



Build King Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 00240)

Interim Report 2015



Contents

	PAGE
Interim Financial Highlights	2
Management Discussion and Analysis	3
Disclosure of Interests	6
Corporate Governance	10
Other Information	11
Report on Review of Condensed Consolidated Financial Statements	13
Condensed Consolidated Statement of Profit or Loss	14
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	15
Condensed Consolidated Statement of Financial Position	16
Condensed Consolidated Statement of Changes in Equity	18
Condensed Consolidated Statement of Cash Flows	19
Notes to the Condensed Consolidated Financial Statements	20
Corporate Information	32



Interim Financial Highlights

The board of directors (the “Board”) of Build King Holdings Limited (the “Company”) announces the interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2015.

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	8%
Equity	HK\$373 million
Equity per share	HK30 cents
Group revenue	HK\$2,297 million
Profit attributable to owners of the Company	HK\$39 million

** equity refers to equity attributable to owners of the Company

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2015.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Operating Results

For the six months ended 30 June 2015, the Group achieved a turnover of HK\$2,297 million and profit of HK\$39 million, representing growth of 71% and 51% respectively over the corresponding period of 2014.

Major projects awarded in past two years have reached mature stage and continued to contribute to the growth of turnover as well as the profit. However, the gross profit to turnover ratio decreased from 8.4% to 5.7%. Few railway projects for MTRC revised down the forecast final profit as a result of recovery of delay cost being uncertain at this stage and not being taken into account on a prudent base. Furthermore, a portion of profit of a major project which contributed significant turnover during this period could not be booked as its completion was less than 25%. Overall, the profit to turnover was maintained at 1.7%, broadly in line with last year.

During the period, the local construction market continued to be hit by the lack of new public sector projects being awarded. The situation has slightly improved in the late second quarter, when the funding to most of the stack of public works projects has, after long wait, been finally approved. The delay in the implementation of new public works projects has inevitably resulted in extremely keen competition; though it has, to a lesser extent, eased the tight labour supply situation. Notwithstanding the competition, the new business strategy of the Group proved to be effective and successful. Since January 2015, the Group has won 7 contracts of total values over HK\$5 billion. These new projects include foundation works for the expansion of a hospital, site formation and infrastructure works of Liantang/Heung Yuen Wai boundary control point and extension work of a commercial complex at Tsing Yi. At the date of this report, the total outstanding value of contract on hand reached HK\$11 billion.

Looking forward, the core competitiveness of the Group will continue to benefit from the Government's land supply and housing policies, which in turn will require more and better infrastructures. The gradual implementation of the massive third runway in the Hong Kong International Airport and the Tseung Kwan O – Lam Tin Tunnel projects should bring a lot of new business opportunities to the Group in the years to come.

On current projects, overall progress was satisfactory. The Northern Connection Toll Plaza for Tuen Mun-Chek Lap Kok Link started off smoothly and is now slightly ahead of program. The tunnel works at Contract 824 for MTR Express Rail Link achieved significant improvement and targeting to complete substantially in 2016 despite the delay due to geological difficulties encountered in earlier stage. The negotiation with MTRC on recovery of delay cost is still ongoing. The Central Wanchai Bypass Package C1 at Hong Kong Exhibition and Convention Centre is nearing the completion in later half of this year within budget. The tunnel works of CWB Package C3 at Wanchai West progressed with diaphragm walls and excavation works in full swing. The three joint venture projects for Shatin Central Link – Kai Tak Station, Diamond Hill Station and Hung Hom North Approach Tunnel, are now in different stages. At Diamond Hill Station, construction of station structure has commenced. At Kai Tak Station, civil works like mined tunnel and station structure were substantially completed and internal works in the station will follow suit in remainder of this year. At North Approach Tunnel in Hung Hom, open excavation work at various work fronts have started since end of 2014 and progressing within program.

On building projects, the re-provisioning of the Harbour Road Sports Center and Wan Chai Swimming Pool will complete the phase 1 – construction of new sport center and swimming pool, on time in August 2015. The next phase of demolition of current sport ground and construction of a new one will start immediately afterward. The development work of Hang Seng Management College was nearing the completion of the final stage and will hand over to the client in the third quarter of this year.

