BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	22%
Equity	HK$422 million
Equity per share	HK34 cents
Group revenue	HK$4,572 million
Profit attributable to owners of the Company	HK$94 million
Final dividend per share	HK1.5 cents

** *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 audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 and the consolidated statement of financial position of the Group as at 31 December 2015 together with the comparative figures for 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015**	2014
		HK$'000	HK$'000
Revenue	3	**4,571,629**	3,237,341
Cost of sales		**(4,295,306)**	(3,017,594)
Gross profit		**276,323**	219,747
Investments and other income	5	**8,867**	5,079
Increase (decrease) in fair value of held-for-trading investments		**807**	(4,031)
Administrative expenses		**(180,656)**	(163,334)
Finance costs	6	**(8,635)**	(3,559)
Share of results of associates		**360**	619
Profit before tax	7	**97,066**	54,521
Income tax expense	8	**(2,884)**	(1,907)
Profit for the year		**94,182**	52,614
Profit for the year attributable to:			
Owners of the Company		**94,307**	55,203
Non-controlling interests		**(125)**	(2,589)
		94,182	52,614
		HK cents	HK cents
Earnings per share	10		
- Basic		**7.6**	4.5

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	HK$'000	HK$'000
Profit for the year	**94,182**	52,614
Other comprehensive expense		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(6,319)**	(2,557)
Total comprehensive income for the year	**87,863**	50,057
Total comprehensive income attributable to:		
Owners of the Company	**88,207**	52,739
Non-controlling interests	**(344)**	(2,682)
	87,863	50,057

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**174,252**	110,550
Intangible assets		**65,143**	68,632
Goodwill		**30,554**	30,554
Interest in a joint venture		**-**	-
Available-for-sale investment		**-**	-
Other financial asset		**44,624**	49,421
Other receivable		**23,522**	-
		338,095	259,157
Current assets			
Amounts due from customers for contract work		**485,303**	461,531
Debtors, deposits and prepayments	11	**928,667**	779,897
Amounts due from fellow subsidiaries		**-**	1,636
Amounts due from associates		**7,606**	7,590
Amount due from a joint venture		**321**	321
Amounts due from other partners of joint operations		**24,366**	139,840
Held-for-trading investments		**26,611**	25,804
Tax recoverable		**2,682**	148
Pledged bank deposits		**80**	60
Bank balances and cash		**800,834**	410,873
		2,276,470	1,827,700
Current liabilities			
Amounts due to customers for contract work		**664,790**	648,641
Creditors and accrued charges	12	**1,239,549**	801,126
Amount due to an intermediate holding company		**11,400**	9,242
Amounts due to fellow subsidiaries		**5,506**	-
Amount due to a joint venture		**1,142**	1,142
Amounts due to other partners of joint operations		**12,119**	138,304
Amounts due to non-controlling interests		**3,094**	3,094
Amount due to an associate		**14,369**	13,264
Tax payable		**3,008**	1,698
Bank loans - due within one year		**96,540**	95,758
		2,051,517	1,712,269
Net current assets		**224,953**	115,431
Total assets less current liabilities		**563,048**	374,588

	Notes	2015 HK$'000	2014 HK$'000
Capital and reserves			
Ordinary share capital		**124,188**	124,188
Reserves		**297,432**	221,643
Equity attributable to owners of the Company		**421,620**	345,831
Non-controlling interests		**724**	1,068
Total equity		**422,344**	346,899
Non-current liabilities			
Deferred tax liabilities		**5,750**	5,750
Obligations in excess of interests in associates		**16,173**	16,533
Amount due to an associate		**4,807**	5,406
Bonds	13	**113,974**	-
		140,704	27,689
		563,048	374,588

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following amendments to 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 above amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

1 Effective for accounting periods beginning on or after 1 January 2016.
2 Effective for first annual financial statements beginning on or after 1 January 2016.
3 Effective for accounting periods beginning on or after 1 January 2018.
4 Effective for accounting periods beginning on or after a date to be determined.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The management of the Group anticipates that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”

The amendments to HKFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in HKFRS 3 "Business Combinations". Specifically, the amendments state that the relevant principles on accounting for business combinations in HKFRS 3 and other standards (e.g. HKAS 12 “Income Taxes” regarding the recognition of deferred taxes at the time of acquisition and HKAS 36 “Impairment of Assets” regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by HKFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in HKFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to HKFRS 11 may have an impact on the Group’s consolidated financial statements in future periods should such transactions arise.

Except as described above, the management anticipates that the application of the above new and revised HKFRSs will have no material impact on the Group’s consolidated financial statements.

3. REVENUE

Revenue represents mainly the revenue on construction contracts recognised during the year.

