)
Share of results of joint ventures	2,054	(10,688)
Profit attributable to owners of the Company	261,744	403,935

## 5. OTHER INCOME

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Other income includes:		
Dividend income from financial asset at FVTPL	1,650	2,642
Interest on financial asset at FVTPL	20,339	923
Interest on other receivables	5,210	4,234
Interest on bank deposits	1,208	8,685
Interest on loan to an associate	37	–
Interest on other financial asset at amortised cost	470	454
Government subsidy for project in the People's Republic of China (the "PRC")	7,868	–
Operation fee income	14,822	18,666
Rental income from land and buildings	225	231
Rental income from plant and machinery	1,803	1,342
Service income from an associate	30	30

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 6. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Gain on bargain purchase on acquisition of additional interest in an associate ( <i>note</i> )	26,679	81,996
(Loss) gain on change in fair value of financial assets at FVTPL, net	(22,814)	45,361
Gain on disposal of property, plant and equipment, net	790	518
Loss on disposal of a subsidiary	(628)	–
Impairment loss on amount due from other partner of a joint operation	–	(7,010)
	<b>4,027</b>	120,865

*Note:* During the six months ended 30th June, 2021, the Group purchased 1,500,000 (six months ended 30th June, 2020: 6,000,000) ordinary shares in Road King at an aggregate consideration of HK\$15,098,000 (six months ended 30th June, 2020: HK\$65,952,000). The Group's interest in Road King increased in aggregate by 0.20% (six months ended 30th June, 2020: 0.80%) resulting in gain on bargain purchase of HK\$26,679,000 (six months ended 30th June, 2020: HK\$81,996,000) on acquisition of additional interest in Road King.

## 7. FINANCE COSTS

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Interest on bank loans	17,280	20,667
Interest on bonds	472	2,900
Interest on other borrowings	456	–
Interest on lease liabilities	941	835
Imputed interest on bonds	2,853	2,717
Imputed interest on payable for extraction right	4,297	6,555
Imputed interest on provision for rehabilitation costs	860	814
Imputed interest on non-current interest-free amount due to an associate	338	326
	<b>27,497</b>	34,814

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Amortisation of intangible assets ( <i>note</i> )	24,029	21,262
Depreciation of property, plant and equipment ( <i>note</i> )	56,911	43,958
Depreciation of right-of-use assets	15,882	15,221
Share of income tax expense of associates (included in share of results of associates)	191,910	356,501

*Note:* Included in amortisation of intangible assets and depreciation of property, plant and equipment, HK\$18,933,000 (six months ended 30th June, 2020: HK\$19,739,000) and HK\$12,892,000 (six months ended 30th June, 2020: HK\$12,382,000) were capitalised in inventories respectively.

## 9. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Current tax		
Hong Kong	39,925	13,454
(Overprovision) underprovision in prior years		
Hong Kong	(1,205)	(269)
The PRC	756	–
	(449)	(269)
	39,476	13,185

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 as there is no assessable profits for both periods.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 10. DIVIDEND

Dividend paid and recognised as distribution during the period:

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
2020 final dividend – HK24 cents per share (six months ended 30th June, 2020: 2019 final dividend – HK24 cents per share)	<b>190,350</b>	190,350

An interim dividend for the six months ended 30th June, 2021 of HK7 cents (six months ended 30th June, 2020: HK8 cents) per ordinary share amounting to HK\$55,519,000 (six months ended 30th June, 2020: HK\$63,450,000) was approved by the board of directors of the Company on 18th August, 2021. This interim dividend has not been included as a liability in the condensed consolidated financial statements.

## 11. EARNINGS PER SHARE

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

	Six months ended 30th June,	
	2021 HK\$'000	2020 HK\$'000
Earnings for the purpose of basic earnings per share (Profit for the period attributable to owners of the Company)	<b>261,744</b>	403,935

	Six months ended 30th June,	
	2021	2020
Number of ordinary shares for the purpose of basic earnings per share	<b>793,124,034</b>	793,124,034

The Company has no potential ordinary shares in issue during both periods. Accordingly, no diluted earnings per share information is presented.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 12. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the period, the Group spent HK\$97,084,000 (six months ended 30th June, 2020: HK\$168,731,000) on additions to property, plant and equipment and right-of-use assets.

