



Build King Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 00240)



Interim Report 2017

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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 2017.

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	10%
Equity	HK\$601 million
Equity per share	HK48 cents
Group revenue	HK\$2,730 million
Profit attributable to owners of the Company	HK\$81 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 2017.

Management Discussion and Analysis

BUSINESS REVIEW AND PROSPECTS

Operating Results

For the six months ended 30 June 2017, the Group recorded an increase in turnover of 21% to HK\$2,730 million and an increase in net profit of 45% to HK\$82 million. The significant increase of turnover was in line with the management's forecast as the contract on hand had been increasing for the past three years; the improvement of the net profit was derived from not only the increasing turnover but also the gross margin maintained at approximately 8% which was comparable with the last year, and growth of the administrative expenses controlled at approximately 5%.

The total outstanding values of contract-on-hand are HK\$10.2 billion as at the date of this report, reducing from HK\$12 billion as reported in 2016 Annual Report even though we successfully secured 8 medium size projects of total value of HK\$901 million in the first half of this year. As we have anticipated, with the several railways of MTRC and major works for Hong Kong Government approaching completion, the industry is now suffering from the lack of sizable projects. We observed some competitors bidding with extremely low margin. Despite the fierce competition, we will participate in tendering for projects of Central-Kowloon Route, Hospital Redevelopment Programme, and for Hong Kong International Airport. However, the cut-throat pricing is not our strategy. We are maintaining our competitiveness without sacrificing the margin through tightening cost controls, improving operation efficiency and providing cost-effective engineering solutions to our clients.

On current civil engineering projects, the projects approaching completion include three joint venture packages of Shatin Central Link for MTRC (Kai Tak Station, Diamond Hill Station and Hung Hom North Approach Tunnels), Central Wanchai Bypass Contract 3 at West Wanchai; we expect to finalize these accounts and able to report the profits in 2017 and 2018 financial years. The projects in full speed progressing well on programs are Northern Connecting Plaza for Tuen Mun-Chek Lap Kok Link which has completed over 70%, and Liangtang/Heung Yuen Wai boundary control point which half of works were done. For major projects awarded last year, including improvement works at the new Admiralty Station, Deep Cement Mixing project for the third runway at Hong Kong International Airport, and dual lane road work for Tseung Kwan O-Lam Tin Tunnel, they were in set up stage during the reporting period, planning for solutions to critical issues lying ahead and we expect them to gain momentum soon.

For building division, our first design and build joint venture project, Kowloon Eastern Regional Headquarter for Hong Kong Police, started off with its detailed design and foundation works smoothly, and the whole project takes three years to complete. The other ongoing projects were also progressing within budget and time.

The sewage treatment plant at Wuxi City maintained its average volume of treated sewage at 40,000 tons per day and continued to contribute steady income and profit to the Group. Our investment in the heat supply company in Dezhou also generated a satisfactory return as budgeted.

Employees and Remuneration Policies

At 30 June 2017, the Group had a total of 2,052 employees and total remuneration for the six months ended 30 June 2017 was approximately HK\$454 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.

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity and Financial Resources

At 30 June 2017, the Group had liquid assets of HK\$800 million (at 31 December 2016: HK\$851 million) comprising held-for-trading investments of HK\$35 million (at 31 December 2016: HK\$25 million) and bank balances and cash of HK\$765 million (at 31 December 2016: HK\$826 million).

At 30 June 2017, the Group had a total of interest bearing borrowings of HK\$423 million (at 31 December 2016: HK\$371 million) comprising bank loans of HK\$295 million (at 31 December 2016: HK\$243 million) and the Bonds of HK\$128 million (at 31 December 2016: HK\$128 million) with following maturity profile:

	At 30 June 2017	At 31 December 2016
	HK\$ million	HK\$ million
Borrowings due on demand or within one year	254	192
Borrowings due in the second year	30	27
Borrowings due in the third to fifth year inclusive	139	152
	423	371

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 2017, total borrowings of HK\$128 million (at 31 December 2016: HK\$128 million) carried interest at fixed rate.

Capital Structure and Gearing

At 30 June 2017, total equity was HK\$602 million (at 31 December 2016: HK\$547 million) comprising ordinary share capital of HK\$124 million (at 31 December 2016: HK\$124 million), reserves of HK\$477 million (at 31 December 2016: HK\$423 million) and non-controlling interests of HK\$893,000 (at 31 December 2016: (HK\$251,000)).

