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 2018

FINANCIAL PERFORMANCE HIGHLIGHTS	
Revenue	HK$97.4 million
Profit attributable to owners of the Company	HK$1.0 million
Basic earnings per share	HK0.23 cents
Equity attributable to owners of the Company per share	HK$0.57

INTERIM RESULTS

The board (the "Board") of directors (the "Directors") 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 2018 together with the comparative figures for the preceding financial year as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

		Six months ended 30 September	
		2018	2017
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**97,413**	121,824
Cost of services		**(84,961)**	(104,002)
Gross profit		**12,452**	17,822
Other income	*4*	**1,172**	769
Other gains and losses	*5*	**173**	1,088
Administrative expenses		**(12,355)**	(12,892)
Finance costs		**(58)**	–
Profit before tax	*6*	**1,384**	6,787
Income tax expense	*7*	**(430)**	(1,311)
Profit and other comprehensive income for the period		**954**	5,476
		HK cents	*HK cents*
Earnings per share	*9*		
Basic		**0.23**	1.30
Diluted		**N/A**	1.30

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2018

	Notes	**30 September 2018** *HK$'000* **(Unaudited)**	31 March 2018 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment		**17,214**	18,479
Debt investment		**3,500**	–
Held-to-maturity investment		**–**	3,500
		20,714	21,979
Current assets			
Inventories		**7,961**	–
Contract assets	*10*	**55,106**	–
Amounts due from customers for contract works		**–**	86,736
Debtors, deposits and prepayments	*11*	**38,864**	57,951
Amounts due from joint operations		**20,075**	19,974
Tax recoverable		**1,976**	1,881
Financial assets at fair value through profit or loss		**4,497**	7,829
Pledged bank deposits		**5,206**	5,206
Bank balances and cash		**149,318**	153,624
		283,003	333,201
Current liabilities			
Contract liabilities	*10*	**9,073**	–
Amounts due to customers for contract works		**–**	22,449
Creditors and accrued charges	*12*	**37,425**	32,606
Amounts due to other partners of joint operations		**12,848**	14,082
Tax liabilities		**2,372**	803
Bank borrowing		**2,452**	3,026
		64,170	72,966
Net current assets		**218,833**	260,235
Total assets less current liabilities		**239,547**	282,214
Non-current liability			
Deferred tax liabilities		**412**	1,292
Net assets		**239,135**	280,922
Capital and reserves			
Share capital		**4,198**	4,198
Share premium and reserves		**234,937**	276,724
Total equity		**239,135**	280,922

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 (the "Stock Exchange") and with the Hong Kong Accounting Standard 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 at the end of the reporting period.

Other than changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards ("HKFRS") and an interpretation, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2018 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2018.

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs and an interpretation issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 April 2018 for the preparation of the Group's condensed consolidated financial statements.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs and an interpretation have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers*

The Group has applied HKFRS 15 for the first time in current interim period. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulated effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

Key changes in accounting policies resulting from application of HKFRS 15

(1) Under HKFRS 15, the Group recognises revenue over time when (or as) the control of an underlying performance obligation, i.e goods or services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same, is transferred to the customer.

In line with HKFRS 15, the Group adopts the output method in recognising the revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation. The progress towards complete satisfaction of a relevant performance obligation is measured by reference to the certificates issued by the external surveyors on the performance completed to date. The current practice adopted by the Group is consistent with output method in recognising value over time under HKFRS 15. Hence, there were no adjustments made to the recognised revenue.

(2) Under HKAS 11, the Group charged the incurred construction costs to profit or loss account by reference to the stage of completion of the contract activity at the end of relevant reporting date. Under HKFRS 15, those incurred construction costs qualified to be recognised as assets are amortised to profit or loss on a systematic basis that is consistent with the transfer to customer of the performance obligation to which the assets are related. Accordingly, construction costs that incurred but deferred to be recognised in profit or loss and included in amounts due from customers under HKAS 11 were charged to retained earnings. The related tax effects are recognised in tax liabilities and retained earnings.

(3) Under HKFRS 15 deferred materials that were included in amounts due from/to customers for contract works under HKAS 11 were reclassified to inventories.

(4) Under HKFRS 15, unbilled revenue and retention receivables, arising from the construction contracts that are conditional on issuance of payment certificates by customers and included in amounts due from customers for contract works and trade and other receivables under HKAS 11 were reclassified to contract assets.

(5) Under HKFRS 15, the Group's obligation to transfer to the customers of the services to which the assets relate and the Group has received consideration from the customers that was classified as amounts due to customers for contract works under HKAS 11 was reclassified to contract liabilities.

The following table summarises the impact of transition to HKFRS 15 on retained earnings at 1 April 2018.

