BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	8%
Equity	HK$276 million
Equity per share	HK22 cents
Group revenue and share of revenue of jointly controlled entities	HK$2,143 million
Profit attributable to owners of the Company	HK$21 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 2012 and the consolidated statement of financial position of the Group as at 31 December 2012 together with the comparative figures for 2011 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	**2012 HK$'000**	2011 HK$'000
Revenue	*3*	**1,661,195**	1,152,639
Cost of sales		**(1,566,702)**	(1,041,700)
Gross profit		**94,493**	110,939
Investments and other income	*5*	**31,126**	32,677
Increase (decrease) in fair value of held-for-trading investments		**11,856**	(11,439)
Administrative expenses		**(107,225)**	(106,588)
Finance costs	*6*	**(1,977)**	(2,122)
Other expenses		**(14,838)**	-
Share of results of jointly controlled entities		**8,071**	3,261
Share of results of associates		**440**	697
Profit before tax	*7*	**21,946**	27,425
Income tax expense	*8*	**(1,822)**	(332)
Profit for the year		**20,124**	27,093
Profit for the year attributable to:			
Owners of the Company		**20,669**	25,635
Non-controlling interests		**(545)**	1,458
		20,124	27,093
		HK cents	HK cents
Earnings per share	*9*		
- Basic		**1.7**	2.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 HK$'000	2011 HK$'000
Profit for the year	**20,124**	27,093
Other comprehensive income		
Exchange differences arising on translation of foreign operations	**858**	2,363
Total comprehensive income for the year	**20,982**	29,456
Total comprehensive income attributable to:		
Owners of the Company	**21,494**	27,882
Non-controlling interests	**(512)**	1,574
	20,982	29,456

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2012

	Notes	**2012 HK$'000**	2011 HK$'000
Non-current assets			
Property, plant and equipment		**42,675**	47,934
Intangible assets		**65,095**	65,996
Goodwill		**30,554**	30,554
Interests in jointly controlled entities		**27,963**	40,622
Available-for-sale investment		**-**	-
Other financial asset		**52,295**	53,400
		218,582	238,506
Current assets			
Amounts due from customers for contract work		**138,152**	98,761
Debtors, deposits and prepayments	*10*	**527,995**	309,442
Amounts due from fellow subsidiaries		**-**	364
Amounts due from associates		**7,552**	7,171
Amounts due from jointly controlled entities		**74,671**	41,637
Held-for-trading investments		**41,024**	29,566
Pledged bank deposit		**10**	21
Bank balances and cash		**55,340**	91,300
		844,744	578,262
Current liabilities			
Amounts due to customers for contract work		**125,957**	65,549
Creditors and accrued charges	*11*	**507,372**	379,227
Amount due to an intermediate holding company		**5,149**	16,386
Amounts due to fellow subsidiaries		**654**	-
Amount due to an associate		**11,052**	9,947
Amounts due to jointly controlled entities		**12,465**	6,418
Amounts due to non-controlling interests		**3,094**	3,092
Tax liabilities		**899**	-
Bank loans - due within one year		**74,387**	16,418
		741,029	497,037
Net current assets		**103,715**	81,225
Total assets less current liabilities		**322,297**	319,731

	Notes	**2012** **HK$'000**	2011 HK$'000
Capital and reserves			
Ordinary share capital		**124,188**	124,188
Reserves		**152,246**	130,752
Equity attributable to owners of the Company		**276,434**	254,940
Non-controlling interests		**15,605**	15,817
Total equity		**292,039**	270,757
Non-current liabilities			
Deferred tax liabilities		**5,750**	5,750
Obligations in excess of interests in associates		**17,795**	18,235
Amount due to an associate		**6,713**	7,172
Amount due to a jointly controlled entity		**-**	4,067
Bank loans - due after one year		**-**	13,750
		30,258	48,974
		322,297	319,731

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, for the first time, the following amendments to HKFRSs issued by the HKICPA.

Amendments to HKFRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax - Recovery of Underlying Assets

The application of the above amendments to 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 HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle[2]
Amendments to HKFRS 1	Government Loans[2]
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 8 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
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[1]
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[3]
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 2012.
2 Effective for annual periods beginning on or after 1 January 2013.
3 Effective for annual periods beginning on or after 1 January 2014.
4 Effective for annual periods beginning on or after 1 January 2015.

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

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 Venturers". 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.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRSs for the first time.

These five standards together with the amendments relating to the transitional guidance are effective for the annual periods beginning on or after 1 January 2013 with earlier application permitted provided that all of these five standards are applied at the same time. The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and the directors of the Company are in the process of ascertaining the financial impact on application of these standards and amendments.

