



## Build King Holdings Limited

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

## Interim Report 2020



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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 2020.

### FINANCIAL PERFORMANCE HIGHLIGHTS

|  |                   |
|--|-------------------|
| Percentage of increase in equity** per share | 12%               |
| Equity                                       | HK\$1,323 million |
| Equity per share                             | HK\$1.07          |
| Group revenue                                | HK\$3,719 million |
| Profit attributable to owners of the Company | HK\$209 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 2020.



# Management Discussion and Analysis

## BUSINESS REVIEW AND PROSPECTS

### Operating Results

While the pandemic scourged the globe, we were fortunate in Hong Kong and managed to keep our construction activities running without significant adverse impact. At the early stage of the outbreak of the pandemic in January 2020, we encountered logistic problems in construction materials and procurement of sanitizing supplies and tools. However, the problems were solved quickly and the disruption was contained to the least extent. Amid this unprecedented crisis, we are pleased to report that for the six months ended 30 June 2020, the Group recorded an increase in turnover of 4% from HK\$3,569 million reported in the corresponding period of 2019 to HK\$3,719 million. Coupled with efforts in close monitoring of on-going projects and satisfactory settlement of some major projects, the gross profit margin increased from 9.9% to 11.2%, equivalent to an increase of HK\$62 million. After deducting expanded overhead, the after-tax profit increased by HK\$49 million from HK\$159 million to HK\$208 million.

As anticipated, sizable tenders of civil engineering projects are scarce, but in building sector the tendering results are encouraging. Since the publishing of 2019 Annual Report, the Group has won eight projects of total contract sum of HK\$12 billion. Of these new projects, four projects are civil engineering of total contract sum of HK\$2 billion and four are building projects of total contract sum of HK\$10 billion, including Extension Works of United Christian Hospital of HK\$9 billion in joint venture with a Korean contractor, building of a logistic centre of HK\$5 billion at Chek Lap Kok in joint venture with a local building contractor. At the date of this report, the outstanding works was increased to HK\$28 billion, an order book sufficient for turnover of coming three years.

The current projects were progressing well as planned. A few projects, including Diamond Hill Station of Shatin Central Line, were satisfactorily completed and final accounts agreed with the clients. Several projects, including Tuen Mun - Chek Lap Kok Link Northern Toll Plaza, the residential development work at Au Tau, and the joint venture project of design and build of Kowloon East Headquarters Police Station, were also completed on time and being handed over to the clients.

Our investment in PRC environmental infrastructure projects had significant progress.

For the sewage treatment plant in Wuxi, the current operation run smoothly and the upgrading works will be completed within its budget of HK\$106 million in the third quarter of this year. Upon completion, the sewage treatment fee will then be increased by 80% and its profit contribution to the Group will increase significantly in future.

For the centralized provision of steam to factories in industrial parks, two steam plants, one in Gao Tai County and another in Yumen City, both in Gansu Province, started trial operation in late 2019 but its resumption of works after Chinese New Year was delayed to April 2020 due to the pandemic. They are picking up its production volume and we expect each of them will reach 80% of the total design capacity of 50 tonnes per hour by end of 2020. In the past six months, we committed to further invest HK\$220 million in building four steam plants of similar capacity of 50 tonnes per hour in Gansu Province and Hubei Province. We expect the construction of these new plants will be completed progressively in 2021 and start to contribute meaningful profit to the Group in 2022.

### Employees and Remuneration Policies

At 30 June 2020, the Group had a total of 2,615 employees and total remuneration for the six months ended 30 June 2020 was approximately HK\$590 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 2020, the Group had liquid assets of HK\$1,727 million (at 31 December 2019: HK\$1,822 million) comprising financial assets at FVTPL of HK\$192 million (at 31 December 2019: HK\$57 million), time deposits with original maturity of not less than three months of HK\$284,000 (at 31 December 2019: HK\$77 million) and bank balances and cash of HK\$1,535 million (at 31 December 2019: HK\$1,688 million).

At 30 June 2020, the Group had a total of interest bearing borrowings of HK\$304 million (at 31 December 2019: HK\$369 million) comprising bank loans of HK\$251 million (at 31 December 2019: HK\$239 million) and the Bonds of HK\$53 million (at 31 December 2019: HK\$130 million) with following maturity profile:

|                                      | At 30 June<br>2020<br>HK\$ million | At 31 December<br>2019<br>HK\$ million |
|--------------------------------------|------------------------------------|--|
| Within one year                      | 195                                | 250                                    |
| In the second year                   | 81                                 | 119                                    |
| In the third to fifth year inclusive | 28                                 | –                                      |
|                                      | 304                                | 369                                    |

The Group's borrowings, bank balances and cash and financial assets at FVTPL 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 2020, total borrowings of HK\$116 million (at 31 December 2019: HK\$130 million) carried interest at fixed rate.

### Capital Structure and Gearing

At 30 June 2020, total equity was HK\$1,328 million (at 31 December 2019: HK\$1,185 million) comprising ordinary share capital of HK\$124 million (at 31 December 2019: HK\$124 million), reserves of HK\$1,199 million (at 31 December 2019: HK\$1,054 million) and non-controlling interests of HK\$5 million (at 31 December 2019: HK\$7 million).

At 30 June 2020, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 23% (at 31 December 2019: 31%).

