BUILD KING HOLDINGS LIMITED

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

ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL PERFORMANCE HIGHLIGHTS

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

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

RESULTS

The board of directors (the "Board") of Build King Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2015 together with the comparative figures for the last corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2015

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

	Notes	30 June 2015 (Unaudited) HK$'000	31 December 2014 (Audited) HK$'000
Capital and reserves			
Ordinary share capital		**124,188**	124,188
Reserves		**248,473**	221,643
Equity attributable to owners of the Company		**372,661**	345,831
Non-controlling interests		**587**	1,068
Total equity		**373,248**	346,899
Non-current liabilities			
Deferred tax liabilities		**5,750**	5,750
Obligations in excess of interests in associates		**16,340**	16,533
Amount due to an associate		**4,554**	5,406
Bonds	13	**75,562**	-
		102,206	27,689
		475,454	374,588

Notes:

1. **BASIS OF PREPARATION OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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 of Hong Kong Limited and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. **PRINCIPAL ACCOUNTING POLICIES**

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

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

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

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

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

3. **REVENUE**

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

4. **SEGMENTAL INFORMATION**

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

Six months ended 30 June 2015

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

Other segment information:

Six months ended 30 June 2015

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

Six months ended 30 June 2014

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

Other segment information:

Six months ended 30 June 2014

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

There are no inter-segment sales for both periods.

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

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

5. INVESTMENTS AND OTHER INCOME

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

6. FINANCE COSTS

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

7. PROFIT BEFORE TAX

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

8. INCOME TAX EXPENSE

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

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

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

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

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	HK$'000	HK$'000
Profit for the period attributable to the owners of the Company and earnings for the purpose of basic earnings per share	**39,139**	25,706

	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,241,878**	1,241,878

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

10. DIVIDEND

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

11. DEBTORS, DEPOSITS AND PREPAYMENTS

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

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

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

12. CREDITORS AND ACCRUED CHARGES

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

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

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

13. BONDS

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

INTERIM DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Operating Results

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

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

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

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

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

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

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

Employees and Remuneration Policies

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

FINANCIAL REVIEW

Liquidity and Financial Resources

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

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

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

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

Capital Structure and Gearing

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

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

Pledge of Assets

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

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

Contingent Liabilities

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

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions on Corporate Governance Code set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the six months ended 30 June 2015, except for code provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

Mr. Zen Wei Peu, Derek has been both the Chairman and Chief Executive Officer of the Company. In addition to his responsibilities as Chairman overseeing the function of the Board and formulating overall strategies and polices 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 for Securities Transactions by Directors of Listed Issuers (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 2015.

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

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

AUDIT COMMITTEE

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

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's website (www.buildking.hk) and the Stock Exchange's website (www.hkexnews.hk). The Interim Report 2015 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange, and despatched to the shareholders of the Company in due course.

APPRECIATION

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

By Order of the Board
Zen Wei Peu, Derek
Chairman

Hong Kong, 20 August 2015

As at the date hereof, the Board comprises two executive Directors, namely Mr. Zen Wei Peu, Derek and Mr. Chang Kam Chuen, Desmond, three non-executive Directors, namely Mr. David Howard Gem, Dr. Cheng Chi Pang, Leslie and Mr. Chan Chi Hung, Anthony, and three independent non-executive Directors, namely Dr. Chow Ming Kuen, Joseph, Mr. Ho Tai Wai, David and Mrs. Ling Lee Ching Man, Eleanor.