BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	13%
Equity	HK$227 million
Equity per share	HK18 cents
Group revenue and share of revenue of jointly controlled entities	HK$915 million
Profit attributable to owners of the Company	HK$29 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 results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2010 and the consolidated statement of financial position of the Group as at 31 December 2010 together with the comparative figures for 2009 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	**2010** **HK$'000**	2009 HK$'000
Revenue	*3*	**722,396**	822,072
Cost of sales		**(664,550)**	(742,916)
Gross profit		**57,846**	79,156
Other income		**24,540**	3,865
Increase in fair value of held-for-trading investments		**6,717**	17,295
Administrative expenses		**(89,377)**	(67,805)
Finance costs	*5*	**(1,710)**	(3,774)
Share of results of jointly controlled entities		**30,039**	37,869
Share of results of associates		**(188)**	1,709
Profit before tax	*6*	**27,867**	68,315
Income tax expense	*7*	**(322)**	(4,053)
Profit for the year		**27,545**	64,262
Profit for the year attributable to:			
Owners of the Company		**29,152**	64,262
Non-controlling interests		**(1,607)**	-
		27,545	64,262
		HK cents	HK cents (Restated)
Earnings per share	*8*		
- Basic		**2.4**	6.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010	2009
	HK$'000	HK$'000
Profit for the year	**27,545**	64,262
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**2,749**	(535)
Reclassification adjustment of exchange differences upon disposal of a jointly controlled entity	**(4,156)**	-
Reclassification adjustment of exchange differences upon disposal of a subsidiary	**3,439**	-
Other comprehensive income (expense) for the year	**2,032**	(535)
Total comprehensive income for the year	**29,577**	63,727
Total comprehensive income attributable to:		
Owners of the Company	**31,090**	63,718
Non-controlling interests	**(1,513)**	9
	29,577	63,727

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment		**28,448**	22,076
Intangible assets		**65,826**	32,858
Goodwill		**30,554**	30,554
Interests in jointly controlled entities		**61,272**	89,286
Available-for-sale investments		**-**	-
Other financial asset		**52,381**	51,520
		238,481	226,294
Current assets			
Amounts due from customers for contract work		**66,493**	99,057
Debtors, deposits and prepayments	*9*	**256,840**	202,562
Amounts due from fellow subsidiaries		**631**	-
Amounts due from associates		**7,072**	6,573
Amounts due from jointly controlled entities		**17,035**	2,170
Held-for-trading investments		**24,915**	24,693
Pledged bank deposit		**19**	1,815
Bank balances and cash		**26,812**	20,687
		399,817	357,557
Current liabilities			
Amounts due to customers for contract work		**30,373**	35,358
Creditors and accrued charges	*10*	**247,836**	250,011
Amount due to an intermediate holding company		**14,065**	7,229
Amounts due to fellow subsidiaries		**-**	8,138
Amount due to an associate		**8,842**	7,738
Amounts due to jointly controlled entities		**2,782**	16,745
Amounts due to non-controlling shareholders		**3,094**	3,094
Tax liabilities		**193**	2,253
Ordinary share dividend payable to an intermediate holding company		**-**	22,000
Preference share dividend payable to immediate holding company		**-**	1,224
Loans from a director		**-**	10,000
Bank loans - due within one year		**36,350**	25,798
		343,535	389,588
Net current assets (liabilities)		**56,282**	(32,031)
Total assets less current liabilities		**294,763**	194,263

	2010	2009
	HK$'000	HK$'000
Capital and reserves		
Ordinary share capital	**124,188**	93,141
Reserves	**102,870**	57,594
Equity attributable to owners of the Company	**227,058**	150,735
Non-controlling interests	**4,439**	5,952
Total equity	**231,497**	156,687
Non-current liabilities		
Deferred tax liabilities	**5,750**	5,750
Obligations in excess of interests in associates	**18,932**	18,744
Amount due to an associate	**8,172**	8,961
Amount due to a jointly controlled entity	**4,067**	4,067
Bank loans – due after one year	**26,345**	54
	63,266	37,576
	294,763	194,263

Notes:

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

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

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

In the current year, the Group has applied, the following revised Hong Kong Accounting Standards ("HKAS(s)"), HKFRS(s), amendments and interpretations ("HK(IFRIC) Int") (hereinafter collectively referred to as the "new and revised HKFRSs") issued by HKICPA:

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised 2008)	Business Combinations
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners
HK - Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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 except for the impact as described below.

