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BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	12%
Equity	HK$255 million
Equity per share	HK21 cents
Group revenue and share of revenue of jointly controlled entities	HK$1,731 million
Profit attributable to owners of the Company	HK$26 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 2011 and the consolidated statement of financial position of the Group as at 31 December 2011 together with the comparative figures for 2010 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Revenue	*3*	**1,152,639**	722,396
Cost of sales		**(1,041,700)**	(664,550)
Gross profit		**110,939**	57,846
Investments and other income	*5*	**32,677**	24,540
(Decrease) increase in fair value of held-for-trading investments		**(11,439)**	6,717
Administrative expenses		**(106,588)**	(89,377)
Finance costs	*6*	**(2,122)**	(1,710)
Share of results of jointly controlled entities		**3,261**	30,039
Share of results of associates		**697**	(188)
Profit before tax	*7*	**27,425**	27,867
Income tax expense	*8*	**(332)**	(322)
Profit for the year		**27,093**	27,545
Profit for the year attributable to:			
Owners of the Company		**25,635**	29,152
Non-controlling interests		**1,458**	(1,607)
		27,093	27,545
		HK cents	HK cents
Earnings per share	*9*		
- Basic		**2.1**	2.4

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**27,093**	27,545
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**2,363**	2,749
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 for the year	**2,363**	2,032
Total comprehensive income for the year	**29,456**	29,577
Total comprehensive income attributable to:		
Owners of the Company	**27,882**	31,090
Non-controlling interests	**1,574**	(1,513)
	29,456	29,577

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

	Notes	**2011** **HK$'000**	2010 HK$'000
Non-current assets			
Property, plant and equipment		**47,934**	28,448
Intangible assets		**65,996**	65,826
Goodwill		**30,554**	30,554
Interests in jointly controlled entities		**40,622**	61,272
Available-for-sale investment		**-**	-
Other financial asset		**53,400**	52,381
		238,506	238,481
Current assets			
Amounts due from customers for contract work		**98,761**	66,493
Debtors, deposits and prepayments	*10*	**309,442**	256,840
Amounts due from fellow subsidiaries		**364**	631
Amounts due from associates		**7,171**	7,072
Amounts due from jointly controlled entities		**41,637**	17,035
Held-for-trading investments		**29,566**	24,915
Pledged bank deposit		**21**	19
Bank balances and cash		**91,300**	26,812
		578,262	399,817
Current liabilities			
Amounts due to customers for contract work		**65,549**	30,373
Creditors and accrued charges	*11*	**379,227**	247,836
Amount due to an intermediate holding company		**16,386**	14,065
Amount due to an associate		**9,947**	8,842
Amounts due to jointly controlled entities		**6,418**	2,782
Amounts due to non-controlling interests		**3,092**	3,094
Tax liabilities		**-**	193
Bank loans - due within one year		**16,418**	36,350
		497,037	343,535
Net current assets		**81,225**	56,282
Total assets less current liabilities		**319,731**	294,763

	Notes	2011 HK$'000	2010 HK$'000
Capital and reserves			
Ordinary share capital		**124,188**	124,188
Reserves		**130,752**	102,870
Equity attributable to owners of the Company		**254,940**	227,058
Non-controlling interests		**15,817**	4,439
Total equity		**270,757**	231,497
Non-current liabilities			
Deferred tax liabilities		**5,750**	5,750
Obligations in excess of interests in associates		**18,235**	18,932
Amount due to an associate		**7,172**	8,172
Amount due to a jointly controlled entity		**4,067**	4,067
Bank loans - due after one year		**13,750**	26,345
		48,974	63,266
		319,731	294,763

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 (the "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 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 the HKICPA:

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) - Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) - Int 19	Extinguishing Financial Liabilities with Equity Instruments

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 7	Disclosures - Transfers of Financial Assets[1]
	Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC) - Int 12 "Consolidation - Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK(SIC) - Int 13 "Jointly Controlled Entities - Non-Monetary Contributions by Ventures". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. The directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The directors of the Company are in the process of ascertaining the financial impact on application of these standards.

