Build King Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code : 00240)

Annual Report 2024

Contents

Financial Highlights

FINANCIAL PERFORMANCE HIGHLIGHTS

Percentage of increase in equity** per share	12%
Equity	HK$2,662 million
Equity per share	HK$2.14
Group revenue	HK$14,369 million
Profit attributable to owners of the Company	HK$434 million
Final dividend per share	HK7.5 cents
Special dividend per share	HK6.0 cents

** *equity refers to equity attributable to owners of the Company*

FINAL AND SPECIAL DIVIDENDS

The board of directors (the "Board") of the Company recommends the payment of a final dividend of HK7.5 cents (2023: HK8.0 cents) per ordinary share and a special dividend HK6.0 cents (2023: Nil) per ordinary share for the year ended 31 December 2024.

The gain in shareholders' equity of Build King Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") during 2024 was HK$286 million whilst the equity per share increased by 12% to HK$2.14. Since the listing of the Group in 2004, our cumulative gain in equity has increased twenty-six fold, equivalent to a compound annual growth of 19%, taking into account the dividends paid over the years as well as new capital raised in 2010.

Our turnover in 2024 was HK$14.4 billion, an increase of 15% over that of 2023. However, due to fierce competition and the adverse operating environment, our profit dropped slightly from last year's HK$467 million to HK$429 million. However, in the current market conditions, this is still a remarkable achievement and all our staff warrant a big round of applause.

Since my last report, we have been awarded a total of HK$10.8 billion of new works and at the time of writing this report, our outstanding order stands at HK$31.6 billion. This implies that we have slightly over two years of workload outstanding (a fortunate position for the Group to be in). There is still however a heavy need to win new projects to keep our team of capable staff fully employed. Looking ahead, the situation is extremely challenging. The reduction in new private sector projects is already happening and likely to continue for the next few years and even if Government budgets remain at current levels, we are likely to see a shrinkage of 25% to 30% in the availability of new projects. This will put huge pressure on all contractors big or small and the road ahead is likely to be hard.

One of the reasons our result was lower this year is similar to that of last year with the contract price fluctuation (CPF) again being hard hit. I estimate that during the year of 2024, there was on average a drop of 1 to 2% in CPF; considering Build King has over HK$10 billion value of projects on hand with CPF, this has led to a direct reduction in our profit of HK$100-200 million.

We expect supplier and subcontractor prices for new projects in 2025 to come down due to fierce competition in the market. With the Group's current outstanding work of around HK$31.6 billion, Build King results are likely to be 'safe' in 2025 but looking forward to 2026 a lot will depend on how successful we are in securing new projects in the coming year. All we know for sure is the years ahead will be an uphill battle for all contractors.

BUSINESS ANALYSIS

A) Construction

The core business of our Group is construction, which this year represented 99% of our turnover. All our construction activities are carried out in Hong Kong.

1) Civil Engineering

This year, the turnover of our Civil Engineering Division was HK$7.8 billion, an increase of 1% compared with that of 2023. This division contributed HK$676 million in gross profit in the year. We currently have 35 active Civil projects on hand, including 18 in joint venture with other contractors. At present, the majority of our active projects are performing well, with only a few facing difficulties and losses. We are trying our best to reduce losses in those projects and expect some in the end to be profitable.

This year we were fortunate to have been awarded a total of HK$8.7 billion of new civil projects and we should have enough work on our plate for 2025. We hope to be successful on some of the mega civil projects that we are targeting to contribute to 2026 and beyond. What's for sure though is that there will be fewer tenders for the industry to attempt in 2025, but rest assured we will do our very best to secure our share.

BUSINESS ANALYSIS (Continued)

A) Construction (Continued)

1) Civil Engineering (Continued)

Due to the shrinkage of the construction market, the impact will be felt by all Contractors including Build King. Sooner or later, we expect Build King turnover to decrease in line with the general decline in the construction industry. I won't be too surprised if this occurs in 2026, though of course I hope we might be one of the exceptions. However, we must be practical and plan ahead based on the various possible scenarios.

2) Building

The turnover of our Building Division this year was HK$6.0 billion, an increase of 36% over that of 2023. The Division contributed HK$344 million as gross profit in this year, which is a big improvement on 2023. We currently have 13 active building projects in hand, including 2 in joint venture with other contractors. Since my last report, we have been awarded a total of HK$1.2 billion of new building projects. This year our Building Division is to be congratulated by securing a gross margin of 4% which actually included the value of nominated subcontractors (which constitute roughly 50% of a typical contract sum). If we calculate the margin based just on the direct works the Building Division undertook in the year, they achieved 8% gross profit on turnover. This is the type of performance we have always aimed for in order to get a net profit of 3% to 4%.

Going forward, we must become more competitive and cut construction costs. To do so we need to adopt more automation, integrated information system and identify new construction materials as well as adopting new methods. Last year I mentioned here that we wanted Clients and Architects to view us as a good building contractor and be willing to award us jobs. I am happy to report that our reputation has improved a lot over the past 12 months and with clients' impression of Build King improving, we have received several invitations to tender. Although at this moment we cannot yet be compared with tier one building contractors, we are not too far away. Our reputation naturally comes from the projects we complete and the way we take care of safety, quality and progress in our daily work. I hope that in time we can be ranked equal to those tier 1 contractors and that this date won't be too far away.

3) Specialist Subsidiaries

Our four specialist subsidiaries registered a total turnover of HK$1,254 million, and netting a gross profit of HK$105 million in 2024.

Titan Foundation Limited ("Titan") (our piling and foundation specialist) outperformed all the other three, with the turnover in 2024 of HK$269 million and registering a gross profit of HK$80 million.

Even Build King Interior & Construction Limited (our fitting-out subsidiary) managed to achieve a turnover of HK$570 million with gross profit of HK$37 million, not as impressive as Titan, but a meaningful achievement nonetheless.

I do wish to see more of our new initiatives eventually turning into small profitable businesses, but we are keenly aware that most new companies cannot survive for long. We will do all we can to develop these subsidiaries to be consistently profitable and hope if we can succeed in one or two new ventures, we should be doing fine, wish us luck!

BUSINESS ANALYSIS (Continued)

A) Construction (Continued)

4) Staff

We currently have 48 active projects in our Civil and Building Divisions with an expanded workforce from 3,601 as of 31 December 2023 to 3,784 as of 31 December 2024.

Everybody is aware that construction costs in Hong Kong ranked first or second highest in Asia and 7th in the world, obviously there are a lot of reasons for such high cost, be it the cost of labour, the productivity of an individual labour (given that the average age of labour in Hong Kong is over 51 years) or the multiple layers of client supervision or the lengthy time taken in Hong Kong to approve anything.

However, improvement must start somewhere, and we choose to start with ourselves. We plan to gradually reduce the number of supervising staff by utilizing IT and/or automation to replace some of the routine works in order to free up time for our staff to focus on what is really important and needing judgement. In any case, as mentioned in my last report, Development Bureau is pushing for CDE (Central Data Environment) across all their projects. We expect this to become a mandatory requirement by the end of 2025. Build King has and is allocating many staff resources as well as money in setting up the system. I hope we can succeed in this new initiative and gradually be able to reduce our supervisory staff costs by some 30% over the next few years. I will report to you on the progress of this matter in future annual reports.

B) Environmental Infrastructure Project in China

1) Wuxi Sewage Treatment Plant

As mentioned in my last report, a new plant is under construction right next to our existing plant. This plant when completed in the first quarter 2025 will divert some of the sewage that presently comes to our plant. Since we have only slightly over 12 years of operation before our contract expires, we have decided after due consideration, that it was in Build King's best interest to sell part of the existing plant to the owner of the new plant. As a result, we have managed to negotiate a sale of a 75% share in our plant for RMB178 million (including dividends). This transaction was completed in December 2024.

The reason for us to retain 20% of the plant is it has allowed us to come to an agreement with the new majority shareholder to continue to operate the current plant on behalf of the joint venture and most likely also to get involved in the operation of the new plant when that is completed.

2) Steam Supply to Factories in Industrial Park (mainly in Gansu province)

The average tonnage of steam supplied by the Group in 2024 was circa 90 Ton/hr, an increase of only 10% over that of 2023. This is disappointing as at the start of the year we had anticipated the demand would have been over 100 Ton/hr.

For the current year we lost HK$36 million in accounting terms; however in cashflow terms we are positive due to the plant depreciation together with the interest on our loan to the JV (amounting to approximately HK$21 million).

BUSINESS ANALYSIS (Continued)

B) Environmental Infrastructure Project in China (Continued)

2) Steam Supply to Factories in Industrial Park (mainly in Gansu province) (Continued)

With several improvements made to the plant & management system during the year, we are confident that we should be able to reach a breakeven point next year in accounting terms provided the demand reaches 140 to 150 Ton/hr.

We observed in the last quarter of 2024 that the monthly consumption increased and in December was an average 130 Ton/hr; this increase was due to the fact that a number of new factories have been set up in the various industrial parks and, of course, the cold weather. Our current forecast of the average consumption for 2025 is 125 Ton/hr, so it is likely that it will be 2026 before we can really start to make some real money. I hope that we have already endured the worst and going forward we can anticipate better results.

C) Investment on Securities and Other Activities

1) There was no new investment in stocks nor bonds this year, as such, the 'Loss' in this area was minimal.

2) In regard to our investment of HK$800 million in the Road King project in Shenzhen; although Road King have almost managed to take over all the existing units by end 2024, we still have decided that it will be in Build King's best interest to exercise our right in the agreement with Road King to take back 50% of our investment within 2 years. A letter demanding HK$400 million was sent to Road King in January 2025 and payment was received by the end of February.

3) By April 2025 after receiving this HK$400 million plus the RMB178 million from sale of our Wuxi sewage plant, Build King will be sitting on some solid cash. I fully accept the suggestion from our shareholders at the last AGM that we should be more prudent in future investment, and I also recognize the need of most shareholders to have cash given the poor economic situation all around. Therefore going forward, we won't be actively looking for investment opportunities and will wait for a bargain call from desperate sellers. We expect there will be plenty of such opportunities in 2025 as well as 2026. We will see.

OUTLOOK

Due to the Hong Kong Government budget deficit, also the downturn of property market in Hong Kong as well as in China, so I must take back the words I said in my last annual report. The construction industry is going to suffer, at least for the next 2 to 3 years and it will be a miracle if Build King can maintain for long the turnover and level of profit we have enjoyed recently.

Having said the above, the fact that we were awarded a number of new contracts in 2024, I expect we can achieve a similar turnover in 2025 to that of 2024 and maybe, if luck is with us, we might be able to match the profit of 2024, this certainly will be very good news for our staff as well as our shareholders. However, my prediction must stop here, as it would almost be impossible to predict any further forward, given the volatility of the market.

Rest assured that the entire team of dedicate Build King staff will do their best to keep Build King profitable.

CORPORATE GOVERNANCE

Communication with Shareholders

I have been candid with you in my reporting and I will emphasize the pluses as well as minuses that are important in appraising the Group. My guideline is to tell you the business facts that I would want to know if our positions were reversed; I owe you nothing less. There may be some queries or issues you want to raise and so I strongly encourage shareholders to attend the annual general meeting of the Company to be held on 21 May 2025. This is the occasion where the management and owners of the company can discuss the business face to face.