HKFRS 3 (Revised 2008) "Business Combinations" and HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements"

The Group applies HKFRS 3 (Revised 2008) "Business Combinations" prospectively to business combinations for which the acquisition date is on or after 1 January 2010. The requirements in HKAS 27 (Revised 2008) "Consolidated and Separate Financial Statements" in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 January 2010.

As there was no significant transaction during the year in which HKFRS 3 (Revised 2008) and HKAS 27 (Revised 2008) are applicable, the application of HKFRS 3 (Revised 2008), HKAS 27 (Revised 2008) and the consequential amendments to other HKFRSs had no effect on the consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised), HKAS 27 (Revised) and the consequential amendments to the other HKFRSs are applicable.

Hong Kong Interpretation 5 "Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause"

Hong Kong Interpretation 5 "Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause" ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities.

As at 31 December 2010, bank loans that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause with the aggregate carrying amount of HK$3,831,000 have been classified as current liabilities. The application of HK Int 5 has had no significant impact on the classification of bank borrowings at 31 December 2009 and reported profit or loss for the current and prior years.

The adoption of the other new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[5]
HKFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[6]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[7]
HKAS 24 (Revised)	Related Party Disclosures[4]
HKAS 32 (Amendments)	Classification of Rights Issues[2]
HK(IFRIC) - Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[4]
HK(IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 February 2010.
3 Effective for annual periods beginning on or after 1 July 2010.
4 Effective for annual periods beginning on or after 1 January 2011.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 January 2013.
7 Effective for annual periods beginning on or after 1 January 2012.

HKFRS 9 "Financial Instruments" (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 "Financial Instruments" (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for financial year ending 31 December 2013 and that the application of HKFRS 9 Standard may have a impact on classification and measurement of available-for-sale investments.

The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will not have material impact on the consolidated financial statements of the Group.

3. REVENUE

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

4. **SEGMENTAL INFORMATION**

The Group is mainly engaged in civil engineering work. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance is focused on geographical location of its customers including Hong Kong, People's Republic of China (the "PRC") and the Middle East. The Group's operating and reportable segments are as follows:

Year ended 31 December 2010

	Hong Kong HK$'000	**The PRC HK$'000**	**Middle East HK$'000**	**Total HK$'000**
Results				
Group revenue	**648,500**	**55,663**	**18,233**	**722,396**
Share of revenue of jointly controlled entities	**132,252**	**-**	**60,320**	**192,572**
Segment revenue	**780,752**	**55,663**	**78,553**	**914,968**
Group results	**(10,508)**	**13,006**	**(15,279)**	**(12,781)**
Share of results of jointly controlled entities	**7,270**	**-**	**22,769**	**30,039**
Segment (loss) profit	**(3,238)**	**13,006**	**7,490**	**17,258**
Unallocated expenses				**(1,863)**
Dividends from held-for-trading investments				**1,730**
Increase in fair value of held-for-trading investments				**6,717**
Gain on disposal of a subsidiary				**5,923**
Share of results of associates				**(188)**
Finance costs				**(1,710)**
Profit before tax				**27,867**

Year ended 31 December 2009

	Hong Kong 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	5,347	(10,536)	16,705
Share of results of jointly controlled entities	5,068	(1,961)	34,033	37,140
Segment profit	26,962	3,386	23,497	53,845
Unallocated expenses				(2,856)
Dividends from held-for-trading investments				1,367
Increase in fair value of held-for-trading investments				17,295
Share of result of a jointly controlled entity				729
Share of results of associates				1,709
Finance costs				(3,774)
Profit before tax				68,315

There are no inter-segment sales for both years.

