MAN KING HOLDINGS LIMITED
萬景控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 2193)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue	HK$81.8 million
Profit attributable to owners of the Company	HK$9.2 million
Basic and diluted earnings per share	HK2.22 cents
Equity attributable to owners of the Company per share	HK$0.65

INTERIM RESULTS

The board of directors (the "Board") of Man King Holdings Limited (the "Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

		Six months ended 30 September	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**81,760**	117,326
Cost of services		**(58,897)**	(78,697)
Gross profit		**22,863**	38,629
Other income	*4*	**1,761**	981
Other gains and losses	*5*	**714**	(2,160)
Administrative expenses		**(13,943)**	(15,937)
Listing expenses		**–**	(5,873)
Finance costs		**–**	(85)
Profit before tax	*6*	**11,395**	15,555
Income tax expense	*7*	**(2,184)**	(3,018)
Profit for the period		**9,211**	12,537
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain on transfer of owner-occupied property to investment property, net of deferred taxation		**–**	1,193
Total comprehensive income for the period		**9,211**	13,730
		HK cents	*HK cents*
Earnings per share	*9*		
Basic and diluted		**2.22**	3.52

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2016

	Notes	30 September 2016 HK$'000 (Unaudited)	31 March 2016 HK$'000 (Audited)
Non-current assets			
Investment property		**2,200**	2,200
Property, plant and equipment		**5,455**	5,033
		7,655	7,233
Current assets			
Amounts due from customers for contract works		**54,955**	60,471
Debtors, deposits and prepayments	*10*	**63,153**	48,547
Amounts due from joint operations		**10,918**	11,926
Tax recoverable		**788**	783
Held-for-trading investments		**5,484**	11,961
Short-term bank deposits		**2,011**	2,011
Pledged bank deposits		**4,730**	4,733
Bank balances and cash		**174,611**	167,001
		316,650	307,433
Current liabilities			
Amounts due to customers for contract works		**17,265**	19,371
Creditors and accrued charges	*11*	**28,697**	28,742
Amounts due to other partners of joint operations		**5,322**	7,160
Tax liabilities		**3,310**	2,319
		54,594	57,592
Net current assets		**262,056**	249,841
Total assets less current liabilities		**269,711**	257,074
Non-current liability			
Deferred tax liabilities		**474**	452
Net assets		**269,237**	256,622
Capital and reserves			
Share capital		**4,169**	4,150
Share premium and reserves		**265,068**	252,472
Total equity		**269,237**	256,622

Notes:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
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 HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 27	Equity method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Civil engineering works	**81,750**	117,321
Consultancy fee income	**10**	5
	81,760	117,326

Information reported to the management of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is on a project by project basis. Each individual project constitutes an operating segment. For operating segments that have similar economic characteristics, they are produced using similar production process, distributed and sold to similar classes of customers and under similar regulatory environment, and their segment information is aggregated into civil engineering works as single reportable segment. The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the period of the Group as presented in the condensed consolidated statement of profit or loss and other comprehensive income.

No analysis of the Group's assets and liabilities is regularly provided to the management of Group for review.

4. OTHER INCOME

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Bank interest income	**298**	755
Rental income from investment property	**39**	7
Dividend income from held-for-trading investments	**687**	–
Other	**737**	219
	1,761	981

5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**426**	131
Change in fair value of held-for-trading investments, net	**453**	(1,198)
Gain on disposal of held-for-trading investments, net	**598**	–
Unrealised exchange loss, net	**(763)**	(1,093)
	714	(2,160)

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 September	
	2016	2015
	HK$'000	*HK$'000*
Directors' emoluments	**4,245**	3,785
Other staff salaries and other allowances	**17,996**	21,770
Other staff share-based compensation	**703**	370
Other staff retirement benefit scheme contributions	**645**	830
Less: amounts included in cost of services	**(15,034)**	(18,607)
	8,555	8,148
Depreciation of property, plant and equipment	**648**	255
Less: amounts included in cost of services	**(166)**	–
	482	255
Operating lease rentals in respect of land and buildings	**793**	702

7. INCOME TAX EXPENSE

	Six months ended 30 September **2016** *HK$'000*	2015 *HK$'000*
Current tax:		
Hong Kong	**2,184**	2,367
Underprovision in prior periods	**–**	651
	2,184	3,018

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2016 (six months ended 30 September 2015: nil).

9. EARNINGS PER SHARE

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

	Six months ended 30 September **2016** *HK$'000*	2015 *HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**9,211**	12,537
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	**415,757**	356,557

The weighted average number of ordinary shares in issue of 356,557,000 for the six months ended 30 September 2015 is calculated on the assumption that the group reorganisation and the capitalisation issue are deemed to have become effective on 1 April 2015.