### Pledge of Assets

At 30 June 2020, bank deposits of the Group amounting to HK\$65 million (at 31 December 2019: HK\$64 million) were pledged to banks for securing the banking facilities granted to the Group.



## Disclosure of Interests

### DIRECTORS' INTERESTS

As at 30 June 2020, 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/<br>Nature of interest | Number of Shares held      |                   | Percentage of<br>shareholding<br>(%) |
|--------------------------|---------------------------------|----------------------------|-------------------|--------------------------------------|
|                          |                                 | Long<br>position<br>(Note) | Short<br>position |                                      |
| Zen Wei Peu, Derek       | Personal                        | 121,745,228                | –                 | 9.80                                 |
| 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/<br>Nature of<br>interest | Number of shares held        |                   | Percentage of<br>shareholding<br>(%) |
|--------------------|---|------------------------------------|------------------------------|-------------------|--------------------------------------|
|                    |   |                                    | Long<br>position<br>(Note 1) | Short<br>position |                                      |
| Zen Wei Peu, Derek | Wai Kee Holdings Limited<br>("Wai Kee")                                     | Personal                           | 203,857,078                  | –                 | 25.70                                |
|                    | Wai Kee (Zens) Construction &<br>Transportation Company Limited<br>(Note 2) | Personal                           | 2,000,000                    | –                 | 10.00                                |
|                    | Wai Luen Stone Products Limited   | Personal                           | 30,000                       | –                 | 37.50                                |

Notes:

- Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
- 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 2020, 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 spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2020, 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<br>("Top Horizon") (Note 2)      | Beneficial owner            | 704,945,033  | 56.76 | –                | – |
| Wai Kee (Zens) Holding Limited<br>("Wai Kee (Zens)") (Note 3) | Corporate                   | 704,945,033  | 56.76 | –                | – |
| Wai Kee (Note 4)  | Corporate                   | 704,945,033  | 56.76 | –                | – |

Notes:

1. Long position in the Shares.
2. Top Horizon is 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) is 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, the Chief Executive Officer and an executive director of Wai Kee.

Save as disclosed above, as at 30 June 2020, 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 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 2020, 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 2020.



## 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 2020.

### **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 2020.

### **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:

| <b>Name of Director</b>  | <b>Details of changes</b>  |
|--------------------------|--|
| Chang Kam Chuen, Desmond | Mr. Chang has entered into a service agreement with the Company for a term of three years commencing from 1 June 2020 to 31 May 2023.  |
| Ng Cheuk Hei, Shirley    | Ms. Ng has been appointed as an Independent Non-executive Director of the Company with effect from 25 May 2020. In addition, she has entered into a letter of appointment with the Company for the period commencing from 25 May 2020 to 28 February 2021 and is subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company. |

### **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  
**Build King Holdings Limited**  
**Zen Wei Peu, Derek**  
*Chairman*

Hong Kong, 18 August 2020

# 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 10 to 31, which comprise the condensed consolidated statement of financial position as of 30 June 2020 and the related condensed consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of review

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

## Conclusion

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

**Deloitte Touche Tohmatsu**  
Certified Public Accountants  
Hong Kong  
18 August 2020



# Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2020

|   | NOTES | Six months ended 30 June        |                                 |
|---|-------|---------------------------------|---------------------------------|
|   |       | 2020<br>(Unaudited)<br>HK\$'000 | 2019<br>(Unaudited)<br>HK\$'000 |
| Revenue from services   | 3     | <b>3,719,131</b>                | 3,569,361                       |
| Cost of sales   |       | <b>(3,303,947)</b>              | (3,215,930)                     |
| Gross profit  |       | <b>415,184</b>                  | 353,431                         |
| Investments and other income  | 5     | <b>18,931</b>                   | 21,140                          |
| (Decrease) increase in fair value of financial assets<br>at fair value through profit or loss ("FVTPL") |       | <b>(14,600)</b>                 | 4,031                           |
| Administrative expenses   |       | <b>(185,936)</b>                | (163,795)                       |
| Finance costs   | 6     | <b>(9,555)</b>                  | (9,183)                         |
| Share of results of joint ventures  |       | <b>(1,574)</b>                  | 369                             |
| Share of results of associates  |       | <b>(878)</b>                    | (1,736)                         |
| Profit before tax   | 7     | <b>221,572</b>                  | 204,257                         |
| Income tax expense  | 8     | <b>(13,185)</b>                 | (45,205)                        |
| Profit for the period   |       | <b>208,387</b>                  | 159,052                         |
| Profit for the period attributable to:  |       |                                 |                                 |
| Owners of the Company   |       | <b>209,130</b>                  | 164,040                         |
| Non-controlling interests   |       | <b>(743)</b>                    | (4,988)                         |
|   |       | <b>208,387</b>                  | 159,052                         |
| Earnings per share  | 9     | <b>HK cents</b>                 | HK cents                        |
| – Basic   |       | <b>16.8</b>                     | 13.2                            |

