

**PROPERTY
DEVELOPMENT**

TOLL ROAD

CONSTRUCTION

**CONSTRUCTION
MATERIALS**

QUARRYING



Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

INTERIM REPORT 2024

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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, 2024.

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue	HK\$6,547 million
Loss attributable to owners of the Company	HK\$415 million
Basic loss per share	HK52.29 cents
Equity attributable to owners of the Company per share	HK\$9.42

Business Review and Future Outlook

BUSINESS REVIEW

For the six months ended 30th June, 2024, the Group recorded revenue of HK\$6,547 million (six months ended 30th June, 2023: HK\$6,077 million) and an unaudited loss attributable to owners of the Company of HK\$415 million (six months ended 30th June, 2023: HK\$433 million).

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

For the six months ended 30th June, 2024, the Group shared a loss of HK\$457 million (six months ended 30th June, 2023: HK\$543 million) from Road King Infrastructure Limited (“Road King”), an associate of the Group. As of the date of this report, the Group holds 44.52% 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”), a subsidiary of the Company, which is classified under financial assets at fair value through profit or loss).

The Group and Road King had entered into a participation agreement in November 2021 pursuant to which Road King granted participation rights to the Group which allow the Group to enjoy a pro rata portion of 32.5% of the economic interest attributable to Road King’s 70% interest (or 22.75% attributable interest) in a property development project with the parcel of land located in Guangzhou, the PRC. At 30th June, 2024, the fair value of the participation rights was HK\$122 million (31st December, 2023: HK\$138 million). For the six months ended 30th June, 2024, the Group recorded loss on change in fair value on the participation rights of HK\$1 million (six months ended 30th June, 2023: nil) and exchange loss on the participation rights of HK\$3 million (six months ended 30th June, 2023: HK\$9 million).

For the six months ended 30th June, 2024, Road King recorded an unaudited loss attributable to its owners of HK\$1,027 million (six months ended 30th June, 2023: HK\$1,220 million).

Affected by the ongoing downturn in the real estate market and sluggish sales, Road King only achieved total property sales (including joint venture and associate projects) of RMB7,304 million for the first half of 2024. The property sales comprised contracted sales of RMB6,712 million and outstanding subscribed sales of RMB592 million. The Yangtze River Delta Region and Guangdong-Hong Kong-Macao Greater Bay Area are the major sales regions.

In the first half of 2024, the real estate market in Hong Kong was sluggish, and property sales were unsatisfactory. In the first half of 2024, the total sales of the three projects in Hong Kong of Road King amounted to HK\$1,950 million.

Road King temporarily halted participation in land auctions to reserve funds for loan repayment, and therefore did not acquire any new project or land parcel during the period. As at 30th June, 2024, Road King had a total land reserve of approximately 2,950,000 sqm, of which 640,000 sqm were pre-sold but yet to be delivered.

The overall average daily traffic volume and toll revenue of Road King’s expressway projects in Indonesia were 89,900 vehicles and HK\$919 million respectively, representing a decrease of 2% and an increase of 16% respectively compared to the corresponding period of last year. The significant increase in toll revenue was mainly because all expressway projects in Indonesia obtained approvals for the increase in toll rates in the second half of 2023, in particular, the approvals for the increase of approximately 25% and 29% in the special toll rates for the Solo Ngawi Expressway and Semarang Batang Expressway projects, respectively. Another two projects also obtained approvals for the increase in regular toll rates by approximately 8%.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

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

The overall average daily traffic volume and toll revenue of Road King's expressway projects in Mainland China were 206,600 vehicles and HK\$675 million respectively, representing a decrease of 24% and 54% respectively compared to the corresponding period of last year. This was mainly due to the expiration of Road King's toll concession right of the Tangjin Expressway on 19th April, 2023 and the completion of the disposal of Road King's entire equity interests in the toll road business in Mainland China to Cornerstone Holdings Limited on 22nd April, 2024, resulting in a significant decline in revenue contribution from the toll road business in Mainland China compared to the corresponding period of last year. However, Road King shared a net gain after tax of approximately HK\$1,118 million from the disposal of its interests in the toll road business in Mainland China recognised in the first half of 2024.

After restructuring and rectification, the business scale of the remaining original investment and asset management businesses, which mainly comprised property fund investment as well as cultural and tourist businesses, has been significantly reduced, with non-core businesses closed and non-core assets sold. Going forward, Road King will continue to review the operation of its remaining businesses and take appropriate action in due course.

Throughout the years, Road King's property business has been operated under 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, the property management and operation team of Road King will continue its pragmatic approach and strive to ensure property delivery and strictly control its cash flow.

For toll road business, Road King will focus on optimising the operation of expressway projects in Indonesia to reduce costs, increase efficiency, and improve returns. Road King will actively follow the economic development policies of the Asia-Pacific region. Meanwhile, Road King will continue to identify and calibrate the toll road project portfolio to optimise Road King's toll road business.

Construction, Sewage Treatment and Steam Fuel

For the six months ended 30th June, 2024, the Group shared a profit of HK\$86 million (six months ended 30th June, 2023: HK\$146 million) from Build King. As of the date of this report, the Group holds 58.33% interest in Build King.

For the six months ended 30th June, 2024, Build King recorded revenue of HK\$6,472 million (six months ended 30th June, 2023: HK\$5,974 million) and an unaudited profit attributable to its owners of HK\$148 million (six months ended 30th June, 2023: HK\$250 million), a decrease of 41% as compared with that of 2023.

In Hong Kong, Build King provides a full spectrum of construction services from building construction and civil engineering to foundation, electrical and mechanical, interior refurbishments and fitting out works.

Since the beginning of the year, Build King has secured new construction contracts with an attributable contract value of approximately HK\$8.2 billion. As of the date of this report, the value of Build King's outstanding contracts to be completed was approximately HK\$33 billion, comprising HK\$22 billion from its civil division and HK\$11 billion from its building division.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Construction, Sewage Treatment and Steam Fuel (Cont'd)

In the Mainland China, Build King operates a sewage treatment plant in Wuxi for treating household and industrial wastewater and steam supply plants in Gansu and Hubei for providing steam to factories in industrial parks. Total revenue generated from its environmental projects in the Mainland China was HK\$109 million for the period (six months ended 30th June, 2023: HK\$103 million). The increase in revenue was primarily attributable to an improved performance of Build King's steam plant operation. During the period, Build King's four operating plants supplied an average of 91 tons of steam per hour, 15% higher than 79 tons of steam per hour in the same period last year. After deducting directly attributable expenses, segment loss narrowed to HK\$14 million (six months ended 30th June, 2023: HK\$27 million). The improvement arose mainly from increased revenue and deceleration in the depreciation of RMB, partially offset by a provision for impairment of HK\$7 million in Build King's cost of investment in its 49% joint venture operation of supplying heat to the Dezhou District.

During the period, the status of Build King's major investments is as follows:

- (i) As disclosed in the joint announcement of the Company and Build King dated 30th April, 2024, Build King unwound the sale and purchase agreements dated 28th April, 2023 (as amended and supplemented) (the "Amended Agreements") regarding the acquisition of two parcels of land located at Pak Shing Kok Road in Tseung Kwan O, New Territories, Hong Kong, which was intended to be rezoned for development under the Land Sharing Pilot Scheme.