Dividend Policy

I am pleased to advise that based on the earning of HK$0.349 per share, as per last year we will distribute 30% of our profit to shareholders, i.e. HK$0.105/share deducting the HK$0.03/share we had paid out in interim, this leaves HK$0.075/share to be distributed as the final dividend. However, in view of our strengthened balance sheet (in particular after receiving the cash from our sales of Wuxi plant and the HK$400 million from Road King), Build King's cash is healthy and able to face the requirement of all the new projects in terms of working capital. We do understand that most shareholders will wish to receive a higher dividend to battle the market downturn, so this year the Board decided to distribute an additional special dividend of HK$0.06/share to ease the burden of the majority of our shareholders. However, please be mindful this is an one-off distribution, and shareholders should not expect the same will happen again in the near future. No doubt all shareholders should realise that if our turnover reaches HK$15 billion, we will need HK$1.5 billion working capital to meet the Development Bureau's requirements. And not to mention the bond amount that will be required from private clients (usually 10% of the contract sum). Cumulatively this is a very heavy financial burden on Build King.

Appreciation

Finally, I would like to take this opportunity to again express my hearty gratitude to our shareholders, clients, business partners, directors and not least, to our staff for their hard work and loyalty.

Zen Wei Peu, Derek
Chairman

Hong Kong, 21 March 2025

Management Discussion and Analysis

Overall results

The Group is principally engaged in building construction and civil engineering works in Hong Kong. Apart from its core activities in construction, the Group also derives revenue from its environmental infrastructure projects in Mainland China. For the year ended 31 December 2024, the Group's revenue increased by 15% to HK$14.4 billion compared with last year (2023: HK$12.5 billion).

The gross profit of the Group decreased to HK$1.2 billion for the year ended 31 December 2024, compared to HK$1.3 billion a year ago. The gross profit margin decreased to 8.0% from 10.4% a year ago. The decrease was mainly attributable to the tailing off in profit contribution from a civil project as it approached project completion during the year.

The profit attributable to the shareholders for the year ended 31 December 2024 was HK$434 million, compared to HK$474 million a year ago. The decrease was mainly attributable to the decrease in gross profit of HK$151 million while there was an increase in fair value of financial assets through profit or loss of HK$3.7 million for the year ended 31 December 2024, compared to a decrease of HK$123.4 million a year ago.

The Group's taxation charge decreased to HK$68 million (2023: HK$174 million) in the year, in correspondence with the decrease in profits of the construction projects.

OPERATIONAL REVIEW

Hong Kong

The Group provides a full spectrum of construction services from building construction and civil engineering to foundation, electrical and mechanical, interior refurbishments and fitting out works in Hong Kong. Total revenue from construction contracts amounted to HK$14.2 billion for the year ended 31 December 2024 (2023: HK$12.3 billion). As of the date of the report, the Group had total contracts on hands of HK$31.6 billion, which significantly secure the revenue of the Group for the next two years. Segment profit, after the deduction of direct costs, decreased to HK$581 million (2023: HK$816 million). The decrease in segment profit was mainly attributable to the tailing off in profit contribution from a civil project as it approached project completion during the year.

Environmental infrastructure projects in Mainland China

The Group operates a sewage treatment plant in Wuxi for the treatment of household and industrial wastewater, as well as steam supply plants in Gansu and Hubei for providing steam to clients in industrial parks. The total revenue generated from our environmental projects in Mainland China was HK$215 million for the year ended 31 December 2024 (2023: HK$217 million). Segment loss, after the deduction of direct costs, increased to HK$17 million (2023: loss of HK$15 million). Total output capacity for our four operating steam plants went up from an average of 81 tons per hour in 2023 to an average of 90 tons per hour in 2024, representing an increase of 11%.

On 18 November 2024, the Group entered into an agreement with the purchaser, an independent third party, whereby the Group agreed to sell and the purchaser agreed to purchase 75.576% equity interest in the sewage treatment plant for a consideration of RMB124.94 million (the "Disposal"). Following the completion of the Disposal which took place on 31 December 2024, the Group continues to hold 20% interest in the sewage treatment plant, which was ceased to be a subsidiary and is accounted for as an associate of the Group.

OPERATIONAL REVIEW (Continued)

Major investments

(i) As disclosed in the Company's announcement dated 30 April 2024, the Group unwound the sale and purchase agreements dated 28 April 2023 (as amended and supplemented) (the "Amended Agreements") regarding the acquisition of two parcels of land located at Pak Shing Kok Road in Tseung Kwan O, New Territories, Hong Kong (the "Project Land Sharing Transaction"), which was intended to be rezoned for development under the Land Sharing Pilot Scheme (the "Unwinding").

The Unwinding was completed on 6 December 2024 according to the Amended Agreements and the vendors returned the part payments of HK$31 million to the Group. A loss of HK$37 million arising from the Unwinding was provided in the year ended 31 December 2024.

(ii) The Group held a 20% interest in an urban renewal project referred to as Haitao Garden, which was built in the 1980s and is located at Haitao Garden, 58 Haitao Road, Yantian District, Shenzhen, the People's Republic of China. This project is to be redeveloped for residential and commercial use (the "Shenzhen Project"). As of the date hereof, the developer of the Shenzhen Project has resettled or contracted to resettle over 99% of the 1,281 owners on the site, covering over 99% of the gross floor area and government assisted resumption process for the remaining units are underway. The demolition of Haitao Garden and the cancellation of the ownership rights and land title associated with the demolished properties are currently in progress, following the grant of relevant planning and construction approval by the relevant authority(ies), the construction of the Shenzhen Project can then commence. As at 31 December 2024, the remaining 80% interest of the Shenzhen Project was held by Road King Infrastructure Limited ("Road King"), a connected person to the Company under the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As provided under the investment agreement dated 6 October 2022, the Group had a redemption right to require the associate to repay the shareholder loan due by the associate to the Group on 28 February 2025. On 24 January 2025, the Group gave notice to exercise the loan redemption right in respect of HK$400 million and transfer 10% equity interest in the Shenzhen Project to the indirect wholly-owned subsidiary of Road King (the "Loan Redemption and Balancing Transaction"). The Loan Redemption and Balancing Transaction have been completed pursuant to the investment agreement.

Following the completion of the Loan Redemption and Balancing Transaction, the Shenzhen Project has ceased to be accounted for as an associate of the Group but is recognized as financial assets, which is measured at fair value through profit or loss.

(iii) As disclosed in the FY2021 Annual Report, the Group ceased its 49% joint venture operation (the "Dezhou JV") of supplying heat to the Dezhou District due to a contractual dispute with its heat supplier. The Group has been pursuing legal action against the heat supplier to recover the RMB34 million deposit paid under the heat supply agreement (the "Deposit") and to seek damages for breach of the agreement. The legal process is ongoing. Given the heat supplier appears to be in significant financial difficulty, the Group made a full provision on the recoverability of the Deposit and reflected the loss as "Share of Results of Joint Ventures" in the year ended 31 December 2024. The assets of the Dezhou JV were handed over to the District Management of Dezhou in 2021, and the Group is seeking compensation of RMB50 million for the value of the assets handed over. Discussions with the District Management are ongoing. Given the uncertain outcome, the Group assessed a high likelihood that the Group's interest in the joint venture would be fully impaired and made a full provision on the Group's residual interests in Dezhou JV. The portion of loss relating to the Group's cost of investment was taken up as "Other Losses" and the portion of loss relating to the residual assets in the joint venture was taken up as "Share of Results of Joint Ventures" in the year ended 31 December 2024.

OPERATIONAL REVIEW (Continued)

Employees and Remuneration Policies

As at 31 December 2024, the Group had a total of 3,784 employees, and total remuneration for the year ended 31 December 2024 was approximately HK$1,825 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 the performance of the individual.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2024, the Group had liquid assets of HK$1,992 million (as at 31 December 2023: HK$1,390 million) comprising financial assets at fair value through profit or loss of HK$460 million (as at 31 December 2023: HK$54 million), time deposits with an original maturity of not less than three months of HK$1 million (as at 31 December 2023: HK$36 million) and bank balances and cash of HK$1,531 million (as at 31 December 2023: HK$1,300 million).

As at 31 December 2024, the Group had a total of interest-bearing borrowings of HK$99 million (as at 31 December 2023: HK$238 million) comprising bank loans of HK$76 million (as at 31 December 2023: HK$215 million), other creditors of HK$23 million (as at 31 December 2023: HK$23 million). The maturity profile of the interest-bearing borrowings for both years is as follows:

	At 31 December 2024 HK$ million	At 31 December 2023 HK$ million
On demand or within one year	73	215
In the second year	1	23
In the third to fifth year inclusive	25	–
	99	238

The Group's borrowings, bank balances and cash, and financial assets at fair value through profit or loss were mainly denominated in Hong Kong dollars. As a result, the Group is not significantly exposed to foreign exchange rate fluctuations. During the year, the Group had no financial instrument for hedging purposes. As at 31 December 2024, total borrowings of HK$27 million (as at 31 December 2023: HK$41 million) carried interest at fixed rates.

Capital Structure and Gearing

As at 31 December 2024, total equity was HK$2,675 million (as at 31 December 2023: HK$2,402 million) comprising ordinary share capital of HK$124 million (as at 31 December 2023: HK$124 million), reserves of HK$2,538 million (as at 31 December 2023: HK$2,252 million) and non-controlling interests of HK$13 million (as at 31 December 2023: HK$26 million).

As at 31 December 2024, the gearing ratio, representing total interest-bearing borrowings as a percentage of total equity, was 4% (as at 31 December 2023: 10%).

Pledge of Assets

As at 31 December 2024, bank deposits of the Group amounting to HK$81 million (as at 31 December 2023: HK$70 million) were pledged to banks for securing the banking facilities granted to the Group.

EXECUTIVE DIRECTORS

ZEN Wei Peu, Derek, age 72, has been the Chairman of the Company since 23 April 2004. He is a member of the Remuneration Committee and a member of the Nomination Committee of the Company. He is also the Vice Chairman and Chief Executive Officer of Wai Kee Holdings Limited ("Wai Kee") and the Chairman of Road King, the shares of both are listed on the Main Board of the Stock Exchange. He is also a director of Emmaus Life Sciences, Inc., whose common stocks are traded on the OTC Market in USA. Mr. Zen holds a Bachelor of Science degree in Engineering from The University of Hong Kong and a Master Degree in Business Administration from The Chinese University of Hong Kong. He is a member of the Institution of Civil Engineers and The Hong Kong Institution of Engineers and a fellow member of the Institution of Quarrying, the United Kingdom ("UK"). He was the Honorary Treasurer of Hong Kong Construction Association. He has over 50 years of experience in civil engineering.

LUI Yau Chun, Paul, age 64, has been appointed as an Executive Director of the Company since 1 December 2021. Mr. Lui joined the Group in 1998. He currently is the Group's Chief Operating Officer, and a director of various companies of the Group. He is a member of the Institution of Structural Engineers and the Hong Kong Institution of Engineers. Mr. Lui has over 35 years of experience in civil and marine engineering. He is responsible for the Group's civil and marine engineering operation in Hong Kong.

