BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

ANNOUNCEMENT OF INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2016

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	8.6%
Equity	HK$458 million
Equity per share	HK37 cents
Group revenue	HK$2,254 million
Profit attributable to owners of the Company	HK$56 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 2016 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 2016

	Notes	Six months ended 30 June 2016 (Unaudited) HK$'000	2015 (Unaudited) HK$'000
Revenue	3	**2,253,838**	2,296,528
Cost of sales		**(2,067,856)**	(2,165,960)
Gross profit		**185,982**	130,568
Investments and other income	5	**4,234**	5,260
(Decrease) increase in fair value of held-for-trading investments		**(2,986)**	6,107
Administrative expenses		**(122,330)**	(99,116)
Finance costs	6	**(6,627)**	(3,390)
Share of results of associates		**193**	193
Profit before tax	7	**58,466**	39,622
Income tax expense	8	**(1,860)**	(969)
Profit for the period		**56,606**	38,653
Profit for the period attributable to:			
Owners of the Company		**56,460**	39,139
Non-controlling interests		**146**	(486)
		56,606	38,653
		HK cents	HK cents
Earnings per share	9		
- Basic		**4.5**	3.2

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	(Unaudited)	(Unaudited)
	HK$'000	HK$'000
Profit for the period	**56,606**	38,653
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(1,526)**	114
Total comprehensive income for the period	**55,080**	38,767
Total comprehensive income for the period attributable to:		
Owners of the Company	**54,984**	39,248
Non-controlling interests	**96**	(481)
	55,080	38,767

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2016

	Notes	**30 June 2016 (Unaudited) HK$'000**	31 December 2015 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**201,954**	174,252
Intangible assets		**64,026**	65,143
Goodwill		**30,554**	30,554
Interests in joint ventures		**40,956**	-
Available-for-sale investment		**-**	-
Other financial asset		**44,190**	44,624
Other receivable		**23,224**	23,522
		404,904	338,095
Current assets			
Amounts due from customers for contract work		**448,633**	485,303
Debtors, deposits and prepayments	11	**904,607**	928,667
Amounts due from associates		**7,362**	7,606
Amount due from a joint venture		**321**	321
Amounts due from other partners of joint operations		**40,030**	24,366
Held-for-trading investments		**23,625**	26,611
Tax recoverable		**9,764**	2,682
Pledged bank deposits		**94**	80
Bank balances and cash		**700,568**	800,834
		2,135,004	2,276,470
Current liabilities			
Amounts due to customers for contract work		**628,679**	664,790
Creditors and accrued charges	12	**1,116,439**	1,239,549
Amount due to an intermediate holding company		**12,538**	11,400
Amounts due to fellow subsidiaries		**1,028**	5,506
Amount due to a joint venture		**1,142**	1,142
Amounts due to other partners of joint operations		**25,594**	12,119
Amounts due to non-controlling interests		**3,094**	3,094
Amount due to an associate		**15,475**	14,369
Tax payable		**377**	3,008
Bank loans - due within one year		**133,899**	96,540
		1,938,265	2,051,517
Net current assets		**196,739**	224,953
Total assets less current liabilities		**601,643**	563,048

	Notes	30 June 2016 (Unaudited) HK$'000	31 December 2015 (Audited) HK$'000
Capital and reserves			
Ordinary share capital		**124,188**	124,188
Reserves		**333,788**	297,432
Equity attributable to owners of the Company		**457,976**	421,620
Non-controlling interests		**820**	724
Total equity		**458,796**	422,344
Non-current liabilities			
Deferred tax liabilities		**5,750**	5,750
Obligations in excess of interests in associates		**15,980**	16,173
Amount due to an associate		**3,970**	4,807
Bonds		**117,147**	113,974
		142,847	140,704
		601,643	563,048

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 2016 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

   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 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle

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

3. **REVENUE**

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

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 2016

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

Other segment information:

Six months ended 30 June 2016

	Hong Kong	**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	**365**	**-**	**-**	**365**

Six months ended 30 June 2015

	Hong Kong	The PRC	Middle East	Total
	HK$'000	HK$'000	HK$'000	HK$'000
<u>Results</u>				
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

There are no inter-segment sales for both periods.