At Wuxi City, the sewage treatment plant recorded a mild increase of 3% in turnover during the period while the profit increased by 50% because the plant received RMB2 million cash award for its contribution to protection of water quality of Lake Tai.



Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS (Continued)

Employees and Remuneration Policies

At 30 June 2015, the Group had a total of 1,584 employees and total remuneration for the six months ended 30 June 2015 was approximately HK\$324 million. Competitive remuneration packages are structured for each employee commensurate with individual responsibility, qualifications, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as that of the individual.

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2015, the Group had liquid assets of HK\$673 million (at 31 December 2014: HK\$437 million) comprising held-for-trading investments of HK\$32 million (at 31 December 2014: HK\$26 million) and bank balances and cash of HK\$641 million (at 31 December 2014: HK\$411 million).

At 30 June 2015, the Group had a total of interest bearing borrowings of HK\$183 million (at 31 December 2014: HK\$96 million) comprising bank loans of HK\$107 million (at 31 December 2014: HK\$96 million) and the Bonds of HK\$76 million (at 31 December 2014: Nil) with following maturity profile:

	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million
Borrowings due within one year	90	87
Borrowings due in the second year	8	4
Borrowings due in the third to fifth year inclusive	85	5
	183	96

The Group's borrowings, bank balances and cash and held-for-trading investments were principally denominated in Hong Kong dollars. Hence, there is no exposure to foreign exchange rate fluctuations. During the period, the Group had no financial instrument for hedging purpose. At 30 June 2015, total borrowings of HK\$100 million (at 31 December 2014: HK\$12 million) carried interest at fixed rate.

Capital Structure and Gearing

At 30 June 2015, total equity was HK\$373 million (at 31 December 2014: HK\$347 million) comprising ordinary share capital of HK\$124 million (at 31 December 2014: HK\$124 million), reserves of HK\$248 million (at 31 December 2014: HK\$222 million) and non-controlling interests of HK\$600,000 (at 31 December 2014: HK\$1 million).

At 30 June 2015, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 49% (at 31 December 2014: 28%).

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Pledge of Assets

At 30 June 2015, bank deposits of the Group amounting to HK\$70,000 (at 31 December 2014: HK\$60,000) were pledged to banks for securing the banking facility granted to the Group.

At 30 June 2015, certain equity securities with market value of HK\$22 million (at 31 December 2014: HK\$20 million) were pledged to a bank to secure general facilities granted to the Group.

Contingent Liabilities

	At 30 June 2015 HK\$ million	At 31 December 2014 HK\$ million
Outstanding tender/performance/retention bonds in respect of construction contracts	275	234



Disclosure of Interests

DIRECTORS' INTERESTS

As at 30 June 2015, the interests (including short positions) of the directors (the "Directors") and chief executive of the Company (including their respective spouses, infant children, related trusts and companies controlled by them) in the Shares, convertible securities, warrants, options or derivatives in respect of securities which carried voting rights of the Company and its associated corporations (within the meaning of the Securities & Futures Ordinance ("SFO")), which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short position in which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in 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 shareholding (%)
		Long Position (Note)	Short position	
Zen Wei Peu, Derek	Personal	117,725,228	–	9.48
Chang Kam Chuen, Desmond	Personal	1,500,000	–	0.12
David Howard Gem	Personal	900,000	–	0.07
Cheng Chi Pang, Leslie	Personal	1,170,000	–	0.09

Note: Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

Disclosure of Interests

DIRECTORS' INTERESTS (Continued)

(II) Associated Corporations

Interests in shares

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of shareholding (%)
			Long Position (Note)	Short position	
Zen Wei Peu, Derek	Wai Kee Holdings Limited ("Wai Kee")	Personal	185,557,078	–	23.40
	Wai Kee (Zens) Construction & Transportation Company Limited	Personal	2,000,000	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000	–	37.50

Note: Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).

Save as disclosed above, as at 30 June 2015, none of the Directors or chief executive of the Company had any interests or short positions in any equity or debt securities of the Company or any associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required pursuant to the Model Code to be notified to the Company and the Stock Exchange.