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

5. **FINANCE COSTS**

	2010 HK$'000	2009 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**1,397**	3,005
Interest bearing amount due to an associate	**-**	141
Imputed interest expense on non-current interest free amount due to an associate	**313**	267
Interest bearing loans from a director	**-**	361
	1,710	3,774

6. PROFIT BEFORE TAX

	2010	2009
	HK$'000	HK$'000
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	**1,375**	1,375
Bad debts written off	**373**	147
Depreciation of property, plant and equipment	**9,325**	14,253
Less: amount attributable to construction contracts	**(14)**	(20)
	9,311	14,233
Hire charges for plant and machinery	**12,694**	13,611
Less: amount attributable to construction contracts	**(12,694)**	(13,611)
	-	-
Construction contract costs recognised for sewage treatment plant	**31,371**	-
Amortisation of intangible assets	**599**	-
Net foreign exchange losses	**1,191**	594
Operating lease rentals in respect of land and buildings	**6,148**	6,503
Less: amount attributable to construction contracts	**(550)**	(1,160)
	5,598	5,343
Share of income tax expense of jointly controlled entities (included in share of results of jointly controlled entities)	**22**	499
Staff costs:		
Directors' remuneration	**6,403**	5,532
Other staff costs	**155,829**	144,449
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK$164,000 (2009: HK$156,000)	**9,113**	6,751
	171,345	156,732
Less: amount attributable to construction contracts	**(103,875)**	(104,136)
	67,470	52,596

7. **INCOME TAX EXPENSE**

	2010	2009
	HK$'000	HK$'000
Current tax:		
Hong Kong	**193**	1,921
Other jurisdiction	**183**	-
	376	1,921
(Over)underprovision in prior years:		
Hong Kong	**231**	2,132
Other jurisdictions	**(285)**	-
	(54)	2,132
	322	4,053

Hong Kong Profits Tax is provided for at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits less available tax losses brought forward.

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

8. **EARNINGS PER SHARE**

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

	2010	2009
	HK$'000	HK$'000
Profit for the year attributable to owners of the Company and earnings for the purpose of basic earnings per ordinary share	**29,152**	64,262

	Number of Shares	
	2010	2009
	'000	'000
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	**1,216,878**	1,019,320

The weighted average number of shares for the purpose of calculating basic earnings per share for both periods has been retrospectively adjusted for the effect of bonus element in connection to the open offer completed in February 2010.

The Company has no potential ordinary shares outstanding during both years. Accordingly, no diluted earnings per share information is presented.

9. **DEBTORS, DEPOSITS AND PREPAYMENTS**

The following is an aged analysis of trade debtors net of allowances for doubtful debts presented based on the invoice date at the end of the reporting period:

	2010	2009
	HK$'000	HK$'000
Trade debtors analysed by age:		
0 to 60 days	**162,520**	125,262
Over 90 days	**1,090**	4,618
	163,610	129,880
Retention receivables	**52,193**	41,091
Other debtors, deposits and prepayments	**41,037**	31,591
	256,840	202,562
Retention receivables		
Due within one year	**26,079**	21,194
Due more than one year	**26,114**	19,897
	52,193	41,091

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

Included in the Group's trade debtors are debtors with a carrying amount of HK$1,090,000 (2009: HK$4,618,000) which are past due but not impaired 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

	2010	2009
	HK$'000	HK$'000
Over 90 days	**1,090**	4,618

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 good 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.

