CHINNEY KIN WING HOLDINGS LIMITED
建業建榮控股有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 1556)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

The board of directors (the "Board") of Chinney Kin Wing Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2017 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2017 together with comparative figures in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2017	2016
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**590,931**	886,021
Cost of construction		**(428,000)**	(677,442)
Gross profit		**162,931**	208,579
Other income and gains	*4*	**1,537**	259
Administrative expenses		**(104,960)**	(133,688)
PROFIT BEFORE TAX	*5*	**59,508**	75,150
Income tax expense	*6*	**(9,807)**	(13,478)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**49,701**	61,672
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**49,701**	61,672
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*7*		
Basic and diluted		**HK 3.31 cents**	HK 4.11 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2017 (Unaudited) HK$'000	31 December 2016 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	**350,181**	336,946
CURRENT ASSETS			
Gross amount due from contract customers		**48,365**	62,296
Trade receivables	10	**138,549**	83,852
Retention monies receivable		**187,187**	187,912
Prepayments, deposits and other receivables		**18,728**	23,829
Due from a fellow subsidiary		**1,790**	1,790
Due from a related company	11	**14,326**	-
Tax recoverable		**11,271**	18,567
Pledged time deposits		**6,130**	7,502
Cash and cash equivalents		**214,086**	312,133
Total current assets		**640,432**	697,881
CURRENT LIABILITIES			
Gross amount due to contract customers		**382,296**	407,723
Trade payables	12	**88,095**	88,463
Retention monies payable		**29,290**	28,489
Other payables and accruals		**42,418**	53,850
Tax payable		**4,396**	1,357
Total current liabilities		**546,495**	579,882
NET CURRENT ASSETS		**93,937**	117,999
TOTAL ASSETS LESS CURRENT LIABILITIES		**444,118**	454,945
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**51,703**	52,231
Net assets		**392,415**	402,714
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**150,000**	150,000
Reserves		**242,415**	252,714
Total equity		**392,415**	402,714

NOTES:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the Company's head office and principal place of business is located at 23rd Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong.

The Company is an investment holding company. During the period under review, the Company's subsidiaries were principally involved in foundation construction, and drilling and site investigation works for both public and private sectors in Hong Kong and overseas.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2016.

The condensed consolidated interim financial statements have been prepared under the historical cost convention. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2016 except as described below. In the current period, the Group has applied, for the first time, the following revised Hong Kong Financial Reporting Standards ("HKFRS", which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group's financial years beginning on or after 1 January 2017.

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Annual Improvements 2012-2014 Cycle	Amendments to HKFRS 12 *Disclosure on Interests in Other Entities*

The adoption of the above revised HKFRSs has had no significant financial effect on this interim financial information and there have been no significant changes to the accounting policies applied in this interim financial information.

3. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their services and has two reportable operating segments as follows:

- Foundation construction and ancillary services (the "Foundation Division"); and
- Drilling and site investigation (the "Drilling Division")

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted operating profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income and unallocated corporate gains and expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Six months ended 30 June 2017

	Foundation construction and ancillary services (Unaudited) *HK$'000*	**Drilling and site investigation (Unaudited)** *HK$'000*	**Total (Unaudited)** *HK$'000*
Segment revenue:			
Sales to external customers	**513,217**	**77,714**	**590,931**
Intersegment sales	**-**	**16,682**	**16,682**
Other revenue			
Rental income from leasing of machinery	**636**	**-**	**636**
Others	**701**	**-**	**701**
	514,554	**94,396**	**608,950**
Reconciliation:			
Elimination of intersegment sales			**(16,682)**
Other revenue			**(1,337)**
Revenue			**590,931**
Segment results	**50,752**	**9,991**	**60,743**
Reconciliation:			
Corporate and other unallocated expenses			**(1,818)**
Interest income			**583**
Profit before tax			**59,508**