## 13. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	<b>30th June, 2021 HK\$'000</b>	31st December, 2020 HK\$'000
Cost of investments in associates		
Listed in Hong Kong ( <i>note a</i> )	<b>1,995,024</b>	1,979,926
Unlisted	<b>15,215</b>	15,090
	<b>2,010,239</b>	1,995,016
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	<b>7,464,127</b>	7,161,454
	<b>9,474,366</b>	9,156,470
Represented by:		
Interests in associates	<b>9,490,420</b>	9,172,564
Obligations in excess of interests in associates ( <i>note b</i> )	<b>(16,054)</b>	(16,094)
	<b>9,474,366</b>	9,156,470
Fair value of listed investments	<b>3,182,153</b>	3,246,363

### Notes:

- (a) Included in the cost of investment in the associate listed in Hong Kong, there is goodwill of HK\$30,964,000 (31st December, 2020: HK\$30,964,000) arising on acquisition of additional interest in the associate during the year ended 31st December, 2007.
- (b) The Group has contractual obligations to share the net liabilities of certain associates.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 14. INTERESTS IN JOINT VENTURES/OBLIGATIONS IN EXCESS OF INTERESTS IN JOINT VENTURES

	<b>30th June, 2021</b>	31st December, 2020
	<b>HK\$'000</b>	HK\$'000
Cost of investments in unlisted joint ventures	<b>186,048</b>	186,048
Share of post-acquisition profits and other comprehensive income, net of dividends received	<b>62,027</b>	58,963
	<b>248,075</b>	245,011
Loans to joint ventures ( <i>note a</i> )	<b>48,576</b>	43,757
	<b>296,651</b>	288,768
Represented by:		
Interests in joint ventures	<b>296,767</b>	288,874
Obligations in excess of interests in joint ventures ( <i>note b</i> )	<b>(116)</b>	(106)
	<b>296,651</b>	288,768

*Notes:*

- (a) The loans to joint ventures are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, the loans are considered as part of the Group's net investments in the joint ventures.
- (b) The Group has contractual obligations to share the net liabilities of certain joint ventures.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 15. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>30th June, 2021</b>	31st December, 2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade debtors – contracts with customers	<b>297,541</b>	348,266
Less: Allowance for credit losses	<b>(1,047)</b>	(3,258)
	<b>296,494</b>	345,008
Bills receivables	<b>6,574</b>	10,537
Other debtors	<b>207,622</b>	190,240
Deposits and prepayments	<b>93,031</b>	80,186
	<b>603,721</b>	625,971
Classified under:		
Non-current assets	<b>24,463</b>	24,424
Current assets	<b>579,258</b>	601,547
	<b>603,721</b>	625,971

At 30th June, 2021, the Group's trade debtors included an amount of HK\$9,150,000 (31st December, 2020: HK\$23,553,000) due from related companies which are a subsidiary and an associate of a substantial shareholder of the Company.

The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of trade debtors (net of allowance for credit losses) presented based on the invoice date:

	<b>30th June, 2021</b>	31st December, 2020
	<b>HK\$'000</b>	<b>HK\$'000</b>
Trade debtors		
0 to 60 days	<b>240,757</b>	309,529
61 to 90 days	<b>1,787</b>	3,463
Over 90 days	<b>53,950</b>	32,016
	<b>296,494</b>	345,008

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 15. DEBTORS, DEPOSITS AND PREPAYMENTS (Cont'd)

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

The Group's other debtors included a loan with principal amount of US\$3,150,000 (the "Loan") receivable from an entity (the "US Entity") incorporated in the United States of America (the "USA"), which is engaged in manufacture and sale of pharmaceutical products. On 15th January, 2020, the Group and the US Entity entered into an agreement pursuant to which the Loan was repayable on 15th June, 2020 and carried interest at 11% per annum. On 15th June, 2020, the Group and the US Entity further agreed that the Loan was extended to be repayable on 15th June, 2023 ("Loan Due Date") and carries interest at 12% per annum. On 13th July, 2020, the US Entity issued contingent common stock purchase warrant (the "Warrant") to the Group to purchase from the US Entity up to its 1,250,000 common shares ("Warrant Shares") at an exercise price of US\$2.05 each. Pursuant to the terms of the Warrant, if full repayment of the Loan ("Repayment") is made on or before 15th June, 2022, the Warrant shall become exercisable for 500,000 Warrant Shares for the period from the date of Repayment to 15th June, 2025. If either Repayment is made during the period from 16th June, 2022 to Loan Due Date or no Repayment is made on Loan Due Date, the Warrant shall become exercisable for 1,250,000 Warrant Shares for the period from either the date of Repayment or Loan Due Date to 15th June, 2025. The directors of the Company consider the fair value of the Warrant is immaterial at the end of both reporting periods.