The directors of the Company anticipate that the application of other new or revised standards, amendments or interpretation 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 2011

	Hong Kong HK$'000	The PRC HK$'000	Middle East HK$'000	Total HK$'000
Results				
Group revenue	**1,101,238**	**16,278**	**35,123**	**1,152,639**
Share of revenue of jointly controlled entities	**459,040**	**-**	**119,178**	**578,218**
Segment revenue	**1,560,278**	**16,278**	**154,301**	**1,730,857**
Group results	**32,503**	**3,439**	**1,672**	**37,614**
Share of results of jointly controlled entities	**12,051**	**-**	**(8,790)**	**3,261**
Segment profit (loss)	**44,554**	**3,439**	**(7,118)**	**40,875**
Unallocated expenses				**(2,350)**
Investments income				**1,764**
Decrease in fair value of held-for-trading investments				**(11,439)**
Share of results of associates				**697**
Finance costs				**(2,122)**
Profit before tax				**27,425**

4. **SEGMENTAL INFORMATION (Continued)**

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)
Investments income				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

There are no inter-segment sales for both years.

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

5. INVESTMENTS AND OTHER INCOME

	2011 HK$'000	2010 HK$'000
Investments and other income include:		
Dividends from held-for-trading investments	**1,378**	1,730
Gain on disposal of property, plant and equipment	**39**	3,600
Gain on disposal of a subsidiary	**-**	5,923
Gain on disposal of a jointly controlled entity	**-**	3,042
Interest on bank deposits	**106**	45
Interest on other financial asset	**1,468**	1,449
Interest on held-for-trading investments	**386**	-
Service income from an associate for secretarial and management services	**250**	-
Service income from jointly controlled entities	**28,707**	6,684

6. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**1,767**	1,397
Imputed interest expense on non-current interest-free amount due to an associate	**355**	313
	2,122	1,710

7. PROFIT BEFORE TAX

	2011	2010
	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	**119**	373
Depreciation of property, plant and equipment	**14,462**	9,325
Less: amount attributable to construction contracts	**-**	(14)
	14,462	9,311
Hire charges for plant and machinery	**23,675**	12,694
Less: amount attributable to construction contracts	**(23,675)**	(12,694)
	-	-
Construction contract costs recognised for sewage treatment plant	**-**	31,371
Amortisation of intangible assets	**1,250**	599
Net foreign exchange losses	**223**	1,191
Operating lease rentals in respect of land and buildings	**7,844**	6,148
Less: amount attributable to construction contracts	**(1,399)**	(550)
	6,445	5,598
Share of income tax (credit) expense of jointly controlled entities (included in share of results of jointly controlled entities)	**(53)**	22
Staff costs:		
Directors' remuneration	**7,485**	6,403
Other staff costs	**190,662**	155,829
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK$115,000 (2010: HK$164,000)	**11,036**	9,113
	209,183	171,345
Less: amount attributable to construction contracts	**(132,223)**	(103,875)
	76,960	67,470

8. INCOME TAX EXPENSE

	2011	2010
	HK$'000	HK$'000
Current tax:		
Hong Kong	**-**	193
Other jurisdiction	**344**	183
	344	376
(Over)underprovision in prior years:		
Hong Kong	**(12)**	231
Other jurisdiction	**-**	(285)
	(12)	(54)
	332	322

Hong Kong Profits Tax is provided for at the rate of 16.5% (2010: 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.

9. EARNINGS PER SHARE

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

	2011	2010
	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	**25,635**	29,152

	Number of Shares	
	2011	2010
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	**1,241,878**	1,216,878

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

10. DEBTORS, DEPOSITS AND PREPAYMENTS

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

	2011	2010
	HK$'000	HK$'000
Trade receivables analysed by age:		
0 to 60 days	**221,091**	162,520
Over 90 days	**169**	1,090
	221,260	163,610
Retention receivables	**62,022**	52,193
Other debtors, deposits and prepayments	**26,160**	41,037
	309,442	256,840
Retention receivables:		
Due within one year	**52,888**	26,079
Due more than one year	**9,134**	26,114
	62,022	52,193

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 receivables are debtors with a carrying amount of HK$169,000 (2010: HK$1,090,000) 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

	2011	2010
	HK$'000	HK$'000
Over 90 days	**169**	1,090

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 receivables that are neither past due nor impaired have good credit quality with reference to respective settlement history.

In determining the recoverability of trade receivables, 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.