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

Save as disclosed above, none of the Directors nor their spouse 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 30 June 2015, so far as was known to the Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or 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 under Section 336 of the SFO:

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares held and percentage of shareholding			
		Long position (Note 1)		Short position	
		Number of Shares	%	Number of Shares	%
Top Horizon Holdings Limited ("Top Horizon") (Note 2)	Beneficial owner	635,415,033	51.17	–	–
Wai Kee (Zens) Holding Limited ("Wai Kee Zens") (Note 3)	Corporate	635,415,033	51.17	–	–
Wai Kee (Note 4)	Corporate	635,415,033	51.17	–	–
Vast Earn Group Limited (Note 5)	Beneficial owner	67,404,052	5.43	–	–
NWS Service Management Limited (incorporated in the British Virgin Islands) (Note 6)	Corporate	67,404,052	5.43	–	–
NWS Service Management Limited (incorporated in the Cayman Islands) (Note 7)	Corporate	67,404,052	5.43	–	–
NWS Holdings Limited (Note 8)	Corporate	67,404,052	5.43	–	–
New World Development Company Limited (Note 9)	Corporate	67,404,052	5.43	–	–
Chow Tai Fook Enterprises Limited (Note 10)	Corporate	67,404,052	5.43	–	–
Chow Tai Fook (Holding) Limited (Note 11)	Corporate	67,404,052	5.43	–	–
Chow Tai Fook Capital Limited (Note 12)	Corporate	67,404,052	5.43	–	–
Cheng Yu Tung Family (Holdings II) Limited (Note 13)	Corporate	67,404,052	5.43	–	–
Cheng Yu Tung Family (Holdings) Limited (Note 14)	Corporate	67,404,052	5.43	–	–

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Continued)

Notes:

1. Long position in the Shares.
2. Top Horizon was a direct wholly owned subsidiary of Wai Kee (Zens). Mr. Zen Wei Peu, Derek is a director of Top Horizon.
3. Wai Kee (Zens) is deemed to be interested in the Shares through its interests in Top Horizon. Mr. Zen Wei Peu, Derek is a director of Wai Kee (Zens).
4. Wai Kee (Zens) was a direct wholly owned subsidiary of Wai Kee. Accordingly, Wai Kee is deemed to be interested in the Shares through its interests in its wholly owned subsidiaries, namely Wai Kee (Zens) and Top Horizon. Mr. Zen Wei Peu, Derek is the Vice Chairman, Chief Executive Officer and an executive director of Wai Kee, and Dr. Cheng Chi Pang, Leslie is a non-executive director of Wai Kee.
5. Vast Earn Group Limited is a wholly owned subsidiary of NWS Service Management Limited (incorporated in the British Virgin Islands).
6. 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.
7. 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).
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. New World Development Company Limited is deemed to be interested in the Shares through its interests in its subsidiary, namely NWS Holdings Limited.
10. Chow Tai Fook Enterprises Limited is deemed to be interested in the Shares through its interests in more than one-third of the issued share capital of New World Development Company Limited.
11. 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.
12. 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.
13. 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.
14. 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.

Save as disclosed above, as at 30 June 2015, no other person (other than Directors or chief executives of the Company) had 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

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of Corporate Governance Code set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2015, except for code provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

Mr. Zen Wei Peu, Derek has been both the Chairman and Chief Executive Officer of the Company. In addition to his responsibilities as Chairman overseeing the function of the Board and formulating overall strategies and policies of the Company, Mr. Zen has taken up the management of the Group's business and overall operation. However, the day-to-day running of the Company has been delegated to the divisional heads responsible for the different aspects of the business.

The Board considers that this structure will not impair the balance of power and authority between the board and the management of the business of the Group given that there are a strong and independent non-executive directorship element on the Board and a clear division of responsibility in running the business of the Group. The Board believes that the structure outlined above is beneficial to the Company and its business.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' Securities Transactions. All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2015.

Other Information

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2015.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management, internal auditor and external auditor the accounting policies adopted by the Group and the unaudited interim financial information for the six months ended 30 June 2015.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

Term loan facility up to HK\$25 million

On 8 June 2015, the Company as a guarantor executed a guarantee in favour of a bank. The bank had agreed to grant Leader Civil Engineering Corporation Limited, a wholly owned subsidiary of the Company, a term loan facility of up to HK\$25 million (the "Banking Facility") with final repayment date falling twenty-four months after the date of first advance of the Banking Facility. Throughout the life of the Banking Facility, the Company shall remain directly or indirectly at least 50% beneficially owned by Wai Kee.