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

For the six months ended 30 June 2020

|   | <b>Six months ended 30 June</b>                      |                                 |
|---|--|---------------------------------|
|   | <b>2020</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 2019<br>(Unaudited)<br>HK\$'000 |
| Profit for the period   | <b>208,387</b>                                       | 159,052                         |
| <b>Other comprehensive expense</b>                                |  |                                 |
| Items that may be reclassified subsequently to profit or loss:    |  |                                 |
| Exchange differences arising on translation of foreign operations | <b>(5,268)</b>                                       | (238)                           |
| Share of reserves of joint ventures                               | <b>(267)</b>   | (112)                           |
| <b>Total comprehensive income for the period</b>                  | <b>202,852</b>                                       | 158,702                         |
| Total comprehensive income for the period attributable to:        |  |                                 |
| Owners of the Company   | <b>204,128</b>                                       | 163,695                         |
| Non-controlling interests   | <b>(1,276)</b>                                       | (4,993)                         |
|   | <b>202,852</b>                                       | 158,702                         |



# Condensed Consolidated Statement of Financial Position

At 30 June 2020

|  | NOTES | 30 June<br>2020<br>(Unaudited)<br>HK\$'000 | 31 December<br>2019<br>(Audited)<br>HK\$'000 |
|--|-------|--|--|
| <b>Non-current assets</b>  |       |  |  |
| Property, plant and equipment                                      | 11    | 317,199                                    | 195,275                                      |
| Right-of-use assets  | 11    | 20,286                                     | 30,036                                       |
| Intangible assets  |       | 105,332                                    | 108,293                                      |
| Goodwill   |       | 30,554                                     | 30,554                                       |
| Interests in joint ventures  | 12    | 163,003                                    | 151,003                                      |
| Interests in associates  | 13    | 4,325                                      | 5,663  |
| Other financial asset at amortised cost                            |       | 34,447                                     | 36,144                                       |
| Debtors, deposits and prepayments                                  |       | 57,960                                     | 55,875                                       |
|  |       | <b>733,106</b>                             | 612,843                                      |
| <b>Current assets</b>  |       |  |  |
| Inventories  |       | 33,859                                     | 33,452                                       |
| Debtors, deposits and prepayments                                  | 14    | 617,360                                    | 414,909                                      |
| Contract assets  | 15    | 1,528,616                                  | 2,135,584                                    |
| Amounts due from associates  |       | 7,608                                      | 8,050  |
| Amounts due from other partners of joint operations                |       | 43,596                                     | 176,910                                      |
| Financial assets at FVTPL  | 16    | 191,688                                    | 56,555                                       |
| Tax recoverable  |       | 24,692                                     | 2,295  |
| Pledged bank deposits  | 21    | 64,678                                     | 64,170                                       |
| Time deposits with original maturity of not less than three months |       | 284  | 76,782                                       |
| Bank balances and cash   |       | 1,535,206                                  | 1,687,720                                    |
|  |       | <b>4,047,587</b>                           | 4,656,427                                    |
| <b>Current liabilities</b>   |       |  |  |
| Creditors and accrued charges                                      | 17    | 2,194,099                                  | 2,661,608                                    |
| Contract liabilities   |       | 813,934                                    | 779,716                                      |
| Lease liabilities  |       | 14,543                                     | 20,839                                       |
| Amount due to an intermediate holding company                      |       | 16,211                                     | 15,652                                       |
| Amounts due to fellow subsidiaries                                 |       | 348  | 7,070  |
| Amount due to a joint venture                                      |       | –  | 1,142  |
| Amounts due to other partners of joint operations                  |       | 6,405                                      | 2,152  |
| Amounts due to non-controlling interests                           |       | 3,094                                      | 3,094  |
| Amount due to an associate   |       | 19,896                                     | 18,791                                       |
| Tax payable  |       | 54,453                                     | 174,922                                      |
| Bank loans – due within one year                                   | 18    | 250,843                                    | 238,781                                      |
| Bonds  |       | 41,948                                     | 115,829                                      |
|  |       | <b>3,415,774</b>                           | 4,039,596                                    |
| <b>Net current assets</b>  |       | <b>631,813</b>                             | 616,831                                      |
| <b>Total assets less current liabilities</b>                       |       | <b>1,364,919</b>                           | 1,229,674                                    |

# Condensed Consolidated Statement of Financial Position

At 30 June 2020

|  | NOTES | 30 June<br>2020<br>(Unaudited)<br>HK\$'000 | 31 December<br>2019<br>(Audited)<br>HK\$'000 |
|--|-------|--|--|
| <b>Capital and reserves</b>                          |       |  |  |
| Ordinary share capital                               | 19    | 124,188                                    | 124,188                                      |
| Reserves   |       | 1,198,615                                  | 1,054,097                                    |
| Equity attributable to owners of the Company         |       | 1,322,803                                  | 1,178,285                                    |
| Non-controlling interests                            |       | 5,373                                      | 6,649  |
| <b>Total equity</b>                                  |       | <b>1,328,176</b>                           | 1,184,934                                    |
| <b>Non-current liabilities</b>                       |       |  |  |
| Deferred tax liabilities                             | 20    | 5,750                                      | 5,750  |
| Obligations in excess of interests in joint ventures | 12    | 110  | 27   |
| Obligations in excess of interests in associates     | 13    | 13,693                                     | 14,153                                       |
| Amount due to an associate                           |       | 1,933                                      | 2,712  |
| Lease liabilities                                    |       | 4,311                                      | 8,189  |
| Bonds  |       | 10,946                                     | 13,909                                       |
|  |       | 36,743                                     | 44,740                                       |
|  |       | 1,364,919                                  | 1,229,674                                    |



# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

|  | Attributable to owners of the Company    |                              |                                    |  |  |   |                                 |                       |  |                             |
|--|--|------------------------------|------------------------------------|--|--|---|---------------------------------|-----------------------|--|-----------------------------|
|  | Ordinary<br>share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Translation<br>reserve<br>HK\$'000 | Other<br>reserve<br>HK\$'000<br>(Note a) | Special<br>reserve<br>HK\$'000<br>(Note b) | Asset<br>revaluation<br>reserve<br>HK\$'000 | Retained<br>profits<br>HK\$'000 | Sub-total<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total<br>equity<br>HK\$'000 |
| At 1 January 2019 (audited)  | 124,188                                  | 14,186                       | 4,284                              | (943)                                    | (63,141)                                   | 4,290                                       | 857,770                         | 940,634               | 3,951  | 944,585                     |
| Profit for the period  | -  | -                            | -                                  | -  | -  | -   | 164,040                         | 164,040               | (4,988)                                      | 159,052                     |
| Exchange differences arising on<br>translation of foreign operations | -  | -                            | (233)                              | -  | -  | -   | -                               | (233)                 | (5)  | (238)                       |
| Share of reserves of joint ventures                                  | -  | -                            | (112)                              | -  | -  | -   | -                               | (112)                 | -  | (112)                       |
| Total comprehensive (expense)<br>income for the period               | -  | -                            | (345)                              | -  | -  | -   | 164,040                         | 163,695               | (4,993)                                      | 158,702                     |
| Dividend paid  | -  | -                            | -                                  | -  | -  | -   | (54,643)                        | (54,643)              | -  | (54,643)                    |
| At 30 June 2019 (unaudited)  | 124,188                                  | 14,186                       | 3,939                              | (943)                                    | (63,141)                                   | 4,290                                       | 967,167                         | 1,049,686             | (1,042)                                      | 1,048,644                   |
| At 1 January 2020 (audited)  | <b>124,188</b>                           | <b>14,186</b>                | <b>917</b>                         | <b>(1,701)</b>                           | <b>(63,141)</b>                            | <b>4,290</b>                                | <b>1,099,546</b>                | <b>1,178,285</b>      | <b>6,649</b>                                 | <b>1,184,934</b>            |
| Profit for the period  | -  | -                            | -                                  | -  | -  | -   | 209,130                         | 209,130               | (743)  | 208,387                     |
| Exchange differences arising on<br>translation of foreign operations | -  | -                            | (4,735)                            | -  | -  | -   | -                               | (4,735)               | (533)  | (5,268)                     |
| Share of reserves of joint ventures                                  | -  | -                            | (267)                              | -  | -  | -   | -                               | (267)                 | -  | (267)                       |
| Total comprehensive (expense)<br>income for the period               | -  | -                            | (5,002)                            | -  | -  | -   | 209,130                         | 204,128               | (1,276)                                      | 202,852                     |
| Dividend paid  | -  | -                            | -                                  | -  | -  | -   | (59,610)                        | (59,610)              | -  | (59,610)                    |
| At 30 June 2020 (unaudited)  | <b>124,188</b>                           | <b>14,186</b>                | <b>(4,085)</b>                     | <b>(1,701)</b>                           | <b>(63,141)</b>                            | <b>4,290</b>                                | <b>1,249,066</b>                | <b>1,322,803</b>      | <b>5,373</b>                                 | <b>1,328,176</b>            |

## 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 2020

|  | <b>Six months ended 30 June</b> |             |
|--|---------------------------------|-------------|
|  | <b>2020</b>                     | 2019        |
|  | <b>(Unaudited)</b>              | (Unaudited) |
|  | <b>HK\$'000</b>                 | HK\$'000    |
| <b>Net cash (used in) from operating activities</b>              | <b>(52,950)</b>                 | 622,795     |
| <b>Investing activities</b>                                      |                                 |             |
| Interest on other receivables received                           | 49                              | –           |
| Dividends received from a joint venture                          | 3,352                           | 2,847       |
| Dividends from financial assets at FVTPL                         | 2,640                           | 2,640       |
| Repayments from (advances to) other partners of joint operations | 130,672                         | (34,001)    |
| Loans repayment from joint ventures                              | –                               | 2,243       |
| Advance to a joint venture                                       | –                               | (2,027)     |
| Repayments from (advances to) associates                         | 442                             | (301)       |
| Placement of pledged bank deposits                               | (508)                           | (62,981)    |
| Placement of time deposits                                       | (284)                           | (290,000)   |
| Withdrawal of time deposits                                      | 76,782                          | 254,400     |
| Purchases of property, plant and equipment                       | (152,529)                       | (7,700)     |
| Payments for right-of-use assets                                 | (664)                           | –           |
| Proceeds from disposal of property, plant and equipment          | 4,397                           | 1,151       |
| Loans to a joint venture   | (17,098)                        | –           |
| Capital contribution to a joint venture                          | (12)                            | –           |
| Net cash inflow arising on acquisition of a subsidiary           | –                               | 133,161     |
| <b>Net cash from (used in) investing activities</b>              | <b>47,239</b>                   | (568)       |
| <b>Financing activities</b>                                      |                                 |             |
| Advance from (repayment to) an intermediate holding company      | 559                             | (3,562)     |
| Repayments of bank loans   | (45,760)                        | (152,735)   |
| Repayments of bonds  | (77,000)                        | –           |
| Repayments of lease liabilities                                  | (12,316)                        | (9,146)     |
| Interest paid  | (8,972)                         | (8,397)     |
| New bank loans raised  | 59,045                          | 55,649      |
| Dividend paid  | (59,610)                        | (54,643)    |
| <b>Net cash used in financing activities</b>                     | <b>(144,054)</b>                | (172,834)   |
| <b>Net (decrease) increase in cash and cash equivalents</b>      | <b>(149,765)</b>                | 449,393     |
| <b>Cash and cash equivalents at beginning of the period</b>      | <b>1,687,720</b>                | 1,092,545   |
| Effect of foreign exchange rate changes, net                     | (2,749)                         | (192)       |
| <b>Cash and cash equivalents at end of the period</b>            | <b>1,535,206</b>                | 1,541,746   |
| Represented by   |                                 |             |
| Bank balances and cash   | 1,535,206                       | 1,541,746   |