4. SEGMENTAL INFORMATION

The Group is mainly engaged in civil engineering work. Information reported to the Group'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, People's Republic of China (the "PRC") and the Middle East. The Group's operating and reportable segments are as follows:

Year ended 31 December 2015

	Hong Kong HK$'000	**The PRC HK$'000**	**Middle East HK$'000**	**Total HK$'000**
Results				
Segment revenue	**4,549,358**	**22,271**	**-**	**4,571,629**
Segment profit (loss)	**97,797**	**9,585**	**(2,193)**	**105,189**
Unallocated expenses				**(2,902)**
Investments income				**2,247**
Increase in fair value of held-for-trading investments				**807**
Share of results of associates				**360**
Finance costs				**(8,635)**
Profit before tax				**97,066**

Year ended 31 December 2014

	Hong Kong HK$'000	The PRC HK$'000	Middle East HK$'000	Total HK$'000
Results				
Segment revenue	3,214,927	22,414	-	3,237,341
Segment profit (loss)	55,416	8,973	(2,324)	62,065
Unallocated expenses				(2,793)
Investments income				2,220
Decrease in fair value of held-for-trading investments				(4,031)
Share of results of associates				619
Finance costs				(3,559)
Profit before tax				54,521

There are no inter-segment sales for both years.

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

	2015	2014
	HK$'000	HK$'000
Investments and other income include:		
Dividends from held-for-trading investments	**2,247**	1,933
Gain on disposal of property, plant and equipment	**321**	280
Interest on bank deposits	**426**	96
Interest on other financial asset	**1,223**	1,347
Government subsidy	**3,045**	-
Gains on acquisitions of subsidiaries	**233**	-
Interest on held-for-trading investments	**-**	287
Insurance claim on loss of plant and machinery	**-**	301

6. FINANCE COSTS

	2015	2014
	HK$'000	HK$'000
Interest on:		
Bank borrowings	**2,689**	3,089
Bonds	**5,440**	-
Imputed interest expense on non-current interest-free amount due to an associate	**506**	470
	8,635	3,559

7. PROFIT BEFORE TAX

	2015 **HK$'000**	2014 HK$'000
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration		
Current year	**1,813**	1,420
Underprovision in prior years	**308**	437
	2,121	1,857
Depreciation of property, plant and equipment	**39,617**	37,938
Less: amount attributable to construction contracts	**(17,342)**	(22,279)
	22,275	15,659
Hire charges for plant and machinery	**153,361**	133,577
Less: amount attributable to construction contracts	**(153,361)**	(133,577)
	-	-
Amortisation of intangible assets	**1,431**	1,519
Net foreign exchange losses	**756**	290
Impairment loss recognised on goodwill	**-**	2,177
Operating lease rentals in respect of land and buildings	**20,576**	16,537
Less: amount attributable to construction contracts	**(11,679)**	(9,834)
	8,897	6,703
Staff costs:		
Directors' remuneration	**8,193**	9,435
Other staff costs	**672,239**	530,788
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK$203,000 (2014: HK$562,000)	**22,694**	17,883
	703,126	558,106
Less: amount attributable to construction contracts	**(579,390)**	(442,108)
	123,736	115,998

8. INCOME TAX EXPENSE

	2015	2014
	HK$'000	HK$'000
Current tax:		
Other jurisdictions	**1,958**	1,690
Underprovision in prior years:		
Hong Kong	**883**	204
Other jurisdictions	**43**	13
	926	217
	2,884	1,907

Hong Kong Profits Tax is provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits.

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

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

9. DIVIDEND

A final dividend for the year ended 31 December 2015 of HK1.5 cents (2014: HK1 cent) per ordinary share, totaling approximately HK$18,628,000 based on 1,241,877,992 shares (2014: approximately HK$12,418,000 based on 1,241,877,992 shares) has been proposed by the Board of Directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting. This final dividend has not been included as a liability in the consolidated financial statements.

10. EARNINGS PER SHARE

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

	2015	2014
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company and earnings for the purpose of basic earnings per ordinary share	**94,307**	55,203

	Number of Shares	
	2015	2014
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	**1,241,878**	1,241,878

The Company has no potential ordinary shares outstanding during both years. Accordingly, no diluted earnings per share information is presented.

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 and bills receivables presented based on the maturity date at the end of the reporting period:

	2015	2014
	HK$'000	HK$'000
Trade receivables analysed by age:		
0 to 60 days	**515,246**	486,176
61 to 90 days	**1,336**	730
Over 90 days	**10,016**	4,912
	526,598	491,818
Bills receivables analysed by age:		
0 to 60 days	**5,175**	5,347
61 to 90 days	**878**	62
Over 90 days	**5,518**	5,092
	11,571	10,501
Retention receivables	**290,415**	240,235
Other debtors, deposits and prepayments	**100,083**	37,343
	928,667	779,897
Retention receivables:		
Due within one year	**55,504**	66,745
Due more than one year	**234,911**	173,490
	290,415	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.