TSUI Wai Tim, age 62, has been appointed as an Executive Director of the Company since 1 December 2021. He is a director of various companies of the Group and various subsidiaries of Wai Kee. Mr. Tsui is a chartered and registered professional engineer. He is a fellow of the Hong Kong Institution of Engineers, the Institution of Civil Engineers, the Hong Kong Institute of Construction Managers, the Hong Kong Institution of Highways and Transportation, and the Institute of Quarrying, and a member of the Hong Kong Institute of Real Estate Administrators and the Chartered Institute of Logistics and Transport. Mr. Tsui is a former Member of the Occupational Safety & Health Council, a former Vice President and Council Member of the Hong Kong Construction Association, an advisor and a former Member of the Pneumoconiosis Compensation Fund Board, and a former Chairman of the Building Division of The Hong Kong Institution of Engineers. Mr. Tsui has over 40 years of experience in various types of investment projects, quarrying, property development, property management, large-scale civil engineering, building and foundation projects in Hong Kong, the PRC and overseas. He is responsible for the Group's environmental infrastructure projects in the PRC.

CHAN Chi Ming, age 58, has been appointed as an Executive Director and Company Secretary of the Company since 13 February 2025. Mr. Chan joined the Group in October 2024 as a finance director and he is also a director of various companies of the Group. Mr. Chan holds a Master's degree in Accounting from the University of Cambridge, a Professional Certificate in Innovation and Entrepreneurship from the Stanford University and a Master's degree in Business Administration from the Hong Kong University of Science and Technology. He is a fellow of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has over 30 years of experience in financial management, corporate finance and corporate governance. Mr. Chan was previously an executive director of companies listed on the Main Board of the Stock Exchange and was licensed and approved by the Securities and Futures Commission as a Responsible Officer for Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to provide corporate finance advisory services including giving advice concerning compliance with or in respect of the Listing Rules and the Hong Kong Codes on Takeovers and Mergers and Share Repurchases respectively to various listed companies in Hong Kong. Mr. Chan is responsible for overseeing the finance, human resources, digital, administration and company secretarial departments of the Group.

Directors and Senior Management

NON-EXECUTIVE DIRECTORS

David Howard GEM, age 84, has been appointed as a Non-executive Director of the Company since 9 August 2004. He had been a member of the Audit Committee of the Company since 29 July 2005 and resigned on 12 January 2011. He is a Chartered Engineer and is a member of both the Institution of Civil Engineers, London and The Hong Kong Institution of Engineers. He is also a member of The Chartered Institute of Arbitrators and a fellow of The Hong Kong Institute of Highways and Transportation. He has over 45 years of experience with contractors in the management, design and construction of a wide variety of civil engineering and building projects in UK, Asia and Hong Kong. He was a past Vice President of The Hong Kong Construction Association and Chairman of The Civil Engineering Committee. He was also a past Chairman of the Civil Engineering Division of The Hong Kong Institution of Engineers and a past member of the Construction Advisory Board to the Hong Kong Government.

CHAN Chi Hung, Anthony, age 51, has been appointed as a Non-executive Director of the Company since 4 December 2008. He holds a Bachelor of Science Degree with major in Economics with University of Minnesota, and is an alumni of Stanford Graduate School of Business with a certificate of Stanford Executive Program. He is currently an independent non-executive director of Milan Station Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange. Mr. Chan was previously the Investment Manager of Springfield Financial Adv. Ltd. in charge of its private equity, fund-of-funds and fixed income investment portfolios. Prior to that, he was with J.P. Morgan Chase.

CHANG Kam Chuen, Desmond, age 59, was appointed as an Executive Director of the Company in 2008 and has been re-designated to a Non-executive Director on 21 May 2024. He was also the Company Secretary of the Company from 31 May 2005 to 29 December 2023. He is a fellow member of The Hong Kong Institute of Certified Public Accountants and an associate member of Chartered Institute of Management Accountants, UK. He has over 35 years of experience in accounting profession and financial management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

HO Tai Wai, David, age 76, has been appointed as an Independent Non-executive Director of the Company since 8 September 2004. He is the Chairman of the Audit Committee, and a member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Ho has over 50 years of experience in finance and accounting. He is a fellow member of the Association of Chartered Certified Accountants of UK, The Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Ho holds a Master of Business Administration Degree from The Chinese University of Hong Kong. He is an independent non-executive director of Left Field Printing Group Limited, Lion Rock Group Limited and Road King Infrastructure Limited, all shares of which are listed on the Main Board of the Stock Exchange.

LING LEE Ching Man, Eleanor, SBS, OBE, JP, age 77, has been appointed as an Independent Non-executive Director of the Company since 30 September 2014. She is the Chairwoman of the Remuneration Committee, and a member of the Audit Committee and the Nomination Committee of the Company. Mrs. Ling had over 30 years of management experience with one of the largest multinational group in Asia and is a Fellow of the Institute of Chartered Management. Mrs. Ling has retired but remains involved in public services. She is also active in charitable organizations, such as the Maggie's Cancer Caring Centre. She is a Vice Patron of the Community Chest.

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

LO Yiu Ching, Dantes, GBS, JP, age 79, has been appointed as an Independent Non-executive Director of the Company since 30 November 2018. He is the Chairman of the Nomination Committee, and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Lo is a professional civil and structural engineer. He is fellows of the Institution of Civil Engineers, Institution of Structural Engineers and Hong Kong Institution of Engineers. He has engaged for more than 50 years in the administration, planning, design and construction of various major capital works projects in Hong Kong and overseas. Mr. Lo joined the Hong Kong Government in 1974 as an Engineer and was promoted to Director of Civil Engineering in 1999 and Director of Highways in 2000. From 2002 to 2006, he was appointed as the Permanent Secretary for the Environment, Transport and Works (Works). He retired from the civil service in 2006. Mr. Lo then served as a senior consultant to the Hospital Authority on capital planning. Subsequently, Mr. Lo had been appointed as a board member and later Advisor to the CEO of The Airport Authority Hong Kong. Mr. Lo is a distinguished adjunct professor in the Department of Civil Engineering, University of Hong Kong. He was an independent non-executive director of China Overseas Grand Oceans Group Limited from 18 May 2010 to 27 March 2023, the shares of which are listed on the Main Board of the Stock Exchange.

NG Cheuk Hei, Shirley, age 55, has been appointed as an Independent Non-executive Director of the Company since 25 May 2020. She is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. She holds a Doctorate Degree in Management from Shanghai University of Finance and Economics, a Master Degree in Chinese Law from Renmin University of China, a Master Degree in Management with major in Marketing Management from Macquarie University (Sydney, Australia) and a Bachelor Degree in Business (International Trade) from Monash University (Melbourne, Australia). She has over 25 years of experience in the fintech digital economy and IT industry, and has extensive knowledge in business and marketing management, product marketing, product development and consulting experience in digital payment solution, IT and telecommunication and system integration solution. Ms. Ng was previously the vice president (strategic solutions and marketing) of Global Payments Inc. from 2016 to 2018. From 2013 to 2016, Ms. Ng was the managing director (Asia Pacific) of GeoSwift Payment Technology Limited. Prior to the aforesaid, Ms. Ng held various senior management positions in a number of large multinational companies.

Directors and Senior Management

SENIOR MANAGEMENT

CHAN Wing Ho, Vincent, age 48, is responsible for the Group's civil engineering operation in Hong Kong. He is a director of Build King Construction Limited ("BKCL"), Build King Civil Engineering Limited ("Build King Civil") and Build King (Zens) Engineering Limited ("Build King (Zens) Engineering"). He holds a Master Degree of Science and a Bachelor Degree in Civil Engineering from The University of Hong Kong. He is a fellow member of The Hong Kong Institution of Engineers and a Registered Professional Engineer (CVL). He is a council member of Hong Kong Construction Association and Hong Kong Institution of Highway and Transportation. He has over 20 years of experience in civil engineering construction.

CHEUNG Siu Lun, age 74, is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He is currently a senior consultant of the Group. He holds a Bachelor of Science Degree in Civil Engineering from The University of Hong Kong. He is a fellow of The Hong Kong Institution of Engineers. He is a member of the Faculty Advisory Committee of the Faculty of Science and Technology of the Technological and Higher Education Institute of Hong Kong. He has over 50 years of experience in both civil engineering and building construction.

FONG Wai Pan, Felix, age 47, is responsible for the Group's building operation in Hong Kong. He is a director of BKCL, Build King Civil, Build King (Zens) Engineering and Cerebro Strategy Limited. He holds a Master Degree of Science and a Bachelor Degree in Civil Engineering from The University of Hong Kong. He is a committee member of Hong Kong Institution of Engineers Civil Division, a fellow member of the Hong Kong Institution of Engineers and Institution of Civil Engineers (UK). He is also a council member of Hong Kong Construction Association. He has over 20 years of experience in civil engineering and building construction.

KWOK Chi Ko, Enmale, age 68, is responsible for the Group's contract administration and commercial management for all building and construction related businesses. He is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He holds an Engineering Doctorate Degree, a Master Degree in Arbitration & Dispute Resolution and a Master Degree in Laws. He is a Chartered Quantity Surveyor, a Registered Professional Surveyor (QS) and an Accredited Mediator and has been a Fellow Member of the Hong Kong Institute of Surveyors, the Royal Institution of Chartered Surveyors and the Chartered Institute of Arbitrators. He has had over 40 years of experience in building and construction industry.

LEE Man Wai, age 64, is responsible for the Group's tendering activities. He is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He has over 40 years of extensive experience in tendering and commercial management of civil engineering and building projects in Hong Kong.

LIU Hoi Yu, Paul, age 50, is responsible for the Group's building operation in Hong Kong. He is a director of BKCL and Build King Civil. He holds a Master Degree in Civil Engineering and a Bachelor Engineering Degree from The University of Hong Kong. He is a fellow member of The Hong Kong Institution of Engineers and a Registered Professional Engineer (CVL & STR). He is a member of The Institution of Structural Engineers and the Chartered Institute of Building. He has over 25 years of experience in both civil engineering and building construction.

SENIOR MANAGEMENT (Continued)

LIU Sing Pang, Simon, age 63, is responsible for the Group's civil engineering operation in Hong Kong. He is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He is a member of the Institution of Structural Engineers and a Fellow of the Hong Kong Institution of Engineers. He is also a member of the 6th Election Committee of Hong Kong Special Administrative Region, Vice President of Hong Kong Construction Association, a member of Construction Industry Council and serves as the Chairperson of Construction Workers Registration Board. Additionally, he is a member of the Pneumoconiosis Compensation Fund Board ("PCFB") and concurrently serves as a member of the Committee on Research and the Chairperson of the Committee on Prevention of the PCFB. With 40 years of experience, he has extensive expertise in civil engineering and building construction.

SO Yiu Wing, Wilfred, age 50, is responsible for the Group's civil engineering operation in Hong Kong. He is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He holds a Bachelor degree in Civil Engineering from The University of Hong Kong. He is a member of The Hong Kong Institution of Engineers and a Registered Professional Engineer (CVL). He is the Council Member of Hong Kong Construction Association. He has over 25 years of experience in civil engineering construction.

TSE Mau Kay, Keith, age 49, is responsible for the Group's civil engineering operation in Hong Kong. He holds a Master Degree of Science in Geotechnical Engineering and a Bachelor Degree in Civil and Structural Engineering from The University of Hong Kong. He is a member of The Hong Kong Institution of Engineers, The Institution of Civil Engineers (UK) and The Institution of Structural Engineers (UK). He is a committee member of Civil Division of The Hong Kong Institution of Engineers. He has over 25 years of experience in civil engineering construction.