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 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 Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rule”).

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2020 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2019.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the Amendments to References to the Conceptual Framework in HKFRS Standards and the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group’s condensed consolidated financial statements:

|  |                                |
|--|--------------------------------|
| Amendments to HKAS 1 and HKAS 8            | Definition of Material         |
| Amendments to HKFRS 3                      | Definition of a Business       |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 2. PRINCIPAL ACCOUNTING POLICIES (Continued)

### 2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current period had no impact on the condensed consolidated financial statements. Changes in presentation and disclosures on the application of the amendments, if any, will be reflected on the consolidated financial statements for the year ending 31 December 2020.

## 3. REVENUE FROM SERVICES

### Disaggregation of revenue

|                                       | Six months ended 30 June 2020 |                 |
|---------------------------------------|-------------------------------|-----------------|
|                                       | Hong Kong<br>HK\$'000         | PRC<br>HK\$'000 |
| <b>Type of services</b>               |                               |                 |
| Construction services                 | 3,697,531                     | –               |
| Sewage treatment plant operation      | –                             | 13,367          |
| Steam fuel plant operation            | –                             | 8,233           |
| Revenue from contracts with customers | 3,697,531                     | 21,600          |
| <b>Timing of revenue recognition</b>  |                               |                 |
| Over time                             | 3,697,531                     | 21,600          |
|                                       | Six months ended 30 June 2019 |                 |
|                                       | Hong Kong<br>HK\$'000         | PRC<br>HK\$'000 |
| <b>Type of services</b>               |                               |                 |
| Construction services                 | 3,557,893                     | –               |
| Sewage treatment plant operation      | –                             | 11,468          |
| Revenue from contracts with customers | 3,557,893                     | 11,468          |
| <b>Timing of revenue recognition</b>  |                               |                 |
| Over time                             | 3,557,893                     | 11,468          |



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 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 2020

|  | Hong Kong<br>HK\$'000 | The PRC<br>HK\$'000 | Middle<br>East<br>HK\$'000 | Total<br>HK\$'000 |
|--|-----------------------|---------------------|----------------------------|-------------------|
| <b>Results</b>   |                       |                     |                            |                   |
| Segment revenue  | 3,697,531             | 21,600              | -                          | 3,719,131         |
| Segment profit (loss)                                  | 250,291               | (2,107)             | (425)                      | 247,759           |
| Unallocated expenses                                   |                       |                     |                            | (2,220)           |
| Investments income                                     |                       |                     |                            | 2,640             |
| Decrease in fair value of financial<br>assets at FVTPL |                       |                     |                            | (14,600)          |
| Share of results of joint ventures                     |                       |                     |                            | (1,574)           |
| Share of results of associates                         |                       |                     |                            | (878)             |
| Finance costs  |                       |                     |                            | (9,555)           |
| Profit before tax                                      |                       |                     |                            | 221,572           |

Other segment information:

### Six months ended 30 June 2020

|   | Hong Kong<br>HK\$'000 | The PRC<br>HK\$'000 | Middle<br>East<br>HK\$'000 | Total<br>HK\$'000 |
|---|-----------------------|---------------------|----------------------------|-------------------|
| Amounts included in the measure of<br>segment profit or loss: |                       |                     |                            |                   |
| Gain on disposal of property,<br>plant and equipment          | 285                   | -                   | -                          | 285               |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 4. SEGMENTAL INFORMATION (Continued)

Six months ended 30 June 2019

|  | Hong Kong<br>HK\$'000 | The PRC<br>HK\$'000 | Middle<br>East<br>HK\$'000 | Total<br>HK\$'000 |
|--|-----------------------|---------------------|----------------------------|-------------------|
| Results  |                       |                     |                            |                   |
| Segment revenue  | 3,557,893             | 11,468              | –                          | 3,569,361         |
| Segment profit (loss)                                  | 209,057               | 1,437               | (369)                      | 210,125           |
| Unallocated expenses                                   |                       |                     |                            | (1,989)           |
| Investments income                                     |                       |                     |                            | 2,640             |
| Increase in fair value of financial<br>assets at FVTPL |                       |                     |                            | 4,031             |
| Share of results of joint ventures                     |                       |                     |                            | 369               |
| Share of results of associates                         |                       |                     |                            | (1,736)           |
| Finance costs  |                       |                     |                            | (9,183)           |
| Profit before tax                                      |                       |                     |                            | 204,257           |