At 30 June 2017, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 70% (at 31 December 2016: 68%).

Pledge of Assets

At 30 June 2017, bank deposits of the Group amounting to HK\$71,000 (at 31 December 2016: HK\$101,000) were pledged to banks for securing the banking facilities granted to the Group.

At 30 June 2017, the Group had pledged certain vessels and vessels under construction with carrying value in aggregate of HK\$196 million to secure a bank loan.

Contingent Liabilities

	At 30 June 2017	At 31 December 2016
	HK\$ million	HK\$ million
Outstanding tender/performance/retention bonds in respect of construction contracts	647	602

Disclosure of Interests

DIRECTORS' INTERESTS

As at 30 June 2017, 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	123,725,228	–	9.96
Chang Kam Chuen, Desmond	Personal	1,500,000	–	0.12
David Howard Gem	Personal	900,000	–	0.07

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

(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 1)	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 (Note 2)	Personal	2,000,000	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000	–	37.50

Note:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. With effect from 29 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 (Continued)

Save as disclosed above, as at 30 June 2017, 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2017, 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	690,525,033	55.60	–	–
Wai Kee (Zens) Holding Limited ("Wai Kee (Zens)") (Note 3)	Corporate	690,525,033	55.60	–	–
Wai Kee (Note 4)	Corporate	690,525,033	55.60	–	–

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 Wai Kee (Zens). Mr. Zen Wei Peu, Derek is the Vice Chairman, Chief Executive Officer and an executive director of Wai Kee.

Save as disclosed above, as at 30 June 2017, no other person (other than Directors or chief executive 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 2017, 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 of the Company have confirmed, following specific enquiry, that they have complied with the Model Code throughout the six months ended 30 June 2017.

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 2017.

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 2017.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

(1) General banking facility of up to HK\$18 million

On 7 September 2015, Build King Construction Limited ("BKCL", formerly known as Kaden Construction Limited), a wholly-owned subsidiary of the Company, confirmed its acceptance of a facility letter (the "Facility Letter") issued by a bank. Pursuant to the Facility Letter, the bank agreed to grant BKCL a general banking facility of up to HK\$18 million (the "Banking Facility") repayable by 48 monthly instalments each inclusive of interest, commencing on the date falling one month from the utilization date. Throughout the life of the Banking Facility, Wai Kee shall beneficially hold not less than 50% interest (directly or indirectly) in the issued share capital of the Company.

(2) Term loan facility of up to HK\$69.61 million

On 14 November 2016, Build King Civil Engineering Limited ("Build King Civil", a wholly-owned subsidiary of the Company) confirmed its acceptance of the revised banking facilities (the "Banking Facilities") under the terms and conditions of a facility letter dated 2 November 2016 (the "Facility Letter") issued by a bank (the "Bank"). The Banking Facilities comprise four instalment loans up to an aggregate maximum amount of approximately HK\$69.61 million with details as follows:

- (i) an outstanding loan facility of approximately HK\$2.76 million, of which the original loan amount granted to Build King Civil under a facility letter dated 11 December 2013 was HK\$8 million repayable by 48 monthly instalments, is to be repaid by 16 monthly instalments each inclusive of interest;
- (ii) an outstanding loan facility of approximately HK\$2.57 million, of which the original loan amount granted to Build King Civil under a facility letter dated 11 December 2013 was HK\$7 million repayable by 48 monthly instalments, is to be repaid by 17 monthly instalments each inclusive of interest;
- (iii) an outstanding loan facility of approximately HK\$9.28 million, of which the original loan amount granted to Build King Civil under a facility letter dated 2 February 2015 was HK\$15 million repayable by 48 monthly instalments each inclusive of interest, is to be repaid by 29 monthly instalments each inclusive of interest; and
- (iv) a new loan facility of up to HK\$55 million (the "New Loan Facility") to be granted to Build King Civil and repayable by 30 monthly instalments each inclusive of interest, commencing on the date falling seven months from the first drawdown date. The New Loan Facility is available for drawdown within six months from the date of accepting the Facility Letter.

Throughout the life of the Banking Facilities, Wai Kee shall beneficially hold not less than 30% interest (directly or indirectly) in the issued share capital of the Company.