As part of the internal credit risk management, the Group applies internal credit rating for its customers. Except for debtors with significant balances of HK\$257,799,000 (31st December, 2020: HK\$277,719,000) and credit-impaired debtors with gross amount of HK\$2,719,000 (31st December, 2020: HK\$5,498,000) which are assessed individually, the exposure to credit risk for trade debtors are assessed on a collective basis within lifetime expected credit losses ("ECL") (not credit-impaired). After the assessment performed by the Group, the impairment allowance on trade debtors which are assessed on a collective basis is insignificant to the Group for both periods.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 16. CONTRACT ASSETS

	<b>30th June, 2021 HK\$'000</b>	31st December, 2020 HK\$'000
Analysed as current:		
Unbilled revenue of construction contracts ( <i>note a</i> )	<b>1,408,389</b>	1,279,587
Retention receivables of construction contracts ( <i>note b</i> )	<b>503,865</b>	495,430
	<b>1,912,254</b>	1,775,017
Retention receivables of construction contracts		
Due within one year	<b>91,400</b>	148,699
Due after one year	<b>412,465</b>	346,731
	<b>503,865</b>	495,430

### Notes:

- (a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade debtors when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.
- (b) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade debtors when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. For retention receivables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

At 30th June, 2021, the Group's unbilled revenue and retention receivables included amounts of HK\$9,956,000 (31st December, 2020: HK\$14,948,000) and HK\$7,713,000 (31st December, 2020: HK\$15,155,000) respectively from related companies which are subsidiaries of a substantial shareholder of the Company.

As part of the internal credit risk management, the Group applies internal credit rating for its customers in relation to construction contracts. The exposure to credit risk and ECL for contract assets are assessed individually at 30th June, 2021. After the assessment performed by the Group, the impairment allowance on contract assets is insignificant to the Group for both periods.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 17. AMOUNTS DUE FROM ASSOCIATES

At 30th June, 2021, amounts due from associates included an amount of HK\$664,488,000 (31st December, 2020: nil) advanced to an associate for the purpose of participating in a bid by the associate for a piece of land for residential use. The Group and the associate agreed to form a joint venture for development of the project upon successful bid of the land. However, the bid for this land submitted by the associate was unsuccessful and the joint venture in respect of this specific land would not proceed. Subsequent to the reporting period, the amount has been fully refunded by the associate.

## 18. FINANCIAL ASSETS AT FVTPL

	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000
<b>Financial assets mandatorily measured at FVTPL</b>		
Listed equity securities in Hong Kong	38,751	38,519
Quoted equity securities in the USA (note a)	9,615	8,313
	48,366	46,832
<b>Financial assets designated at FVTPL</b>		
Quoted debt securities (note b)	852,529	635,663
	900,895	682,495

Notes:

- (a) The quoted equity securities represent investment in equity securities issued by the US Entity. It has been acquired principally for the purpose of selling in the near term, thus classified as held for trading. The quoted equity securities are available for trading at the USA's Over-The-Counter ("OTC") market and are revalued according to the available quoted OTC price at the end of each reporting period.
- (b) The quoted debt securities represent investment in bonds. It has been acquired principally for the purpose of selling in the near term, thus classified as held for trading. The quoted debt securities were pledged to banks for securing certain banking facilities granted to the Group.

Details of fair value measurements are set out in note 24.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 19. CASH HELD ON BEHALF OF CUSTOMERS

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

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

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

At 30th June, 2021, cash held on behalf of customers included an aggregate amount of HK\$8,873,000 (31st December, 2020: HK\$8,796,000) held on behalf of certain directors of the Company. The same amount is payable to these directors of the Company and included in creditors and accrued charges.

## 20. PLEDGED BANK DEPOSITS

At 30th June, 2021, bank deposits of the Group amounting to HK\$76,993,000 (31st December, 2020: HK\$40,661,000) were pledged to banks for securing certain banking facilities granted to the Group.

## 21. CREDITORS AND ACCRUED CHARGES

	<b>30th June, 2021</b>	31st December, 2020
	<b>HK\$'000</b>	HK\$'000
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	<b>370,295</b>	293,060
61 to 90 days	<b>55,906</b>	27,476
Over 90 days	<b>19,605</b>	35,924
	<b>445,806</b>	356,460
Retention payables	<b>505,666</b>	471,869
Accrued project costs	<b>1,901,537</b>	1,736,502
Payable for extraction right	<b>88,375</b>	85,989
Other creditors and accrued charges	<b>116,563</b>	176,268
	<b>3,057,947</b>	2,827,088
Retention payables		
Due within one year	<b>108,178</b>	163,973
Due after one year	<b>397,488</b>	307,896
	<b>505,666</b>	471,869

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 22. BANK LOANS

	<b>30th June, 2021 HK\$'000</b>	31st December, 2020 HK\$'000
The maturity of the bank loans that based on repayment schedules of respective loan agreements is as follows:		
Within one year	<b>1,275,566</b>	754,306
In the second year	<b>160,959</b>	238,241
In the third to fifth year inclusive	<b>845,751</b>	18,318
Total	<b>2,282,276</b>	1,010,865
Less: Amount shown under current liabilities	<b>(1,482,276)</b>	(874,065)
Amount shown under non-current liabilities	<b>800,000</b>	136,800
Secured	<b>591,152</b>	466,697
Unsecured	<b>1,691,124</b>	544,168
	<b>2,282,276</b>	1,010,865

At 30th June, 2021, bank loans of HK\$1,131,822,000 (31st December, 2020: HK\$628,815,000) contain a repayment on demand clause, of which bank loans that are repayable after one year after the end of the reporting period with an aggregate carrying amount of HK\$206,710,000 (31st December, 2020: HK\$119,759,000) have been classified as current liabilities.