3. OPERATING SEGMENT INFORMATION *(continued)*

As at 30 June 2017

	Foundation construction and ancillary services (Unaudited) *HK$'000*	Drilling and site investigation (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment assets	**862,875**	**126,328**	**989,203**
Reconciliation:			
Corporate and other unallocated assets			1,410
Total assets			990,613
Segment liabilities	**480,788**	**113,456**	**594,244**
Reconciliation:			
Corporate and other unallocated liabilities			3,954
Total liabilities			598,198

3. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2016

	Foundation construction and ancillary services (Unaudited) *HK$'000*	Drilling and site investigation (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*
Segment revenue:			
Sales to external customers	829,810	56,211	886,021
Intersegment sales	-	15,871	15,871
Other revenue	137	-	137
	829,947	72,082	902,029
Reconciliation:			
Elimination of intersegment sales			(15,871)
Other revenue			(137)
Revenue			886,021
Segment results	80,913	774	81,687
Reconciliation:			
Corporate and other unallocated expenses			(6,649)
Interest income			112
Profit before tax			75,150

As at 31 December 2016

	Foundation construction and ancillary services (Audited) *HK$'000*	Drilling and site investigation (Audited) *HK$'000*	Total (Audited) *HK$'000*
Segment assets	884,130	120,136	1,004,266
Reconciliation:			
Corporate and other unallocated assets			30,561
Total assets			1,034,827
Segment liabilities	507,899	118,425	626,324
Reconciliation:			
Corporate and other unallocated liabilities			5,789
Total liabilities			632,113

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**583**	112
Rental income from leasing of machinery	**636**	-
Exchange gains, net	**318**	25
Others	-	122
	1,537	259

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**33,514**	36,879
Employee benefit expense (including directors' remuneration)	**40,445**	50,971
Minimum lease payments under operating leases	**3,929**	1,547
Loss on disposal of items of property, plant and equipment	**832**	14,942
Foreign exchange differences, net	**(318)**	(25)

6. INCOME TAX

	Six months ended 30 June	
	2017	2016
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Hong Kong		
Charge for the period	**9,853**	3,468
Current – Elsewhere		
Charge for the period	**482**	-
Deferred	**(528)**	10,010
Total tax charge for the period	**9,807**	13,478

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK$49,701,000 (2016: HK$61,672,000) and the weighted average number of ordinary shares of 1,500,000,000 (2016: 1,500,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2017 and 2016.

8. DIVIDENDS

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2017 (2016: Nil).

9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment with a total cost of HK$54,928,000 (2016: HK$26,780,000). Property, plant and equipment with a net book value of HK$1,040,000 were disposed of by the Group during the six months ended 30 June 2017 (2016: HK$16,582,000) with a net loss of HK$832,000 (2016: HK$14,942,000). The Group had transferred property, plant and equipment with a net book value of HK$6,883,000 to costs of construction contracts during the six months ended 30 June 2017 (2016: Nil).

10. TRADE RECEIVABLES

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Trade receivables	**138,549**	83,852

The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing. At 30 June 2017, the Group had certain concentration risk that may arise from the exposure to the five largest customers which accounted for 58% (31 December 2016: 82%) of the Group's total receivables. At 30 June 2017, the Group had certain concentration risk that may arise from the exposure to the largest customer which accounted for 23% (31 December 2016: 41%) of the Group's total receivables.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Current to 30 days	**97,361**	50,429
31 to 60 days	**21,483**	32,135
61 to 90 days	**12,075**	1,065
Over 90 days	**7,630**	223
	138,549	83,852

11. DUE FROM A RELATED COMPANY

The amount due from a related company represented construction contracting income certified and not yet due for payment from Gold Famous Development Limited ("Gold Famous"). Gold Famous is an indirect wholly-owned subsidiary of Hon Kwok Land Investment Company, Limited ("Hon Kwok") of which Dr. James Sai-Wing Wong, a substantial shareholder of the Company, is also a director of and has a beneficial interest in. Mr. Herman Man-Hei Fung, Mr. Yuen-Keung Chan and Mr. James Sing-Wai Wong are common directors of the Company and Hon Kwok.