	Impact of adopting HKFRS 15 at 1 April 2018 ***HK$'000***
Impact on retained earnings at 1 April 2018	
Adjustments of amounts due from/to customers for contract works	(27,776)
Tax effect	(271)
Impact at 1 April 2018	(28,047)

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2018	Reclassifications	Adjustments	Carrying amounts under HKFRS 15 at 1 April 2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current assets				
Inventories	–	7,575	–	7,575
Contract assets	–	58,782	–	58,782
Amounts due from customers for contract works	86,736	(55,581)	(31,155)	–
Debtors, deposits and prepayments	57,951	(10,686)	–	47,265
Current liabilities				
Contract liabilities	–	19,160	–	19,160
Amounts due to customers for contract works	22,449	(19,070)	(3,379)	–
Tax liabilities	803	–	486	1,289
Non-current liability				
Deferred tax liabilities	1,292	–	(215)	1,077
Capital and reserves				
Share premium and reserves	276,724	–	(28,047)	248,677

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 September 2018 and its condensed consolidated statement of profit or loss and other comprehensive income for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position

	As reported	Reclassifications	Adjustments	Amounts without application of HKFRS 15
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Current assets				
Inventories	7,961	(7,961)	–	–
Contract assets	55,106	(55,106)	–	–
Amounts due from customers for contract works	–	50,711	37,795	88,506
Debtors, deposits and prepayments	38,864	12,188	–	51,052
Current liabilities				
Contract liabilities	9,073	(9,073)	–	–
Amounts due to customers for contract works	–	8,905	10,242	19,147
Tax liabilities	2,372	–	(1,530)	842
Non-current liability				
Deferred tax liabilities	412	–	215	627
Capital and reserves				
Share premium and reserves	234,937	–	28,868	263,805

Impact on the condensed consolidated statement of profit or loss and other comprehensive income

	As reported *HK$'000*	Adjustments *HK$'000*	Amounts without application of HKFRS 15 *HK$'000*
Revenue	97,413	4,555	101,968
Cost of services	(84,961)	(4,778)	(89,739)
Gross profit	12,452	(223)	12,229
Profit before tax	1,384	(223)	1,161
Income tax (expense) credit	(430)	1,044	614
Profit and other comprehensive income for the period	954	821	1,775
	HK cents		***HK cents***
Earnings per share			
— Basic	0.23		0.42*(Note)*

Note: Without applying HKFRS 15, the profit for the period attributable to the owners of the Company and earnings for the purpose of basic earnings per share is HK$1,775,000.

Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments*

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

Key changes in accounting policies resulting from application of HKFRS 9

(1) Classification and measurement of financial assets

All recognised financial assets that are within the scope of HKFRS 9 are classified according to specified conditions into (i) Financial assets measured at amortised cost; and (ii) Financial assets measured at fair value through profit or loss.

The Directors reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. The Directors considered that the changes in classification and measurement of the financial assets under HKFRS 9 have no material impact to the Group.

(2) Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including debt investment, trade receivables, other debtors and deposits, contract assets, amounts due from joint operations, pledged bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The adoption has not resulted in any additional impairment for financial assets as at 1 April 2018 and 30 September 2018 and the results for the six months ended 30 September 2018.

3. REVENUE AND SEGMENT INFORMATION

	Six months ended 30 September	
	2018	2017
	HK'000	*HK'000*
Civil engineering works	**96,852**	121,813
Service income from trading of construction materials	**561**	–
Consultancy fee income	**–**	11
	97,413	121,824

4. OTHER INCOME

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Bank interest income	**623**	363
Interest income from debt investment	**105**	–
Rental income from investment property	**–**	33
Dividend income from financial assets at fair value through profit or loss	**306**	312
Others	**138**	61
	1,172	769

5. OTHER GAINS AND LOSSES

	Six months ended 30 September 2018 HK$'000	2017 HK$'000
Gain on disposal of property, plant and equipment	–	162
Change in fair value of financial assets at fair value through profit or loss, net	**421**	97
Change in fair value of investment property	–	40
Net exchange (losses) gains	**(248)**	789
	173	1,088

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Six months ended 30 September 2018 HK$'000	2017 HK$'000
Directors' emoluments	**3,544**	3,753
Other staff salaries and other allowances	**24,280**	22,322
Other staff share-based compensation	–	310
Other staff retirement benefit scheme contributions	**797**	754
Total staff costs	**28,621**	27,139
Less: amounts included in cost of services	**(20,074)**	(18,581)
	8,547	8,558
Depreciation of property, plant and equipment	**2,321**	1,160
Less: amounts included in cost of services	**(1,838)**	(715)
	483	445
Operating lease rentals in respect of land and buildings	**859**	1,218

7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Income tax:		
Current period	**1,095**	936
Underprovision in prior periods	**–**	383
	1,095	1,319
Deferred taxation	**(665)**	(8)
	430	1,311

8. DIVIDEND

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
Dividend paid and recognised as distribution during the period:		
2018 final dividend — HK3.5 cents per ordinary share (six months ended 30 September 2017: nil)	**14,694**	–

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: 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	
	2018	2017
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**954**	5,476
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	**419,818**	420,442

For the six months ended 30 September 2018, no diluted earnings per share was presented as there were no potential ordinary shares in issue since 31 March 2018. For the six months ended 30 September 2017, the diluted earnings per share did not assume the effect from the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares during the prior interim period.

10. CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 September 2018 *HK$'000*
Contract balance at the end of the reporting period is as follows:	
Civil engineering works	**46,033**
Analysed for reporting purpose as:	
Contract assets	**55,106**
Contract liabilities	**(9,073)**
	46,033

The following is an aging analysis of retention money which is to be settled, based on the expiry of defect liability period, at the end of the reporting period.

	30 September 2018 *HK$'000*
Due within one year	**4,882**
Due after one year	**7,306**
	12,188

11. DEBTORS, DEPOSITS AND PREPAYMENTS

	30 September 2018 HK$'000	31 March 2018 HK$'000
Trade receivables	**17,330**	33,616
Retention receivables *	**–**	10,686
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses	**17,437**	12,619
— Others	**4,097**	1,030
	38,864	57,951

* Amounts reclassified to contract assets as at 30 September 2018.

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

	30 September 2018 HK$'000	31 March 2018 HK$'000
Trade receivables:		
0 to 30 days	**17,330**	15,089
31 to 60 days	**–**	17,689
Over 60 days	**–**	838
	17,330	33,616
Retention receivables:		
Due within one year	**–**	5,707
Due after one year	**–**	4,979
	–	10,686

12. CREDITORS AND ACCRUED CHARGES

	30 September 2018 HK$'000	31 March 2018 HK$'000
Trade payables (aging analysis based on invoice dates):		
0 to 30 days	**17,054**	7,428
31 to 60 days	**2,011**	8,789
61 to 90 days	**2,266**	2,510
Over 90 days	**101**	3,610
	21,432	22,337
Retention payables	**10,822**	8,692
Other payables and accruals	**5,171**	1,577
	37,425	32,606
Retention payables:		
Due within one year	**1,350**	2,790
Due after one year	**9,472**	5,902
	10,822	8,692

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.

As at 30 September 2018, the Group had seven 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$549.8 million. Subsequent to 30 September 2018, a joint venture established by a wholly-owned subsidiary of the Company and an independent third party (the "JV") has entered into a contract with a customer, who is also an independent third party of the Group and the JV. Total contract sum thereunder is approximately HK$346.9 million.

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2018 was approximately HK$97.4 million, representing a decrease of approximately 20.0% from approximately HK$121.8 million in the same period of the last financial year. This decrease was mainly due to the combined effect of:

(i) higher revenue of approximately HK$27.5 million for two projects commenced in late 2017 and early 2018;

(ii) lower revenue of approximately HK$19.4 million for four projects in progress during the six months ended 30 September 2018;

(iii) lower revenue of approximately HK$33.1 million for projects for the six months ended 30 September 2018 as compared to the revenue of approximately HK$34.2 million recognised for the same projects which had been completed before 2018; and

(iv) service income from trading of construction materials of approximately HK$0.6 million from April to July 2018.

Gross profit margin

The gross profit margin decreased from approximately 14.6% for the six months ended 30 September 2017 to approximately 12.8% for the six months ended 30 September 2018. The decrease is primarily due to substantial completion of projects on hand with higher profit margin and less additional contract sums agreed at the final stage were recognised for the six months ended 30 September 2018. The expected gross profit margin for new projects is lower than those undertaken in previous years which reflects keen competition in the construction industry and the adoption of new NEC form of contract.

Other income

Other income was approximately HK$1,172,000 and HK$769,000 for the six months ended 30 September in 2018 and 2017, respectively. The increase was mainly due to the increase in interest income received from bank deposits and debt investment.

Other gains and losses

Other gains were approximately HK$173,000 and HK$1,088,000 for the six months ended 30 September 2018 and 2017, respectively. The decrease was mainly due to the exchange loss as a result of the depreciation of foreign currencies, which was partially offset by the increasing net change in fair value of financial assets at fair value through profit or loss.

Administrative expenses

Administrative expenses for the six months ended 30 September 2018 were approximately HK$12.4 million, representing a decrease of 4.2% from approximately HK$12.9 million in same period of the last financial year. This was mainly attributable to the decrease in the share-based payment transactions and legal and professional expenses, which was partially offset by the increase in staff costs in relation to the projects progress.

Finance costs

The Group has obtained new bank borrowing since late 2017 and accordingly finance costs increased to approximately HK$58,000 (2017: nil).