YEOW Chin Lan, Denis, age 54, joined the Group in September 1999 and is the Group Financial Controller responsible for the financial management and accounting of the Group. He is a fellow member of the Association of Chartered Certified Accountants, UK. He has over 30 years of experience in auditing, accounting and financial management.

YIU Cheuk Hung, Kenneth, age 59, is responsible for the Group's building operation in Hong Kong. He is a director of BKCL. He holds an Executive Master Degree of Business Administration from The Chinese University of Hong Kong and a Master Degree of Project Management from University of South Australia. He is a member of the Hong Kong Institution of Engineers, the Chartered Institute of Building (UK) and the Hong Kong Institute of Construction Managers. He is also a Registered Professional Engineer. He has over 35 years of experience in the construction industry including design, construction and project management.

YU Man Kit, Andy, age 50, is responsible for the Group's civil engineering operation in Hong Kong, as well as the digital transformation within the Group. He is a director of BKCL, Build King Civil, Build King (Zens) Engineering and Cerebro Strategy Limited. He holds a Bachelor Degree in Civil Engineering, a Professional Diploma in Construction Management and a Master Degree of Corporate Governance. He is a member of Institution of Civil Engineers (UK), the Institution of Engineers, Australia, the Chartered Association of Building Engineers and Hong Kong Institute of Construction Managers, associate member of Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He is also a Registered Construction Manager in Hong Kong and a Chartered Civil and Building Engineer in UK. In addition, he is a member of Civil Engineering Committee of Hong Kong Construction Association. He has over 20 years of experience in civil engineering.

Directors' Report

The Directors present the annual report and the audited consolidated financial statements for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 51 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2024, the five largest customers of the Group together accounted for approximately 81% of the Group's revenue, with the largest customer accounted for approximately 48%, and the five largest suppliers of the Group together represented less than 14% by value of the Group's total purchases.

Except for Mr. Ho Tai Wai, David, one of the Company's Directors, who, along with his close associate, holds a nominal beneficial interest in the listed shares of one of the Group's five largest customers as of 31 December 2024, none of the other Directors, their close associates, or any shareholders (which to the knowledge of the Directors own more than 5% of the issued share capital of the Company), had any interests in the Group's five largest customers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income on pages 87 and 88 respectively.

The Board recommends the payment of a final dividend of HK7.5 cents per ordinary share. The Board is of the opinion that the Company has a strong positive cash flow position and sufficient working capital to meet its present requirements. As such, the Board has decided to distribute an additional special dividend of HK6.0 cents per ordinary share to ease the burden on most shareholders under the market downturn.

Both final and special dividends are payable to shareholders whose names appear in the register of members of the Company on Wednesday, 28 May 2025. Together with the interim dividend HK3.0 cents per ordinary share paid on 26 September 2024, the total dividend payout for the year amounted to HK16.5 cents per ordinary share. Details of dividends are set out in note 14 to the consolidated financial statements.

Subject to the approval of shareholders at the forthcoming annual general meeting, it is expected that the payment of the final and special dividends will be made on Wednesday, 11 June 2025.

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting to be held on Wednesday, 21 May 2025 (the "2025 Annual General Meeting"), the register of members of the Company will be closed from Friday, 16 May 2025 to Wednesday, 21 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2025 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Thursday, 15 May 2025.

The proposed final and special dividends are subject to the approval of the shareholders at the 2025 Annual General Meeting. The record date for the proposed final and special dividends is on Wednesday, 28 May 2025. For determining the entitlement to the proposed final and special dividends, the register of members of the Company will be closed from Tuesday, 27 May 2025 to Wednesday, 28 May 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final and special dividends, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Monday, 26 May 2025.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2024 is set out in the sections headed "Financial Highlights" on page 2, "Chairman's Letter" on pages 3 to 7, "Management Discussion and Analysis" on pages 8 to 10, "Corporate Governance Report" on pages 25 to 45, Environmental, Social and Governance Report on pages 46 to 82, "Consolidated Financial Statements" on pages 87 to 170 and "Financial Summary" on page 171. Descriptions of the principal risks and uncertainties facing the Group can be found throughout this annual report.

SEGMENTAL INFORMATION

Details of the segmental information are set out in note 6 to the consolidated financial statements.

SHARE CAPITAL

Details of the Company's share capital are set out in note 37 to the consolidated financial statements.

RESERVES

Details of movement in the reserves of the Group for the year are set out in the consolidated statement of changes in equity on page 91.

DISTRIBUTABLE RESERVES

The reserves of the Company which were available for distribution to the shareholders as at 31 December 2024 were HK$79,916,000.

EQUITY-LINKED AGREEMENTS

During the year, the Company had not entered into any equity-linked agreement.

FINANCIAL SUMMARY

A summary of the results and the financial position of the Group for the past five financial years is set out on page 171.

PROPERTY, PLANT AND EQUIPMENT

Details of movement in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

BANK BORROWINGS

Details of the Group's bank borrowings as at 31 December 2024 are set out in note 36 to the consolidated financial statements.

RETIREMENT BENEFITS SCHEMES

Details of the Company's pension schemes are set out in note 45 to the consolidated financial statements.

Directors' Report

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Zen Wei Peu, Derek *(Chairman, Chief Executive Officer and Managing Director)*
Lui Yau Chun, Paul
Tsui Wai Tim
Chan Chi Ming (appointed on 13 February 2025)
Luk Chi Chung, Peter (resigned on 13 February 2025)

Non-executive Directors

David Howard Gem
Chan Chi Hung, Anthony
Chang Kam Chuen, Desmond (re-designated from Executive Director to Non-executive Director on 21 May 2024)

Independent Non-executive Directors

Ho Tai Wai, David
Ling Lee Ching Man, Eleanor
Lo Yiu Ching, Dantes
Ng Cheuk Hei, Shirley

Details of the Directors are set out in the section headed "Directors and Senior Management".

In accordance with Bye-laws 94 and 111 of the Company's Bye-laws, Mr. Chan Chi Ming, who was appointed as a Director by the Board in February 2025, will retire from office at the forthcoming annual general meeting and, being eligible, will offer himself for re-election at the meeting.

In accordance with Bye-law 111 of the Company's Bye-laws, Mr. Lui Yau Chun, Paul, Mr. Tsui Wai Tim, and Mr. Ho Tai Wai, David retire from office by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election at the meeting.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Company has received from each Independent Non-executive Director an annual confirmation of his/her independence during the year ended 31 December 2024 pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange. The Company considers all the Independent Non-executive Directors to be independent.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in note 11 to the consolidated financial statements.

DIRECTORS' INTERESTS

As at 31 December 2024, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying shares, and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules, were as follows:

(I) The Company

Interests in Shares

Name of Director	Nature of interest	Number of Shares held Long position (Note)	Number of Shares held Short position	Percentage of shareholding (%)
Zen Wei Peu, Derek	Personal	122,775,228	–	9.89
Lui Yau Chun, Paul	Personal	1,683,092	–	0.14
Tsui Wai Tim	Personal	1,150,000	–	0.09
David Howard Gem	Personal	900,000	–	0.07
Chang Kam Chuen, Desmond	Personal	1,500,000	–	0.12

Note:

Long position in the Shares (other than pursuant to equity derivatives such as share options, warrants to subscribe, or convertible bonds).

DIRECTORS' INTERESTS (Continued)

(II) Associated Corporations

Interests in Shares

Name of Director	Name of company	Nature of interest	Number of shares held Long position (Note 1)	Short position	Percentage of shareholding (%)
Zen Wei Peu, Derek	Wai Kee	Personal	255,880,078	–	32.26
		Securities interest	40,127,000	–	5.06
	Build King (Zens) Engineering Limited (Note 2)	Personal	2,000,000	–	10.00
	Wai Luen Stone Products Limited	Personal	30,000	–	37.50
Lui Yau Chun, Paul	Wai Kee	Personal	200,000	–	0.03

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe, or convertible bonds).

2. Formerly known as Wai Kee (Zens) Construction & Transportation Company Limited.

Save as disclosed above, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares, and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors nor their spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or of any other body corporate.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Connected Transactions" on pages 22 to 23 and in note 46 to the consolidated financial statements, no transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director and everyone of his/her heirs, executors and administrators shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses, and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the Corporate Governance Code set out in Appendix C1 of the Listing Rules. During the year, no claim was made against the Directors and officers of the Company.

COMPETING INTEREST

During the year, no Director was interested in the business which competed or was likely to compete either directly or indirectly, with the business of the Group as required to be disclosed under the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2024, so far as was known to the Directors or the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO:

		Number of Shares held and percentage of shareholding			
		Long position (Note 1)		Short position	
Name of substantial Shareholder	Nature of interest	Number of Shares	%	Number of Shares	%
Top Horizon Holdings Limited ("Top Horizon") (Note 2)	Beneficial owner	724,435,033	58.33	–	–
Wai Kee (Zens) Holding Limited ("Wai Kee (Zens)") (Note 3)	Interest in a controlled corporation	724,435,033	58.33	–	–
Wai Kee (Note 4)	Interest in a controlled corporation	724,435,033	58.33	–	–

Notes:

1. Long position in the Shares.

2. Top Horizon is a direct wholly-owned subsidiary of Wai Kee (Zens). Mr. Zen Wei Peu, Derek is a director of Top Horizon.

3. Wai Kee (Zens) is deemed to be interested in the Shares through its interests in Top Horizon. Mr. Zen Wei Peu, Derek is a director of Wai Kee (Zens).

4. Wai Kee (Zens) is a direct wholly-owned subsidiary of Wai Kee. Accordingly, Wai Kee is deemed to be interested in the Shares through its interests in Wai Kee (Zens). Mr. Zen Wei Peu, Derek is the Vice Chairman, the Chief Executive Officer, and an executive director of Wai Kee.

Save as disclosed above, as at 31 December 2024, no other person (other than the Directors or chief executive of the Company) had an interest or a short position in the Shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONNECTED TRANSACTIONS

Continuing Connected Transactions

Framework Agreements with Wai Kee

On 11 November 2020, the Company entered into a framework agreement (the "2021 Framework Agreement") with Wai Kee, (a substantial shareholder of the Company and thus a connected person of the Company) whereby the Group might, but was not obliged to, purchase ready mixed concrete ("Concrete") from Wai Kee (or its subsidiaries and/or associates) from time to time during the period from 1 January 2021 to 31 December 2023 for the Group's construction projects, subject to the terms and conditions of 2021 Framework Agreement. The maximum aggregate value of the contract sum in respect of the purchase of Concrete by the Group from Wai Kee (or its subsidiaries and/or associates) for the periods concerned under the 2021 Framework Agreement was subject to annual caps set out below.

Period	Total value not exceeding
1 January 2021 - 31 December 2021	HK$160,000,000
1 January 2022 - 31 December 2022	HK$170,000,000
1 January 2023 - 31 December 2023	HK$140,000,000

The transaction contemplated under the 2021 Framework Agreement was announced by the Company in its announcement dated 11 November 2020 and approved by independent shareholders at the special general meeting of the Company held on 30 December 2020.