Build King currently anticipates a loss of HK\$36 million arising from the unwinding of the Amended Agreements and has therefore provided the loss in full in the period. Build King is negotiating with the vendors and their solicitors on the unwinding documents.

- (ii) Build King holds a 20% interest in an urban renewal project referred to as Haitao Garden, which was built in the 1980s and is located at Haitao Garden, 58 Haitao Road, Yantian District, Shenzhen, the PRC. This project is to be redeveloped for residential and commercial use (the "Shenzhen Project"). As of the date of this report, the developer of the Shenzhen Project, which is a 20% owned associate of Build King, has entered into contracts with over 98% of the 1,281 owners on the site, covering over 98% of the gross floor area, for resettlement purposes. The demolition of Haitao Garden and the cancellation of the ownership rights and land title associated with the demolished properties are currently in progress. Barring unforeseen circumstances, it is expected that the acquisition of the remaining interest in the site could soon be completed, paving the way for the commencement of construction in the second quarter of 2025. The remaining 80% interest of the associate is held by Road King.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

Construction Materials

For the six months ended 30th June, 2024, the construction materials division recorded revenue of HK\$324 million (six months ended 30th June, 2023: HK\$286 million) and a net profit of HK\$51 million (six months ended 30th June, 2023: HK\$30 million).

The significant increase in profit for the construction materials division compared to that of the same period in 2023 was mainly attributable to substantial improvement in results of concrete business in the first half of 2024, driven by increased sales volumes and higher profit margins. In 2024, the construction industry returned to its normal pace, which led to a surge in construction activities, subsequently boosting both the demand and prices of concrete. In addition, the order book for concrete remained stable, with most of the orders coming from our construction flagship. This steady stream of orders helped to mitigate fluctuations in sales turnover and contributed to the stabilization of the division's profitability.

Similar to 2023, the asphalt business recorded a minimal profit in the first half of 2024. The business continues to face significant challenges, including intense competition, as other competitors have adopted aggressive pricing strategies to secure orders.

Management remains dedicated to implementing prudent cost control measures and is committed to delivering high quality services to our customers to enhance competitiveness.

Quarrying

For the six months ended 30th June, 2024, the quarrying division recorded revenue of HK\$90 million (six months ended 30th June, 2023: HK\$111 million) and a net loss of HK\$5 million (six months ended 30th June, 2023: net profit of HK\$16 million).

As the volume of rock imported to the Lam Tei Quarry was below expectations which pushed up the unit cost of aggregates produced, the results of the quarrying division turned from a net profit to a net loss due to the significant decrease both in sales volume and profit margins of aggregates sold.

With all rock in Lam Tei Quarry almost excavated, the division's aggregates production depends heavily on the volume of rock imported. The volume and purchase costs of rock imported to Lam Tei Quarry are crucial factors influencing the division's performance. Consequently, the division's performance in the second half of 2024 will be closely tied to the volume of rock imported to Lam Tei Quarry.

Market prices of aggregates remains stable, though they experienced a slight decrease in the first quarter of 2024 due to abundant supplies of aggregates from Mainland China.

Fund Management Service and Securities Brokerage

WK Fund Management Limited ("WKFML"), which holds Type 4 (Advising on Securities) and Type 9 (Asset Management) licenses, and WK Securities Limited ("WKSL"), which holds Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) licenses, are both wholly-owned subsidiaries of the Group. WKFML focuses on fund management services, while WKSL specializes in securities brokerage.

Despite ongoing efforts, the client bases for both WKFML and WKSL remain limited. As a result, the division reported a loss of HK\$2 million (six months ended 30th June, 2023: HK\$2 million) for the six months ended 30th June, 2024.

Business Review and Future Outlook

BUSINESS REVIEW (Cont'd)

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 market. At 30th June, 2024, the fair value of the equity securities of Emmaus was HK\$0.3 million (31st December, 2023: HK\$0.7 million), of which nil (31st December, 2023: HK\$0.4 million) was invested by Build King.

The Group holds certain listed equity securities in Hong Kong. At 30th June, 2024, the fair value of the listed equity securities in Hong Kong was HK\$19 million (31st December, 2023: HK\$19 million), of which (including 3,000,000 Road King Shares) HK\$5 million (31st December, 2023: HK\$7 million) was invested by Build King.

The Group also invested in quoted debt securities which are bonds and interest linked notes. At 30th June, 2024, the fair value of the Group’s portfolio of quoted debt securities was HK\$230 million (31st December, 2023: HK\$331 million), of which HK\$11 million (31st December, 2023: HK\$10 million) was invested by Build King.

Build King invested in an unlisted equity investment fund issued by a private entity incorporated in Hong Kong and an unlisted convertible bond issued by Emmaus. At 30th June, 2024, the fair value of the unlisted equity investment fund and the unlisted convertible bond were HK\$31 million (31st December, 2023: HK\$29 million) and nil (31st December, 2023: HK\$8 million) respectively.

For the six months ended 30th June, 2024, 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\$49 million (six months ended 30th June, 2023: HK\$64 million), of which the net loss of HK\$7 million (six months ended 30th June, 2023: HK\$33 million) was from the investments by Build King, mainly as a result of the significant drop in the quoted prices of the debt securities at 30th June, 2024.

FUTURE OUTLOOK

The construction division sustained strong momentum in securing new projects during the first half of 2024. However, it will adopt a more conservative approach in the second half of the year when bidding for new projects. The existing contracts in hand are expected to secure the division’s turnover for the next one or even two years. As the economy slows down, the business environment is becoming increasingly competitive and challenging for all contractors. This heightened competition is likely to put significant pressure on tender prices and profit margins, making it difficult for the division to surpass its 2023 performance.

For the construction materials division, steady orders from our construction division are expected to sustain positive performance in 2024. However, the performance of the quarrying division will heavily depend on the volume of rock imported to the Lam Tei Quarry.

Regarding the Group’s other investments, their performance will be closely monitored, with periodic reviews of the investment strategy.

Financial Review

LIQUIDITY AND FINANCIAL RESOURCES

During the period, total borrowings decreased from HK\$1,478 million to HK\$1,293 million, which included bonds with carrying amounts of HK\$80 million (31st December, 2023: HK\$97 million) carrying no interest, with the maturity profile summarised as follows:

	30th June, 2024 HK\$'million	31st December, 2023 HK\$'million
Within one year	1,178	381
In the second year	24	1,000
In the third to fifth year inclusive	91	97
	1,293	1,478
Classified under:		
Current liabilities (<i>note</i>)	1,190	381
Non-current liabilities	103	1,097
	1,293	1,478

Note: At 30th June, 2024, 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\$12 million (31st December, 2023: nil) have been classified as current liabilities.

At 30th June, 2024, the Group had certain interest rate swap contracts, with an aggregate notional amount of HK\$720 million (31st December, 2023: HK\$760 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, 2024, the fair value of the interest rate swaps under derivative financial assets is HK\$20 million (31st December, 2023: HK\$31 million). For the six months ended 30th June, 2024, the Group recorded interest income on interest rate swap contracts of HK\$15 million (six months ended 30th June, 2023: HK\$11 million).