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 2012

	Hong Kong HK$'000	The PRC HK$'000	Middle East HK$'000	Total HK$'000
Results				
Group revenue	**1,638,554**	**18,357**	**4,284**	**1,661,195**
Share of revenue of jointly controlled entities	**481,729**	**-**	**-**	**481,729**
Segment revenue	**2,120,283**	**18,357**	**4,284**	**2,142,924**
Group results	**(2,098)**	**13,620**	**(9,362)**	**2,160**
Share of results of jointly controlled entities	**8,071**	**-**	**-**	**8,071**
Segment profit (loss)	**5,973**	**13,620**	**(9,362)**	**10,231**
Unallocated expenses				**(1,449)**
Investments income				**2,845**
Increase in fair value of held-for-trading investments				**11,856**
Share of results of associates				**440**
Finance costs				**(1,977)**
Profit before tax				**21,946**

4. SEGMENTAL INFORMATION (Continued)

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

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

	2012	2011
	HK$'000	HK$'000
Investments and other income include:		
Dividends from held-for-trading investments	**1,391**	1,378
Gain on disposal of property, plant and equipment	**12,930**	39
Gain on disposal of a subsidiary	**4,080**	-
Interest on bank deposits	**218**	106
Interest on other financial asset	**1,439**	1,468
Interest on held-for-trading investments	**1,454**	386
Service income from an associate for secretarial and management services	**-**	250
Service income from jointly controlled entities	**8,472**	28,707

6. FINANCE COSTS

	2012	2011
	HK$'000	HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**1,581**	1,767
Imputed interest expense on non-current interest-free amount due to an associate	**396**	355
	1,977	2,122

7. PROFIT BEFORE TAX

	2012	2011
	HK$'000	HK$'000
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	**1,420**	1,375
Bad debts written off	**52**	119
Depreciation of property, plant and equipment	**10,059**	14,462
Less: amount attributable to construction contracts	**(1)**	-
	10,058	14,462
Hire charges for plant and machinery	**23,956**	23,675
Less: amount attributable to construction contracts	**(23,956)**	(23,675)
	-	-
Amortisation of intangible assets	**1,264**	1,250
Expenses incurred in towing certain vessels from Middle East to Hong Kong (included in other expenses)	**14,838**	-
Net foreign exchange losses	**67**	223
Operating lease rentals in respect of land and buildings	**9,946**	7,844
Less: amount attributable to construction contracts	**(3,943)**	(1,399)
	6,003	6,445
Share of income tax credit of jointly controlled entities (included in share of results of jointly controlled entities)	**-**	(53)
Staff costs:		
Directors' remuneration	**7,760**	7,485
Other staff costs	**209,815**	190,662
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK$393,000 (2011: HK$115,000)	**10,656**	11,036
	228,231	209,183
Less: amount attributable to construction contracts	**(153,203)**	(132,223)
	75,028	76,960

8. INCOME TAX EXPENSE

	2012	2011
	HK$'000	HK$'000
Current tax:		
Other jurisdiction	**899**	344
Under(over)provision in prior years:		
Hong Kong	**923**	(12)
	1,822	332

Hong Kong Profits Tax is provided for at the rate of 16.5% (2011: 16.5%) on the estimated assessable profits.

No provision for Hong Kong Profits Tax for both years has been made in the consolidated financial statements as the estimated assessable profit has been wholly absorbed by 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:

	2012	2011
	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	**20,669**	25,635

	Number of Shares	
	2012	2011
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	**1,241,878**	1,241,878

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:

	2012	2011
	HK$'000	HK$'000
Trade receivables analysed by age:		
0 to 60 days	**385,152**	221,091
Over 90 days	**118**	169
	385,270	221,260
Retention receivables	**94,527**	62,022
Other debtors, deposits and prepayments	**48,198**	26,160
	527,995	309,442
Retention receivables:		
Due within one year	**45,033**	52,888
Due more than one year	**49,494**	9,134
	94,527	62,022

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$118,000 (2011: HK$169,000) 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

	2012	2011
	HK$'000	HK$'000
Overdue 30 days	**118**	169

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:

	2012	2011
	HK$'000	HK$'000
Trade creditors analysed by age		
0 to 60 days	**89,136**	78,681
61 to 90 days	**4,384**	876
Over 90 days	**3,453**	3,770
	96,973	83,327
Retention payables	**102,447**	58,084
Accrued project costs	**295,435**	203,307
Other creditors and accrued charges	**12,517**	34,509
	507,372	379,227
Retention payables:		
Repayable within one year	**43,006**	46,348
Repayable more than one year	**59,441**	11,736
	102,447	58,084

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 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

Operating Results

Following the significant increase of contracts awarded in 2010 and 2011, the turnover for 2012, including our share of jointly controlled entities, climbed up to HK$2,143 million, representing an increase of 24% from HK$1,731 million for 2011. However, the profit after tax dropped from HK$27 million for 2011 to HK$20 million this year.