Other Information

(3) Banking facilities for HK\$65 million

On 29 May 2017, BKCL and Build King Interior & Construction Limited (“BK Interior”, an indirect non-wholly owned subsidiary of the Company) confirmed the acceptance of a facility letter (the “Facility Letter”) issued by a bank. Pursuant to the Facility Letter, the bank agreed to offer the following banking facilities for HK\$65 million (collectively the “Banking Facilities”), of which:

- (i) Facilities of HK\$5 million in aggregate (comprising (i) Trade Facility of HK\$5 million; (ii) Overdraft Facility of HK\$4 million; and (iii) Revolving Short Term Advance Facility of HK\$4 million, aggregate outstanding for the facilities (i) to (iii) not to exceed HK\$5 million) made available to BK Interior; and
- (ii) Revolving Short Term Advance Facility of HK\$60 million made available to BKCL.

The life of the Banking Facilities is not specified and the repayment is on demand and subject to review by the bank on 28 February 2018 and thereafter to an annual review. Wai Kee shall beneficially hold not less than 50% interest (directly or indirectly) in the issued share capital of the Company.

(4) Term loan facility of up to HK\$30 million

On 11 August 2017, Build King Civil confirmed its acceptance of a facility letter (the “Facility Letter”) issued by a bank. Pursuant to the Facility Letter, the bank agreed to offer a term loan facility of up to HK\$30 million (the “Banking Facility”) to Build King Civil. The final maturity date of the Banking Facility is 24 months from the date of the first drawdown date. Throughout the life of the Banking Facility, the Company shall remain directly or indirectly at least 50% owned by Wai Kee.

(5) General banking facility of up to HK\$50 million

On 11 August 2017, Build King Civil, BKCL and Build King (Zens) Engineering Limited (which is an indirect wholly owned subsidiary of the Company) (collectively the “Borrowers”) confirmed their acceptance of a facility letter (the “Facility Letter”) issued by a bank. Pursuant to the Facility Letter, the bank agreed to offer general banking facilities comprising the following facilities up to an overall limit of HK\$50 million (the “Banking Facility”) to the Borrowers:

- (i) Revolving Term Loan Facility of up to HK\$10 million (“1st RTL Facility”) for general operation use, with a sub-limit of HK\$10 million for (i) Letter of Credit; (ii) Trust Receipt(s); (iii) Import Loan/Account Payable Financing; and (iv) Letter of Guarantee. The life of the 1st RTL Facility is not specified, which is subject to the Bank’s overriding right of repayment on demand; and
- (ii) Revolving Term Loan Facility of up to HK\$40 million (“2nd RTL Facility”) for financing specific construction projects with loan period of 36 months from the date of the 2nd RTL Facility being available or expiry date of the relevant project contract, whichever is earlier, subject to the bank overriding right of repayment on demand.

Throughout the life of the Banking Facility, the Company shall at all times remain directly or indirectly at least 50.1% beneficially owned by Wai Kee.

Save as disclosed above, as at 30 June 2017 and up to the date of this report, 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 Peu, Derek	Mr. Zen has been appointed as the Co-Chairman of Road King Infrastructure Limited (Stock Code: 1098) with effect from 19 May 2017.
Chang Kam Chuen, Desmond	Mr. Chang has entered into a service agreement with the Company for a term of three years commencing on 1 June 2017 and expiring on 31 May 2020.

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, 18 August 2017

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

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 12 to 27, which comprise the condensed consolidated statement of financial position as of 30 June 2017 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and 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
18 August 2017

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2017

	NOTES	Six months ended 30 June	
		2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Revenue	3	2,730,358	2,253,838
Cost of sales		(2,514,917)	(2,067,856)
Gross profit		215,441	185,982
Investments and other income	5	4,562	4,234
Increase (decrease) in fair value of held-for-trading investments		10,431	(2,986)
Administrative expenses		(128,747)	(122,330)
Finance costs	6	(7,827)	(6,627)
Share of results of joint ventures		2,703	–
Share of results of associates		543	193
Profit before tax	7	97,106	58,466
Income tax expense	8	(15,184)	(1,860)
Profit for the period		81,922	56,606
Profit for the period attributable to:			
Owners of the Company		80,926	56,460
Non-controlling interests		996	146
		81,922	56,606
		HK cents	HK cents
Earnings per share	9		
– Basic		6.5	4.5