Income tax expense

The effective tax rates for the six months ended 30 September 2017 and 2018 were approximately 19.3% and 31.1%, respectively. The effective tax rate for the six months ended 30 September 2018 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 2018.

Profit for the period

For the six months ended 30 September 2018, the Group recorded net profit of approximately HK$1.0 million, representing a decrease of approximately HK$4.5 million as compared to the net profit of approximately HK$5.5 million for the corresponding period in the last financial year. This was mainly due to the new adoption of HKFRS 15 by the Group from 1 April 2018 in preparation of the unaudited consolidated results of the Group for the six months ended 30 September 2018 and decrease in gross profit margin during the six months period ended 30 September 2018 as mentioned above.

Liquidity and Financial Resources

As at 30 September 2018, the Group had bank balances and cash of approximately HK$149.3 million (31 March 2018: HK$153.6 million), which were mainly denominated in Hong Kong dollars and British Pound. The Group is exposed to the currency risks for fluctuation in exchange rates of 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.

As at 30 September 2018, the Group had interest bearing borrowing of approximately HK$2.5 million (31 March 2018: HK$3.0 million) with a repayable on demand clause. Such borrowing was denominated in Hong Kong dollars, carried at variable interest rate and had no financial instrument for hedging purpose.

The Group had available unutilised bank borrowings facilities of approximately HK$11.7 million as at 30 September 2018 (31 March 2018: HK$11.7 million).

Capital Structure and Gearing Ratio

As at 30 September 2018, the Group's total equity was approximately HK$239.1 million (31 March 2018: HK$280.9 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 approximately 1.0% as at 30 September 2018 (31 March 2018: 1.1%).

Pledge of Assets

As at 30 September 2018, bank deposits of the Group in the amount of approximately HK$5.2 million (31 March 2018: HK$5.2 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$25,000 (31 March 2018: HK$25,000) 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

The Group had no capital commitments as at 30 September 2018 (31 March 2018: nil).

Performance Bonds and Contingent Liabilities

Certain customers of the 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 either by other deposits or pledged bank deposits. The performance bonds are released when the construction contracts are completed or substantially completed.

As at 30 September 2018, the Group had outstanding performance bonds issued by banks of approximately HK$13.3 million (31 March 2018: HK$13.3 million) and issued by an insurance institution of approximately HK$25,000 (31 March 2018: HK$25,000).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 September 2018, the Group had an aggregate of 137 full-time employees (31 March 2018: 135 full-time employees). Employee costs excluding directors' emoluments totalled approximately HK$25.1 million for the six months ended 30 September 2018 (six months ended 30 September 2017: HK$23.4 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

In this interim period, the Group continued to focus on the local public civil engineering market which remains dire competitive. Facing this challenging business environment, we continued to work collaboratively with other partners in form of joint venture to optimize our competitive strength with minimized risk, and was well acceded to by the award of public works by the HKSAR Water Supplies Department in November 2018. We are also known for our strong relationships with clients, working collaboratively with them, anticipating issues they face, and providing problem-solving solutions and innovation which is critical to demonstrate our strength in securing new work. A good example is the Highly Commended Award in the New Engineering Contract (NEC) Project of the Year awarded by the UK Institution of Civil Engineers (ICE) for its contract with CEDD (Civil Engineering Development Department) in June 2018.

Apart from focusing on local construction industry, as reported in previous reports, we have been seeking opportunities to cooperate with other contractors to diversify and expand our client base outside Hong Kong, especially the China's economic clout in One Belt One Road projects. Riding on our various advantages in project management and professional competence on infrastructure and maritime works, we are well-equipped and confident to grasp the opportunities in the near future.

We also sought way to diversify/expand our business by trading of construction materials to facilitate infrastructure projects during the interim period. Notwithstanding the fact that the trading of construction materials is competitive especially for an entrant to this material trading market as demonstrated by profit margin, we have established business relationship with various local and overseas suppliers which will bring us potential growth on trading market in the future.

During the interim reporting period, we continued to maintain our strong focus on promoting good safety culture in the non-financial perspective of operating the business. Our safety record in this period was good and encouraging, although improvements can always continue to be made. In financial regards, we continued to utilize our strong positive asset to fund our businesses in construction and material trading.

SIGNIFICANT INVESTMENTS

During the six months ended 30 September 2018, the Company did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 September 2018, 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 2018.

CORPORATE GOVERNANCE

The Company has adopted, applied and complied with the code provisions of Corporate Governance Code ("CG 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 2018 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 CG 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 with each of the Directors, all Directors confirmed that they have complied with the required standards set out in the Model Code for the six months ended 30 September 2018.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 September 2018.

REVIEW OF INTERIM RESULTS

The audit committee of the Company 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 2018.

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 2018/2019 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, 30 November 2018

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.