BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	73%
Equity	HK$151 million
Equity per share	HK16 cents
Group revenue and share of revenue of jointly controlled entities	HK$1,035 million
Profit attributable to owners of the Company	HK$64 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 audited consolidated statement of comprehensive income of the Company and its subsidiaries (the "Group") for the year ended 31 December 2009 and the consolidated statement of financial position of the Group as at 31 December 2009 together with the comparative figures for 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 HK$'000	2008 HK$'000
Revenue	3	**822,072**	751,130
Cost of sales		**(742,916)**	(783,611)
Gross profit (loss)		**79,156**	(32,481)
Other income		**3,865**	36,221
Increase (decrease) in fair value of held-for-trading investments		**17,295**	(49,325)
Administrative expenses		**(67,805)**	(72,578)
Finance costs	5	**(3,774)**	(7,323)
Share of results of jointly controlled entities		**37,869**	26,572
Share of results of associates		**1,709**	1,457
Profit (loss) before tax	6	**68,315**	(97,457)
Income tax (expense) credit	7	**(4,053)**	142
Profit (loss) for the year		**64,262**	(97,315)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		**(535)**	4,838
Reclassification adjustment upon disposal of a jointly controlled entity		**-**	(1,254)
Other comprehensive income for the year		**(535)**	3,584
Total comprehensive income for the year		**63,727**	(93,731)
Profit (loss) for the year attributable to:			
Owners of the Company		**64,262**	(93,624)
Minority interests		**-**	(3,691)
		64,262	(97,315)
Total comprehensive income attributable to:			
Owners of the Company		**63,718**	(90,158)
Minority interests		**9**	(3,573)
		63,727	(93,731)
		HK cents	HK cents
Earnings (loss) per share	8		
- Basic		**6.9**	(11.1)
- Diluted		**N/A**	-

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

	Notes	**2009** **HK$'000**	2008 HK$'000
Non-current assets			
Property, plant and equipment		**22,076**	27,149
Intangible assets		**32,858**	32,858
Goodwill		**30,554**	30,554
Interests in jointly controlled entities		**89,286**	64,754
Available-for-sale investments		**-**	-
Other financial assets		**51,520**	47,505
		226,294	202,820
Current assets			
Amounts due from customers for contract work		**99,057**	151,821
Debtors, deposits and prepayments	*9*	**202,562**	210,981
Amounts due from associates		**6,573**	6,886
Amounts due from jointly controlled entities		**2,170**	16,848
Held-for-trading investments		**24,693**	17,680
Tax recoverable		**-**	1,239
Pledged bank deposits		**1,815**	1,013
Bank balances and cash		**20,687**	37,453
		357,557	443,921
Current liabilities			
Amounts due to customers for contract work		**35,358**	75,867
Creditors and accrued charges	*10*	**250,011**	258,798
Amount due to an intermediate holding company		**7,229**	5,817
Amounts due to fellow subsidiaries		**8,138**	1,287
Amount due to an associate		**7,738**	6,632
Amounts due to jointly controlled entities		**16,745**	14,270
Amounts due to minority shareholders		**3,094**	3,094
Tax liabilities		**2,253**	1,139
Ordinary share dividend payable to an intermediate holding company		**22,000**	22,000
Preference share dividend payable to immediate holding company		**1,224**	1,224
Loans from a director		**10,000**	10,000
Bank loans – due within one year		**25,798**	108,604
Bank overdraft, secured		**-**	4,749
		389,588	513,481
Net current liabilities		**(32,031)**	(69,560)
Total assets less current liabilities		**194,263**	133,260

	2009	2008
	HK$'000	HK$'000
Capital and reserves		
Ordinary share capital	**93,141**	93,141
Reserves	**57,594**	(6,124)
Equity attributable to owners of the Company	**150,735**	87,017
Minority interests	**5,952**	5,943
Total equity	**156,687**	92,960
Non-current liabilities		
Deferred tax liabilities	**5,750**	5,750
Obligations in excess of interests in associates	**18,744**	20,453
Amount due to an associate	**8,961**	9,800
Amount due to a jointly controlled entity	**4,067**	4,067
Bank loans – due after one year	**54**	230
	37,576	40,300
	194,263	133,260

Notes:

1. **BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by HK$32,031,000 as at 31 December 2009. Taking into account of the internally generated funds, the open offer of shares that took place after the reporting period and the available banking facilities, the directors of the Company are confident that the Group will be able to meet its financial obligations when they fall due in the foreseeable future and accordingly, the consolidated financial statements have been prepared on a going concern basis.