The profit for 2012 was made up of HK$5 million from construction (2011: HK$37 million profit) and HK$15 million from the investments in marketable securities (2011: HK$10 million loss). The decline of profit from construction was attributable partly to our strategic decision to retreat from UAE market and relocate plants and staff back to Hong Kong where we believe the prospect of marine projects are much promising. The profit from construction was also eroded by few projects where the costs were over-spent as a result of clients' changes and variations. However, we are optimistic to recover our contractual entitlement to these costs from the clients in following years.

During the year, the Group successfully secured ten projects of total contract sum over HK$3 billion and after year end one major civil project of HK$1.7 billion. As at the date of this announcement, outstanding value of works is HK$7 billion.

Hong Kong Operation

2012 was a busy year with many successful tenders. In early 2012, we secured a foundation work for a major logistic centre on Tsing Yi Island which is now close to completion as budget. The marine division won a dredging contract for laying an undersea gas main, part of Hong Kong Section of West-East Natural Gas Transmission Project and have completed on time with compliment from the client. Further, we successfully bided the first New Engineering Contract for Highways Department to carry out improvement work at Pok Oi Interchange. The practical experience with this new form of contract is strategically important to enhance our competitiveness in future public works as we expect this new form of contract will be widely adopted for future government projects.

Many major infrastructure projects from Hong Kong Government and MTRC were pushed out for tenders. Our efforts and investment in these mega tenders were also fruitful. Through joint ventures with other major contractors, we won two work packages for Shatin Central Link, including Diamond Hill Station Extension and Hung Hom North Approach Tunnels. Both projects were awarded and commenced in December 2012 and target to complete within 5 years. In January 2013, we secured, through a 49% owned joint venture, a significant contract of a sum over HK$3.3 billion for land formation and construction of Central Wanchai Bypass at Wanchai West which takes over five years to complete.

The joint venture projects secured in previous years are progressing into mature stage. The Central Wanchai Bypass, Package C1, at the Hong Kong and Convention Centre has made significant progress and overall program and budget were well under control. The tunneling work of Express Rail Link Contract 824 was ongoing; plans to recover earlier delays in time and their associated costs were developed and agreed with the client. For South Island Line (East) Contract 901 at Admiralty Station, the critical part – excavation and blasting works for the shaft was commenced in November 2012. Portion C4 of Central Wanchai Bypass over existing MTR Tsuen Wan Line was approaching completion; the precast tunnel unit was constructed in PRC and towing back to Hong Kong is imminent. The contract for a new twin cross harbor gas mains for the Hong Kong and China Gas Company Limited started off late 2011 and now, pipe laying work are progressing smoothly.

On solo projects, the Polar Adventure and Thrill Mountain project for Ocean Park was completed early 2012 on time for opening to public. The third hangar at the Business Aviation Center at Chek Lap Kok Airport was constructed within 12 months to a very tight programme and handed over to the client in June 2012. The construction of two sewage treatment plants on Lamma Island for Drainage Services Department (DSD) and infrastructure work for Kai Tak Development for Civil Engineering and Development Department (CEDD) are both at an advanced stage with time and costs in line with budget. The government projects awarded in 2011 include the reconstruction, improvement and rehabilitation of Kai Tak River in Wong Tai Sin for DSD and two work packages for the Harbour Area Treatment Scheme, Stage 2A, both also for DSD together with upgrading work for the promenades of Aberdeen Harbour for CEDD; all these projects are proceeding smoothly within budget.

On building projects, we are pleased to report our success in meeting the tight programme of Hang Seng Management College at Shatin, handing over the first block before the opening of new academic year in September 2012. We are now progressing well to the remaining blocks which are to be completed in 2014. The improvement work at Lai Chi Kok swimming pool and the high rise residential building in Tsing Yi were also completed on time within budget. During the year, we won two building contracts, namely a disciplined services quarter in Tuen Mun for Architectural Services Department (ASD) and a hostel for The Hong Kong University of Science & Technology in Tseung Kwan O. Both contracts will run for about two and half years with completion in early 2015.