At 30th June, 2024, bank loans of HK\$13 million (31st December, 2023: HK\$41 million) carried interest at fixed rate.

At 30th June, 2024, total amount of the Group's time deposits, bank balances and cash was HK\$1,604 million (31st December, 2023: HK\$1,774 million), of which bank deposits amounting to HK\$89 million (31st December, 2023: HK\$74 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\$1,462 million (31st December, 2023: HK\$1,436 million).

For the six months ended 30th June, 2024, the Group recorded finance costs of HK\$51 million (six months ended 30th June, 2023: HK\$52 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. For the six months ended 30th June, 2024, the Group recorded net exchange loss of HK\$14 million (six months ended 30th June, 2023: HK\$29 million). The Group will continue to monitor its exposure to the currency risks closely.

CAPITAL STRUCTURE AND GEARING RATIO

At 30th June, 2024, the equity attributable to owners of the Company amounted to HK\$7,475 million, representing HK\$9.42 per share (31st December, 2023: HK\$8,098 million, representing HK\$10.21 per share).

At 30th June, 2024, the gearing ratio, representing the ratio of total borrowings to equity attributable to owners of the Company, was 17.3% (31st December, 2023: 18.3%) 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 -4.2% (31st December, 2023: -3.6%) as a result of total amount of time deposits, bank balances and cash exceeding total borrowings amount.

PLEDGE OF ASSETS

At 30th June, 2024, apart from the bank deposits pledged to secure certain banking facilities granted to the Group, the quoted debt securities with an aggregate carrying amount of HK\$211 million (31st December, 2023: HK\$309 million) were also pledged to secure certain banking facilities granted to the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 30th June, 2024, the Group committed capital expenditure contracted for but not provided in the Group's condensed consolidated financial statements of HK\$85 million (31st December, 2023: HK\$32 million) in respect of acquisition of property, plant and equipment. At 30th June, 2024 and 31st December, 2023, the Group had no contingent liabilities.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30th June, 2024, 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 C3 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	245,808,843 <i>(note 2)</i>	–	30.99
Zen Wei Peu, Derek	Personal	254,680,078 <i>(note 2)</i>	–	32.11
	Securities interest	40,127,000	–	5.06
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 500,488,921 shares, representing 63.10% of shares in issue of the Company, as at 30th June, 2024.

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 <i>(note 1)</i>	Short position	
Zen Wei Pao, William	Build King Holdings Limited	Personal	1,400,000	–	0.11 <i>(note 2)</i>
	Wai Kee (Zens) Construction & Transportation Company Limited <i>(note 4)</i>	Personal	2,000,000	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000	–	37.50
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	122,775,228	–	9.89
	Road King Infrastructure Limited	Personal	24,649,000 <i>(note 3)</i>	–	3.29
	Wai Kee (Zens) Construction & Transportation Company Limited <i>(note 4)</i>	Personal	2,000,000	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000	–	37.50
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000	–	0.09
	Road King Infrastructure Limited	Personal	205,000	–	0.03
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448	–	0.03

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. As at 30th June, 2024, the issued share capital of Build King was 1,241,877,992 shares.
3. Included in the balance, 1,000,000 Road King Shares are held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
4. 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.

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

Interests in debentures

Name of Director	Name of company (note 1)	Capacity/ Nature of interest	Type of debenture	Principal amount held (note 2)
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited	Personal	US\$300 million 7% senior guaranteed perpetual capital securities	US\$800,000 (note 3)
	RKP Overseas Finance 2016 (A) Limited	Personal	US\$300 million 7.95% senior guaranteed perpetual capital securities	US\$4,050,000 (note 4)
	RKPF Overseas 2019 (E) Limited	Personal	US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities	US\$46,450,000 (note 5)
	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$3,500,000 (note 6)
	RKPF Overseas 2019 (A) Limited	Personal	US\$300 million 5.9% guaranteed senior notes	US\$2,000,000 (note 7)
	RKPF Overseas 2019 (A) Limited	Personal	US\$416 million 6% guaranteed senior notes	US\$10,300,000 (note 8)
Wong Che Ming, Steve	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$500,000
Wong Man Chung, Francis	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$2,700,000

Disclosure of Interests

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

Interests in debentures (Cont'd)

Notes:

1. Wholly owned subsidiaries of Road King.
2. Long position.
3. A 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.
4. A principal amount of US\$4,050,000 of US\$300 million 7.95% senior guaranteed perpetual capital securities was held by Talent Club Company Limited, which is wholly-owned by Mr. Zen Wei Peu, Derek.
5. A principal amount of US\$1,300,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$41,000,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Talent Club Company Limited, which is wholly owned by Mr. Zen Wei Peu, Derek. A principal amount of US\$2,150,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Prepared Club Company Limited, which is wholly owned by Mr. Zen Wei Peu, Derek.
6. A principal amount of US\$3,500,000 of US\$480 million 6.7% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
7. A principal amount of US\$1,000,000 of US\$300 million 5.9% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
8. A principal amount of US\$2,000,000 of US\$416 million 6% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$5,900,000 of US\$416 million 6% guaranteed senior notes was held by Talent Club Company Limited, which is wholly owned by Mr. Zen Wei Peu, Derek.

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 pursuant to the Model Code.

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, 2024, 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
Century Acquisition 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 its wholly owned subsidiary, namely Century Acquisition Limited.
7. Century Acquisition 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).
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).
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.
11. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).

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 in Part 2 of Corporate Governance Code set out in Appendix C1 of the Listing Rules throughout the six months ended 30th June, 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 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, 2024.

Other Information

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2024 (six months ended 30th June, 2023: nil).

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, 2024.

AUDIT COMMITTEE

The Audit Committee of the Company 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, 2024.

EMPLOYEES AND REMUNERATION POLICIES

At 30th June, 2024, the Group had 3,827 employees (31st December, 2023: 3,736 employees), of which 3,502 (31st December, 2023: 3,426) were located in Hong Kong, 318 (31st December, 2023: 303) were located in the PRC and 7 (31st December, 2023: 7) were located in Philippines. For the six months ended 30th June, 2024, the Group's total staff costs were HK\$989 million (six months ended 30th June, 2023: HK\$883 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 of the Company 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

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 other 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, 2024, 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:

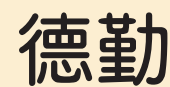
Name of Director	Details of changes
Zen Wei Pao, William	Mr. Zen has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2024 to 31st July, 2027.
Zen Wei Peu, Derek	Mr. Zen has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2024 to 31st July, 2027.
Chiu Wai Yee, Anriena	Miss Chiu has entered into a service agreement with the Company for a term of three years commencing from 1st August, 2024 to 31st July, 2027.
Cheng Chi Ming, Brian	Mr. Cheng has resigned as a Non-executive Director of the Company with effect from 26th June, 2024.
Ho Gilbert Chi Hang	Mr. Ho has resigned as a Non-executive Director of the Company with effect from 26th June, 2024.
Wong Man Chung, Francis	<p>Mr. Wong acts as an independent non-executive director of Shanghai Dongzheng Automotive Finance Co., Ltd. (stock code: 2718), whose shares were delisted from the Stock Exchange on 29th April, 2024.</p> <p>Mr. Wong acted as an independent non-executive director of IntelliCentrics Global Holdings Ltd. (stock code: 6819, whose shares were delisted from the Stock Exchange on 8th May, 2024), which was approved by its shareholders on 15th August, 2024 for (a) voluntarily liquidation; and (b) the appointment of Mr. Wong as the liquidator on the same date.</p> <p>Mr. Wong has retired as an independent non-executive director of Digital China Holdings Limited (stock code: 861) with effect from 27th June, 2024.</p>

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, 22nd August, 2024



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 20 to 47, which comprise the condensed consolidated statement of financial position as of 30th June, 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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 the 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 enquiries, 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

22nd August, 2024

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30th June, 2024

	Notes	Six months ended 30th June,	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue from goods and services	3	6,546,977	6,077,053
Cost of sales		(5,936,187)	(5,320,060)
Gross profit		610,790	756,993
Other income	5	72,299	75,274
Other gains and losses	6	(65,360)	(112,633)
Selling and distribution costs		(51,356)	(46,410)
Administrative expenses		(354,979)	(328,701)
Finance costs	7	(50,545)	(52,179)
Share of results of associates		(448,644)	(539,876)
Share of results of joint ventures		(45,454)	(1,982)
Loss before tax	8	(333,249)	(249,514)
Income tax expense	9	(22,253)	(82,527)
Loss for the period		(355,502)	(332,041)
(Loss) profit for the period attributable to:			
Owners of the Company		(414,693)	(433,028)
Non-controlling interests		59,191	100,987
		(355,502)	(332,041)
		HK cents	HK cents
Loss per share	11		
– Basic		(52.29)	(54.60)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30th June, 2024

	Six months ended 30th June,	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Loss for the period	(355,502)	(332,041)
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(9,327)	(18,070)
Fair value losses on hedging instruments designated in cash flow hedges	(10,288)	(11,910)
Exchange differences arising on translation of an associate	(194,203)	(77,563)
Share of cash flow hedging reserve of an associate	438	1,927
Other comprehensive expense for the period	(213,380)	(105,616)
Total comprehensive expense for the period	(568,882)	(437,657)
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(623,675)	(530,024)
Non-controlling interests	54,793	92,367
	(568,882)	(437,657)

Condensed Consolidated Statement of Financial Position

At 30th June, 2024

	<i>Notes</i>	30th June, 2024 (Unaudited) HK\$'000	31st December, 2023 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	12	453,369	450,927
Right-of-use assets	12	101,427	121,034
Intangible assets		300,667	313,829
Goodwill		29,838	29,838
Interests in associates	13	6,361,600	7,005,866
Interests in joint ventures	14	4,530	58,149
Financial assets at fair value through profit or loss ("FVTPL")	15	1,220	874,123
Other financial asset at amortised cost		27,973	29,799
Derivative financial instruments	16	–	30,621
		7,280,624	8,914,186
Current assets			
Inventories	17	460,418	490,354
Debtors, deposits and prepayments	18	963,537	1,046,733
Contract assets	19	3,437,509	3,646,488
Loan to an associate		2,331	2,331
Amounts due from associates		13,835	13,813
Amount due from a joint venture		317	647
Amounts due from other partners of joint operations		9,976	28,950
Tax recoverable		17,601	40,408
Financial assets at FVTPL	15	1,174,657	388,152
Derivative financial instruments	16	20,333	–
Cash held on behalf of customers	20	10,521	9,369
Pledged bank deposits	21	89,320	73,912
Time deposits with original maturity of not less than three months		1,096	35,697
Bank balances and cash		1,513,086	1,664,534
		7,714,537	7,441,388
Current liabilities			
Creditors and accrued charges	22	4,230,582	4,445,888
Contract liabilities		715,518	555,144
Amounts due to associates		25,085	24,061
Amounts due to other partners of joint operations		3,993	32,545
Amounts due to non-controlling shareholders		1,363	1,363
Lease liabilities		60,912	59,373
Tax liabilities		78,454	202,092
Bank loans	23	1,190,059	381,471
		6,305,966	5,701,937
Net current assets		1,408,571	1,739,451
Total assets less current liabilities		8,689,195	10,653,637

Condensed Consolidated Statement of Financial Position

At 30th June, 2024

	<i>Notes</i>	30th June, 2024 (Unaudited) HK\$'000	31st December, 2023 (Audited) HK\$'000
Non-current liabilities			
Provision for rehabilitation costs		31,724	31,909
Deferred tax liabilities		5,750	5,750
Obligations in excess of interests in associates	13	13,029	14,886
Amount due to an associate		301	1,035
Lease liabilities		45,245	70,236
Bank loans	23	–	977,500
Other creditors	24	23,000	355,116
Bonds		80,053	96,835
		199,102	1,553,267
Net assets		8,490,093	9,100,370
Capital and reserves			
Share capital		79,312	79,312
Share premium and reserves		7,395,332	8,019,007
Equity attributable to owners of the Company		7,474,644	8,098,319
Non-controlling interests		1,015,449	1,002,051
Total equity		8,490,093	9,100,370

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2024

	Equity attributable to owners of the Company								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	Total HK\$'000		
At 1st January, 2023 (audited)	79,312	731,906	274,635	(29,530)	2,319	459,609	8,465,909	9,984,160	895,503	10,879,663
(Loss) profit for the period	-	-	-	-	-	-	(433,028)	(433,028)	100,987	(332,041)
Other comprehensive expense for the period	-	-	(87,013)	-	-	(9,983)	-	(96,996)	(8,620)	(105,616)
Total comprehensive (expense) income for the period	-	-	(87,013)	-	-	(9,983)	(433,028)	(530,024)	92,367	(437,657)
Sub-total	79,312	731,906	187,622	(29,530)	2,319	449,626	8,032,881	9,454,136	987,870	10,442,006
Acquisition of additional interest in a subsidiary	-	-	-	-	-	1,907	-	1,907	(4,348)	(2,441)
Distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(54,331)	(54,331)
At 30th June, 2023 (unaudited)	79,312	731,906	187,622	(29,530)	2,319	451,533	8,032,881	9,456,043	929,191	10,385,234
At 1st January, 2024 (audited)	79,312	731,906	1,935	(29,530)	2,319	436,564	6,875,813	8,098,319	1,002,051	9,100,370
(Loss) profit for the period	-	-	-	-	-	-	(414,693)	(414,693)	59,191	(355,502)
Other comprehensive expense for the period	-	-	(199,132)	-	-	(9,850)	-	(208,982)	(4,398)	(213,380)
Total comprehensive (expense) income for the period	-	-	(199,132)	-	-	(9,850)	(414,693)	(623,675)	54,793	(568,882)
Sub-total	79,312	731,906	(197,197)	(29,530)	2,319	426,714	6,461,120	7,474,644	1,056,844	8,531,488
Released upon an associate's disposal of its subsidiaries	-	-	(174,923)	-	-	-	174,923	-	-	-
Distribution to non-controlling shareholders	-	-	-	-	-	-	-	-	(41,395)	(41,395)
At 30th June, 2024 (unaudited)	79,312	731,906	(372,120)	(29,530)	2,319	426,714	6,636,043	7,474,644	1,015,449	8,490,093