10. **CREDITORS AND ACCRUED CHARGES**

	2010	2009
	HK$'000	HK$'000
Trade creditors analysed by age based on invoice date at the end of the reporting period:		
0 to 60 days	**54,608**	36,906
61 to 90 days	**2,824**	1,390
Over 90 days	**4,745**	13,567
	62,177	51,863
Retention payables	**43,435**	41,947
Accrued project costs	**113,023**	129,538
Other creditors and accrued charges	**29,201**	26,663
	247,836	250,011
Retention payables		
Repayable within one year	**38,835**	26,440
Repayable more than one year	**4,600**	15,507
	43,435	41,947

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 2010.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Operating Results

During 2010, the total group turnover including our share of jointly controlled entities was HK$915 million, a 12% decrease compared with 2009. The profit for the year stood at HK$28 million – a decrease of 57%. This was made up of HK$20 million (2009: HK$45 million) from construction and HK$8 million (2009: HK$19 million) from the investments in marketable securities.

The decrease in both turnover and profit was mainly due to the temporary reduction of marine projects available in the United Arab Emirates as well as low profit level during the early transitional stage of several construction projects in Hong Kong.

Despite the flourishing civil engineering market in Hong Kong and the award of several new major projects, the turnover in Hong Kong for 2010 was similar to that for 2009. The Hong Kong construction division recorded a loss of HK$3 million compared with a profit of HK$27 million for 2009.

The new projects secured were generally of high contract value with longer contract periods but were still at an early stage of construction during the year and therefore did not contribute meaningful profits. However, the overall gross profit contribution of these new projects is expected to be quite reasonable in the long term. Further, during the year the Group employed substantial overhead resources for tendering activities and in developing future business.

The PRC division recorded a profit of HK$13 million, representing an increase of HK$10 million compared with 2009. This was mainly a result of a one-off gain from the disposal of the Group's 49% equity interest in China Railway Tenth Group Third Engineering Co., Ltd. as well as the finalisation of a long outstanding project. The sewage treatment operation in Wuxi City, which still has 25 years to run, generated a steady net profit of HK$7 million comparable with that for 2009.

As at the date of this announcement, the aggregate outstanding value of contracts increased to HK$3.9 billion from HK$2.4 billion reported in Annual Report 2009.

HONG KONG

For past few years, we have consistently adopted a tendering strategy focusing on projects with healthy cashflow and sensible profit margin. In tandem with this approach, we are committed to good quality of works and achieving good performance scores. There is ample evidence that these strategies have been successful. Most of the government projects secured during the year were not the lowest tender price but were still awarded to us due to the good performance scores of our major operating companies..

During the year, the civil division secured projects valued at HK$1.5 billion. These included construction of sewage treatment works for the Drainage Services Department on Lamma Island, a package on the Harbour Area Treatment Scheme at North Point and the construction of bus-bus interchanges on Tuen Mun Road for Highway Department. In joint venture with partners we were also awarded a section of the Express Rail Link to China involving twin 2.5km drill and blast running tunnels. Subsequent to the year end we were also awarded part of the Central Wan Chai Bypass over MTR Tsuen Wan Line also in joint venture. .

The building division has gained momentum with three medium sized building projects in hand with a total value of HK$230 million including one for the Architectural Services Department. Since the year end, we have also been awarded several fitting-out contracts in a shopping mall for a prestigious brand name and developer which have commenced smoothly during the year.

The civil projects secured prior to 2010 are all progressing satisfactorily. The design and build contract for infrastructure work in Tseung Kwan O Stage 1 will be substantially complete in the last quarter of 2011. The infrastructure work for the Kai Tak Development is well on program. The challenging project for new Polar Adventure and Thrill Mountain Ride at Ocean Park is also expected to complete within 2011 and to achieve tender budget. The new pedestrian subway linking residential developments to Lai Chi Kok MTR Station has been completed and the final account is expected to be concluded soon. Central Wanchai Bypass at Hong Kong Convention and Exhibition Centre awarded in late 2009 is now picking up fast and is expected to be physically completed in 2014.