11. CREDITORS AND ACCRUED CHARGES

The following is an aged analysis of trade payables presented based on invoice date at the end of the reporting period:

	2011	2010
	HK$'000	HK$'000
Trade creditors analysed by age		
0 to 60 days	**78,681**	54,608
61 to 90 days	**876**	2,824
Over 90 days	**3,770**	4,745
	83,327	62,177
Retention payables	**58,084**	43,435
Accrued project costs	**203,307**	113,023
Other creditors and accrued charges	**34,509**	29,201
	379,227	247,836
Retention payables:		
Repayable within one year	**46,348**	38,835
Repayable more than one year	**11,736**	4,600
	58,084	43,435

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

12. FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2011.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Operating Results

During the year, the Group has been able to take advantage of the current high level of activity in the construction market in Hong Kong. The turnover, including our share of jointly controlled entities, increased from HK$915 million for 2010 to HK$1,731 million for 2011, a jump of 89%. As a result, the profit from the construction operation increased from HK$20 million to HK$37 million. However, the loss due to the world economic conditions of HK$10 million on our investments in securities, the profit of the Group was only maintained at HK$27 million, comparable with that in 2010.

The group turnover, representing projects undertaken by our subsidiaries on solo basis and generally small to medium in size, increased from HK$722 million for 2010 to HK$1,153 million for 2011; coupled with improvement of gross profit margin from 8% to 10%, the gross profit recorded significant increase from HK$58 million to HK$111 million.

This achievement reflects our continuing strategy of focusing on projects not only where we believe we have a competitive edge but also on those projects where we can maintain a healthy cashflow and margin.

The contribution from joint venture projects, including both our share of results and of management service income, decreased from HK$37 million in 2010 to HK$32 million for this year. This included a loss of HK$9 million on our joint venture in the Middle East.

The expected market recovery in the UAE and particularly in Abu Dhabi did not materialise and as a result, our joint venture there failed to secure any new projects this year. As the UAE marine civil engineering market is showing no improvement, we have decided to transfer most of our staff back to Hong Kong together with the majority of the marine plant. This will be completed in the first half of 2012. We will however maintain a small office and our licenses. If the opportunity arises, we will reactivate our operation there.

In line with our budget, the head office administrative expenses increased by 20% from HK$89 million to HK$107 million. The expected increase was attributable to the high level of tendering activities, rising staff costs and associated training for staff development. Our aim is to reach and maintain a ratio of expense to turnover of 4%. The ratios for 2010 and 2011 were 10% and 6% respectively, but we believe that a ratio of 4% can be achieved in the not too distant future.

During 2011, the number of new contracts secured was 21 and the value of outstanding works recorded a 38% increase to HK$5.4 billion as at the date of this announcement compared with HK$3.9 billion reported in the Annual Report 2010.

Hong Kong

This year, the Group was awarded 16 new civil engineering projects, including three in joint venture, totaling in all HK$2.3 billion in value. These included several major contracts for the Government: the second works package for Harbour Area Treatment Scheme Stage 2A and the reconstruction and improvement works for the Kai Tak River, both for the Drainage Services Department; a design and build contract to upgrade the promenades of Aberdeen Harbour and, in joint venture, the construction of Portion C4 of Central Wan Chai Bypass over MTR Tsuen Wan Line, both for the Civil Engineering and Development Department. In the private sector, we are a member of the joint venture which was awarded by the MTRC the contract for Admiralty Station South Island Line underground extension and modifications. This project is on a target cost basis. At the airport we were awarded the third hangar for servicing private aircraft by Hong Kong Business Aviation Centre. This is the second project for this client. And in late 2011, we secured a project in joint venture to install a new submarine gas pipeline across Hong Kong Harbour for The Hong Kong and China Gas Company Limited.

In regard to projects commenced in previous years, they are generally proceeding satisfactorily. Of the two projects mentioned last year as suffering from delays, Package C1 on Central Wanchai Bypass at the Hong Kong Convention and Exhibition Centre made significant progress during the year and is now well on track to meet the overall programme. The other project – the joint venture for the Express Rail Link - Contract 824 has also progressed well and the first main tunnel drive by drill and blast has commenced. On the design and build contract for infrastructure work in Tseung Kwan O Stage 1, the main bridge is substantially complete and whole contract will be finished in the first quarter of 2012. The construction of the two sewage treatment plants on Lamma Island is well advanced as are the infrastructure works for Kai Tak Development - both are on program and with costs under control. The Polar Adventure and Thrill Mountain project at Ocean Park has however been badly delayed due to changes instructed by the Client and will complete in the mid of 2012.