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) the hedging reserve; and (iv) the capital contribution paid on behalf of the non-controlling interests.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30th June, 2024

	Six months ended 30th June,	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<i>Note</i>		
Net cash from operating activities	128,603	120,325
Investing activities		
Interest received	13,561	15,632
Distributions received from joint ventures	1,474	85
Proceeds from disposal of property, plant and equipment	1,246	6,808
Purchase of property, plant and equipment	(45,560)	(27,317)
Receipt for participation rights of a property development project	12,513	5,145
Acquisition of additional interest in a subsidiary	–	(2,441)
Net cash outflow arising on acquisition of subsidiaries	–	(36,901)
Capital investment in an associate	–	(16)
Shareholder loan to an associate with redemption right	–	(800,000)
(Advances to) repayments from associates	(22)	186
Repayment from a joint venture	318	–
(Placement) withdrawal of pledged bank deposits	(15,408)	44,705
Withdrawal of time deposits with original maturity of not less than three months	35,100	202,000
Placement of time deposits with original maturity of not less than three months	(513)	(693)
Net cash from (used in) investing activities	2,709	(592,807)
Financing activities		
Interest paid on bank loans and other borrowings	(47,975)	(49,430)
Interest received on interest rate swap contracts	14,590	11,298
Interest paid on lease liabilities	(2,199)	(2,389)
Distribution to non-controlling shareholders	(41,395)	(54,331)
Repayments to associates	(81)	(8)
New bank loans raised	100,057	129,580
Repayments of bank loans	(266,880)	(134,890)
Repayments of bonds	(12,250)	–
Repayments of lease liabilities	(32,671)	(15,136)
Net cash used in financing activities	(288,804)	(115,306)
Net decrease in cash and cash equivalents	(157,492)	(587,788)
Cash and cash equivalents at the beginning of the period	1,664,534	2,318,005
Effect of foreign exchange rate changes, net	6,044	12,403
Cash and cash equivalents at the end of the period	1,513,086	1,742,620
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	1,513,086	1,742,620

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 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 D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. PRINCIPAL 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”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30th June, 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31st December, 2023.

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 Group’s annual period beginning on 1st January, 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current interim period has 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 the condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

3. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue from contracts with customers

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Type of goods and services		
Construction contracts	6,342,402	5,845,883
Sewage treatment plant operation	24,455	24,179
Steam fuel plant operation	84,127	79,139
Sale of construction materials	85,247	85,669
Sale of quarry products	10,746	42,183
	6,546,977	6,077,053
Timing of revenue recognition		
At a point in time	95,993	127,852
Over time	6,450,984	5,949,201
	6,546,977	6,077,053

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 44.52% (31st December, 2023: 44.52%) 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, 2024

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, 2024

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	6,472,335	(21,351)	6,450,984	86,444
Construction materials	323,685	(238,438)	85,247	50,721
Quarrying	90,499	(79,753)	10,746	(4,791)
Property development and investment, toll road, investment and asset management	–	–	–	(457,165)
Total	6,886,519	(339,542)	6,546,977	(324,791)

Six months ended 30th June, 2023

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	5,973,534	(24,333)	5,949,201	145,972
Construction materials	285,571	(199,902)	85,669	30,274
Quarrying	111,126	(68,943)	42,183	16,199
Property development and investment, toll road, investment and asset management	–	–	–	(543,263)
Total	6,370,231	(293,178)	6,077,053	(350,818)

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, 2024

4. SEGMENT INFORMATION (Cont'd)

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

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Total segment loss	(324,791)	(350,818)
Unallocated items		
Other income	32,843	33,883
Other gains and losses	(53,280)	(40,399)
Administrative expenses	(33,410)	(41,962)
Finance costs	(37,336)	(35,073)
Share of results of associates	250	1,263
Share of results of joint ventures	1,031	78
Loss attributable to owners of the Company	(414,693)	(433,028)

5. OTHER INCOME

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Other income includes:		
Dividend income from financial asset at FVTPL	515	277
Interest on financial asset at FVTPL	10,882	12,138
Interest on other receivables	1,447	5,683
Interest on bank deposits	13,188	13,753
Interest on loan to an associate	32	32
Interest on other financial asset at amortised cost	341	370
Interest on interest rate swap contracts	14,590	11,298
Operation fee income	21,117	25,904
Rental income from land and buildings	157	224
Rental income from plant and machinery	308	308
Service income from an associate	30	30

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

6. OTHER GAINS AND LOSSES

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Gain on disposal of property, plant and equipment, net	1,170	6,560
Loss on change in fair value of financial assets at FVTPL, net	(23,670)	(117,213)
Allowance for credit losses	(130)	(1,980)
Impairment loss on interest in a joint venture	(6,691)	–
Written down to net realisable value of inventory	(36,039)	–
	(65,360)	(112,633)

7. FINANCE COSTS

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Interest on bank loans	47,296	48,919
Interest on other borrowings	679	511
Interest on lease liabilities	2,199	2,389
Imputed interest on non-current amount due to an associate	371	360
	50,545	52,179

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Amortisation of intangible assets (<i>note</i>)	6,802	7,995
Depreciation of property, plant and equipment (<i>note</i>)	34,523	35,955
Depreciation of right-of-use assets	28,552	29,952
Exchange loss, net	13,811	28,526
Share of income tax expense of associates (included in share of results of associates)	191,813	103,526

Note: Included in amortisation of intangible assets and depreciation of property, plant and equipment, nil (six months ended 30th June, 2023: HK\$1,223,000) and HK\$18,000 (six months ended 30th June, 2023: HK\$22,000) were capitalised in inventories respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

9. INCOME TAX EXPENSE

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Current tax		
Hong Kong	18,016	80,200
Other regions in the People's Republic of China (the "PRC")	1,928	–
	19,944	80,200
(Over) under provision in prior years		
Hong Kong	(15)	1,944
The PRC	2,324	383
	2,309	2,327
	22,253	82,527

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.

In July 2023, a subsidiary of the Company received tax assessments for the year of assessment 2016/17 and 2017/18 from the Inland Revenue Department in which a certain deductible item in relation to the operation of that subsidiary was disallowed.

Subsequent to the subsidiary's submission of objection with grounds that the expenditure was incurred in the production of assessable profits, the Inland Revenue Department agreed the grounds of objection and issued the revised tax assessments for the year of assessment 2016/17 and 2017/18 allowing the deduction of such expenditure in May 2024.