Save as disclosed above, as at 30 June 2015, 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
Chan Chi Hung, Anthony	Mr. Chan has been appointed as an independent non-executive director of Milan Station Holdings Limited (Stock Code: 1150) with effect from 22 July 2015.
Ng Chi Ming, James	Mr. Ng retired as an Independent Non-executive Director of the Company with effect from the conclusion of the annual general meeting of the Company held on 15 May 2015. Upon his retirement, he has also ceased to be a member of the Audit Committee, Nomination Committee and Remuneration Committee as well as the Chairman of the Audit Committee of the Company.
Ho Tai Wai, David	With effect from the conclusion of the annual general meeting of the Company held on 15 May 2015, Mr. Ho has been appointed as the Chairman of the Audit Committee of the Company. In addition, he resigned as the Chairman of the Nomination Committee, but remains as a member of this Committee of the Company.
Ling Lee Ching Man, Eleanor	<p>With effect from the conclusion of the annual general meeting of the Company held on 15 May 2015, Mrs. Ling has been appointed as a member of the Audit Committee, Nomination Committee and Remuneration Committee as well as the Chairwoman of the Nomination Committee of the Company.</p> <p>On 15 May 2015, Mrs. Ling entered into a Letter of Appointment with the Company for the period from 15 May 2015 to 28 February 2018, subject to re-election.</p> <p>Mrs. Ling is entitled to an emolument of HK\$168,000 per annum for acting as an Independent Non-executive Director of the Company.</p>

APPRECIATION

I would like to take this opportunity to express my hearty gratitude to our shareholders, our business partners, directors and loyal and dedicated colleagues.

By Order of the Board
Zen Wei Peu, Derek
Chairman

Hong Kong, 20 August 2015

Report on Review of Condensed Consolidated Financial Statements



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TO THE BOARD OF DIRECTORS OF BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Build King Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 14 to 31, which comprise the condensed consolidated statement of financial position as of 30 June 2015 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing 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 the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. 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 Hong Kong Institute of Certified Public Accountants. 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

20 August 2015



Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	3	2,296,528	1,344,823
Cost of sales		(2,165,960)	(1,231,829)
Gross profit		130,568	112,994
Investments and other income	5	5,260	2,719
Increase (decrease) in fair value of held-for-trading investments		6,107	(840)
Administrative expenses		(99,116)	(87,413)
Finance costs	6	(3,390)	(1,717)
Share of results of associates		193	58
Profit before tax	7	39,622	25,801
Income tax expense	8	(969)	(225)
Profit for the period		38,653	25,576
Profit for the period attributable to:			
Owners of the Company		39,139	25,706
Non-controlling interests		(486)	(130)
		38,653	25,576
Earnings per share	9	HK cents	HK cents
– Basic		3.2	2.1

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Profit for the period	38,653	25,576
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	114	(2,549)
Total comprehensive income for the period	38,767	23,027
Total comprehensive income for the period attributable to:		
Owners of the Company	39,248	23,249
Non-controlling interests	(481)	(222)
	38,767	23,027



Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	121,504	110,550
Intangible assets		67,909	68,632
Goodwill		30,554	30,554
Interests in joint ventures		–	–
Available-for-sale investment	12	–	–
Other financial asset		48,514	49,421
		268,481	259,157
Current assets			
Amounts due from customers for contract work		424,771	461,531
Debtors, deposits and prepayments	13	824,598	779,897
Amounts due from fellow subsidiaries		–	1,636
Amounts due from associates		7,479	7,590
Amount due from a joint venture		321	321
Amounts due from other partners of joint operations		188,217	139,840
Held-for-trading investments	14	31,911	25,804
Tax recoverable		22	148
Pledged bank deposits	21	70	60
Bank balances and cash		640,778	410,873
		2,118,167	1,827,700
Current liabilities			
Amounts due to customers for contract work		665,457	648,641
Creditors and accrued charges	15	942,623	801,126
Amount due to an intermediate holding company		10,450	9,242
Amounts due to fellow subsidiaries		8,446	–
Amount due to an associate		14,369	13,264
Amount due to a joint venture		1,142	1,142
Amounts due to other partners of joint operations		157,377	138,304
Amounts due to non-controlling interests		3,094	3,094
Tax liabilities		799	1,698
Bank loans	16	107,437	95,758
		1,911,194	1,712,269
Net current assets		206,973	115,431
Total assets less current liabilities		475,454	374,588