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

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

5. INVESTMENTS AND OTHER INCOME

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Investments and other income includes:		
Gain on disposal of property, plant and equipment	**365**	282
Dividends from held-for-trading investments	**1,174**	1,511
Interest on bank deposits	**107**	28
Interest on other financial asset	**580**	650
Government subsidy	**-**	2,511

6. FINANCE COSTS

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Interests on:		
Bank borrowings wholly repayable within five years	**2,036**	1,248
Bonds	**4,322**	1,889
Imputed interest expense on non-current interest free amount due to an associate	**269**	253
	6,627	3,390

7. PROFIT BEFORE TAX

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Profit before tax has been arrived at after charging:		
Amortisation of intangible assets	**707**	760
Depreciation of property, plant and equipment	**19,524**	21,122
Less: amount attributable to construction contracts	**(7,202)**	(9,972)
	12,322	11,150

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2016	2015
	HK$'000	HK$'000
Underprovision in prior years:		
Hong Kong	**1,824**	923
Other jurisdictions	**36**	46
	1,860	969

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 2015: 16.5%) for the six months ended 30 June 2016.

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	
	2016	2015
	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	**56,460**	39,139
	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	
	2016	2015
	HK$'000	HK$'000
Dividend paid and recognised as distribution during the period:		
2015 final dividend - HK1.5 cents per share (six months ended 30 June 2015: 2014 final dividend - HK1 cent per share)	**18,628**	12,418

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:

	30 June 2016	31 December 2015
	HK$'000	HK$'000
Trade receivables analysed by age:		
0 to 60 days	**528,692**	515,246
61 to 90 days	**330**	1,336
Over 90 days	**7,984**	10,016
	537,006	526,598
Bills receivables analysed by age:		
0 to 60 days	**3,681**	5,175
61 to 90 days	**-**	878
Over 90 days	**766**	5,518
	4,447	11,571
Retention receivables	**281,587**	290,415
Other debtors, deposits and prepayments	**81,567**	100,083
	904,607	928,667
Retention receivables		
Due within one year	**61,252**	55,504
Due more than one year	**220,335**	234,911
	281,587	290,415

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 2016 HK$'000	31 December 2015 HK$'000
Trade creditors analysed by age:		
0 to 60 days	**157,871**	162,961
61 to 90 days	**6,516**	9,928
Over 90 days	**26,684**	39,400
	191,071	212,289
Retention payables	**261,010**	244,688
Accrued project costs	**631,241**	760,105
Other creditors and accrued charges	**33,117**	22,467
	1,116,439	1,239,549
Retention payables		
Repayable within one year	**72,685**	79,683
Repayable more than one year	**188,325**	165,005
	261,010	244,688

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Operating Results

For the six months ended 30 June 2016, although the Group's turnover recorded a mild decrease of 2% to HK$2,254 million, the profit after tax increased to HK$57 million by 46% as compared with the corresponding period of 2015. The increase of the profit for the first half of 2016 was contributed by projects awarded in past two years which are producing profit as tender budget. In addition, the cost overran and provision for loss of few railway projects had been fully provided in 2015 and did not cause adverse impact in the current period. Overall, this led to the improvement of gross margin to turnover ratio from 5.7% to 8.3%.

Earlier this year, we anticipated a more competitive market and were skeptical about the prospect of winning new projects in coming years due to delayed approval by Legco of funding for public works. Amidst this difficult environment, we could only work harder to enhance to our competitiveness and more cautious toward pricing our tenders. These efforts were very fruitful. Since January 2016, the Group has won 9 contracts of total values over HK$4 billion. These new projects include addition works at Admiralty station, design and construction of Kowloon East Regional Headquarter for Hong Kong Police, construction of a dual two lane road for Tseung Kwan O-Lam Tin Tunnel, building of 13-storey high tower block for Hong Kong Scout Association, Deep Cement Mixing for Hong Kong Airport Authority. At the date of this announcement, the total outstanding value of contract on hand has reached HK$12.5 billion. With the current outstanding works on hand, we are confident to endure the hard time of construction industry in Hong Kong and continue to actively tender for upcoming major infrastructures like the massive third runway in the Hong Kong International Airport.