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

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 18	Transfer of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

Except as described below, the adoption of these new and revised HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods:

HKAS 1 (Revised 2007) Presentation of Financial Statements

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements.

HKFRS 8 Operating Segments

HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 "Segment Reporting" (see Note 4).

The Group has not early adopted the following new and revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 24 (Revised 2009)	Related Party Disclosures[5]
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements[1]
HKAS 32 (Amendment)	Classification of Rights Issues[4]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[3]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[6]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[3]
HKFRS 3 (Revised 2008)	Business Combinations[1]
HKFRS 9	Financial Instruments[7]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate
[3] Effective for annual periods beginning on or after 1 January 2010
[4] Effective for annual periods beginning on or after 1 February 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 July 2010
[7] Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised 2008) may affect the accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised 2008) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

HKFRS 9 "Financial Instruments: Recognition and Measurement" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value.

The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. REVENUE

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

4. **SEGMENTAL INFORMATION**

The Group has adopted HKFRS 8 "Operating Segments" with effect from 1 January 2009. HKFRS 8 is a disclosure standard that requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 "Segment Reporting") required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's system of internal financial reporting to key management personnel serving only as the starting point for the identification of such segments.

The Group is mainly engaged in civil engineering work. Information reported to the Group's chief operating decision maker (i.e. the chief executive officer) for the purposes of resource allocation and assessment of performance is focused on geographical location of its customers including Hong Kong, Taiwan, the PRC and the Middle East. The identification of the Group's reportable segments under HKFRS 8 is consistent with the prior years' presentation of geographical segments as primary segments under HKAS 14. The adoption of HKFRS 8 has changed the basis of measurement of segment profit. Previously under HKAS 14, the segment result did not include the share of results of joint controlled entities. Amounts reported for the prior period have been restated to conform to the requirements of HKFRS 8. The Group's reportable segments under HKFRS 8 are as follows:

Year ended 31 December 2009

	Hong Kong HK$'000	**Taiwan HK$'000**	**The PRC HK$'000**	**Middle East HK$'000**	**Total HK$'000**
Results					
Group revenue	**781,200**	**-**	**10,656**	**30,216**	**822,072**
Share of revenue of jointly controlled entities	**18,769**	**-**	**1,192**	**193,110**	**213,071**
Segment revenue	**799,969**	**-**	**11,848**	**223,326**	**1,035,143**
Group results	**21,894**	**(1,327)**	**5,347**	**(10,536)**	**15,378**
Share of results of jointly controlled entities	**5,068**	**729**	**(1,961)**	**34,033**	**37,869**
Segment profit (loss)	**26,962**	**(598)**	**3,386**	**23,497**	**53,247**
Unallocated corporate expenses					**(1,529)**
Dividends from held-for-trading investments					**1,367**
Increase in fair value of held-for-trading investments					**17,295**
Share of results of associates					**1,709**
Finance costs					**(3,774)**
Profit before tax					**68,315**

Year ended 31 December 2008

	Hong Kong HK$'000	Taiwan HK$'000	The PRC HK$'000	Middle East HK$'000	Total HK$'000
Results					
Group revenue	709,309	13,007	6,538	22,276	751,130
Share of revenue of jointly controlled entities	94,068	-	11,738	108,606	214,412
Segment revenue	803,377	13,007	18,276	130,882	965,542
Group results	(25,401)	(38,083)	(2,814)	(3,603)	(69,901)
Share of results of jointly controlled entities	3,534	-	(2,119)	25,157	26,572
Segment (loss) profit	(21,867)	(38,083)	(4,933)	21,554	(43,329)
Unallocated corporate expenses					(1,444)
Dividends from held-for-trading investments					2,507
Decrease in fair value of held-for-trading investments					(49,325)
Share of results of associates					1,457
Finance costs					(7,323)
Loss before tax					(97,457)

There are no inter-segment sales for both years.