In regard to the future, we are confident that there are good opportunities in civil engineering coming for the Group in 2012, and also beyond. Tenders for the MTRC Shatin to Central Line will be available in the first half of 2012 and physical works will commence in the second half. We have teamed up with partners for most of the packages and are confident that we will be prequalified for most of them. At the time of writing, we have commenced tendering on the first two packages both in joint venture. We have also tendered in joint venture for the first package for the new Hong Kong-Zhuhai-Macao Bridge. The tender for the second package is currently under preparation but with different joint venture partners. Hong Kong International Airport Authority have just kicked off their HK$9 billion expansion and the Group is part of joint ventures bidding for the new third terminal building and also separately, the associated new aprons and taxiways. In addition, the government budget of HK$62 billion on infrastructure for 2012/2013 means that a significant number of other infrastructure projects are expected to be tendered during the coming year. As a major construction Group in Hong Kong, we will be working hard on those tender where we believe we have a competitive edge and where we are confident a healthy cashflow can be maintained. We hope to be able to report some good news in regard to success on new projects in the next report to our shareholders.

Our Building division secured a major new building project as management contractor for the development of Hang Seng Management College at Shatin. This contract is the biggest building work undertaken to date by the Group. It is a fast track job in several phases and will absorb a large proportion of our building division staff. It is being managed in very close collaboration with the Client.

Turning to the building projects commenced in prior years, the high value fast track fit out project for a computer company at IFC in Central was completed satisfactorily, on time and to the required high quality. The impressive new Chapel at the Chinese University was also completed at the year end. The highrise residential tower at Tsing Yung Street in Tuen Mun will be finished in the first quarter of 2012 together with the upgrading of the Lai Chi Kok Swimming Pool project for the Architectural Services Department.

In the long term, we are confident that there will be many opportunities in Hong Kong for substantial growth of Build King during the next 5 years or so. To capitalize on these opportunities, our tendering strategy will continue to be selective and focus on those projects where we believe a decent margin can be obtained, where we have a real edge and which have healthy cashflow. Further, we have developed a team of loyal professional staff, who are committed to delivering good quality on time within budget.

PRC

No new projects have been identified in the PRC for the Group during the year. However, our existing operation at the sewage treatment plant in Wuxi continued to generate steadily increasing income and profit. For 2011, the income increased by HK$3 million to HK$16 million due to the increased average daily throughput from 25,000 tonnes to 30,000 tonnes as well as the levy for domestic users being finally increased by 9%. With the increasing population and industrial needs, we may need to consider further expansion of the plant capacity in 2013 from the current maximum capacity of daily volume 35,000 tonnes to 50,000 tonnes.

Employees and Remuneration Policies

As at 31 December 2011, the Group had a total of 902 employees and total remuneration for the year ended 31 December 2011 was approximately HK$209 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 2011, the Group had liquid assets of HK$121 million (as at 31 December 2010: HK$52 million) comprising held-for-trading investments of HK$30 million (as at 31 December 2010: HK$25 million) and bank balances and cash of HK$91 million (as at 31 December 2010: HK$27 million).

As at 31 December 2011, the Group had a total of interest bearing borrowings of HK$30 million (as at 31 December 2010: HK$63 million) with following maturity profile:

	At 31 December 2011 HK$ million	At 31 December 2010 HK$ million
Borrowings due within one year	**16**	36
Borrowings due in the second year	**14**	13
Borrowings due in the third to fifth year inclusive	**-**	14
	30	63

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 2011, total equity was HK$271 million comprising ordinary share capital of HK$124 million, reserves of HK$131 million and non-controlling interests of HK$16 million.

As at 31 December 2011, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 11% (as at 31 December 2010: 27%).

Pledge of Assets

As at 31 December 2011, bank deposit of the Group amounting to HK$21,000 (as at 31 December 2010: HK$19,000) was pledged to a bank for securing banking facility granted to the Group.

As at 31 December 2011, certain equity securities with market value of HK$13 million (as at 31 December 2010: HK$21 million) were pledged to a bank to secure general banking facilities granted to the Group.

As at 31 December 2010, the Group pledged certain motor vehicles with a carrying value of HK$53,000 to secure bank loans.

Contingent Liabilities

	As at 31 December 2011 HK$ million	As at 31 December 2010 HK$ million
Outstanding tender/performance/retention bonds in respect of construction contracts	**152**	201

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 2011.

AUDIT COMMITTEE

The Audit Committee has conducted a meeting with the management and external auditor to review the accounting policies adopted by the Group, the consolidated financial statements for the year ended 31 December 2011, the general scope of audit work conducted by the external auditor 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 Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 2011, 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 2011.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Academy I-II, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 15 May 2012 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 is published on the Company's website (www.buildking.hk) and the Stock Exchange's website (www.hkexnews.hk). The Annual Report 2011 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, 27 February 2012