Condensed Consolidated Statement of Financial Position

At 30 June 2015

	Notes	30 June 2015 (Unaudited) HK\$'000	31 December 2014 (Audited) HK\$'000
Capital and reserves			
Ordinary share capital	17	124,188	124,188
Reserves		248,473	221,643
Equity attributable to owners of the Company		372,661	345,831
Non-controlling interests		587	1,068
Total equity		373,248	346,899
Non-current liabilities			
Deferred tax liabilities	18	5,750	5,750
Obligations in excess of interests in associates	19	16,340	16,533
Amount due to an associate		4,554	5,406
Bonds	20	75,562	–
		102,206	27,689
		475,454	374,588



Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Ordinary share capital	Share premium	Translation reserve	Other reserve	Special revaluation reserve	Asset revaluation reserve	Retained profits	Equity attributable to owners of the Company	Non- controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014 (audited)	124,188	14,186	16,811	(432)	(63,141)	4,290	203,910	299,812	3,239	303,051
Profit for the period	-	-	-	-	-	-	25,706	25,706	(130)	25,576
Exchange differences arising on translation of foreign operations	-	-	(2,457)	-	-	-	-	(2,457)	(92)	(2,549)
Total comprehensive income for the period	-	-	(2,457)	-	-	-	25,706	23,249	(222)	23,027
Dividend paid	-	-	-	-	-	-	(6,209)	(6,209)	-	(6,209)
At 30 June 2014 (unaudited)	124,188	14,186	14,354	(432)	(63,141)	4,290	223,407	316,852	3,017	319,869
At 1 January 2015 (audited)	124,188	14,186	14,347	(943)	(63,141)	4,290	252,904	345,831	1,068	346,899
Profit for the period	-	-	-	-	-	-	39,139	39,139	(486)	38,653
Exchange differences arising on translation of foreign operations	-	-	109	-	-	-	-	109	5	114
Total comprehensive income for the period	-	-	109	-	-	-	39,139	39,248	(481)	38,767
Dividend paid	-	-	-	-	-	-	(12,418)	(12,418)	-	(12,418)
At 30 June 2015 (unaudited)	124,188	14,186	14,456	(943)	(63,141)	4,290	279,625	372,661	587	373,248

Notes:

- The other reserve represents the excess of the consideration paid over the additional interests in net assets of respective acquired subsidiaries.
- The special reserve represents adjustment in share capital on the reverse acquisition of the Company in 2004.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Six months ended 30 June	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash from operating activities	209,316	160,575
Investing activities		
Dividends from held-for-trading investments	1,511	1,352
Advances to other partners of joint operations	(32,283)	(16,948)
Increase in pledged bank deposits	(10)	(68)
Repayment from associates	111	83
Purchase of property, plant and equipment	(32,998)	(43,649)
Proceeds from disposal of property, plant and equipment	1,205	108
Additions to other financial assets	–	(57)
Acquisition of additional interests in a joint operation	–	(8,000)
Net cash used in investing activities	(62,464)	(67,179)
Financing activities		
Advances to fellow subsidiaries	10,082	–
Advance from intermediate holding company	1,208	1,127
Repayment of bank loans	(28,321)	(39,688)
Interest paid	(3,035)	(1,482)
New bank loans raised	40,000	53,400
Bonds raised, net	75,460	–
Dividend paid	(12,418)	(6,209)
Net cash from financing activities	82,976	7,148
Net increase in cash and cash equivalents	229,828	100,544
Cash and cash equivalents at beginning of the period	410,873	299,082
Effect of foreign exchange rate changes, net	77	(931)
Cash and cash equivalents at end of the period	640,778	398,695
Represented by:		
Bank balances and cash	640,778	398,695

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is Top Horizon Holdings Limited. The directors of the Company (the “Directors”) consider Wai Kee Holdings Limited, also incorporated in Bermuda as an exempted company with limited liability and its shares being listed on the Stock Exchange, as the Company’s ultimate holding company.