The diluted earnings per share does not assume the effect from the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares during the current and prior interim periods.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 September 2016 *HK$'000*	31 March 2016 *HK$'000*
Trade receivables	**35,457**	17,097
Retention receivables	**14,785**	21,193
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses	**9,601**	9,385
— Others	**3,310**	872
	63,153	48,547

The Group allows credit period up to 60 days to certain customers. The aged analysis of the Group's trade receivables based on certification/invoice dates at the end of each reporting period are as follows:

	30 September 2016 *HK$'000*	31 March 2016 *HK$'000*
Trade receivables:		
0 to 30 days	**30,118**	7,628
31 to 60 days	**5,260**	6,770
61 to 90 days	**–**	1,586
Over 90 days	**79**	1,113
	35,457	17,097
Retention receivables:		
Due within one year	**11,586**	3,440
Due after one year	**3,199**	17,753
	14,785	21,193

11. CREDITORS AND ACCRUED CHARGES

	30 September 2016 *HK$'000*	31 March 2016 *HK$'000*
Trade payables (aged analysis based on invoice dates):		
0 to 30 days	**19,290**	10,084
31 to 60 days	**528**	7,000
61 to 90 days	**3**	157
Over 90 days	**14**	15
	19,835	17,256
Retention payables	**8,067**	8,967
Other payables and accruals	**795**	2,519
	28,697	28,742
Retention payables:		
Due within one year	**6,532**	2,935
Due after one year	**1,535**	6,032
	8,067	8,967

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in providing civil engineering services in Hong Kong as main contractor.

The engineering works undertaken by the Group are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. The Group undertakes engineering projects in both public and private sectors and, being a main contractor, participates in the procurement of materials, machineries and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the projects.

The Group secured three new contracts during the six months ended 30 September 2016, with total value of approximately HK$486.4 million. As at 30 September 2016, the Group had five projects in progress, and several completed projects yet to receive the final contract sum, with a total estimated outstanding contract sum and work order value of approximately HK$593.0 million.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2016 was approximately HK$81.8 million representing a decrease of approximately 30.3% from approximately HK$117.3 million in the same period of the last financial year. This decrease was mainly due to the combined effect of:

(i) lower revenue of approximately HK$25.4 million for four civil engineering projects completed during the six months ended 30 September 2016;

(ii) lower revenue of approximately HK$32.4 million for projects for the six months ended 30 September 2016 as compared to the revenue of approximately HK$53.3 million recognised for the same projects which had been completed before 2016; and

(iii) higher revenue of approximately HK$22.3 million for the three projects in progress during the six months ended 30 September 2016.

Gross profit margin

The gross profit margin decreased from approximately 32.9% for the six months period ended 30 September 2015 to approximately 28.0% for the six months ended 30 September 2016, primarily due to projects on hand with high profit margin were substantially completed and less additional contract sums agreed at the final stage were recognised for the six months ended 30 September 2016.

Other income

Other income was approximately HK$1,761,000 and HK$981,000 for the six months ended 30 September in 2016 and 2015 respectively. The increase was mainly due to dividend income received from the securities investments.

Other gains and losses

Other gains and losses switched from a loss of approximately HK$2,160,000 for the six months ended 30 September 2015 to a gain of approximately HK$714,000 for the six months ended 30 September 2016, primarily due to net change in fair value of held-for-trading investments of approximately HK$453,000, net gain on disposal of held-for-trading investments of HK$598,000 and net unrealised exchange loss recognised of approximately HK$763,000 as a result of the depreciation of Renminbi and British Pound.

Administrative expenses

Administrative expenses for the six months ended 30 September 2016 were approximately HK$13.9 million, representing a decrease of 12.5% from approximately HK$15.9 million in same period of the last financial year. This was mainly attributable to the decrease in insurance and motor vehicle expenses as a result of the completion of several projects during the six months ended 30 September 2016.

Finance costs

There was no new borrowings and no finance costs incurred during the six months ended 30 September 2016.

Income tax expense

The effective tax rates for the six months ended 30 September 2015 and 2016 were approximately 19.4% and 19.2% respectively. The effective tax rate for the six months ended 30 September 2016 was higher than the statutory profit tax rate of 16.5% which was mainly due to the increase in tax effect of tax losses not recognised by the Company during the six months ended 30 September 2016.

Profit for the period

For the six months ended 30 September 2016, the Group recorded net profit of approximately HK$9.2 million, a decrease of approximately 26.5% as compared to the net profit of approximately HK$12.5 million for the corresponding period in the last financial year. This was mainly due to the decrease in gross profit, as mentioned above, during the six months period ended 30 September 2016.

Liquidity and Financial Resources

As at 30 September 2016, the Group had bank balances and cash of approximately HK$174.6 million (31 March 2016: HK$167.0 million), which were mainly denominated in Hong Kong dollars, Renminbi and British Pound. The Group is exposed to the currency risks for fluctuation in exchange rates of Renminbi and British Pound. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments. The Group will continue to monitor its exposure to the currency risks closely.

The Group adopts a prudent approach in cash management and there was no interest bearing borrowings as at 30 September 2016 (31 March 2016: nil).