Included in the Group's trade receivables are debtors with a carrying amount of HK$11,352,000 (2014: HK$5,642,000) which are past due but not impaired as at the end of the reporting period. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

Ageing of trade receivables which are past due but not impaired

	2015	2014
	HK$'000	HK$'000
Overdue:		
1 to 30 days	**1,336**	730
Over 30 days	**10,016**	4,912
	11,352	5,642

11. DEBTORS, DEPOSITS AND PREPAYMENTS (Continued)

Ageing of trade receivables which are past due but not impaired (Continued)

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed periodically. The majority of the Group's trade receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history.

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

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:

	2015	2014
	HK$'000	HK$'000
Trade creditors analysed by age:		
0 to 60 days	**162,961**	186,594
61 to 90 days	**9,928**	25,440
Over 90 days	**39,400**	36,954
	212,289	248,988
Retention payables	**244,688**	194,730
Accrued project costs	**760,105**	323,236
Other creditors and accrued charges	**22,467**	34,172
	1,239,549	801,126
Retention payables:		
Repayable within one year	**79,683**	52,412
Repayable more than one year	**165,005**	142,318
	244,688	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 and 28 October 2015, Kaden Construction Limited, a wholly owned subsidiary of the Company as the issuer and the Company as guarantor have 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 and HK$50,000,000 respectively. 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 January and 1 July of each calendar year, up to but excluding the maturity date of the bonds. During the year ended 31 December 2015, bonds with the total amount of HK$113,680,000, 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 7.65% per annum and increasing the net carrying amount of the bonds with the corresponding amount.

DIVIDEND

The Board recommends the payment of a final dividend of HK1.5 cents (2014: HK1 cent) per ordinary share payable to shareholders whose names appear in the register of members of the Company on Friday, 27 May 2016.

Subject to the approval of shareholders at the forthcoming Annual General Meeting, it is expected that the payment of final dividend will be made on or before Friday, 24 June 2016.

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Thursday, 19 May 2016, the register of members of the Company will be closed from Tuesday, 17 May 2016 to Thursday, 19 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 16 May 2016.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for the proposed final dividend is on Friday, 27 May 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 26 May 2016 to Friday, 27 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 25 May 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Overall Results

For the year 2015, the Group's turnover increased by 41% from HK$3,237 million to HK$4,572 million; the profit for the year also increased by 79%, from HK$53 million to HK$94 million.

The significant improvement of the results was attributable to increasing turnover and the healthy margin of major projects awarded in past two years. Although we encountered difficulties in two railway projects, the gross profit margin was maintained as healthy and only dropped slightly from 6.8% to 6%. The partner of the joint venture project Diamond Hill Station of Shatin Central Link withdrew due to its financial difficulties in Singapore and defaulted the repayment of the loan advanced by the joint venture; the budget profit of this project is now unlikely to be achieved. On Contract 824 for MTR Express Rail Link, we allowed an additional provision for non-recovery of cost overruns after lengthy, yet unsettled, negotiation with the client. Despite the expansion of the operation, the head quarter supporting departments took various measures to enhance the efficiency and contained the increase of administrative expense at 11% only. Overall, the profit to turnover ratio was improved from 1.6% to 2.1%.

The Group secured 13 new projects during the year with a total contract sum of HK$5 billion. As at the date of the announcement, the outstanding value of contracts on hand was HK$11 billion.

The outlook of construction industry in the next few years is not too promising, as the amount in infrastructure will be reduced. With the gradual completion of many major ongoing projects, the industry is looking forward to the rolling out of new infrastructure projects (just to name a few – the Tseung Kwan O- Lam Tin Tunnel, Central Kowloon Route, Route 6, the relocation of Sha Tin Sewage Treatment Plant). The earliest would be the third runway which is 3 years away. However, amid the adversarial political climate, the industry sees huge uncertainty in getting approval of the funding in Legislative Council. More, although the prices of oil and construction materials have dropped substantially in 2015, the construction cost in Hong Kong remains high due to labour shortage problem, high engineering and contractual risks and onerous environmental compliance. These probably explain why we saw in 2015 some desperate contractors won projects by cut throat prices.

Leveraged on outstanding contracts on hand which are sufficient for workload in 2016 and part of 2017, we will not relax our cautious attitude toward pricing tenders despite of the competitive market and continue to focus on only those projects that we have an edge and will be profitable with healthy cashflow. To face the many challenges ahead, the group has been looking at lean construction for quite some time with a view to bring in new technology and at the same time encourage innovative ideas to enable the group to remain competitive in the market.