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

5. **FINANCE COSTS**

	2009 **HK$'000**	2008 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**3,005**	6,719
Interest on amount due to an associate	**141**	141
Imputed interest expense on non-current interest free amount due to an associate	**267**	220
Interest on loans from a director	**361**	243
	3,774	7,323

6. **PROFIT (LOSS) BEFORE TAX**

	2009	2008
	HK$'000	HK$'000
Profit (loss) before tax has been arrived at after charging (crediting):		
Auditor's remuneration		
Current year	**1,850**	1,910
Underprovision in prior years	**171**	288
	2,021	2,198
Bad debts written off	**147**	-
Depreciation	**14,253**	6,984
Less: amount attributable to construction contracts	**(20)**	(85)
	14,233	6,899
Hire charges for plant and machinery	**13,611**	28,216
Less: amount attributable to construction contracts	**(13,611)**	(28,216)
	-	-
Loss on disposal of a jointly controlled entity	**-**	1,972
Net foreign exchange losses	**594**	838
Operating lease rentals in respect of land and buildings	**6,503**	5,274
Less: amount attributable to construction contracts	**(1,160)**	(1,014)
	5,343	4,260
Share of income tax expense (credit) of jointly controlled entities (included in share of results of jointly controlled entities)	**499**	(20)
Staff costs:		
Directors' remuneration	**5,532**	6,418
Other staff costs	**144,449**	175,859
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK$156,000 (2008: HK$545,000)	**6,751**	7,536
	156,732	189,813
Less: amount attributable to construction contracts	**(104,136)**	(146,415)
	52,596	43,398

7. **INCOME TAX EXPENSE (CREDIT)**

	2009	2008
	HK$'000	HK$'000
Current tax:		
Hong Kong	**1,921**	22
Under (over) provision in prior years:		
Hong Kong	**2,132**	(167)
Other jurisdictions	**-**	3
	2,132	(164)
	4,053	(142)

Hong Kong Profits Tax is provided for at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits less available tax losses brought forward.

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

8. **EARNINGS (LOSS) PER SHARE**

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

	2009	2008
	HK$'000	HK$'000
Profit (loss) for the year attributable to owners of the Company	**64,262**	(93,624)
Dividends on convertible preference share capital	**-**	(175)
Earnings (loss) for the purpose of basic earnings (loss) per ordinary share	**64,262**	(93,799)
Effect of dilutive potential ordinary shares:		
Dividends on convertible preference share capital	**-**	175
Earnings (loss) for the purpose of diluted earnings (loss) per ordinary share	**64,262**	(93,624)

	Number of Shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per ordinary share	**931,408**	844,312
Effect of dilutive potential ordinary shares:		
Convertible preference share capital	**-**	87,096
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per ordinary share	**931,408**	931,408

No diluted earnings per share for the year ended 31 December 2009 is presented as the Company has no dilutive potential ordinary shares.

No diluted loss per ordinary share for the year ended 31 December 2008 was presented as the exercise of the potential dilutive ordinary shares would result in a reduction in loss per ordinary share for the year ended 31 December 2008.

9. DEBTORS, DEPOSITS AND PREPAYMENTS

	2009	2008
	HK$'000	HK$'000
Trade debtors analysed by age:		
0 to 60 days	125,262	114,910
61 to 90 days	-	387
Over 90 days	4,618	15,218
	129,880	130,515
Retention receivables	41,091	43,388
Other debtors, deposits and prepayments	31,591	37,078
	202,562	210,981
Retention receivables		
Due within one year	21,194	13,041
Due more than one year	19,897	30,347
	41,091	43,388

The Group allows an average credit period of 60 days to its trade customers except for retention receivables in respect of construction contracts, whereby the due dates are usually one year after the completion of the construction work.

Included in the Group's trade debtors are debtors with a carrying amount of HK$4,618,000 (2008: HK$15,605,000) which are past due as at the end of the reporting period. As there has not been a significant change in credit quality, the amounts are still considered recoverable.

Ageing of trade receivables which are past due but not impaired

	2009	2008
	HK$'000	HK$'000
61 to 90 days	-	387
Over 90 days	4,618	15,218
	4,618	15,605

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

In determining the recoverability of a trade debtor, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is high as major customer of the Group is the HKSAR Government. The directors consider that the HKSAR Government is financially sound and accordingly no provision is required.