As the Company expected the aggregate amounts of Concrete to be procured from Wai Kee might exceed the then annual caps moving forward, the Company entered into a framework agreement (the "2023 Framework Agreement") with Wai Kee on 30 November 2022, whereby the Group may, but is not obliged to purchase Concrete from Wai Kee (or its subsidiaries and/or associates) from time to time during the period from 1 January 2023 to 31 December 2025, subject to the terms and conditions of the 2023 Framework Agreement.

Under the 2023 Framework Agreement, the Company and Wai Kee agreed that the maximum aggregate values of the contract sum in respect of the purchase of Concrete by the Group from Wai Kee (or its subsidiaries and/or associates) for the three years ending 31 December 2025 would not exceed the amounts set out below.

Period	Total value not exceeding
1 January 2023 - 31 December 2023	HK$380,000,000
1 January 2024 - 31 December 2024	HK$370,000,000
1 January 2025 - 31 December 2025	HK$430,000,000

The transaction contemplated under the 2023 Framework Agreement (the "Concrete CCT") was announced by the Company in its announcement dated 30 November 2022 and approved by independent shareholders at the special general meeting of the Company held on 23 December 2022.

During the year, the aggregate value of the Concrete CCT was HK$341,105,000, and the transaction is disclosed in note 46 to the consolidated financial statements.

CONNECTED TRANSACTIONS (Continued)

Continuing Connected Transactions (Continued)

Framework Agreements with Wai Kee (Continued)

The above continuing connected transactions during the year have been reviewed by the Independent Non-executive Directors in accordance with Rule 14A.55 of the Listing Rules who have confirmed that the transactions have been entered into:

(a) in the ordinary course and usual course of business of the Group;

(b) on normal commercial terms; and

(c) in accordance with the terms of the 2023 Framework Agreement that are fair and reasonable and in the interest of the shareholders of the Company as a whole.

The Company has engaged the auditor of the Company to report the continuing connected transaction of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the Concrete CCT disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Upon enquiry by the Company, save as disclosed below, there has been no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of publication of the Company's latest interim report:

Name of Director	Details of Changes
Zen Wei Peu, Derek	Mr. Zen's annual salary has been revised to HK$8.91 million with effect from 1 January 2025.
Lui Yau Chun, Paul	Mr. Lui has entered into a service agreement with the Company for a term of three years commencing from 1 December 2024 to 30 November 2027. His annual salary has been revised to HK$2.78 million with effect from 1 January 2025.
Tsui Wai Tim	Mr. Tsui has entered into a service agreement with the Company for a term of three years commencing from 1 December 2024 to 30 November 2027. His annual salary has been revised to HK$2.73 million with effect from 1 January 2025.

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 (including sale of treasury shares) during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK$513,000.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, the percentage of its public float exceeds 25% for the year ended 31 December 2024 and up to 21 March 2025, the latest practicable date to ascertain such information prior to the issue of this annual report.

AUDITOR

A resolution will be proposed at the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as Auditor of the Company.

On behalf of the Board

Zen Wei Peu, Derek
Chairman

Hong Kong, 21 March 2025

The Company is committed to maintaining the highest standard of corporate governance as it believes that good corporate governance practices are fundamental to the effective operation of a company and can enhance shareholders' value as well as safeguard shareholders' interests. The Company places strong emphasis on a quality Board, accountability, sound risk management and internal control, appropriate risk-assessment, monitoring procedures and transparency to all shareholders and stakeholders.

Throughout the year of 2024, the Company has complied with the code provisions in Part 2 of Corporate Governance Code (the "Code") set out in Appendix C1 of the Listing Rules, except for code provision C.2.1 in respect of the separate roles of the chairman and chief executive officer.

Mr. Zen Wei Peu, Derek has been both the Chairman and Chief Executive Officer of the Company. 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.

THE BOARD

Vision, Culture and Values

Build King envisions to be a leading main contractor in Hong Kong to provide all round construction related service and be a preferred partner for customers, subcontractors, suppliers and joint ventures. Our cultures are found on three core values: Integrity, innovation and professionalism. These three values are intertwined in all company policies and work practices.

Integrity: fulfilling commitments with honesty and high moral standard;

Innovation: our engineering innovation and resourcefulness have always been appreciated; and

Professionalism: delivering an integrated range of professional, technical and commercial services.

Role of the Board

The Company recognises the importance of a highly effective Board in the long-term success of the Group. In particular, we prioritise balanced and diverse board composition; independent and objective thinking; proficient and informed Directors; efficient and effective roles, committees and delegation; and prudent policies and processes including risk management.

The primary role of the Board is to protect and enhance shareholders' long-term value. It assumes the responsibility for providing effective and responsible leadership and control of the Group, and directing and supervising the Group's affairs in pursuit of the Group's strategic objectives.

The Board approves and monitors Group's strategies and policies, evaluates the performance of the Group and supervises the management. In addition, the Board reserved for its decisions all major matters of the Company, including Environmental, Social and Governance ("ESG") Reporting and monitoring progress around ESG material topics, approval and monitoring of budgets, internal control and risk management, dividend payout, material transaction (in particular those may involve conflict of interests), preparation and release of financial information, appointment of Directors, other significant financial and operational matters.

THE BOARD (Continued)

Role of the Board (Continued)

There is no separation of the role of the Chairman and the Chief Executive Officer in the Company. The Chairman provides leadership of the Board and undertakes the role of the Chief Executive Officer. Mr. Zen Wei Peu, Derek 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.

The Board also ensures the good corporate governance policies and practices are implemented within the Group, and is responsible for performing the corporate governance duties including the following:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct manual applicable to employees and the Directors; and
- to review the Company's compliance with the Code and disclosures in the Corporate Governance Report.

The Internal Audit team has also carried out a compliance review on the Code and reported to the Board that the Group has properly followed the requirements of the Code.

The abovementioned policies, practices and code of conduct have been promulgated across the Group in the form of Employees' Handbook and internal memoranda. Senior management is responsible for implementation, and effectiveness is reviewed on a regular basis by internal audit.

Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer is Mr. Zen Wei Peu, Derek.

The role of the Chairman is to oversee the functioning of the Board and ensure the establishment of strategic direction of the Group. The Chairman provides leadership for the Board and ensures that the Company establishes sound corporate governance practices and procedures. He also encourages all the Directors to make a full and active contribution to the affairs of the Board.

There is no separation of the role of the Chairman and the Chief Executive Officer in the Company. The Chairman provides leadership of the Board and undertakes 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.

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 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.

THE BOARD (Continued)

Composition

During the year and up to date of this report, the Board comprises the following Directors:

Board of Directors		
Executive Directors	**Non-executive Directors**	**Independent Non-executive Directors**
Zen Wei Peu, Derek *(Chairman, Chief Executive Officer and Managing Director)*	David Howard Gem	Ho Tai Wai, David
Lui Yau Chun, Paul	Chan Chi Hung, Anthony	Ling Lee Ching Man, Eleanor
Tsui Wai Tim	Chang Kam Chuen, Desmond (Note 1)	Lo Yiu Ching, Dantes
Luk Chi Chung, Peter (Note 2)		Ng Cheuk Hei, Shirley
Chan Chi Ming *(Company Secretary)* (Note 3)		

Notes:

1. Mr. Chang Kam Chuen, Desmond has been re-designated from Executive Director to Non-executive Director since 21 May 2024.

2. Mr. Luk Chi Chung, Peter resigned as Executive Director, Company Secretary and Authorised Representative of the Company with effect from 13 February 2025.

3. Mr. Chan Chi Ming has been appointed as Executive Director, Company Secretary and Authorised Representative of the Company with effect from 13 February 2025. Mr. Chan had obtained the legal advice regarding his appointment on 7 February 2025 and he had confirmed that he understood his obligations as a Director of the Company.

As at the date of this report, the Board comprises eleven Directors including four Executive Directors, three Non-executive Directors and four Independent Non-executive Directors. With the expertise contributed by each of the Directors, the Board has a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Biographical details are set out in the “Directors and Senior Management” section of this annual report. An updated list of Directors and their respective roles and functions are available on the websites of the Company and the Stock Exchange.

The Group has several mechanisms in place to encourage independent and objective thinking by its Directors and the Board as a whole. Firstly, Independent Non-executive Directors are well-represented on the Board, with four in number, over one-third of the Board, and at least one with accounting or related financial management expertise. Secondly, the Chairman encourages open discussion amongst Directors, and solicits independent perspectives from the Independent Non-Executive Directors in particular. Thirdly, at least once per year, the Chairman has a separate meeting with the Independent Non-executive Directors to ensure their voices are being heard effectively. Finally, all Board members individually have access to the Company Secretary and senior management, and independent professional advice would be sought through the Company Secretary. The Board has reviewed the implementation and effectiveness of such mechanism for the year ended 31 December 2024.

There is no financial, business nor family relationship among members of the Board.

Appointment and Re-election

Pursuant to the Bye-laws of the Company, the Board may appoint a director either to fill a causal vacancy or as an addition to the Board from time to time during the year following the recommendation from the Nomination Committee. Any Director appointed by the Board to fill a causal vacancy and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In addition, at each annual general meeting, at least one-third of the Directors for the time being shall retire from office by rotation and are eligible for re-election.

THE BOARD (Continued)

Non-executive Directors

Each Non-executive Director (including Independent Non-executive Director) of the Company has entered into a letter of appointment with the Company, for a specific term of not more than three years, subject to re-election at the general meeting.

Independence of Independent Non-executive Directors

The Group values the independent judgement on Board through balanced composition of members. The Chairman encourages open discussion and seeks independent view from Independent Non-executive Directors when necessary, on top of a separate meeting with Independent Non-executive Directors held every year.

The Company received written confirmation of independence from each of the Independent Non-executive Directors in respect of the year ended 31 December 2024, pursuant to Rule 3.13 of the Listing Rules. The Board considers all the Independent Non-executive Directors to be independent.

Board Meetings

The Board meets regularly at least four times each year and additional meetings are arranged if and when required. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. During the year, the attendance records of individual Directors at the Board meetings, meetings of the three Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee and the annual general meeting held on 21 May 2024 are set out below.

	Meetings Attended/Held				
Name of Director	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting held on 21 May 2024
Executive Directors					
Zen Wei Peu, Derek	5/5	–	2/2	3/3	1
Lui Yau Chun, Paul	5/5	–	–	–	1
Tsui Wai Tim	5/5	–	–	–	1
Luk Chi Chung, Peter (Note 1)	5/5	–	–	–	1
Non-executive Directors					
David Howard Gem	0/5	–	–	–	0
Chan Chi Hung, Anthony	5/5	–	–	–	1
Chang Kam Chuen, Desmond (Note 2)	5/5	–	–	–	0
Independent Non-executive Directors					
Ho Tai Wai, David	5/5	3/3	2/2	3/3	1
Ling Lee Ching Man, Eleanor	5/5	3/3	2/2	3/3	1
Lo Yiu Ching, Dantes	4/5	3/3	2/2	3/3	0
Ng Cheuk Hei, Shirley	5/5	3/3	2/2	3/3	1

"–": Not applicable

Notes:

1. Mr. Luk Chi Chung, Peter resigned as Executive Director, Company Secretary and Authorised Representative of the Company with effect from 13 February 2025.