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Profit for the period	81,922	56,606
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	4,539	(1,526)
Total comprehensive income for the period	86,461	55,080
Total comprehensive income for the period attributable to:		
Owners of the Company	85,317	54,984
Non-controlling interests	1,144	96
	86,461	55,080

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	11	478,417	365,251
Intangible assets		62,396	62,012
Goodwill		30,554	30,554
Interests in joint ventures	12	74,768	58,518
Other financial asset		41,909	41,128
		688,044	557,463
Current assets			
Amounts due from customers for contract work		335,597	324,351
Debtors, deposits and prepayments	13	1,540,746	1,287,743
Amounts due from fellow subsidiaries		2,542	–
Amounts due from associates		7,648	7,528
Amount due from a joint venture		321	321
Amounts due from other partners of joint operations		66,994	39,643
Held-for-trading investments	14	35,213	24,782
Tax recoverable		11,514	13,395
Pledged bank deposits	20	71	101
Bank balances and cash		764,555	826,230
		2,765,201	2,524,094
Current liabilities			
Amounts due to customers for contract work		521,911	637,795
Creditors and accrued charges	15	1,750,934	1,371,250
Amount due to an intermediate holding company		14,681	13,434
Amounts due to fellow subsidiaries		–	4,315
Amount due to a joint venture		1,142	1,142
Amounts due to other partners of joint operations		64,880	70,795
Amounts due to non-controlling interests		3,094	3,094
Amount due to an associate		16,580	15,475
Tax payable		30,088	20,894
Bank loans - due within one year	16	294,596	242,761
Bank overdraft, unsecured		430	–
		2,698,336	2,380,955
Net current assets		66,865	143,139
Total assets less current liabilities		754,909	700,602

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	NOTES	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Capital and reserves			
Ordinary share capital	17	124,188	124,188
Reserves		477,163	422,893
Equity attributable to owners of the Company		601,351	547,081
Non-controlling interests		893	(251)
Total equity		602,244	546,830
Non-current liabilities			
Deferred tax liabilities	18	5,750	5,750
Obligations in excess of interests in associates	19	15,061	15,604
Amount due to an associate		3,417	4,238
Bonds		128,437	128,180
		152,665	153,772
		754,909	700,602

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2017

	Attributable to owners of the Company									
	Ordinary share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000 (Note a)	Special reserve HK\$'000 (Note b)	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2016 (audited)	124,188	14,186	8,247	(943)	(63,141)	4,290	334,793	421,620	724	422,344
Profit for the period	—	—	—	—	—	—	56,460	56,460	146	56,606
Exchange differences arising on translation of foreign operations	—	—	(1,476)	—	—	—	—	(1,476)	(50)	(1,526)
Total comprehensive (expense) income for the period	—	—	(1,476)	—	—	—	56,460	54,984	96	55,080
Dividend paid	—	—	—	—	—	—	(18,628)	(18,628)	—	(18,628)
At 30 June 2016 (unaudited)	124,188	14,186	6,771	(943)	(63,141)	4,290	372,625	457,976	820	458,796
At 1 January 2017 (audited)	124,188	14,186	1,830	(943)	(63,141)	4,290	466,671	547,081	(251)	546,830
Profit for the period	—	—	—	—	—	—	80,926	80,926	996	81,922
Exchange differences arising on translation of foreign operations	—	—	4,391	—	—	—	—	4,391	148	4,539
Total comprehensive income for the period	—	—	4,391	—	—	—	80,926	85,317	1,144	86,461
Dividend paid	—	—	—	—	—	—	(31,047)	(31,047)	—	(31,047)
At 30 June 2017 (unaudited)	124,188	14,186	6,221	(943)	(63,141)	4,290	516,550	601,351	893	602,244