We see a buoyant construction market in Hong Kong for at least the coming five to seven years. The major infrastructure projects announced by the Government are being progressively pushed out for tender. Construction of the Express Rail Link and the MTR's West Island Line commenced in 2010. The final contract packages for the Central Wan Chai Bypass will soon be fully let. Looking forward, we will be proactively working on major tenders for the Hong Kong Boundary Crossing Facilities at Airport, and for the MTR's Shatin Central Line and South Island Line

UAE

As a result of the financial turmoil, the general economy of the region including the UAE has been adversely affected and the civil engineering construction industry has slowed. Our turnover in marine related work was HK$79 million and the profit contribution decreased to HK$7 million from HK$23 million in 2009

We have concentrated our efforts in Abu Dhabi where the market is not as bad as elsewhere in the Emirates. During 2010, with our partner in the UAE, we managed to win two new projects in Abu Dhabi with a total value of HK$183 million including a marine reclamation package for the new Presidential Palace. The margins of these new projects are still reasonable though lower than in the past. It is pleasing that with our partner in the UAE, we have also been awarded another project on the Fujairah F2 Power Plant for additional shore protection work. We are currently awaiting the client's instruction to commence work. The outstanding value of contracts on hand in UAE is now HK$188 million, most of which will be substantially completed in 2011. We therefore expect the results will significantly improve next year.

Given the financial strength of Abu Dhabi and the continually high global demand for oil, we believe the adverse financial impact is temporary. In the medium term, the planned infrastructure works will eventually be pushed forward. We will continue to tender for marine related projects that suit our appetite as well as looking to expand into other civil engineering. With our partner and our good track record, we are well placed to capitalize on the opportunities that exist in the current environment.

PRC

The first stage extension of the sewage treatment plant in Wuxi City was completed in 2010. With the expanded capacity of 35,000 tonnes per day, the plant is treating an average of 25,000 tonnes per day but with steadily increasing volumes. It is expected the fee of domestic sewage will also soon be increased in line with inflation in the PRC. We believe that in the long term, the growth in environmental related projects will be significant and we hope to find similar medium sized projects as that at Wuxi in the coming years.

Employees and Remuneration Policies

As at 31 December 2010, the Group had a total of 831 employees and total remuneration for the year ended 31 December 2010 was approximately HK$171 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 2010, the Group had liquid assets of HK$52 million (as at 31 December 2009: HK$46 million) comprising held-for-trading investments of HK$25 million (as at 31 December 2009: HK$25 million) and bank balances and cash of HK$27 million (as at 31 December 2009: HK$21 million).

As at 31 December 2010, the Group had a total of interest bearing borrowings of HK$63 million (as at 31 December 2009: HK$36 million) with following maturity profile:

	At 31 December 2010 HK$ million	At 31 December 2009 HK$ million
Borrowings due within one year	**36**	36
Borrowings due in the second year	**13**	-
Borrowings due in the third to fifth year inclusive	**14**	-
	63	36

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 2010, total equity was HK$231 million comprising ordinary share capital of HK$124 million, reserves of HK$103 million and non-controlling interests of HK$4 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 2010, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 27 % (as at 31 December 2009: 23%).

Pledge of Assets

As at 31 December 2010, bank deposit of the Group amounting to HK$19,000 (as at 31 December 2009: bank deposits of HK$1,815,000) was pledged to a bank for securing banking facilities granted to the Group.

Certain equity securities with market value of HK$21 million (as at 31 December 2009: HK$18 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$53,000 (as at 31 December 2009: HK$201,000) to secure bank loans granted to the Group.

Contingent Liabilities

	As at 31 December 2010 HK$ million	As at 31 December 2009 HK$ million
Outstanding tender/performance/retention bonds in respect of construction contracts	**201**	151

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 2010.

AUDIT COMMITTEE

The Audit Committee has conducted a meeting with the management and external auditors to review the accounting principles and policies adopted by the Group, the financial statements for the year ended 31 December 2010, 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 2010, 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 the former Vice Chairman and Executive Director. Following his resignation in 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 2010.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Lotus Room, 6th Floor, Marco Polo Hongkong Hotel, Harbour City, 3 Canton Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 25 May 2011 at 9:30 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 2010 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, 17 March 2011