Other segment information:

Six months ended 30 June 2019

|   | Hong Kong<br>HK\$'000 | The PRC<br>HK\$'000 | Middle<br>East<br>HK\$'000 | Total<br>HK\$'000 |
|---|-----------------------|---------------------|----------------------------|-------------------|
| Amounts included in the measure of<br>segment profit or loss: |                       |                     |                            |                   |
| Loss on disposal of property,<br>plant and equipment          | 2,602                 | –                   | –                          | 2,602             |

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 financial assets at FVTPL, change in fair value of financial assets at FVTPL, 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 2020

## 5. INVESTMENTS AND OTHER INCOME

|  | Six months ended 30 June |          |
|--|--------------------------|----------|
|  | 2020                     | 2019     |
|  | HK\$'000                 | HK\$'000 |
| Investments and other income include:                |                          |          |
| Dividends from financial assets at FVTPL             | 2,640                    | 2,640    |
| Interest on bank deposits                            | 6,597                    | 5,970    |
| Interest on other receivables                        | 3,447                    | 85       |
| Interest on other financial asset at amortised cost  | 454                      | 496      |
| Interest on financial assets at FVTPL                | 923                      | –        |
| Interest on loans to a joint venture                 | –                        | 1,576    |
| Gain on disposal of property, plant and equipment    | 285                      | –        |
| PRC Value-Added Tax refund                           | –                        | 851      |
| Bargain purchase gain on acquisition of a subsidiary | –                        | 368      |

## 6. FINANCE COSTS

|  | Six months ended 30 June |          |
|--|--------------------------|----------|
|  | 2020                     | 2019     |
|  | HK\$'000                 | HK\$'000 |
| Interests on:  |                          |          |
| Bank borrowings  | 6,228                    | 3,884    |
| Bonds  | 2,900                    | 4,770    |
| Lease liabilities  | 101                      | 217      |
| Imputed interest expense on non-current interest-free amount due to an associate | 326                      | 312      |
|  | <b>9,555</b>             | 9,183    |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 7. PROFIT BEFORE TAX

|  | Six months ended 30 June |          |
|--|--------------------------|----------|
|  | 2020                     | 2019     |
|  | HK\$'000                 | HK\$'000 |
| Profit before tax has been arrived at after charging:                            |                          |          |
| Amortisation of intangible assets  | 1,523                    | 692      |
| Depreciation of right-of-use assets  | 12,428                   | 8,912    |
| Depreciation of property, plant and equipment                                    | 25,434                   | 86,529   |
| Impairment loss recognised on amount due from other partner of a joint operation | 7,010                    | –        |
| Loss on disposal of property, plant and equipment                                | –                        | 2,602    |

## 8. INCOME TAX EXPENSE

|  | Six months ended 30 June |          |
|--|--------------------------|----------|
|  | 2020                     | 2019     |
|  | HK\$'000                 | HK\$'000 |
| Current tax:                                   |                          |          |
| Hong Kong                                      | 13,454                   | 45,207   |
| (Overprovision) underprovision in prior years: |                          |          |
| Hong Kong                                      | (269)                    | (40)     |
| The PRC  | –                        | 38       |
|  | (269)                    | (2)      |
|  | 13,185                   | 45,205   |

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 2019: 16.5%) for the six months ended 30 June 2020.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25% for both periods.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 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 |           |
|--|--------------------------|-----------|
|  | 2020                     | 2019      |
|  | 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 | 209,130                  | 164,040   |
|  | 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 |          |
|--|--------------------------|----------|
|  | 2020                     | 2019     |
|  | HK\$'000                 | HK\$'000 |
| Dividend paid and recognised as distribution during the period:  |                          |          |
| 2019 final dividend – HK4.8 cents per share<br>(six months ended 30 June 2019:<br>2018 final dividend – HK4.4 cents per share) | 59,610                   | 54,643   |

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

During the period, the Group spent HK\$153,193,000 (six months ended 30 June 2019: HK\$7,700,000) on additions to property, plant and equipment and right-of-use assets.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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

|  | <b>30 June<br/>2020<br/>HK\$'000</b> | 31 December<br>2019<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Cost of investments in unlisted joint ventures   | <b>40,968</b>                        | 40,956                          |
| Share of post-acquisition profits and other comprehensive income,<br>net of dividends received | <b>32,430</b>                        | 37,623                          |
| Loans to joint ventures (note)   | <b>73,398<br/>89,495</b>             | 78,579<br>72,397                |
|  | <b>162,893</b>                       | 150,976                         |
| Included in:   |                                      |                                 |
| Non-current assets   | <b>163,003</b>                       | 151,003                         |
| Non-current liabilities  | <b>(110)</b>                         | (27)                            |
|  | <b>162,893</b>                       | 150,976                         |

Note: The loans to joint ventures are unsecured, interest-free and have no fixed terms of repayment. In the opinion of the directors, the loans are considered as part of the Group's net investments in the joint ventures.