10. DIVIDEND

The board of directors of the Company does not recommend the payment of an interim dividend for the six months ended 30th June, 2024 (six months ended 30th June, 2023: nil).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

11. LOSS PER SHARE

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

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Loss for the purpose of basic loss per share (Loss for the period attributable to owners of the Company)	(414,693)	(433,028)

	Six months ended 30th June,	
	2024	2023
Number of ordinary shares for the purpose of basic loss per share	793,124,034	793,124,034

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

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

During the period, the Group has additions of HK\$45,560,000 (six months ended 30th June, 2023: HK\$27,317,000) and HK\$9,220,000 (six months ended 30th June, 2023: HK\$5,328,000) on property, plant and equipment and right-of-use assets respectively.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

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

	30th June, 2024	31st December, 2023
	HK\$'000	HK\$'000
Cost of investments in associates		
Listed in Hong Kong (<i>note a</i>)	2,029,297	2,029,297
Unlisted	15,639	15,639
	2,044,936	2,044,936
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	4,303,635	4,946,044
	6,348,571	6,990,980
Represented by:		
Interests in associates	6,361,600	7,005,866
Obligations in excess of interests in associates (<i>note b</i>)	(13,029)	(14,886)
	6,348,571	6,990,980
Fair value of listed investments (<i>note c</i>)	353,625	483,732

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, 2023: 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.
- (c) The fair value of the listed investments is determined based on the quoted market bid price.

14. INTERESTS IN JOINT VENTURES

	30th June, 2024	31st December, 2023
	HK\$'000	HK\$'000
Cost of investments in unlisted joint ventures	40,956	40,956
Less: Impairment loss	(40,956)	(34,265)
	–	6,691
Share of post-acquisition profits and other comprehensive income, net of dividends received	4,530	51,458
	4,530	58,149

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For the six months ended 30th June, 2024

15. FINANCIAL ASSETS AT FVTPL

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Financial assets mandatorily measured at FVTPL		
Listed equity securities in Hong Kong	19,265	19,161
Quoted equity securities in the United States of America (the "USA") (note a)	277	682
Unlisted equity investment in Hong Kong (note b)	1,220	1,220
Quoted debt securities (note c)	230,496	331,494
Unlisted convertible bond in the USA (note d)	–	7,811
Participation rights of a property development project (note e)	122,158	138,169
Unlisted investment fund (note f)	30,902	29,004
Shareholder loan to an associate with redemption right (note g)	771,559	734,734
	1,175,877	1,262,275
Classified under:		
Non-current assets	1,220	874,123
Current assets	1,174,657	388,152
	1,175,877	1,262,275

Notes:

- (a) The quoted equity securities represent investment in equity securities issued by an entity (the "US Entity") incorporated in the USA. The US Entity is engaged in manufacture and sale of pharmaceutical products. 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 unlisted equity investment represents investment in a private entity incorporated in Hong Kong. The fair value of the investment is measured with reference to the net asset value of the private entity.
- (c) The quoted debt securities represent investment in bonds and notes. They have been acquired principally for the purpose of selling in the near term, thus classified as held for trading. Quoted debt securities amounting to HK\$211,080,000 (31st December, 2023: HK\$308,796,000) were pledged to banks for securing certain banking facilities granted to the Group.
- (d) The unlisted convertible bond was issued by the US Entity.
- (e) On 30th November, 2021, RK Properties Holdings Limited ("RKP"), an indirect wholly owned subsidiary of Road King and Supreme Gain Limited ("Supreme Gain"), an indirect wholly owned subsidiary of the Company entered into a participation agreement and pursuant to which RKP granted participation rights to Supreme Gain which allow Supreme Gain to enjoy a pro rata portion of 32.5% of the economic interest attributable to RKP's 70% interest (or 22.75% attributable interest) in a property development project with the parcel of land located in Guangzhou, the PRC. The participation rights represent the right to share economic benefits and consequences under the relevant pro rata portion of RKP's interests. As the participation rights do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVTOCI") or designated as FVTOCI, it is classified as financial assets at FVTPL. At 30th June, 2024, the fair value of the participation rights was HK\$122,158,000 (31st December, 2023: HK\$138,169,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

15. FINANCIAL ASSETS AT FVTPL (Cont'd)

Notes: (Cont'd)

- (f) The unlisted investment fund represents investment in equity investment fund issued by a private entity incorporated in Hong Kong. The fair value of the investment is measured with reference to the net asset value of the investment fund.
- (g) In 2023, the Group acquired 20% of the issued shares of Rainbow Triumph Limited ("RTL") at a price of HK\$15,700 and the shareholder loan due from RTL in the principal amount at face value of HK\$800,000,000 at a total consideration of HK\$800,015,700. RTL is an investment holding company incorporated in the British Virgin Islands and is a subsidiary of Road King. The Group has the right to require RTL to repay (i) up to 50% of the shareholder loan due to the Group on the first anniversary of the acquisition's completion date; and (ii) up to the balance of the shareholder loan due to the Group on 28th February, 2025, at the redemption price based on adjustments related to the market value of properties held by RTL. The fair value of the redemption right has been arrived on the basis of a valuation carried out on reporting dates by an independent and qualified property valuer not connected to the Group. As the Group did not exercise the right on the first anniversary of the completion date within the timeframe as stated in the agreement, the whole amount was accounted for in accordance with the maturity date of the loan redemption right as non-current asset at 31st December, 2023. At 30th June, 2024, the whole amount of approximately HK\$771,559,000 is accounted for in accordance with the maturity date of the loan redemption right as current asset.

The directors consider that the redemption right is a derivative embedded in the shareholder loan. The entire shareholder loan including principal, interest and redemption right are accounted for as financial asset at FVTPL.

Details of fair value measurements are set out in note 25.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Derivative financial assets (under hedge accounting)		
Cash flow hedges		
– Interest rate swaps	20,333	30,621

During the year ended 31st December, 2021, the Group entered into certain interest rate swap contracts to minimise its exposures to forecast cash flow interest rate risk on certain bank loans.

The terms of the interest rate swap contracts 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 and have designated them as cash flow hedging instruments for hedge accounting purpose. Included in bank loans as disclosed in note 23 were bank loans of HK\$720,000,000 (31st December, 2023: HK\$760,000,000) which were under cash flow hedges. The major terms of these swap contracts at 30th June, 2024 are as follows:

Notional amount	HK\$720,000,000 (31st December, 2023: HK\$760,000,000)
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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

16. DERIVATIVE FINANCIAL INSTRUMENTS (Cont'd)

All of the above interest rate swap contracts are designated and effective as cash flow hedges. The fair value losses of the above interest rate swap contracts amounting to HK\$10,288,000 (six months ended 30th June, 2023: HK\$11,910,000) are recognised in other comprehensive expense and accumulated under the other reserve at 30th June, 2024. The directors of the Company expected the accumulated sum is to be released at various dates in the coming maturity periods after the reporting period. The classification of the fair value measurement of the above derivative financial instruments at 30th June, 2024 is Level 2 under the fair value hierarchy (see note 25 for details).