2. Mr. Chang Kam Chuen, Desmond has been re-designated from Executive Director to Non-executive Director since 21 May 2024.

THE BOARD (Continued)

Board Meetings (Continued)

Notice of a regular Board meeting is given to all Directors at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials are normally sent to all Directors at least three days before the regular Board meetings (and so far as practicable for such other Board meetings) to ensure that they have sufficient time and attention to the affairs of the Company.

In order to have an effective Board, all Directors are provided with information on activities and developments in and the financial performance of the Group's business on a regular basis to keep them appraised of the latest developments of the Group. They have full access to information on the Group and are able to invite management and professional advisers, where appropriate, to attend Board meetings.

All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking the minutes of Board and Board Committees' meetings. Such minutes are open for inspection by Directors.

Each Director is required to make disclosure of his/her interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by Directors at the Board and Board Committees' meetings. Any Director shall not vote on any resolution of the Board and Board Committees approving any contract or arrangement or any other proposal in which he/she (or his/her associates) is materially interested nor shall he/she be counted in the quorum present at the meeting.

Directors' Induction and Continuous Professional Development

Directors should keep abreast of their collective responsibilities. Briefing of the Group's business will be given to newly appointed Director and a comprehensive induction package including the statutory and regulatory obligations of a director of a listed company shall also be provided. The Group also provides seminars and trainings to develop and refresh the Directors' knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, the Group provided training courses to the management.

THE BOARD (Continued)

Directors' Induction and Continuous Professional Development (Continued)

All Directors are requested to provide the Company with their respective training records pursuant to the Code. Trainings received by each of the Directors during the year are summarized as follows:

Name of Director	Type of continuous professional development
Executive Directors	
Zen Wei Peu, Derek	A, B
Lui Yau Chun, Paul	A, B
Tsui Wai Tim	A, B
Luk Chi Chung, Peter (resigned on 13 February 2025)	A, B
Non-executive Directors	
David Howard Gem	B
Chan Chi Hung, Anthony	A, B
Chang Kam Chuen, Desmond	A, B
Independent Non-executive Directors	
Ho Tai Wai, David	A, B
Ling Lee Ching Man, Eleanor	B
Lo Yiu Ching, Dantes	A, B
Ng Cheuk Hei, Shirley	A, B

Notes:

A: attending seminars and/or conferences and/or forums

B: reading newspapers, journals and updates relating to the economy, general business, accounting, laws, rules and regulations, etc.

Board Diversity Policy

The Board has adopted a Board Diversity Policy. The policy aims to set out the approach to achieve diversity on the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has been delegated with the responsibility for implementing, monitoring and reviewing of the Board Diversity Policy. Any revisions to the Board Diversity Policy as recommended by the Nomination Committee would be submitted to Board for consideration and approval. The Board has reviewed the implementation and effectiveness of the Policy for the year ended 31 December 2024.

THE BOARD (Continued)

Board Diversity Policy (Continued)

As at the date of this report, nearly one-fifth of our Directors is female. The Board aims to maintain at least such a level of female representation in its Board. The Board will engage independent professional search firms, as and when appropriate, in its work to increase female representation on the Board and to develop a pipeline of potential successors to the Board to achieve gender diversity.

While we would aspire to have more female representation amongst our senior management as part of succession planning and to increase female representation amongst our workforce, we are also mindful of the significant challenges in doing so as the market in which we operate (construction in particular) traditionally has a predominantly male workforce. We will continue to take opportunities to increase the proportion of females amongst our staff, as and when suitable candidates are identified. Details on the gender ratio of the Group together with relevant data are narrated under the Environment, Social and Governance Report in this Annual Report.

BOARD COMMITTEES

The Board has delegated authority to three Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, to oversee particular aspects of the Company's affairs. The updated terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee are available on the websites of the Company and the Stock Exchange.

Audit Committee

Composition

The Audit Committee was formed in 2004 and currently comprises four members, namely Mr. Ho Tai Wai, David (Chairman of the Audit Committee), Mrs. Ling Lee Ching Man, Eleanor, Mr. Lo Yiu Ching, Dantes and Ms. Ng Cheuk Hei, Shirley, all of whom are Independent Non-executive Directors.

Role and Function

The main responsibilities of the Audit Committee are to review the consolidated financial statements and the external auditor's reports, and to monitor the integrity of the consolidated financial statements. It also assists the Board to oversee financial reporting system, risk management, internal control systems and internal and external audit functions. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

BOARD COMMITTEES (Continued)

Audit Committee (Continued)

Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31 December 2024 and up to the date of this report:

- Approval of remuneration and terms of engagement of the external auditor;
- Review of its terms of reference;
- Review of the annual results of the Group for the years ended 31 December 2023 and 2024, and the interim results of the Group for the six months ended 30 June 2024;
- Review of the Group's financial information, financial reporting procedures, risk management, internal control systems, and financial and accounting policies and practices;
- Review of external auditor's independence and objectivity and the effectiveness of the audit process;
- Review of the audit plan, including an assessment of the impact of the new accounting standards applicable to the Group, for the year ended 31 December 2024;
- Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
- Recommendation to the Board to re-appoint the external auditor at the 2024 and 2025 annual general meetings;
- Review of the effectiveness of the internal audit function of the Company;
- Review of the 2025 internal audit plan;
- Review of the findings in the internal control reports;
- Review and recommendation to the Board for the approval of the Group's Whistleblowing Policy;
- Review of the continuing connected transactions of the Group;
- Establish a pre-approval policy and concurrence policy for management to engage the external auditor in providing non-assurance services to the Group; and
- Meetings with the external auditor, in the absence of Executive Directors and management.

BOARD COMMITTEES (Continued)

Nomination Committee

Composition

The Nomination Committee was set up in 2012 and currently comprises five members, namely Mr. Lo Yiu Ching, Dantes (Chairman of the Nomination Committee), Mr. Ho Tai Wai, David, Mrs. Ling Lee Ching Man, Eleanor, Ms. Ng Cheuk Hei, Shirley and Mr. Zen Wei Peu, Derek. Except for Mr. Zen Wei Peu, Derek, an Executive Director, all other members are Independent Non-executive Directors.

Role and Function

The Nomination Committee was established to ensure that there are deliberative, considered and transparent procedures for the appointment of the Directors. The duties of this Committee include reviewing the structure, size and composition (including but not limited to gender, age, cultural background, educational background, skills, knowledge, professional experience and/or length of service) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships based on merit against objective criteria and with due regard for the benefits of diversity on the Board.

Recognising the other demands placed on Directors, the Nomination Committee has reviewed the capacity of each Director to carry out his/her duties, and is satisfied with his/her level, effectiveness and contributions.

Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31 December 2024 and up to the date of this report:

- Review of the structure, size and composition (including but not limited to gender, age, cultural background, educational background, skills, knowledge, professional experience and/or length of service) of the Board;
- Review of its terms of reference;
- Assessment of the independence of the Independent Non-executive Directors;
- Review of the Nomination Policy and the Board Diversity Policy (collectively the "Policies") and the measurable objective for implementing the Policies;
- Recommendation to the Board on the appointment of an Executive Director; and
- Determination of the rotation of the Directors for the 2024 and 2025 annual general meetings.

BOARD COMMITTEES (Continued)

Nomination Committee (Continued)

Nomination Policy

The Company has a Nomination Policy for the nomination of Directors. The policy aims to set out the approach to guide the Nomination Committee in relation to the identification and selection of individuals suitably qualified to become Directors and the making of recommendation to the Board on the individuals nominated for directorships and the re-election of Directors.

Nomination Procedures

Appointments of new Directors are first considered by the Nomination Committee. In considering the appointment of a Director, the Committee applies criteria such as relevant experience, professional and educational background, reputation for integrity and independence as well as the diversity on the Board as mentioned in the Board Diversity Policy, including but not limited to gender, age, cultural background, educational background, skills, knowledge, professional experience and length of service.

For the retiring Directors to be re-elected at annual general meeting, other than the consideration of selection criteria and the diversity on the Board mentioned above, the Committee will evaluate their overall contribution and service to the Company.

The recommendations of this Committee are then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election at the general meeting after his/her appointment.

In March 2024, the Board approved the retirement of Mr. Chang Kam Chuen, Desmond as an Executive Director and also his re-designation as a Non-executive Director (subject to approval by the shareholders of the Company) after the conclusion of the 2024 annual general meeting for an initial period of three years commencing from 21 May 2024.

In February 2025, the Board approved the appointment of Mr. Chan Chi Ming as an Executive Director, who will retire from office at the next following annual general meeting after his appointment and, being eligible, will offer himself for re-election at the 2025 Annual General Meeting.

Remuneration Committee

Composition

The Remuneration Committee was formed in 2005 and currently comprises five members, namely Mrs. Ling Lee Ching Man, Eleanor (Chairwoman of the Remuneration Committee), Mr. Ho Tai Wai, David, Mr. Lo Yiu Ching, Dantes, Ms. Ng Cheuk Hei, Shirley and Mr. Zen Wei Peu, Derek. Except for Mr. Zen Wei Peu, Derek, an Executive Director, all other members are Independent Non-executive Directors.

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

Role and Function

The Remuneration Committee has been established to ensure that there are formal and transparent procedures to assist the Board in determining the remuneration policy of the Company and structuring the remuneration of senior management. This Committee is responsible for making recommendation to the Board on the Company's policy and structuring for all Executive Directors' and senior management's remuneration, and reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives. It also determines, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, and makes recommendations on remuneration of Non-executive Directors (including Independent Non-executive Directors). The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes in accordance with the Listing Rules.

Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31 December 2024 and up to the date of this report:

- Review of its terms of reference;
- Approval of the renewed service contract of Executive Directors;
- Approval of performance bonus of Executive Directors, senior management and employees;
- Review of the emoluments of Non-executive Directors and Independent Non-executive Directors;
- Recommendation to the Board on the remuneration of a newly appointed Executive Director;
- Recommendation to the Board for the salary adjustment of Executive Directors and senior management in 2025;
- Recommendation to the Board for the salary adjustment of employees (excluding Directors and senior management) in 2025; and
- Review of the Group's employee benefits structures.

BOARD COMMITTEES (Continued)

Remuneration Committee (Continued)

Remuneration policy

Competitive remuneration packages of Executive Directors and senior management are structured to commensurate with individual responsibilities, qualification, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as the performance of the individual. No individual determines his own remuneration.

The remuneration of a Director is determined with reference to his/her duties and responsibilities with the Company and the prevailing market situation. Details of the emoluments of Directors for the year ended 31 December 2024 are set out in note 11 to the consolidated financial statements of this annual report. The emoluments paid to senior management (excluding the Executive Directors) for the year ended 31 December 2024 were within the following bands:

	Number of Senior Management
Up to HK$3,000,000	2
HK$3,000,001 to HK$4,000,000	1
HK$4,000,001 to HK$5,000,000	2
HK$5,000,001 to HK$6,000,000	3
HK$6,000,001 to HK$7,000,000	2
HK$7,000,001 to HK$8,000,000	2
HK$8,000,001 to HK$9,000,000	1

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' Securities Transactions. All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31 December 2024.

The Company has also adopted a code of conduct governing securities transactions by employees who are likely to be in possession of unpublished price-sensitive information in relation to the Group.