12. TRADE PAYABLES

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Trade payables	**88,095**	88,463

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2017 (Unaudited) ***HK$'000***	31 December 2016 (Audited) *HK$'000*
Current to 30 days	**82,678**	82,823
31 to 60 days	**3,375**	3,419
61 to 90 days	**591**	56
Over 90 days	**1,451**	2,165
	88,095	88,463

The trade payables are non-interest bearing and normally settled on 30-day terms.

RESULTS

The Board is pleased to announce that the Group recorded a turnover of HK$590.93 million for the six months ended 30 June 2017 (2016: HK$886.02 million) and achieved a profit of HK$49.70 million (2016: HK$61.67 million).

INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months end 30 June 2017 (2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operation Review

The Group is engaged in foundation construction and ancillary services (the "Foundation Division"), and drilling and site investigation works (the "Drilling Division") for both public and private sectors in Hong Kong and overseas.

During the six months ended 30 June 2017, the Group had completed 7 and 22 projects in the Foundation Division and the Drilling Division respectively with contract sum of approximately HK$929 million in aggregate.

As at 30 June 2017, the Group had 16 and 30 projects undertaken with contract sum in aggregate of approximately HK$1,519 million in the Foundation Division and the Drilling Division respectively.

Revenue

The Group's total revenue for the period under review was HK$590.93 million, representing a decrease of 33.31% when compared to HK$886.02 million for the six months ended 30 June 2016. The decrease of revenue was primarily due to continuing weakness in the construction market and keen competition among the market players. The reduced number of tender opportunities for sizable projects in both the public and private sectors of the foundation industry have reduced our revenue in the reporting period.

Gross profit and gross profit margin

During the period under review, the Group's total gross profit was HK$162.93 million as compared with the corresponding period of last year of HK$208.58 million, representing a decrease of 21.89%. The decrease of total gross profit is related to the decrease in revenues during this reporting period. At the same time, the gross profit margin of 27.57% is higher than last year's margin for the corresponding period of 23.54%. The increase in gross profit margin is the result of successful ongoing implementations of stringent project cost control policies. In addition, during this period we came to terms with our customers on final project accounts for certain completed projects. This led to recording additional project income for this period while the corresponding construction costs were accrued in previous periods, thus leading to higher gross profit margin.

Administrative expenses

The Group's administrative expenses decreased to HK$104.96 million compared to last year's corresponding period of HK$133.69 million. This represents a decrease of 21.49%. Last year's administrative expenses were higher because of losses of HK$14.94 million incurred on the disposal of items of property, plant and equipment. There was no markdown for similar disposals this year. Additional savings were the result of a decrease in administrative expenses attributable to our stringent control of overhead costs.

Net profit

The Group's net profit for the period was HK$49.70 million, representing a decrease of 19.41% over last year's the corresponding period of HK$61.67 million. The decrease in net profit was due directly to the decrease in gross profit but the magnitude of the decrease was partly set-off by the decrease of administrative expenses.

Financial Review

Liquidity and financial resources

The Group maintained a sound financial position during the period under review. As at 30 June 2017, the Group had unpledged cash and bank balances of HK$214.09 million as compared with that of HK$312.13 million as at 31 December 2016. This difference was mainly due to the payment of a 2016 final dividend of HK$60.00 million as well as a cash payment of HK$54.93 million for investments in plant and equipment.

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Pledge of assets

As at 30 June 2017, time deposits of HK$5.13 million (31 December 2016: HK$6.50 million) were pledged to banks to secure the performance bonds issued in favour of the Group's clients on contracting works. In addition, a time deposit of HK$1.00 million (31 December 2016: HK$1.00 million) was pledged to a bank to secure general banking facilities extended to the Group.

Capital commitments

As at 30 June 2017, the Group had no capital commitments (31 December 2016: HK$30.74 million) contracted for the acquisition of plant and machinery.

Contingent liabilities

As at 30 June 2017, the Group provided corporate guarantees and indemnities to certain banks for an aggregate amount of HK$235.32 million (31 December 2016: HK$227.19 million) for the issue of performance bonds in its ordinary course of business. Certain of these performance bonds were also secured by time deposits amounting to HK$5.13 million (31 December 2016: HK$6.50 million).