On major on-going projects, the progress was well on program and meeting the tender budget. The tunnel and building works at Contract 824 for MTR Express Rail Link was substantially completed in June 2016; 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 has completed all major works and is working with the client on the final contract sum. The three joint venture projects for Shatin Central Link - Kai Tak Station, Diamond Hill Station and Hung Hom North Approach Tunnel, are also approaching to completion by end of this year or early next year. The Northern Connection Plaza for Tuen Mun-Chek Lap Kok Link completed over 50% and is aiming to complete by end of 2018. The construction of tunnel and substructure of ventilation building in CWB Package C3 at Wanchai West have been progressing well within program. The construction of 4.6 km dual two-lane trunk road connecting Sha Tou Kok Road to Liangtang/Heung Yuen Wai Boundary Control Point and the associated infrastructure works started off late last year smoothly; progress and costs are within budget.

On building projects, the reprovisioning of the Harbour Road Sports Center and Wan Chai Swimming Pool has entered phase 2 - construction of Harbour Road Sports Centre; the foundation works of the five-storey commercial complex at Tsing Yi has completed and superstructure is progressing as program. Both two projects are aiming to complete in mid 2017.

On new investment, we ventured into heat supply business in the northern PRC. In June 2016, we acquired 49% equity interest at a price of RMB35 million in Dezhou Heng Yuan Heating Company Limited which holds exclusive right to supply heat for 30 years to the west of the Jianhe in Dezhou Economic Development Zone of approximate area of 3.5 million square meters. We expect this new income to generate stable income stream to the Group.

At Wuxi City, the sewage treatment plant recorded a reduction of profit by 50% mainly because the one-off cash award of RMB2 million for its contribution to protection of water quality of Lake Tai was received in 2015 and did not recur in the current period.

Employees and Remuneration Policies

At 30 June 2016, the Group had a total of 1,839 employees and total remuneration for the six months ended 30 June 2016 was approximately HK$426 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 2016, the Group had liquid assets of HK$725 million (at 31 December 2015: HK$828 million) comprising held-for-trading investments of HK$24 million (at 31 December 2015: HK$27 million) and bank balances and cash of HK$701 million (at 31 December 2015: HK$801 million).

At 30 June 2016, the Group had a total of interest bearing borrowings of HK$251 million (at 31 December 2015: HK$211 million) comprising bank loans of HK$134 million (at 31 December 2015: HK$97 million) and the Bonds of HK$117 million (at 31 December 2015: HK$114 million) with following maturity profile:

	At 30 June 2016 HK$ million	At 31 December 2015 HK$ million
Borrowings due within one year	**114**	56
Borrowings due in the second year	**11**	26
Borrowings due in the third to fifth year inclusive	**126**	129
	251	211

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 2016, total borrowings of HK$117 million (at 31 December 2015: HK$114 million) carried interest at fixed rate.

Capital Structure and Gearing

At 30 June 2016, total equity was HK$459 million (at 31 December 2015: HK$422 million) comprising ordinary share capital of HK$124 million (at 31 December 2015: HK$124 million), reserves of HK$334 million (at 31 December 2015: HK$297 million) and non-controlling interests of HK$820,000 (at 31 December 2015: HK$724,000).

At 30 June 2016, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 55% (at 31 December 2015: 50%).

Pledge of Assets
At 30 June 2016, bank deposits of the Group amounting to HK$94,000 (at 31 December 2015: HK$80,000) were pledged to banks for securing the banking facility granted to the Group.

Contingent Liabilities

	At 30 June 2016 HK$ million	At 31 December 2015 HK$ million
Outstanding tender/performance/retention bonds in respect of construction contracts	**365**	297

CORPORATE GOVERNANCE CODE
The Company has complied with the code provisions of 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 2016, 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.

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 2016.

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 2016.

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 2016.

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 2016 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, 19 August 2016

As at the date hereof, the Board comprises two executive Directors, namely Mr. Zen Wei Peu, Derek and Mr. Chang Kam Chuen, Desmond, two non-executive Directors, namely Mr. David Howard Gem 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.