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

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.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2014.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRS(s)”) (hereinafter collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle

The application of the new and revised HKFRSs in the current period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE

The Group’s revenue represents mainly the revenue on construction contracts recognised during the period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENTAL INFORMATION

The Group is mainly engaged in civil engineering work. Information reported to the Company's chief operating decision maker (i.e. the executive directors) for the purposes of resource allocation and assessment of performance is focused on geographical location of its customers including Hong Kong, the People's Republic of China ("PRC") and the Middle East. The Group's reportable segments under HKFRS 8 are as follows:

Six months ended 30 June 2015

	Hong Kong HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Results				
Segment revenue	2,284,893	11,635	–	2,296,528
Segment profit (loss)	31,800	6,454	(1,700)	36,554
Unallocated expenses				(1,353)
Investments income				1,511
Increase in fair value of held-for-trading investments				6,107
Share of results of associates				193
Finance costs				(3,390)
Profit before tax				39,622

Other segment information:

Six months ended 30 June 2015

	Hong Kong HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss:				
Gain on disposal of property, plant and equipment	282	–	–	282

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

4. SEGMENTAL INFORMATION (Continued)

Six months ended 30 June 2014

	Hong Kong HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Results				
Segment revenue	1,333,519	11,304	–	1,344,823
Segment profit (loss)	24,911	4,580	(1,281)	28,210
Unallocated expenses				(1,393)
Investments income				1,483
Decrease in fair value of held-for-trading investments				(840)
Share of results of associates				58
Finance costs				(1,717)
Profit before tax				25,801

Other segment information:

Six months ended 30 June 2014

	Hong Kong HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss:				
Gain on disposal of property, plant and equipment	–	41	–	41

There are no inter-segment sales for both periods.

All of the segment revenue reported above is from external customers.

Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of dividends from held-for-trading investments, interest on held-for-trading investments, change in fair value of held-for-trading investments, share of results of associates, finance costs and unallocated expenses.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

5. INVESTMENTS AND OTHER INCOME

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Investments and other income includes:		
Gain on disposal of property, plant and equipment	282	41
Dividends from held-for-trading investments	1,511	1,352
Interest on bank deposits	28	31
Interest on other financial asset	650	674
Government subsidy	2,511	–
Interest on held-for-trading investments	–	131

6. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	1,248	1,482
Bonds	1,889	–
Imputed interest expense on non-current interest free amount due to an associate	253	235
	3,390	1,717

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	760	759
Depreciation of property, plant and equipment	21,122	18,670
Less: amount attributable to construction contracts	(9,972)	(11,258)
	11,150	7,412

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Underprovision in prior years:		
Hong Kong	923	213
Other jurisdiction	46	12
	969	225

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated weighted average annual tax rate used is 16.5% (six months ended 30 June 2014: 16.5%) for the six months ended 30 June 2015.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdiction.

No provision for Hong Kong Profits Tax for both periods has been made in the condensed consolidated financial statements as the estimated assessable profit has been wholly absorbed by tax losses brought forward.

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit for the period attributable to the owners of the Company and earnings for the purpose of basic earnings per share	39,139	25,706
	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,241,878	1,241,878

The Company has no potential ordinary shares outstanding during both periods.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

10. DIVIDEND

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Dividend paid and recognised as distribution during the period:		
2014 final dividend – HK1 cent per share (six months ended 30 June 2014: 2013 final dividend – HK0.5 cent per share)	12,418	6,209

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$32,998,000 (six months ended 30 June 2014: HK\$43,649,000) on additions to property, plant and equipment.