Employees and remuneration policies

As at 30 June 2017, the Group employed 557 staff members in Hong Kong. We are proud of the professional foundation contracting team formed by these colleagues. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident funds and educational subsidies to eligible staff members.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

From the last period, the unutilised portion of the net proceeds from our public listing was in the amount of HK$9.77 million. All funds as at the date of our 2016 Annual Report were properly used in accordance with the proposed applications. These uses were for the acquisition of additional machinery in the amount of HK$9.00 million and also for the enhancement of design capability and modifications of plant and machinery in the amount of HK$0.77 million. As at 30 June 2017, the Company had no remaining unutilised net proceeds from the listing.

OUTLOOK AND FUTURE PLANS

The foundation industry in Hong Kong continues to be weak and we do not expect apparent recovery in the second half of 2017. Keen competition among an increasing number of market players and a cyclical reduction of tender opportunities from the public and private sectors of the Hong Kong foundation market has created a downward pressure and narrowing of profit margins for new tenders. As one of the major market players, the Group has had to adjust tendering strategies by lowering the bidding prices for new contracts in order to maintain our competitiveness in the industry. The Group's revenue and profit will be affected by this highly competitive atmosphere. To cope with this challenging environment, the Group will continue to: implement stringent cost control measures on projects; strengthen the project management team; optimise our design capabilities; and improve our production efficiency to minimise any adverse impact to the Group.

As disclosed in our 2016 Annual Report, our Drilling Division (DrilTech) was awarded a site investigation contract in Singapore that commenced in early April 2017. This contract has been satisfactorily completed in late August 2017, ahead of the original schedule. DrilTech will continue to explore other business opportunities in Singapore and Malaysia so as to broaden the Group's potential revenue base. Moreover, the Group considers site investigation and down-the-hole drilling businesses to be the first tier to recover from the current depressed business environment. We will therefore devote adequate resources to systematically modernising machinery and retaining talented professionals so as to build up DrilTech's professional expertise for both disciplines. DrilTech's fine performance was one of the highlights of this reporting period and we expect their results to improve further with increasing revenue and profit contribution to the Group. Finally, the Group established a new division specialised in site formation, pile cap and basement construction works which is in line with the overall development of the Group in providing all round and professional foundation services to our customers.

Given the Group's established reputation in the foundation industry, together with our talented and highly motivated staff led by a committed Execution Panel, we are confident that the Group's business and our client base will continue to expand. Most recently, our Group has been awarded the single largest foundation contract since our establishment, and we are therefore conservatively optimistic as to the long terms demands in the construction industry despite the current weak foundation market conditions. In particular, we look forward to The Government of the HKSAR fulfilling its commitment to long term public housing development, subsidised sale flats, and land supply for the next decade.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere appreciation to our customers, business partners and shareholders for their long-lasting support. I would also like to thank my fellow Directors for their advice and guidance, Execution Panel for their expertise in the management of our operating departments, and all our staff for their hard work, loyalty and contributions which are essential to the Group's success for the period under review.

CORPORATE GOVERNANCE

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Listing Rules. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2017.

Compliance with the Corporate Governance Code

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2017.

Audit Committee

The Audit Committee comprises all the three independent non-executive directors namely Mr. Siu-Chee Kong (Chairman of the Audit Committee), Mr. Ivan Ti-Fan Pong and Mr. Robert Che-Kwong Tsui. Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 June 2017 have not been audited, but have been reviewed by the Audit Committee.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2017.

By Order of the Board
Yuen-Keung Chan
Vice Chairman

Hong Kong, 29 August 2017

At the date of this announcement, the Board comprises of nine directors, of which six are executive directors, namely Mr. Herman Man-Hei Fung, Mr. Yuen-Keung Chan, Mr. James Sing-Wai Wong, Mr. Wing-Sang Yu, Mr. Philip Bing-Lun Lam and Mr. Hin-Kwong So; and three are independent non-executive directors, namely Mr. Siu-Chee Kong, Mr. Ivan Ti-Fan Pong and Mr. Robert Che-Kwong Tsui.

* *For identification purpose only*