10. **CREDITORS AND ACCRUED CHARGES**

	2009	2008
	HK$'000	HK$'000
Trade creditors analysed by age:		
0 to 60 days	**36,906**	64,110
61 to 90 days	**1,390**	5,835
Over 90 days	**13,567**	17,184
	51,863	87,129
Retention payables	**41,947**	39,122
Accrued project costs	**129,538**	112,189
Other creditors and accrued charges	**26,663**	20,358
	250,011	258,798
Retention payables		
Repayable within one year	**26,440**	19,584
Repayable more than one year	**15,507**	19,538
	41,947	39,122

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

11. **FINAL DIVIDEND**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Operating Results

During 2009, the total group turnover including our share of jointly controlled entities increased to HK$1,035 million, a 7% increase compared with that for 2008. The results for the year were also significantly improved from a loss of HK$97 million in 2008 to a net profit of HK$64 million, comprising HK$45 million (2008: HK$50 million loss) from construction activity and HK$19 million (2008: HK$47 million loss) from the investments in marketable securities.

Hong Kong and Middle East continue to be our major markets. The turnover in Hong Kong was stable but with a net profit of HK$27 million in 2009 compared with a loss of HK$22 million in 2008. In the Middle East, the Group is now well positioned in the niche sector of marine civil engineering and the result for the year has not been adversely affected by the financial turmoil in Dubai. The turnover in 2009 increased by 70% to HK$223 million and net profit of HK$23 million was recorded.

In China, the Group has entered into an agreement on 25 February 2010 to dispose of its 49% equity interest in the joint venture with China Railway Tenth Group Co., Ltd. with the initial investment cost to be fully recovered. Our focus in China will now be the development of our current environmental sector by participation in new private investment projects.

As at the date of this announcement, the aggregate outstanding value of contracts is approximately HK$2,423 million.

Hong Kong
Although, the group turnover in Hong Kong in 2009 was nearly the same as that for 2008, the gross margin significantly improved from a near breakeven in last year to a profit of 9%. This was the result of the combined effect of selective tendering together with the successful finalisation of several final accounts for projects completed in prior years. During the last two years, provision for losses had been booked for several completed projects but during 2009 we managed to negotiate final contract values resulting in a reversal of the majority of these loss provisions. Since the adoption of a tendering strategy focusing on projects with positive cashflows as well as sensible margins, the projects awarded were generally not the lowest bid and have to date performed in line with expectations on cashflow and margin.

During the year the Hong Kong construction market has shown strong signs of recovery. In second half several sizeable projects were available for tender and the Group successfully secured seven new projects with a total value of approximately HK$2 billion. These included infrastructure works for the Civil Engineering and Development Department as part of Kai Tak Development, a project to build the new Polar Adventure and Thrill Mountain for Ocean Park Corporation, a design and build contract for infrastructure works in Tseng Kwan O Stage 1 for the Highways Department and, in late December, the first stage of Central - Wanchai Bypass. A second Greening Contract for the Civil Engineering and Development Department was also secured. All these projects are progressing satisfactorily and we expect them to achieve the tender budgets.

Several current projects were also approaching completion by end of 2009. Phase II of the Ecopark at Tuen Mun, including building of a plastic recycling plant, was completed in March 2010; this project was highly appraised by Environmental Protection Department. Two noise mitigation projects, one at Fo Tan for MTR Corporation Limited (“MTRC”) and the other at the Tsing Yi North Bridge for the Highway Department, are progressing at full speed with satisfactory results. A Greening Work Contract for the urban areas was also completed. The new pedestrian subway link to Lai Chi Kok MTR station is progressing well after earlier delays due late approvals for traffic diversion arrangements. A break through into the existing station structure has been successfully achieved.

During the year, a significant milestone in building sector was achieved. Kaden Construction Limited (“Kaden, a wholly owned subsidiary of the Company) successfully upgraded its listing in Group C-Building from probationary to confirmed status. All the restrictions that apply to probationary status for public building works (both in terms of value of as well as the number of contracts on hand at any time) have now been lifted and Kaden are now one of the few contractors in Hong Kong that are listed as Group C in all five categories for public works.