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 2017

	Six months ended 30 June	
	2017 (Unaudited) HK\$'000	2016 (Unaudited) HK\$'000
Net cash from (used in) operating activities	104,562	(23,052)
Investing activities		
Dividends from held-for-trading investments	1,806	1,174
Advances to other partners of joint operations	(33,266)	(2,189)
(Advances to) repayments from associates	(120)	244
Decrease (increase) in pledged bank deposits	30	(14)
Purchase of property, plant and equipment	(135,913)	(48,002)
Proceeds from disposal of property, plant and equipment	1,295	1,135
Cash contribution to a joint venture	(13,547)	–
Acquisition of interest in a joint venture	–	(40,956)
Net cash used in investing activities	(179,715)	(88,608)
Financing activities		
Repayments to fellow subsidiaries	(4,315)	(4,478)
Advance from an intermediate holding company	1,247	1,138
Repayment of bank loans	(53,387)	(13,951)
Interest paid	(7,286)	(6,125)
New bank loans raised	105,222	51,310
Bonds raised, net	–	2,940
Dividend paid	(31,047)	(18,628)
Net cash from financing activities	10,434	12,206
Net decrease in cash and cash equivalents	(64,719)	(99,454)
Cash and cash equivalents at beginning of the period	826,230	800,834
Effect of foreign exchange rate changes, net	2,614	(812)
Cash and cash equivalents at end of the period	764,125	700,568
Represented by		
Bank balances and cash	764,555	700,568
Bank overdraft	(430)	–
	764,125	700,568

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

1. GENERAL

Build King Holdings Limited (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, a company incorporated in the British Virgin Islands with limited liability. 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 2017 are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

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 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 - 2016 Cycle

The application of the above amendments to 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 2017

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 (the "PRC") and the Middle East. The Group's reportable segments under HKFRS 8 are as follows:

Six months ended 30 June 2017

	Hong Kong HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Results				
Segment revenue	2,720,680	9,678	–	2,730,358
Segment profit (loss)	89,263	2,723	(693)	91,293
Unallocated expenses				(1,843)
Investments income				1,806
Increase in fair value of held-for-trading investments				10,431
Share of results of joint ventures				2,703
Share of results of associates				543
Finance costs				(7,827)
Profit before tax				97,106

Other segment information:

Six months ended 30 June 2017

	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	–	–	–	–

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

4. SEGMENTAL INFORMATION (Continued)

Six months ended 30 June 2016

	Hong Kong HK\$'000	The PRC HK\$'000	Middle East HK\$'000	Total HK\$'000
Results				
Segment revenue	2,243,717	10,121	–	2,253,838
Segment profit (loss)	65,801	3,199	(797)	68,203
Unallocated expenses				(1,491)
Investments income				1,174
Decrease in fair value of held-for-trading investments				(2,986)
Share of results of associates				193
Finance costs				(6,627)
Profit before tax				58,466

Other segment information:

Six months ended 30 June 2016

	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	365	–	–	365

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, change in fair value of held-for-trading investments, share of results of joint ventures and associates, finance costs and unallocated expenses.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

5. INVESTMENTS AND OTHER INCOME

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Investments and other income includes:		
Gain on disposal of property, plant and equipment	–	365
Dividends from held-for-trading investments	1,806	1,174
Interest on bank deposits	252	107
Interest on other receivable	514	–
Interest on other financial asset	552	580
PRC Value-Added Tax refund	865	–
Insurance claim on loss of plant and machinery	339	–

6. FINANCE COSTS

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Interests on:		
Bank borrowings	2,773	2,036
Bonds	4,770	4,322
Imputed interest expense on non-current interest-free amount due to an associate	284	269
	7,827	6,627

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	702	707
Depreciation of property, plant and equipment	21,631	19,524
Less: amount attributable to construction contracts	(2,083)	(7,202)
	19,548	12,322

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Current tax:		
Hong Kong	14,971	–
Other jurisdictions	3	–
	14,974	–
(Overprovision) underprovision in prior years:		
Hong Kong	(20)	1,824
Other jurisdictions	230	36
	210	1,860
	15,184	1,860

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 2016: 16.5%) for the six months ended 30 June 2017.

No provision for Hong Kong Profits Tax for the period ended 30 June 2016 had been made in the condensed consolidated financial statements as the estimated assessable profits had been wholly absorbed by tax losses brought forward.

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

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	
	2017	2016
	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	80,926	56,460
	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.

10. DIVIDEND

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Dividend paid and recognised as distribution during the period:		
2016 final dividend - HK2.5 cents per share (six months ended 30 June 2016: 2015 final dividend - HK1.5 cents per share)	31,047	18,628

11. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$135,913,000 (six months ended 30 June 2016: HK\$48,002,000) on additions to property, plant and equipment.

At 30 June 2017, the Group had pledged certain vessels and vessels under construction with carrying value in aggregate of HK\$195,664,000 to secure a bank loan.