At 30 June 2020, the Group has contractual obligations to share the net liabilities of certain joint ventures amounting to HK\$110,000 (31 December 2019: HK\$27,000).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

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

|   | <b>30 June<br/>2020<br/>HK\$'000</b> | 31 December<br>2019<br>HK\$'000 |
|---|--------------------------------------|---------------------------------|
| Cost of investments in unlisted associates                      | <b>10,330</b>                        | 10,330                          |
| Share of post-acquisition losses and other comprehensive income | <b>(19,698)</b>                      | (18,820)                        |
|   | <b>(9,368)</b>                       | (8,490)                         |
| Included in:  |                                      |                                 |
| Non-current assets  | <b>4,325</b>                         | 5,663                           |
| Non-current liabilities   | <b>(13,693)</b>                      | (14,153)                        |
|   | <b>(9,368)</b>                       | (8,490)                         |

Note: At 30 June 2020, the Group has contractual obligations to share the net liabilities of certain associates amounting to HK\$13,693,000 (31 December 2019: HK\$14,153,000).

## 14. DEBTORS, DEPOSITS AND PREPAYMENTS

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

|  | <b>30 June<br/>2020<br/>HK\$'000</b> | 31 December<br>2019<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Trade receivables from contracts with customers analysed by age: |                                      |                                 |
| 0 to 60 days   | <b>461,625</b>                       | 217,112                         |
| 61 to 90 days  | <b>–</b>                             | –                               |
| Over 90 days   | <b>17,094</b>                        | 22,394                          |
|  | <b>478,719</b>                       | 239,506                         |
| Bills receivables  | <b>2,872</b>                         | 20,733                          |
| Other debtors, deposits and prepayments                          | <b>135,769</b>                       | 154,670                         |
|  | <b>617,360</b>                       | 414,909                         |

The Group allows an average credit period of 60 days to its trade customers.

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

As part of the internal credit risk management, the Group applies internal credit rating for its customers in relation to construction contracts. The exposure to credit risk and expected credit losses (“ECL”) for trade receivables are assessed individually as at 30 June 2020. After the assessment of the Group, the impairment allowance on trade receivables is insignificant to the Group for the current interim period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 15. CONTRACT ASSETS

|   | Notes | 30 June<br>2020<br>HK\$'000 | 31 December<br>2019<br>HK\$'000 |
|---|-------|-----------------------------|---------------------------------|
| Analysed as current:                            |       |                             |                                 |
| Unbilled revenue of construction contracts      | (a)   | <b>1,007,378</b>            | 1,573,075                       |
| Retention receivables of construction contracts | (b)   | <b>521,238</b>              | 562,509                         |
|   |       | <b>1,528,616</b>            | 2,135,584                       |
| Retention receivables of construction contracts |       |                             |                                 |
| Due within one year                             |       | <b>104,953</b>              | 194,721                         |
| Due more than one year                          |       | <b>416,285</b>              | 367,788                         |
|   |       | <b>521,238</b>              | 562,509                         |

Notes:

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

As part of the internal credit risk management, the Group applies internal credit rating for its customers in relation to construction contracts. The exposure to credit risk and ECL for contract assets are assessed individually as at 30 June 2020. After the assessment of the Group, the impairment allowance on contract assets is insignificant to the Group for the current interim period.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 16. FINANCIAL ASSETS AT FVTPL

|  | <b>30 June<br/>2020<br/>HK\$'000</b> | 31 December<br>2019<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| Financial assets mandatorily measured at FVTPL:                |                                      |                                 |
| – Listed securities in Hong Kong                               | <b>33,480</b>                        | 48,550                          |
| Financial assets designated at FVTPL:                          |                                      |                                 |
| – Quoted equity securities in United States of America (“USA”) | <b>6,755</b>                         | 8,005                           |
| – Quoted debt securities                                       | <b>151,453</b>                       | –                               |
|  | <b>191,688</b>                       | 56,555                          |
| Analysed for reporting purpose as:                             |                                      |                                 |
| Current assets   | <b>191,688</b>                       | 56,555                          |

The listed securities in Hong Kong are measured at fair value at recurring basis, by reference to market bid price in an active market and classified under Level 1.

The quoted equity securities represent investment in equity securities issued by a private entity incorporated in the USA. It has been acquired principally for the purpose of selling in the near term, thus classified as held for trading. The details of fair value measurement are disclosed in note 22.

The quoted debt securities represent investment in unlisted bonds issued by listed entity. It has been acquired principally for the purpose of selling in the near term, thus classified as held for trading. The details of fair value measurement are disclosed in note 22.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 17. 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:

|                                     | <b>30 June<br/>2020<br/>HK\$'000</b> | 31 December<br>2019<br>HK\$'000 |
|-------------------------------------|--------------------------------------|---------------------------------|
| Trade creditors analysed by age:    |                                      |                                 |
| 0 to 60 days                        | <b>101,629</b>                       | 226,538                         |
| 61 to 90 days                       | <b>3,713</b>                         | 95,433                          |
| Over 90 days                        | <b>23,553</b>                        | 65,358                          |
|                                     | <b>128,895</b>                       | 387,329                         |
| Retention payables                  | <b>441,406</b>                       | 434,822                         |
| Accrued project costs               | <b>1,584,502</b>                     | 1,751,318                       |
| Other creditors and accrued charges | <b>39,296</b>                        | 88,139                          |
|                                     | <b>2,194,099</b>                     | 2,661,608                       |
| Retention payables:                 |                                      |                                 |
| Repayable within one year           | <b>128,912</b>                       | 154,626                         |
| Repayable more than one year        | <b>312,494</b>                       | 280,196                         |
|                                     | <b>441,406</b>                       | 434,822                         |