In 2009, the two school projects for ASD were successfully completed. The Special School at Cornwall Street was handed over in August whilst the primary school at Tai Pak Tin Street was finished in July 2009. In the private sector, the projects in Tung Chung for 56 town houses and a 17-storey residential building in Conduit Road were completed.

We are now strengthening our management team in the building sector and will in future place more emphasis on the provision of client oriented services. We will focus on customer relationship management training for all our staff and actively promote Kaden brand name in building market, establishing relationships with all customers and other stakeholders including architects and consultants as well as with preferred specialist subcontractors.

Hong Kong Government has forecast that its annual expenditure on public works will increase from HK$23 billion in 2009 to HK$45 billion in 2010 and continue spending at this level for several years. As a result we will seek to benefit from this opportunity and expand the business to achieve HK$2 billion turnover from both civil and building in Hong Kong by 2011.

In 2010, we will actively tender for major infrastructure projects including amongst others the MTRC Rail projects, the Central-Wanchai Bypass, Kai Tak Development and the Hong Kong-Zhuhai-Macau Bridge. We will also expand the building activity to HK$250 million with projects mainly in the public sector in the range of HK$200-HK$300 million.

To this end, we have a strong and loyal management team of versatile professionals who are able to undertake any type of project. We also have a flexible organisational structure and will seek to enhance a culture of learning in the Group. As such, we believe that we are well placed to meet new challenges ahead and achieve significant growth in response to this market change.

Middle East - United Arabic Emirates ("UAE")

In the UAE, Leader Marine undertakes marine civil engineering projects. The operating joint venture with Arabian Construction Company is now well established and in 2009 performed very satisfactorily in line with expectations generating significant cash flows for the Group. The total turnover for 2009 was 70% more than last year at HK$223 million (2008: HK$131 million), with growth in turnover in both the construction (2009: HK$193 million vs. 2008: HK$109 million) and marine plant chartering (2009: HK$30 million vs. 2008: HK$22 million).

Current projects are progressing satisfactorily and achieving budgets. An early completion is expected for the quay wall construction for Marasy Development in Abu Dhabi. The newly secured cooling water Intake/Outfall project for Emirates Steel Industries in Abu Dhabi commenced in early January 2010 and progress is good. The design and build project for reclamation work at Al Raha Beach was completed in January 2009 and by the end December, the offshore work at Fujairah F2 Power Plant were also substantially complete. Following the satisfactory completion of this work, the client has requested quotations for the installation of both additional seawall work as well as an undersea fuel pipeline with an advanced Single Point Mooring system. Negotiations are currently in hand.

Notwithstanding the market conditions in Dubai, the enquiry level from the oil and gas sector in other Emirates, in particular Abu Dhabi, has been high but due to the complexity, the negotiation process is usually slow. Enquires from other sectors, particularly in Abu Dhabi, have also picked up in the last quarter. The joint venture continues to concentrate on Abu Dhabi and we believe that with the track record established, we are well placed to capitalise on the opportunities that exist in the current environment. Currently, several tenders are outstanding and we believe that further success is imminent. We target to maintain an annual turnover of HK$250 million in the marine civil engineering projects.

In regard to marine plant, our applications for ship classification status including for those vessels mobilised last year, is progressing well. During 2009, the plant hire utilization of our vessels was well ahead of that for 2008.

PRC
Since the commencement of operation in 2007, our sewage treatment plant in Wuxi City has consistently provided high quality service to local residents and factories alike. We have been partnering with Hong Kong Polytechnics University to continuously improve and upgrade the facility to meet the changing environmental requirements of the government. Our effort was well recognized by local authorities and this year we received the award for "The Best Sewage Discharge Unit" in Wuxi City. As a result, our plant became the role model for the city, receiving visits from many government officials.

During the year, our sewage plant has consistently treated volumes in excess of the design capacity and with further increased demand foreseen in the coming years, we decided to invest additional RMB38 million to extend the facilities from 20,000 tonnes to an ultimate daily capacity of 50,000 tonnes. By June 2010, the first stage of the extension will be commissioned which will increase capacity to 35,000 tonnes. We forecast the second stage will be required in 2014 to meet a demand of 50,000 tonnes.

The investment in Wuxi was the Group's first attempt in PRC environmental protection industry. The return on investment has been most satisfactory and leveraging on this we will seek further opportunities to build up a portfolio of similar projects to produce a stable income stream for the Group in long term.