The Group has available unutilised bank borrowings facilities of HK$18.5 million as at 30 September 2016 (31 March 2016: HK$15.0 million).

Capital Structure and Gearing Ratio

As at 30 September 2016, total equity was approximately HK$269.2 million (31 March 2016: HK$256.6 million) comprising ordinary share capital, share premium and reserves.

The gearing ratio of the Group, defined as a percentage of interest bearing liabilities divided by the total equity, is nil at 30 September 2016 (31 March 2016: nil).

Pledge of Assets

At 30 September 2016, bank deposits of the Group of approximately HK$4.7 million (31 March 2016: HK$4.7 million) are pledged to banks for securing the performance bonds issued by the banks to the Group's customers on behalf of the Group as guarantee. Deposits and prepaid expenses of approximately HK$3.4 million (31 March 2016: HK$3.4 million) has been placed and pledged to an insurance institution to secure a performance bond issued by the institution to a customer of the Group.

Capital Commitments

At 30 September 2016, the Group has no committed capital expenditure (31 March 2016: nil).

Performance Bonds and Contingent Liabilities

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured by other deposits and pledged bank deposits. The performance bonds are released when the construction contracts are completed or substantially completed.

At 30 September 2016, the Group had outstanding performance bonds issued by banks of approximately HK$14.8 million (31 March 2016: HK$14.9 million) and issued by an insurance institution of approximately HK$3.4 million (31 March 2016: HK$3.4 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2016, the Group had an aggregate of 104 full-time employees (31 March 2016: 116 full-time employees). Employee costs excluding directors' emoluments totalled approximately HK$19.3 million for the six months ended 30 September 2016 (six months ended 30 September 2015: HK$23.0 million). The Group recruited and promoted individual persons according to their strength and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

FUTURE OUTLOOK

Hong Kong's public spending on infrastructure has been maintained at high levels, and the key major infrastructure projects are still going on. The operating expenses and compensation of employees of the construction sector remain high despite the hard time recruiting qualified engineers and workers has been halted. The prices for supply of major materials such as concrete, rebars and fuels dropped in the first half of the year. This helped inhibit the ever rising trend of the overall construction cost in the past few years and the Board believes that the overall construction cost will remain stable for the remainder of 2016.

Despite these encouraging market conditions, the continuing poor efficiency of the Legislative Council to approve funding for public projects due to filibustering has not only given rise to significant uncertainties and difficulties in submission and award of tenders in the industry but it has also generally affected the performance of the main contractors in terms of revenue and profit margins.

While the Group has secured three contracts with total values about HK$486.4 million so far this interim period and few other tenders that are pending final results, the Group remains focused on further improving our operation efficiency and tender tactics to secure more contracts with reasonable profit margins. The Hong Kong construction environment is likely to remain challenging, but it is not insurmountable. The Group will proceed with caution to maintain a healthy reserve of finance and work force throughout 2016 and the year ahead for effective operation as well as further expansion and development of our business.

SIGNIFICANT INVESTMENTS

During the six months ended 30 September 2016, the Company did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 September 2016, there was no material acquisition or disposal of subsidiaries and associated companies by the Company.

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 September 2016.

CORPORATE GOVERNANCE

The Company has adopted, applied and 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 for the six months ended 30 September 2016, except for provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

According to provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Lo Yuen Cheong is the Chairman and Chief Executive Officer of the Company, responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer has the benefit of managing the Group's business and overall operation in an efficient manner. The Board considers that the balance of power and authority under the present arrangement will not be impaired in light of the operations of the Board with half of them being independent non-executive Directors. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors.

Upon specific enquiry of all the Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 September 2016.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the share offer of the Company in connection with its listing on 3 July 2015 was approximately HK$71.1 million. According to the section "Future Plans and Use of Proceeds" set out in the prospectus of the Company dated 19 June 2015, the Group has used the net proceeds as follows:

	Proposed application *HK$' million*	**Actual usage up to the date of announcement** *HK$' million*
Acquisition of additional machinery and equipment	42.7	1.8
Hiring of additional staff	17.8	0.6
Upgrade of information technology system and software	3.5	0.9
General working capital	7.1	7.1
	71.1	10.4

As at the date of this announcement, the Group does not anticipate any change to the above use of proceeds.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend in respect of the six months ended 30 September 2016.

REVIEW OF INTERIM RESULTS

The Audit Committee and the Company's external auditor have reviewed the accounting policies adopted by the Group and the unaudited consolidated interim financial results for the six months ended 30 September 2016.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the Company's website (www.manking.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Interim Report 2016/2017 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.

By order of the Board
Man King Holdings Limited
Lo Yuen Cheong
Chairman and Executive Director

Hong Kong, 29 November 2016

As at the date of this announcement, the Board comprises Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong, as executive Directors; Ms. Chan Wai Ying as non-executive Director; and Mr. Leung Wai Tat Henry, Prof. Lo Man Chi, Ms. Chau Wai Yung as independent non-executive Directors.