12. AVAILABLE-FOR-SALE INVESTMENT

	30 June	31 December
	2015	2014
	HK\$'000	HK\$'000
Unlisted equity securities, at cost	800	800
Less: Impairment loss recognised	(800)	(800)
	–	–

The unlisted investment represents investment in unlisted equity securities issued by private entity incorporated in the PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that its fair value cannot be measured reliably.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

13. DEBTORS, DEPOSITS AND PREPAYMENTS

The following is an aged analysis of trade receivables net of allowances for doubtful debts presented based on the invoice date at the end of the reporting period:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Trade receivables analysed by age:		
0 to 60 days	498,102	496,677
61 to 90 days	834	730
Over 90 days	3,016	4,912
	501,952	502,319
Retention receivables	273,266	240,235
Other debtors, deposits and prepayments	49,380	37,343
	824,598	779,897
Retention receivables		
Due within one year	64,765	66,745
Due more than one year	208,501	173,490
	273,266	240,235

The Group allows an average credit period of 60 days to its trade customers. For retention receivables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

14. HELD-FOR-TRADING INVESTMENTS

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Held-for-trading investments stated at fair value:		
– Equity securities listed in Hong Kong	31,911	25,804

The investments held for trading are measured at fair value at recurring basis, by reference to market bid price in active market and classified under Level 1.

At 30 June 2015, certain equity securities with market value of HK\$22,230,000 (31 December 2014: HK\$19,650,000) were pledged to a bank to secure general banking facilities granted to the Group. Although these equity securities were pledged to the bank, the Group is allowed to trade the pledged securities upon the repayment of respective bank borrowing. In addition to the pledge of equity securities, the bank also requires certain subsidiaries of the Company to provide cross guarantee to the bank.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

15. CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Trade creditors analysed by age:		
0 to 60 days	167,898	186,594
61 to 90 days	10,891	25,440
Over 90 days	24,767	36,954
	203,556	248,988
Retention payables	223,501	194,730
Accrued project costs	480,715	323,236
Other creditors and accrued charges	34,851	34,172
	942,623	801,126
Retention payables		
Repayable within one year	55,448	52,412
Repayable more than one year	168,053	142,318
	223,501	194,730

For retention payables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

16. BANK LOANS

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
The maturity of bank loans is as follows:		
Within one year	90,338	87,287
In the second year	7,550	3,778
In the third to fifth year inclusive	9,549	4,693
	107,437	95,758
Less: Amount due within one year shown under current liabilities	(107,437)	(95,758)
Amount due after one year	–	–
Secured	43,000	18,000
Unsecured	64,437	77,758
	107,437	95,758

As at 30 June 2015, bank loans that are repayable more than one year after the end of the reporting period but contains a repayment on demand clause with the aggregate carrying amount of HK\$17,099,000 (31 December 2014: HK\$8,471,000) has been classified as current liabilities.

As at the end of the reporting period, the Group has undrawn borrowing facilities of HK\$235,763,000 (2014: HK\$113,000,000).

Certain bank facilities are secured by personal guarantees of a director of the Company.

17. ORDINARY SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each At 1 January 2014, 31 December 2014 and 30 June 2015	1,700,000,000	170,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each At 1 January 2014, 31 December 2014 and 30 June 2015	1,241,877,992	124,188

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

18. DEFERRED TAX LIABILITIES

The deferred tax liabilities recognised by the Group represent fair value of intangible assets arising from the acquisition of a subsidiary during the year ended 31 December 2005. There is no movement of balance during the current period.

19. OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Cost of investment in unlisted associates	4	4
Share of post-acquisition losses (note)	(16,344)	(16,537)
	(16,340)	(16,533)

Note: The Group has contractual obligations to share the net liabilities of associates.

20. BONDS

On 5 January 2015, Kaden Construction Limited, a wholly-owned subsidiary of the Company as the issuer and the Company as guarantor has entered into a placing agreement with a placing agent, an independent third party for the purposes of arranging places for the issue of bonds in denomination of HK\$1,000,000 each up to an aggregate principal amount of HK\$100,000,000 (the "Bonds"). The Bonds will be matured at the date immediately following five years after the first issue of the Bonds and carry coupon interest of 7% per annum, accrued daily on a 365 days basis that is payable semi-annually in arrears on every 1 July and 1 January of each calendar year, up to but excluding the maturity of the Bonds. As at 30 June 2015, the Bonds with the amount of HK\$75,460,000, net of issue expenses, are issued. Such expenses will be amortised over the life of the Bonds by charging the expenses to the profit or loss using effective interest rate of 7.68% per annum and increasing the net carrying amount of the Bonds with the corresponding amount.