The share of a subsidiary of the Company, certain bank deposits and the quoted debt securities are pledged to secure certain bank loans and banking facilities granted to the Group.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

	<b>30th June, 2021 HK\$'000</b>	31st December, 2020 HK\$'000
Derivative financial liabilities (under hedge accounting)		
Cash flow hedges		
– Interest rate swaps	<b>1,430</b>	–

During the six months ended 30th June, 2021, the Group entered into certain interest rate swaps designated as effective hedging instruments in order to minimise its exposures to forecast cash flow interest rate risk on certain bank loans.

The terms of the interest rate swaps have been negotiated to match the terms of the respective designated hedging items and the directors consider that the interest rate swaps are effective hedging instruments. The major terms of these swaps at 30th June, 2021 are as follows:

Notional amount	HK\$800,000,000
Maturity date	25th March, 2025
Pay fixed rate range	0.62% to 0.73%
Receiving floating rate	One month HKD Hong Kong Interbank Offered Rate

All of the above interest rate swaps are designated and effective as cash flow hedges. The fair value losses of the above interest rate swaps amounting to HK\$1,430,000 (six months ended 30th June, 2020: nil) are recognised in other comprehensive expense and accumulated under the other reserve at 30th June, 2021.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 24. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets (liabilities) at FVTPL	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30th June, 2021 HK\$'000	31st December, 2020 HK\$'000			
Listed equity securities in Hong Kong	38,751	38,519	Level 1	Quoted bid price in an active market	N/A
Quoted equity securities in the USA	9,615	8,313	Level 1	Quoted bid price in the OTC market	N/A
Quoted debt securities	852,529	635,663	Level 1	Market bid price or quoted price in an active market	N/A
Cash flow hedges – Interest rate swaps	(1,430)	–	Level 2	Fair value was provided by counterparty financial institution which used discount cash flow method	N/A

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated statement of financial position approximate to their fair values.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2021

## 25. CAPITAL COMMITMENTS

	<b>30th June, 2021</b>	31st December, 2020
	<b>HK\$'000</b>	HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	<b>98,238</b>	20,775

## 26. RELATED PARTY TRANSACTIONS

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

	<b>Six months ended 30th June,</b>	
	<b>2021</b>	2020
	<b>HK\$'000</b>	HK\$'000
<b>Associates</b>		
Construction contract revenue	<b>29,146</b>	289,258
Interest income	<b>37</b>	–
Service income	<b>30</b>	30
<b>Joint operations</b>		
Sale of construction materials	<b>26,695</b>	14,954
<b>Related companies (note)</b>		
Construction contract revenue	<b>2,574</b>	10,094
Project management fee income (reversed) recognised	<b>(305)</b>	2,530
Sale of construction materials	<b>24,856</b>	40,805
Purchase of construction materials	<b>–</b>	2
<b>Compensation of key management personnel</b>		
Short-term employee benefits	<b>69,214</b>	74,125
Post-employment benefits	<b>2,509</b>	2,009
	<b>71,723</b>	76,134

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

# Corporate Information

## EXECUTIVE DIRECTORS

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

## NON-EXECUTIVE DIRECTORS

CHENG Chi Ming, Brian  
HO Gilbert Chi Hang

## INDEPENDENT NON-EXECUTIVE DIRECTORS

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

## AUDIT COMMITTEE

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

## NOMINATION COMMITTEE

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

## REMUNERATION COMMITTEE

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

## COMPANY SECRETARY

CHIU Wai Yee, Anriena

## AUDITOR

Deloitte Touche Tohmatsu  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditors*

## SOLICITORS

Reed Smith Richards Butler  
Conyers Dill & Pearman

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
Bank of Communications (Hong Kong) Limited  
China Minsheng Banking Corp., Ltd.  
Hang Seng Bank Limited  
Cathay United Bank Company, Limited  
Bangkok Bank Public Company Limited  
China CITIC Bank International Limited

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS

Unit 1103, 11th Floor  
East Ocean Centre  
98 Granville Road  
Tsimshatsui  
Kowloon  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited  
4th Floor  
North Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## STOCK CODE

The Stock Exchange of Hong Kong Limited – 610

## WEBSITE

[www.waikee.com](http://www.waikee.com)