Formal notifications are sent by the Company to all Directors and relevant employees reminding them that they should not deal in the securities of the Company during the "black out period" specified in the Model Code.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities, with the support from the Finance and Accounting Department, to prepare the consolidated financial statements of the Company in accordance with statutory requirements and applicable accounting standards. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of price sensitive information, announcements and financial disclosures and authorizes their publication as and when required.

EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

Messrs. Deloitte Touche Tohmatsu has been re-appointed as the Company's external auditor at the annual general meeting of 2024 until the conclusion of the next annual general meeting.

The fees paid/payable to external auditor for audit and non-audit services for the year ended 31 December 2024 are as follows:

Type of services	Fee paid/payable HK$
Audit	2,800,000
Non-audit services	
Interim review	680,000
Other services	1,051,000
Total	4,531,000

Note: Other services comprise of tax and other consulting services for the Group.

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding their reporting responsibilities is set out in the Independent Auditor's Report on pages 83 to 86 forming part of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain sound and effective risk management including material risks relating to ESG and internal control systems to safeguard the Company's assets and shareholders' interest.

The Company's Enterprise Risk Management system is based on the Committee of Sponsoring Organizations of the Treadway Commission's "Internal Control – Integrated Framework" as revised in 2013 (the "Framework"). The Framework features 17 principles across the 5 components, all of which must be present, functioning and operating in an integrated manner in order to effectively reduce risk to an acceptable level. The Framework requires judgement in designing, implementing and conducting internal control, and in assessing its effectiveness. There is no one-size-fits-all approach in designing a Risk Management and Internal Control system.

The Company's Risk Management and Internal Control Assessment is carried out at least once per year. The Internal Audit team will work with the responsible line management together to review their responsible operations. All major changes will be followed up and highlighted in the final report.

One key component of the Framework featured in the report is Risk Assessment, including Fraud Risk Assessment will be conducted by both the responsible line management and Internal Audit team. The major risks will be identified and classified into 9-box matrix by their impact ranging from severe/critical to limited/minor, and probability from low to high. How to manage the risks and their latest status will be followed up and documented for future reference.

The internal control system comprises a well-defined organizational structure and comprehensive policies and standards. Responsibilities of each business and operational unit are clearly defined to ensure effective authority delegation and proper segregation of duties.

Firstly, the Internal Audit team tailors the individual assessment based on previous results. Secondly, the responsible line management for each major unit should take this opportunity to review how to control the operation and how to deal with the major risks. Thirdly, the Internal Audit team will analyze and clarify the information gathered with the responsible line management, if necessary, walk-through exercises and substantive tests may be conducted. Finally, the results of assessment will be prepared and distributed to all Executive Directors, the Audit Committee and External Auditor for their information.

The Audit Committee, which was delegated by the Board, has reviewed and evaluated, via the Internal Audit team, the effectiveness of the Group's risk management including ESG risks and internal control systems put in place by management covering all material controls, including financial, operational and compliance controls as well as risk management functions of the Company and its subsidiaries for the year ended 31 December 2024. The management considered that the overall risk management and internal control systems of the Company and its subsidiaries were effective and adequate. The Company will continue to maintain the adequacy of resources for these key functions in the future.

During the year, there was no incident and the deficiency in internal controls being noted regarding the Concrete CCT. At the request of the Audit Committee, the Internal Audit team carries out regular review and monitoring of the Concrete CCT to ensure the value of the transaction will not exceed the approved cap and proper internal controls are in place.

RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

During the year, the Internal Audit team conducted systematic reviews of the Group's risk management and internal control systems by using a risk-based audit approach and reviewed the effectiveness of the Group's systems of risk management and internal control in order to provide reasonable but not absolute assurance of the effectiveness of the systems. The Internal Audit team had carried out its mission by:

- identifying and prioritizing potential business risks;
- performing risk-based audits;
- evaluating effectiveness of and compliance with internal policies and procedures;
- analyzing causes for errors and irregularities found;
- recommending good internal controls to prevent unintentional mistakes, discourage fraudulent acts, and promote operational efficiency and ethical standards;
- performing follow up procedures on corrective actions;
- appraising the soundness and adequacy of various departments' ongoing maintenance of internal controls;
- providing consulting and advisory services on control and related matters;
- conducting independent investigation of situations raised by whistleblowers, if any; and
- maintaining open communication with the Chairman, Audit Committee, auditee management and External Auditor.

The risk management and internal control review is carried out by the Internal Audit team, comprising well qualified and experienced professionals, and the responsible line managers, who are experienced and familiar with their responsible operations. Such systematic and joint-effort approach will be fine-tuned every year to ensure the best results can be reached. In addition to the systematic review of the Group's risk management and internal control system, ad hoc audit will be carried out to address certain concerns separately, if required.

The Internal Audit team reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and control systems. The Internal Audit team reports audit findings together with recommendations to the Audit Committee on a timely basis upon completion of the relevant audit review. All critical audit findings and control weaknesses are summarized and presented to the Audit Committee on an annual basis, which in turn reports to the Board.

QUALITY ASSURANCE, SAFETY AND ENVIRONMENTAL MANAGEMENT

The Group is committed to achieving excellence in Quality, Safety and Environmental Protection. Since 2004, it has adopted an Integrated Management System, a comprehensive and systematic management approach that incorporates a consistent set of standards and processes applied uniformly across the Group. This system is regularly reviewed and updated to adapt to evolving circumstances and comply with new legislation. Continuous monitoring and reporting are conducted at all levels, supplemented by internal and external audits, to maintain full compliance.

As a testament to its dedication, the Group continues to be accredited under internationally recognised standards, including ISO 9001:2015, ISO 45001:2018 and ISO 14001:2015. The Group's relentless pursuit of excellence in quality, safety and environmental management has been recognised through several prestigious awards received during the year, including:

The 30th Considerate Contractors Site Award Scheme, presented by the Development Bureau, Hong Kong SAR Government, and the Construction Industry Council

- Two Considerate Contractors Site Awards (Silver Award)
- Seven Considerate Contractors Site Awards (Merit Award)
- Two Outstanding Environmental Management & Performance Awards (Bronze Award)
- Five Outstanding Environmental Management & Performance Awards (Merit Award)
- Innovation Award for Safety and Environmental Excellence (Gold Award)
- Six Innovation Awards for Safety and Environmental Excellence (Merit Award)

The 23rd Hong Kong Occupational Safety and Health Award, presented by the Occupational Safety & Health Council

- Safety Management System Award (Bronze Award)
- 5S Good Housekeeping Best Practices Award (Bronze Award)
- Safety Morning Briefing Best Practices Award (Bronze Award)
- Best Program for Work Safety & Health in Hot Weather Award (Bronze Award)
- Three Safety Performance Awards (Excellence Award)
- Safety Performance Award (Outstanding Award)
- Three Rookie Safety Performance Awards (Outstanding Award)

QUALITY ASSURANCE, SAFETY AND ENVIRONMENTAL MANAGEMENT (Continued)

The "Construction Safety Week 2024 – Safety for All 4S, Stands Tall", presented by the Development Bureau, Hong Kong SAR Government and Construction Industry Council

- Construction Safety – Innovation Technologies and Design for Safety Competition (Excellence Award)
- Two Frontline Team Safety Performance Awards (Excellence Award)
- Two Walk the Talk – Synergy in Safety Awards (Excellence Award)

The "Life First" 2024, presented by Construction Industry Council

- Frontline Team Safety Performance Award (Bronze Award)

The Construction Industry Safety Award Scheme 2023/24, presented by Labour Department

- Two Safety Teams (Merit Awards)
- Three Certificates of Good Performance

The HKCA Proactive Safety Contractor Awards 2023, presented by the Hong Kong Construction Association (HKCA)

- Three Proactive Safety Contractors Awards

The CEDD Innovation Award for Site Safety 2023, presented by Civil Engineering and Development Department (CEDD)

- Two Merit Awards

The CEDD Construction Site Safety Award 2023, presented by Civil Engineering and Development Department (CEDD)

- Gold Award
- Silver Award

The HKCA Hong Kong Construction Environmental Award 2023 Environmental Merit Award, presented by the Hong Kong Construction Association (HKCA)

- Three Environmental Merit Awards

QUALITY ASSURANCE, SAFETY AND ENVIRONMENTAL MANAGEMENT (Continued)

The Hong Kong Green Awards 2024, presented by the Green Council

- Environmental, Health and Safety Award (Large Corporation) (Silver Award)
- Five Environmental, Health and Safety Awards (Large Corporation) (Bronze Award)
- Three Environmental, Health and Safety Awards (Large Corporation) (Merit Award)
- Green Management Award – Project Management (Large Corporation) (Gold Award)
- Four Green Management Awards – Project Management (Large Corporation) (Silver Award)
- Seven Green Management Awards – Project Management (Large Corporation) (Bronze Award)
- Three Green Management Awards – Project Management (Large Corporation) (Merit Award)
- Innovative Initiative Award (Large Corporation) – Best Approach
- Sustained Performance 6 years +
- Three Sustained Performance 4 years +
- Sustained Performance 3 years +

The CIWEM Hong Kong 2024 Innovation & Sustainability Awards, presented by the Chartered Institution of Water and Environmental Management (CIWEM)

- Merit Award (Innovation)

The UNSDG Achievement Awards Hong Kong 2024, presented by the Green Council

- Six Recognised Projects

The ESG Recognition Scheme 2023, presented by Hong Kong Construction Association

- ESG Contribution Advocate Award
- Out-Performer Award

QUALITY ASSURANCE, SAFETY AND ENVIRONMENTAL MANAGEMENT (Continued)

The Hong Kong Construction Common Data Environment Award 2023, presented by the Development Bureau, Hong Kong SAR Government and Construction Industry Council

- Hong Kong Construction Common Data Environment Award (Bronze Award)

The CIC Outstanding Contractor Award 2024, presented by the Construction Industry Council

- Environmental, Social and Governance Award (Major Contractor)
- Outstanding Contractor Award (Specialist Contractor)
- Professionalisation Award (Specialist Contractor)

The NEC Martin Barnes Award 2024, presented by NEC

- "Demonstrating carbon dioxide reduction initiatives towards net-zero"

The CICES Award 2024, presented by the Chartered Institution of Civil Engineering Surveyors (CICES)

- Contractor of the Year (Grand Award)
- NEC Contractor of the Year (Grand Award)
- NEC Project of the Year (Medium-Size Project)

Throughout the year, the Group has fulfilled its responsibilities as a conscientious corporate entity, demonstrating strong managerial commitment and professional expertise. Looking ahead, the Group will continue to lead by example, inspiring employees and subcontractors to further enhance the Group's performance in quality assurance, safety and environmental protection.

CONSTITUTIONAL DOCUMENTS

The Company's Bye-laws was amended and adopted by the shareholders at the 2023 annual general meeting. The Company has not made any change to its constitutional documents in 2024. The Company's Bye-laws is available on the websites of the Stock Exchange and the Company.

SHAREHOLDERS' RIGHTS

The Board and management shall ensure shareholders' rights and all shareholders are treated equitably and fairly. Pursuant to the Bye-laws of the Company, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. In addition, shareholders holding not less than one-twentieth of the total voting rights or not less than 100 shareholders may submit a written request to the Company stating the resolution intended to be proceeded at the annual general meeting.