21. PLEDGE OF ASSETS

Other than disclosed in note 14, as at 30 June 2015, bank deposits amounting to HK\$70,000 (31 December 2014: HK\$60,000) of the Group were pledged to banks for securing the banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

22. CAPITAL COMMITMENTS

Capital expenditure in respect of the acquisition of property, plant and equipment:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Contracted for but not provided in the condensed consolidated financial statements	29,204	5,988

23. CONTINGENT LIABILITIES

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	274,751	234,278

24. RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Fellow subsidiary		
Purchase of construction materials	24,534	1,921
Plant hire income	5,711	4,381
Compensation of key management personnel		
Short-term employee benefits	12,436	11,417
Post-employment benefits	775	705
	13,211	12,122

At 30 June 2015, a director of the Company provided personal guarantees amounting to HK\$12,500,000 (31 December 2014: HK\$12,500,000) to a bank to secure the general banking facilities granted to the Group.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2015

25. ACQUISITION OF ADDITIONAL INTEREST IN A JOINT OPERATION

On 16 March 2015, the Group further acquired 49% attributable interest in SEGACN-Yat Hing Joint Venture (“SEGACN – Yat Hing”) from an independent third party at a cash consideration of HK\$1. Prior to the acquisition, the Group held 51% interest in SEGACN – Yat Hing which is an unincorporated entity and has been accounted for as joint operation of the Group. Immediately after the acquisition, SEGACN – Yat Hing becomes a 100% owned subsidiary of the Group. SEGACN – Yat Hing is engaged in fitting out, improvement and alteration works in the PRC. The acquisition is accounted for using the purchase method.

Acquisition-related costs have been excluded from the cost of the above acquisition. The costs are insignificant and recognised as an expense in the year within the administrative expenses in the consolidated statement of profit or loss.

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

	HK\$'000
Debtors, deposits and prepayments	8,599
Creditors and accrued charges	(2,095)
Amount due to a partner of a joint operation	(6,080)
	<hr/>
Net assets	424
	<hr/>
Gain on bargain purchase arising from the acquisition:	
Cash consideration paid	–
Fair value of 51% interest held by the Group	216
Less: net assets at the acquisition date	(424)
	<hr/>
	(208)
	<hr/>

The fair value of SEGACN-Yat Hing’s identifiable assets and liabilities has been assessed by the management of the Group and it considers that the fair value of debtors, deposits and prepayments and creditors and accrued charges, at the date of acquisition amounted to HK\$8,599,000 and HK\$2,095,000 respectively, approximate to gross contractual amounts of those corresponding balances acquired by the Group. At the date of acquisition, the management of the Group considers that the contractual cash flows not expected to be collected is insignificant and the resultant gain on bargain purchase arising from acquisition of HK\$208,000 is credited to the Group as other income.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Zen Wei Peu, Derek
(Chairman, Chief Executive Officer & Managing Director)
Chang Kam Chuen, Desmond

Non-executive Directors

David Howard Gem
Cheng Chi Pang, Leslie
Chan Chi Hung, Anthony

Independent Non-executive Directors

Chow Ming Kuen, Joseph
Ho Tai Wai, David
Ling Lee Ching Man, Eleanor

AUDIT COMMITTEE

Ho Tai Wai, David *(Chairman)*
Chow Ming Kuen, Joseph
Ling Lee Ching Man, Eleanor

NOMINATION COMMITTEE

Ling Lee Ching Man, Eleanor *(Chairwoman)*
Chow Ming Kuen, Joseph
Ho Tai Wai, David
Zen Wei Peu, Derek

REMUNERATION COMMITTEE

Chow Ming Kuen, Joseph *(Chairman)*
Ho Tai Wai, David
Ling Lee Ching Man, Eleanor
Zen Wei Peu, Derek

COMPANY SECRETARY

Chang Kam Chuen, Desmond

AUDITOR

Deloitte Touche Tohmatsu

SOLICITORS

Reed Smith Richards Butler
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
China CITIC Bank International Limited
Hang Seng Bank Limited

REGISTERED OFFICE

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2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

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Manulife Financial Centre
223 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Progressive Limited
Level 22, Hopewell Centre
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