Looking forward, we anticipate many civil engineering infrastructure projects are in pipe line; this momentum will continue for five to ten years. With strong and solid foundation laid in past 30 years in Hong Kong, the Group is well positioned to reap the benefit of future opportunities. However, market share and turnover are not our primary objectives; our focuses are always quality of the works as well as profit attributable to shareholders. Mindful of the risks and challenges in this ever-changing business environment, we continue to adopt cautious tender approach - selective of those projects we have edges and with reasonable profit and cash flow; we will reinforce cost control measures to ensure achievement of budget.

The development of building division is an important part of the long range plan. We successfully upgraded our listing in Group C - Building under Development Bureau from probationary to confirmed status in 2009. Since then, we have significantly strengthened the capabilities of the building division, which in the past few years undertook wide range of building projects including high rise residential towers for private developers, buildings for universities and ASD, and fast track fit out works for luxury brand shop. The recent change of the government policy to reinvigorate public housing may also provide us with opportunities to further development. The Group is now seriously formulating strategies to develop this public housing sector.

PRC

Since the commencement of sewage treatment operation in Wuxi in 2007, it has consistently met its operational and financial target, contributing steady income to the Group. During 2012, the turnover increased by 13% to HK$18 million and coupled with cost savings measures implemented, the profit was doubled to over HK$9 million.

The treatment volume of sewage at Wuxi has now reached the maximum designed capacity of 35,000 tonnes per day. With the forecasted steady growth of local population and industrial customers, the Group has decided to further invest RMB5 million in new equipment, upgrading the maximum designed capacity to 50,000 tonnes per day. The new plant will be ready for operation in the second half of 2013.

Employees and Remuneration Policies

As at 31 December 2012, the Group had a total of 915 employees and total remuneration for the year ended 31 December 2012 was approximately HK$228 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 performance of the individual.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2012, the Group had liquid assets of HK$96 million (as at 31 December 2011: HK$121 million) comprising held-for-trading investments of HK$41 million (as at 31 December 2011: HK$30 million) and bank balances and cash of HK$55 million (as at 31 December 2011: HK$91 million).

As at 31 December 2012, the Group had a total of interest bearing borrowings of HK$74 million (as at 31 December 2011: HK$30 million) with following maturity profile:

	At 31 December 2012 HK$ million	At 31 December 2011 HK$ million
Borrowings due within one year	**74**	16
Borrowings due in the second year	**-**	14
	74	30

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 2012, total equity was HK$292 million comprising ordinary share capital of HK$124 million, reserves of HK$152 million and non-controlling interests of HK$16 million.

As at 31 December 2012, the gearing ratio, representing total interest bearing borrowings as a percentage of total equity, was 25% (as at 31 December 2011: 11%).

Pledge of Assets

As at 31 December 2012, bank deposit of the Group amounting to HK$10,000 (as at 31 December 2011: HK$21,000) was pledged to a bank for securing the banking facility granted to the Group.

As at 31 December 2012, certain equity securities with market value of HK$20 million (as at 31 December 2011: HK$13 million) were pledged to a bank to secure general banking facilities granted to the Group.

Contingent Liabilities

	As at 31 December 2012 HK$ million	As at 31 December 2011 HK$ million
Outstanding tender/performance/retention bonds in respect of construction contracts	**243**	152

CORPORATE GOVERNANCE CODE

The Company is committed to attaining good standard of corporate governance practices and has complied with the code provisions of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (collectively, the "Code") during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") except as noted hereunder.

Code Provision A.2.1

Under 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 duties of Chief Executive Officer ("CEO") were previously carried out by the former Vice Chairman and Executive Director. Following his 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. Mr. Zen's title has been re-designated as the Chairman, an Executive Director, Chief Executive Officer and Managing Director of the Company with effect from 22 March 2012.

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.

Code Provision A.4.1

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Prior to 1 March 2012, none of the existing Non-executive Directors (including Independent Non-executive Directors) was appointed for a specific term. However, all Directors (Executive, Non-executive and Independent Non-executive Directors) are subject to the retirement provisions of the Bye-laws of the Company. 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 Company 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.

On 1 March 2012, each Non-executive Director (including Independent Non-executive Director) entered into a Letter of Appointment with the Company for the period of three years from 1 March 2012 to 28 February 2015, subject to re-election.

Code Provision A.6.7

One of the Non-executive Directors was unable to attend the annual general meeting of the Company held on 15 May 2012 as he had an overseas engagement.

Details of corporate governance code are set out in Annual Report 2012.

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 2012, the general scope of audit work conducted by the external auditor and assessment of the Group's internal controls.

DIRECTORS' SECURITIES TRANSACTIONS

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.

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 2012.

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 Wednesday, 8 May 2013 at 2:00 p.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 2012 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, 1 March 2013