17. INVENTORIES

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Property under development		
Freehold land in Malaysia (<i>note a</i>)	47,641	48,657
Leasehold lands in Hong Kong (<i>note b</i>)	334,147	385,059
Raw materials	2,678	2,716
Consumables	5,266	5,852
Uninstalled construction materials	69,105	46,989
Finished goods	1,581	1,081
	460,418	490,354

Notes:

- (a) The carrying amount of freehold land is stated at lower of cost and net realisable value.
- (b) The leasehold lands were originally acquired for the purpose of redevelopment under the Land Sharing Pilot Scheme ("LSPS"). As disclosed in the joint announcement of the Company and Build King Holdings Limited ("Build King", the Company's 58.33% (31st December, 2023: 58.33%) subsidiary whose shares are listed on the Main Board of the Stock Exchange) dated 2nd February, 2024, amongst other things was the reduction of purchase consideration of the leasehold lands by HK\$16,072,000. During the period, the Group incurred additional development costs of HK\$1,199,000 on the leasehold lands. However, the Group received a letter from the Land Sharing Office in March 2024 stating that it was not satisfied with the eligibility of the LSPS Application and would not process further the LSPS Application. On 30th April, 2024, the Group decided not to make any submission of revised or new LSPS Application before the LSPS deadline of 5th May, 2024, the original sale and purchase agreements as amended and supplemented (collectively the "Amended Sale and Purchase Agreements") were terminated with immediate effect. Pursuant to the Amended Sale and Purchase Agreements, following the termination thereof, the acquisitions of the subsidiaries as disclosed in note 28 shall be unwound (the "Unwinding"). The Unwinding is still in progress and upon completion of the Unwinding, the Group will cease to have any interest in the leasehold lands. The leasehold lands are stated at net realisable values at 30th June, 2024, which will be derecognised upon completion of the Unwinding. No depreciation charge is made on the leasehold lands taking into account the estimated residual values at the reporting dates.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

18. DEBTORS, DEPOSITS AND PREPAYMENTS

	30th June, 2024	31st December, 2023
	HK\$'000	HK\$'000
Trade debtors – contracts with customers	592,902	655,474
<i>Less:</i> Allowance for credit losses	(4,090)	(3,960)
	588,812	651,514
Bills receivables	8,771	3,735
Other debtors	236,878	255,034
Deposits	115,178	123,627
Prepayments	13,898	12,823
	963,537	1,046,733

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:

	30th June, 2024	31st December, 2023
	HK\$'000	HK\$'000
Trade debtors		
0 to 60 days	553,831	616,889
61 to 90 days	5,487	1,905
Over 90 days	29,494	32,720
	588,812	651,514

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

18. DEBTORS, DEPOSITS AND PREPAYMENTS (Cont'd)

At 31st December, 2023, the Group's other debtors included a loan with principal amount of US\$3,150,000 (equivalent approximately to HK\$24,597,000) (the "Loan") advanced to the US Entity. On 15th January, 2020, the Group and the US Entity entered into an agreement and 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 during 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. On 15th June, 2023, the Group and the US Entity further agreed that the Loan was extended to be repayable on 15th December, 2023 and carries interest at 13% per annum. At 31st December, 2023, the Group and the US Entity had not reached into agreement to extend the loan. The directors of the Company consequently determined full impairment on the principal amount of HK\$24,597,000 advanced to the US Entity. The impairment loss was included in profit or loss in the other gains and losses line item for the year ended 31st December, 2023.

As part of the internal credit risk management, the Group applies internal credit rating for its customers. Except for trade debtors with significant balances of HK\$555,442,000 (31st December, 2023: HK\$610,755,000) and credit-impaired trade debtors with gross amount of HK\$11,866,000 (31st December, 2023: HK\$11,754,000) 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.

19. CONTRACT ASSETS

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Analysed as current:		
Unbilled revenue of construction contracts (<i>note a</i>)	2,612,954	2,918,783
Retention receivables of construction contracts (<i>note b</i>)	824,555	727,705
	3,437,509	3,646,488
Retention receivables of construction contracts		
Due within one year	285,213	310,406
Due after one year	539,342	417,299
	824,555	727,705

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

19. CONTRACT ASSETS (Cont'd)

Notes:

- (a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed and 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 receivables 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 represent 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 receivables 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, 2024, the Group's unbilled revenue of construction contracts included an amount of HK\$2,000 (31st December, 2023: HK\$24,648,000) receivable 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, 2024. After the assessment performed by the Group, the impairment allowance on contract assets is insignificant to the Group for both periods.

20. CASH HELD ON BEHALF OF CUSTOMERS

WK Securities Limited, a wholly owned subsidiary of the Company, maintains segregated accounts 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 of the condensed consolidated statement of financial position and recognised the corresponding accounts 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, 2024, cash held on behalf of customers included an aggregate amount of HK\$648,000 (31st December, 2023: HK\$641,000) held on behalf of certain directors of the Company and related companies. The same amount is payable to these directors of the Company and the related companies, and included in creditors and accrued charges.

21. PLEDGED BANK DEPOSITS

At 30th June, 2024, bank deposits of the Group amounting to HK\$89,320,000 (31st December, 2023: HK\$73,912,000) were pledged to banks for securing certain banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

22. CREDITORS AND ACCRUED CHARGES

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	226,864	363,964
61 to 90 days	65,672	62,782
Over 90 days	17,203	14,639
	309,739	441,385
Retention payables	1,042,520	972,682
Accrued project costs	2,334,901	2,737,107
Other creditors and accrued charges	543,422	294,714
	4,230,582	4,445,888
Retention payables		
Due within one year	337,514	342,930
Due after one year	705,006	629,752
	1,042,520	972,682

At 30th June, 2024, the Group's trade creditors included an amount of HK\$970,000 (31st December, 2023: HK\$376,000) due to a related company which is an associate of a substantial shareholder of the Company.

For retention payables in respect of construction contracts, the due dates are usually one year after the completion of the construction works and are expected to be settled within the Group's normal operating cycle.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

23. BANK LOANS

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
The maturity of the bank loans that based on repayment schedules of respective loan agreements is as follows:		
Within one year	1,177,968	381,471
In the second year	1,070	977,500
In the third to fifth year inclusive	11,021	–
Total	1,190,059	1,358,971
Less: Amount shown under current liabilities	(1,190,059)	(381,471)
Amount shown under non-current liabilities	–	977,500
Secured	42,439	87,417
Unsecured	1,147,620	1,271,554
	1,190,059	1,358,971

At 30th June, 2024, bank loans of HK\$155,059,000 (31st December, 2023: HK\$245,471,000) contain a repayment on demand clause have been classified as current liabilities, of which bank loans that are repayable after one year after the end of the reporting period with an aggregate carrying amount of HK\$12,091,000 (31st December, 2023: nil).

Certain bank deposits and certain quoted debt securities are pledged to secure certain banking facilities granted to the Group. At 30th June, 2024, the Group has available unutilised banking facilities of HK\$1,462,059,000 (31st December, 2023: HK\$1,436,425,000).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

24. OTHER CREDITORS

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Consideration payable on acquisition of subsidiaries (<i>note</i>)	–	332,116
Other creditors	23,000	23,000
	23,000	355,116

Note: In 2023, the Group acquired several subsidiaries and for transaction details, please refer to the joint announcement of the Company and Build King dated 28th April, 2023 and note 28. According to the Amended Sale and Purchase Agreements, the remaining 90% of the consideration was payable in several stages and the management of the Group originally expected the full amounts to be payable in 2025. Therefore, the amounts were classified as non-current at 31st December, 2023. On 30th April, 2024, the Group terminated the transaction and the Unwinding is still in progress, accordingly the amounts are classified as current and recorded as other creditors and accrued charges at 30th June, 2024, which will be derecognised upon completion of the Unwinding.