Employees and Remuneration Policies
As at 31 December 2009, the Group had a total of 728 employees and total remuneration for the year ended 31 December 2009 was approximately HK$156 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
As at 31 December 2009, the Group had liquid assets of HK$46 million (as at 31 December 2008: HK$55 million) comprising held-for-trading investments of HK$25 million (as at 31 December 2008: HK$18 million) and bank balances and cash of HK$21 million (as at 31 December 2008: HK$37 million).

As at 31 December 2009, the Group had a total of interest bearing borrowings of HK$36 million (as at 31 December 2008: HK$123 million) repayable within one year.

The Group's borrowings, bank balances and cash and held-for-trading investments were principally denominated in Hong Kong dollars. Hence, there is no exposure to foreign exchange rate fluctuations. During the year, the Group had no significant borrowings at fixed interest rate and had no financial instrument for hedging purpose.

Capital Structure and Gearing
As at 31 December 2009, total equity was HK$157 million comprising ordinary share capital of HK$93 million, reserves of HK$58 million and minority interests of HK$6 million.

On 10 February 2010, the Company issued 310,469,498 shares at a price of HK$0.15 per share by way of an open offer on the basis of one offer share for every three existing shares pursuant to a circular dated 18 January 2010. Accordingly, the total equity was increased by $46 million.

As at 31 December 2009, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 23 % (as at 31 December 2008: 132%).

Pledge of Assets

As at 31 December 2009, bank deposit of the Group amounting to HK1,815,000 (as at 31 December 2008: bank deposits of HK$1,013,000) was pledged to a bank for securing banking facilities granted to the Group.

Certain equity securities with market value of HK$18 million (as at 31 December 2008: HK$9 million) were pledged to a bank to secure general banking facilities granted to the Group.

The Group has pledged certain motor vehicles with carrying value of HK$201,000 (as at 31 December 2008: HK$347,000) to secure bank loans granted to the Group.

Contingent Liabilities

	As at 31 December 2009 HK$ million	As at 31 December 2008 HK$ million
Outstanding tender/performance/retention bonds in respect of construction contracts	**151**	116

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 31 December 2009.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management and external auditors the accounting principles and policies adopted by the Group, the financial statements for the year ended 31 December 2009, the general scope of audit work conducted by the external auditors and assessment of the Group's internal controls.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year.

CORPORATE GOVERNANCE

The Company is committed to attaining good standard of corporate governance practices and has adopted the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Listing Rules as its own code and has complied with the Code throughout the year ended 31 December 2009, except for the deviations in respect of the separate roles of the chairman and chief executive officer under A.2.1 of the Code and the service term under code provision A.4.1 of the Code.

Under the code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The Company does not at present have any officer with the title "Chief Executive Officer" ("CEO"). The duties of CEO were previously carried out by Mr. Yu Sai Yen, the former Vice Chairman and Executive Director. Following Mr. Yu's resignation on 15 March 2009, the duties of CEO have been taken up by the Chairman of the Board, Mr. Zen Wei Peu, Derek. 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. This constitutes a deviation from code provision A.2.1 of the Code.

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.

Under the code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive Directors (including independent non-executive Directors) is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors (executive, non-executive and independent non-executive Directors) are subject to the retirement provisions of the Bye-laws of the Company that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code. Details of corporate governance are set out in Annual Report 2009.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Academy I-II, 1st Floor, InterContinental Grand Stanford Hotel, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Thursday, 20 May 2010 at 9:00 a.m. and the Notice of the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This announcement will be published on the Company's website (www.buildking.hk) and the Stock Exchange's website (www.hkexnews.hk). The full Annual Report 2009 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

BOARD OF DIRECTORS

As at the date hereof, the Board comprises two executive Directors, namely Mr. Zen Wei Peu, Derek and Mr. Chang Kam Chuen, Desmond, three non-executive Directors, namely Mr. David Howard Gem, Dr. Cheng Chi Pang, Leslie and Mr. Chan Chi Hung, Anthony, and three independent non-executive Directors, namely Dr. Chow Ming Kuen, Joseph, Mr. Ng Chi Ming, James and Mr. Ho Tai Wai, David.

By order of the Board
Zen Wei Peu, Derek
Chairman

Hong Kong, 26 March 2010