12. INTERESTS IN JOINT VENTURES

On 27 February 2017, proportionate to the Group's equity interest in Sunny Harvest Corporation Limited ("Sunny Harvest") has further injected capital of HK\$13,547,000 to Sunny Harvest. Accordingly, there is no change on the Group's equity interest in Sunny Harvest. Sunny Harvest is a limited liability company incorporated in Hong Kong and is engaged in the provision of transportation services.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

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 2017 HK\$'000	31 December 2016 HK\$'000
Trade receivables analysed by age:		
0 to 60 days	999,591	819,370
61 to 90 days	866	884
Over 90 days	8,931	9,603
	1,009,388	829,857
Bills receivables	2,657	11,013
Retention receivables	367,267	331,752
Other debtors, deposits and prepayments	161,434	115,121
	1,540,746	1,287,743
Retention receivables:		
Due within one year	144,754	61,618
Due more than one year	222,513	270,134
	367,267	331,752

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.

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

Included in other debtors is a loan advanced to an independent third party amounting to HK\$23,054,000 (2016: HK\$22,226,000) by 惠記環保工程(上海)有限公司, a wholly owned subsidiary of the Company in 2015. The loan is secured by 51% equity interest in a PRC company, interest bearing at 4.5% fixed rate per annum and will be fully repaid before 30 November 2017.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

14. HELD-FOR-TRADING INVESTMENTS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Held-for-trading investments stated at fair value:		
– Equity securities listed in Hong Kong	35,213	24,782

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.

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 2017 HK\$'000	31 December 2016 HK\$'000
Trade creditors analysed by age:		
0 to 60 days	164,089	168,822
61 to 90 days	10,976	10,069
Over 90 days	30,443	14,677
	205,508	193,568
Retention payables	328,383	306,376
Accrued project costs	1,199,664	835,951
Other creditors and accrued charges	17,379	35,355
	1,750,934	1,371,250
Retention payables:		
Repayable within one year	154,969	89,769
Repayable more than one year	173,414	216,607
	328,383	306,376

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 2017

16. BANK LOANS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
The maturity of bank loans is as follows:		
On demand or within one year	253,761	192,202
In the second year	29,812	27,006
In the third to fifth year inclusive	11,023	23,553
	294,596	242,761
Less: Amount due within one year shown under current liabilities	(294,596)	(242,761)
Amount due after one year	-	-
Secured	174,539	155,550
Unsecured	120,057	87,211
	294,596	242,761

As at 30 June 2017, 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\$40,835,000 (31 December 2016: HK\$50,559,000) has been classified as current liabilities.

As at the end of the reporting period, the Group has undrawn borrowing facilities of HK\$255,165,000 (2016: HK\$279,636,000).

17. ORDINARY SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each At 1 January 2016, 31 December 2016 and 30 June 2017	1,700,000,000	170,000
Issued and fully paid:		
Ordinary shares of HK\$0.1 each At 1 January 2016, 31 December 2016 and 30 June 2017	1,241,877,992	124,188

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.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2017

19. OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Cost of investment in unlisted associates	4	4
Share of post-acquisition losses (note)	(15,065)	(15,608)
	(15,061)	(15,604)

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

20. PLEDGE OF ASSETS

As at 30 June 2017, bank deposits amounting to HK\$71,000 (31 December 2016: HK\$101,000) of the Group were pledged to banks for securing the banking facilities granted to the Group.

21. CAPITAL COMMITMENTS

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Capital expenditure in respect of the acquisition of property, plant and equipment, contracted for but not provided in the condensed consolidated financial statements	3,916	97,811

22. CONTINGENT LIABILITIES

	30 June 2017 HK\$'000	31 December 2016 HK\$'000
Outstanding tender/performance/retention bonds in respect of construction contracts	646,507	602,307

23. RELATED PARTY TRANSACTIONS

	Six months ended 30 June 2017 HK\$'000	2016 HK\$'000
Fellow subsidiaries		
Purchase of construction materials	48,165	35,178
Marine plant hire income	983	4,769
Construction contract revenue	24,034	15,140
Compensation of key management personnel		
Short-term employee benefits	22,483	18,472
Post-employment benefits	936	885
	23,419	19,357

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

David Howard Gem
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

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Units 601-605A, 6th Floor, Tower B
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
183 Queen's Road East
Hong Kong

STOCK CODE

00240

WEBSITE

www.buildking.hk