On current projects, overall progress was satisfactory. The projects awarded in 2015 including the foundation works for a hospital, site formation and infrastructural works of Liangtang/Heung Yuen Wai boundary control point and the site formation work of Lam Tei Quarry started off smoothly in last quarter and the subletting costs were within budget. The two joint venture projects for Central – Wan Chai Bypass ("CWB") packages for the Government also progressed in accordance with the respective programmes. The CWB C1 at Hong Kong Exhibition And Convention Centre will complete in mid 2016; the CWB C3 at Wanchai West continued the seawall installation works and started the substructure works of ventilation building. The three projects for Shatin Central Link, namely Kai Tak Station, Diamond Hill Station and Hung Hom North Approach Tunnel are in different phases. The structural work of Kai Tak Station has completed and the architectural and E&M works are in progress. At Diamond Hill Station, despite the withdrawal of the partner, the works have not been stalled. With the completion of excavation work, the construction of station structure and enhancement works are well under control. At North Approach Tunnel in Hung Hom, open excavation works at various fronts are progressing within programme. At Contract 824 for MTR Express Rail Link despite the unsatisfactory financial results, the tunnel and road works have substantially completed and buildings works are in progress with target completion in mid 2016.

During the year, the building division successfully completed two projects namely the development work of Hang Seng Management College and construction of Disciplined Services Quarter for ASD. For the ongoing projects, the reprovisioning of the Harbour Road Sports Centre and Wan Chai Swimming pool has completed the phase 1 and started the phase 2 for the demolition of the sports ground. It will complete in May 2017. This year, the building division won a project for MTRC to build a five storey commercial complex at Tsing Yi with contract sum of over HK$700 million. It commenced in May 2015 and target to complete in June 2017.

In PRC, the sewage treatment plant at Wuxi City maintained treatment volume steadily increasing and recorded a mild increase of 7% of profit. During the year, we ventured into a new business – central heating in northern China, by acquiring 49% of equity interest in a company operating in Dezhou, Shan Dong Province at a price of RMB34,710,000. We expect the acquisition will complete in April 2016 and the new investment will provide a stable income streams to the Group.

Employees and Remuneration Policies

As at 31 December 2015, the Group had a total of 1,744 employees and total remuneration for the year ended 31 December 2015 was approximately HK$703 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 performance of the individual.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2015, the Group had liquid assets of HK$828 million (as at 31 December 2014: HK$437 million) comprising held-for-trading investments of HK$27 million (as at 31 December 2014: HK$26 million) and bank balances and cash of HK$801 million (as at 31 December 2014: HK$411 million).

As at 31 December 2015, the Group had a total of interest bearing borrowings of HK$211 million (as at 31 December 2014: HK$96 million) comprising bank loans of HK$97 million (as at 31 December 2014: HK$96 million) and the bonds of HK$114 million (as at 31 December 2014: Nil) with following maturity profile:

	At 31 December 2015 HK$ million	At 31 December 2014 HK$ million
On demand or within one year	**56**	87
In the second year	**26**	4
In the third to fifth year inclusive	**129**	5
	211	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 year, the Group had no financial instrument for hedging purpose. As at 31 December 2015, total borrowings of HK$114 million (as at 31 December 2014: Nil) carried interest at fixed rate.

Capital Structure and Gearing

As at 31 December 2015, total equity was HK$422 million (as at 31 December 2014: HK$347 million) comprising ordinary share capital of HK$124 million (as at 31 December 2014: HK$124 million), reserves of HK$297 million (as at 31 December 2014: HK$222 million) and non-controlling interests of HK$700,000 (as at 31 December 2014: HK$1 million).

As at 31 December 2015, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 50% (as at 31 December 2014: 28%).

Pledge of Assets

As at 31 December 2015, bank deposits of the Group amounting to HK$80,000 (31 December 2014: HK$60,000) were pledged to banks for securing the banking facilities granted to the Group.

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

Contingent Liabilities

	As at 31 December 2015 HK$ million	As at 31 December 2014 HK$ million
Outstanding tender/performance/retention bonds in respect of construction contracts	**297**	234

CORPORATE GOVERNANCE CODE

The Company is committed to attaining good standard of corporate governance practices and has complied with the code provisions of Corporate Governance Code for the year ended 31 December 2015 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") except for code provision of 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.

Details of corporate governance code are set out in Annual Report 2015.

AUDIT COMMITTEE

The Audit Committee has conducted a meeting with the management and external auditor to review the accounting policies adopted by the Group, the consolidated financial statements for the year ended 31 December 2015, the general scope of audit work conducted by the external auditor and assessment of the Group's internal controls.

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. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year.

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 year ended 31 December 2015.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Academy Room I-II, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 19 May 2016 at 2:00 p.m. and the Notice of the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website (www.buildking.hk) and the Stock Exchange's website (www.hkexnews.hk). The Annual 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.

BOARD OF DIRECTORS

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.

By order of the Board
Zen Wei Peu, Derek
Chairman

Hong Kong, 18 March 2016