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 2020

## 18. BANK LOANS

|  | <b>30 June<br/>2020<br/>HK\$'000</b> | 31 December<br>2019<br>HK\$'000 |
|--|--------------------------------------|---------------------------------|
| The maturity of bank loans is as follows:                        |                                      |                                 |
| Within one year  | <b>152,926</b>                       | 134,491                         |
| In the second year   | <b>70,417</b>                        | 104,290                         |
| In the third to fifth year inclusive                             | <b>27,500</b>                        | –                               |
|  | <b>250,843</b>                       | 238,781                         |
| Less: Amount due within one year shown under current liabilities | <b>(250,843)</b>                     | (238,781)                       |
| Amount due after one year  | –                                    | –                               |
| Secured  | <b>112,933</b>                       | 64,156                          |
| Unsecured  | <b>137,910</b>                       | 174,625                         |
|  | <b>250,843</b>                       | 238,781                         |

As at 30 June 2020, the Group has bank loans in the amount of HK\$250,843,000 (31 December 2019: HK\$174,625,000) contain a repayable on demand clause. Accordingly, the related bank loans that are repayable more than one year after the end of reporting period with aggregate carrying amount of HK\$97,917,000 (31 December 2019: HK\$104,290,000) have been classified as current liabilities.

As at the end of the reporting period, the Group has undrawn borrowing facilities of HK\$811,052,000 (31 December 2019: HK\$1,013,624,000).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 19. ORDINARY SHARE CAPITAL

|   | Number<br>of shares | Amounts<br>HK\$'000 |
|---|---------------------|---------------------|
| Authorised:   |                     |                     |
| Ordinary shares of HK\$0.1 each<br>At 1 January 2019, 31 December 2019 and 30 June 2020 | 1,700,000,000       | 170,000             |
| Issued and fully paid:  |                     |                     |
| Ordinary shares of HK\$0.1 each<br>At 1 January 2019, 31 December 2019 and 30 June 2020 | 1,241,877,992       | 124,188             |

## 20. 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.

## 21. PLEDGE OF ASSETS

As at 30 June 2020, bank deposits amounting to HK\$64,678,000 (31 December 2019: HK\$64,170,000) 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 2020

## 22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

| Financial assets                         | Fair value as at         |                              | Fair value hierarchy | Valuation technique(s) and key input(s) |
|--|--------------------------|------------------------------|----------------------|---|
|  | 30 June 2020<br>HK\$'000 | 31 December 2019<br>HK\$'000 |                      |   |
| 1) Listed equity securities in Hong Kong | 33,480                   | 48,550                       | Level 1              | Quoted bid price in an active market    |
| 2) Quoted equity securities in USA       | 6,755                    | 8,005                        | Level 1              | Quoted price in over-the-counter        |
| 3) Quoted debt securities                | 151,453                  | –                            | Level 1              | Quoted price in active market           |

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



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2020

## 23. CAPITAL COMMITMENTS

|  | <b>30 June<br/>2020<br/>HK\$'000</b> | 31 December<br>2019<br>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 | <b>26,859</b>                        | 55,855                          |

## 24. RELATED PARTY TRANSACTIONS

|   | <b>Six months ended 30 June</b> |                  |
|---|---------------------------------|------------------|
|   | <b>2020<br/>HK\$'000</b>        | 2019<br>HK\$'000 |
| <u>Fellow subsidiaries</u>                      |                                 |                  |
| Purchase of construction materials              | <b>31,240</b>                   | 45,330           |
| Land plant hire income                          | <b>4</b>                        | 18               |
| Construction contract revenue                   | <b>29,881</b>                   | 28,398           |
| <u>An associate of ultimate holding company</u> |                                 |                  |
| Construction contract revenue                   | <b>289,258</b>                  | 447,273          |
| <u>Compensation of key management personnel</u> |                                 |                  |
| Short-term employee benefits                    | <b>62,601</b>                   | 34,297           |
| Post-employment benefits                        | <b>1,136</b>                    | 979              |
|   | <b>63,737</b>                   | 35,276           |

# 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

Ho Tai Wai, David  
Ling Lee Ching Man, Eleanor  
Lo Yiu Ching, Dantes  
Ng Cheuk Hei, Shirley

## AUDIT COMMITTEE

Ho Tai Wai, David *(Chairman)*  
Ling Lee Ching Man, Eleanor  
Lo Yiu Ching, Dantes

## NOMINATION COMMITTEE

Lo Yiu Ching, Dantes *(Chairman)*  
Ho Tai Wai, David  
Ling Lee Ching Man, Eleanor  
Zen Wei Peu, Derek

## REMUNERATION COMMITTEE

Ling Lee Ching Man, Eleanor *(Chairwoman)*  
Ho Tai Wai, David  
Lo Yiu Ching, Dantes  
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  
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  
4th Floor  
North Cedar House  
41 Cedar Avenue  
Hamilton HM 12  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## STOCK CODE

00240

## WEBSITE

[www.buildking.hk](http://www.buildking.hk)