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Some of the Group's financial assets 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 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).

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

Fair values of the Group's financial assets that are measured at fair value on a recurring basis (Cont'd)

Material financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs for fair value
	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000				
Listed equity securities in Hong Kong	19,265	19,161	Level 1	Quoted bid price in an active market	N/A	N/A
Quoted equity securities in the USA	277	682	Level 1	Quoted bid price in the OTC market	N/A	N/A
Unlisted equity investment in Hong Kong	1,220	1,220	Level 3	Net asset value of the private entity	N/A	N/A
Quoted debt securities	230,496	331,494	Level 1	Market bid price or quoted price in an active market	N/A	N/A
Participation rights of a property development project	122,158	138,169	Level 3	Fair value was determined by discount cash flow method	Discount rate	The increase in discount rate would result in a decrease in fair value
Unlisted investment fund	30,902	29,004	Level 3	Net asset value of the investment fund	N/A	N/A
Shareholder loan to an associate with redemption right	771,559	734,734	Level 3	Monte Carlo methods The fair value is determined based on valuation provided by an independent professional valuer which is measured using Monte Carlo simulation based on the current property prices, China risk-free rate, the expected volatility of the property prices and expected return The key inputs are: (i) China risk-free rate; (ii) expected volatility of the property prices; and (iii) expected return	The discounted China risk-free rate of 1.854% (31st December, 2023: 2.363%) The expected volatility of 8.0% (31st December, 2023: 10.5%) The discounted expected return of 11.2% (31st December, 2023: 11.8%)	The decrease in China risk-free rate would result in an increase in fair value The decrease in expected volatility of the property prices would result in a decrease in fair value The decrease in expected return would result in an increase in fair value
Derivative financial instruments – Interest rate swap contracts	20,333	30,621	Level 2	Fair value provided by counterparty (financial institution) which used discount cash flow method	N/A	N/A

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Cont'd)

Fair values of the Group's financial assets that are measured at fair value on a recurring basis (Cont'd)

Reconciliation of Level 3 fair value measurements of financial assets

	Unlisted equity investment <i>HK\$'000</i>	Participation rights of a property development project <i>HK\$'000</i>	Unlisted investment fund <i>HK\$'000</i>	Shareholder loan to an associate with redemption right <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2023	1,220	196,303	–	–	197,523
Addition	–	–	58,741	800,000	858,741
Settlement	–	(5,145)	–	–	(5,145)
Fair value loss in profit or loss	–	–	(15,637)	(41,001)	(56,638)
Exchange (loss) gain	–	(8,506)	155	–	(8,351)
At 30th June, 2023	1,220	182,652	43,259	758,999	986,130
At 1st January, 2024	1,220	138,169	29,004	734,734	903,127
Settlement	–	(12,513)	–	–	(12,513)
Fair value (loss) gain in profit or loss	–	(574)	1,902	36,825	38,153
Exchange loss	–	(2,924)	(4)	–	(2,928)
At 30th June, 2024	1,220	122,158	30,902	771,559	925,839

Fair value measurements and valuation processes

The directors of the Company have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages independent professional valuer to perform the valuation. Management of the Group works closely with the independent professional valuer to establish the appropriate valuation techniques and inputs to the model on a regular basis, or when needs arise and will report the significant results and findings to the board of directors of the Company. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of the financial instrument.

Fair values of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors 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, 2024

26. CAPITAL COMMITMENTS

	30th June, 2024 HK\$'000	31st December, 2023 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	84,500	31,954

27. RELATED PARTY TRANSACTIONS

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

	Six months ended 30th June,	
	2024 HK\$'000	2023 HK\$'000
Associates		
Construction contract revenue	–	55,345
Service income	30	30
Purchase of construction materials	4,606	2,215
Joint operations		
Sale of construction materials	130,743	97,171
A related company (note)		
Purchase of construction materials	3,281	984
Compensation of key management personnel		
Short-term employee benefits	83,813	83,341
Post-employment benefits	2,939	2,931
	86,752	86,272

Note: The related company is an associate of a substantial shareholder of the Company.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

28. ACQUISITIONS OF SUBSIDIARIES

Six months ended 30th June, 2023

On 28th April, 2023, the Group, through Build King, acquired 100% interest in and shareholder loans owed by Sky Grant Investment Limited (“Sky Grant”) and its subsidiary (collectively referred to as “Sky Grant Group”) from independent third parties at a total consideration of approximately HK\$136,532,000. On the same date, the Group also, through Build King, acquired 100% interest in and shareholder loan owed by Real Best Development Limited (“Real Best”) and its subsidiaries (collectively referred to as “Real Best Group”) from an independent third party at a total consideration of approximately HK\$232,485,000.

Both acquisitions have been accounted for as acquisition of assets and liabilities. Inventories acquired represent leasehold lands in Hong Kong and the Group held it for development.

At 30th June, 2023, acquisition-related costs were insignificant and recognised as cost of acquisition of inventories.

Assets and liabilities recognised at the date of acquisition are as follows:

	Sky Grant Group HK\$'000	Real Best Group HK\$'000	Total HK\$'000
Inventories	136,532	232,485	369,017
Other creditors	(136,532)	(232,485)	(369,017)
	–	–	–

The fair values of Sky Grant Group’s and Real Best Group’s identifiable assets and liabilities have been assessed by the management of the Group and it considered that the fair values of the inventories at the date of acquisition amounted to HK\$136,532,000 and HK\$232,485,000 respectively. The other creditors of HK\$136,532,000 and HK\$232,485,000 were the shareholder loans assigned to the Group in accordance with the respective sale and purchase agreements which are settled through the consideration as follows:

Consideration satisfied by:

	Sky Grant Group HK\$'000	Real Best Group HK\$'000	Total HK\$'000
Cash	13,653	23,248	36,901
Consideration payable	122,879	209,237	332,116
	136,532	232,485	369,017

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30th June, 2024

28. ACQUISITIONS OF SUBSIDIARIES (Cont'd)

Six months ended 30th June, 2023 (Cont'd)

Net cash outflow on acquisition:

	Sky Grant Group HK\$'000	Real Best Group HK\$'000	Total HK\$'000
Cash consideration paid	13,653	23,248	36,901

Impacts of acquisitions on the results of the Group

The impact arising from the acquisitions of Sky Grant Group and Real Best Group to the Group's loss and revenue for the six months ended 30th June, 2023 is immaterial.

At 30th June, 2024, the acquisitions of Sky Grant Group and Real Best Group are being unwound. Details of the Unwinding are stated in note 17(b).

Corporate Information

EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

NOMINATION COMMITTEE

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

REMUNERATION COMMITTEE

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

REGISTERED OFFICE

Clarendon House
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Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit 1103, 11th Floor
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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
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

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