Any vote of shareholders at a general meeting must be taken by poll (other than procedural and administrative matters). Voting results are posted on the websites of the Company and the Stock Exchange on the day of the general meeting.

Detailed procedures for the shareholders to convene a special general meeting, putting forward proposals at a general meeting and proposing a person for election as a Director are also available on the website of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to maintaining effective communication with the shareholders and investors. To this end, the Company maintains an open dialogue with the shareholders and investors through the Company's financial reports, press releases and general meetings that may be convened, as well as making available all the disclosures submitted to the Stock Exchange to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

The Board has established a shareholders' communication policy setting out various channels of communication, with the objective of enabling the shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

COMMUNICATION WITH SHAREHOLDERS (Continued)

The Company regards its shareholders' meeting as an important means of communication with the shareholders in which the shareholders will be able to have an open dialogue with the Board. The Board members, in particular, the chairmen of the Board Committees and management executives are available to answer questions of the Group's business at the annual general meetings. External auditor also attends the Company's annual general meetings and addresses queries from the shareholders relating to the conduct of the audit, and the preparation and content of its auditor's report.

Apart from holding shareholders' meeting in hybrid format and implementing e-voting since 2022 annual general meeting, the Company also endeavours to maintain effective communication with all shareholders through other channels such as publication of annual and interim reports, announcements and circulars so as to provide extensive information on the Group's activities, business strategies and developments, and financial position. Such information is also available on the websites of the Company and the Stock Exchange.

Shareholders are also provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, to enable them to make any queries or comments on the Company at any time.

The Board has reviewed the implementation and effectiveness of the shareholders' communication policy. As there are various channels of communication available for the shareholders, the Board considered that the shareholders' communication policy is effective.

DIVIDEND POLICY

The Company has adopted a Dividend Policy. It aims to provide shareholders with stable and sustainable returns.

In proposing any dividend payout, the Board shall take into account, inter alia, the Group's financial condition, working capital requirements and future expansion plans, actual operations and liquidity position, the Company's retained earnings, distributable reserves and cash flow situation, general economic condition and other factors that the Board considers appropriate.

Environmental, Social and Governance Report

Dear shareholders,

On behalf of the board of directors ("the Board") of Build King Holdings Limited ("the Company" or "Build King"), I am pleased to present the ninth Environmental, Social and Governance (ESG) Report, which covers our sustainability performance from 1 January 2024 to 31 December 2024.

At Build King, we uphold three core values — integrity, innovation, and professionalism — as the foundation of our corporate culture. These values are embedded in every aspect of our business operations. We act with the highest level of integrity, fulfilling our commitments with honesty and strong moral principles. We foster an environment where innovation and resourcefulness can thrive, and we deliver an integrated range of professional services. By integrating these core values into our sustainability management, we believe we can build a better future for our people, the environment and the community.

The Board has established clear ESG policies in our management manual to guide health and safety, environmental management, human resources management and supply chain management. Each management team is responsible for monitoring and managing ESG-related issues, risks and the effectiveness of our various ESG management systems.

We value the critical roles played by our business partners on our sustainability journey. We have consistently worked to strengthen our relationship with key stakeholders through regular meetings, interviews and events to understand their views and concerns on the ESG issues. Every three years, we engage an independent third party to facilitate the stakeholder engagement process to help us identify and prioritise material issues that significantly impact both our stakeholders and our operations. The latest independent engagement was conducted in 2022.

On behalf of the Board, I would like to express my appreciation and gratitude to our management teams for their efforts in delivering on our sustainability commitments for 2024.

Zen Wei Peu, Derek
Chairman

ABOUT THIS REPORT

This Report contains information on our main business in Hong Kong as a main contractor providing all-rounded construction related services to a portfolio of clients, including Hong Kong government departments, quasi-government authorities and institutions, and private developers. In the 2024 financial year, there are approximately 60 active construction projects contributing 98% of the Group's turnover and employing 91% of the Group's employees. Owing to the differences in reporting standards across regions, the information on environmental infrastructure projects in the Mainland China is not covered in this Report.

This Report discloses our performance and initiatives regarding ESG issues and relevant Key Performance Indicators ("KPIs") across different aspects from 1 January 2024 to 31 December 2024. The content can be found on pages 74 to 76.

This Report was developed referencing existing local and globally recognised reporting frameworks, namely the Hong Kong Stock Exchange (HKEX) Appendix C2 of the Main Board Listing Rules (HKEX ESG Guide). A summary of our key performance data is shared in the Performance Data Summary 2024 section. A content index is included at the end of the Report as a tool to help readers locate relevant information across the Report and to demonstrate compliance with the HKEX ESG Guide.

FEEDBACK

For further information regarding our Group and the ESG Report, please refer to the hyperlinks below:

Corporate Website:

https://www.buildking.hk

ESG Report:

https://www.buildking.hk/eng/sustainability/corporate-responsibility/esg#esg/corporate-governance-report/1

We value your opinion and feedback on our ESG Report, and welcome your suggestions on how we could further enhance our performance.

Contact information:

Address: Units 601-605A, 6/F, Tower B,
Manulife Financial Centre,
223 Wai Yip Street, Kwun Tong,
Kowloon, Hong Kong
Email: info@buildking.hk

ESG MANAGEMENT APPROACH

Recognising the worldwide concerns regarding sustainable development, our Group is committed to integrating sustainable thinking into every aspect of our business. We believe we can build a better future for our people, the environment and the community.

Corporate Governance

The Group is committed to maintaining the highest standards of corporate governance and has complied with the Corporate Governance Code (the "CG Code") set out in Appendix C1 of the Listing Rules. Detailed information can be found in the Corporate Governance Report on pages 25 to 45.

Governance Structure

The Board of Directors and Senior Management are responsible for leading and reviewing the Group's policies, as well as overseeing the strategic direction relating to ESG issues, with support from various operating departments, including the Business Department, Human Resources Department, Procurement Department, Safety & Environment Department and Training & Development Department. Delegated Managers of these departments are held accountable for implementing the policies and further delegating responsibility and authority to subordinates based on their roles and functions. A Sustainability Division, led by a team of dedicated sustainability personnel, has been established within the Business Department to manage sustainability-related matters.

ESG MANAGEMENT APPROACH (Continued)

Materiality Assessment

Based on the latest stakeholder engagement process conducted in 2022, the following 26 ESG issues were identified:

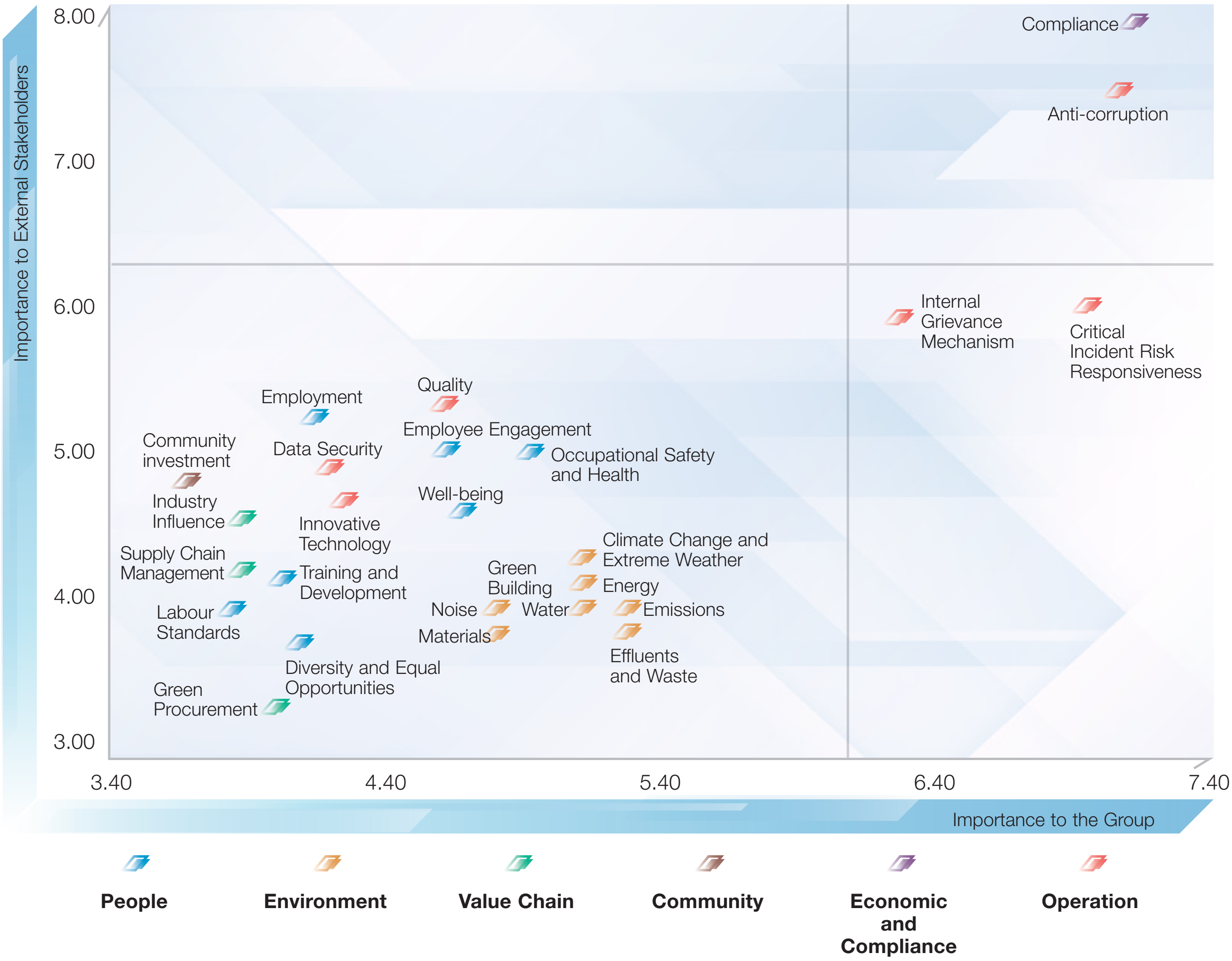
Section in this report	Material Issues
People	1 Employment 2 Occupational Safety and Health 3 Training and Development 4 Labour Standards 5 Employee Engagement 6 Diversity and Equal Opportunities 7 Well-being
Environment	8 Emissions 9 Energy 10 Noise 11 Effluents and Waste 12 Water 13 Materials 14 Green Building 15 Climate Change and Extreme Weather
Value Chain	16 Supply Chain Management 17 Green Procurement 18 Industry Influence
Community	19 Community Investment
Economic and Compliance	20 Compliance
Operation	21 Innovative Technology 22 Quality 23 Data Security 24 Anti-corruption 25 Internal Grievance Mechanism 26 Critical Incident Risk Responsiveness

ESG MANAGEMENT APPROACH (Continued)

Materiality Assessment (Continued)

Feedback from stakeholders was used to prioritise the 26 ESG issues, as shown in the following materiality matrix, indicating the aspects that are material to our stakeholders and our Group's business. This assessment helped to shape the content of this report and the resources we plan to focus on going forward. In this Report, we disclose the performance of these material aspects under six main sections: People, Environment, Value Chain, Community, Economic and Compliance, and Operation.

Stakeholder Engagement Materiality Matrix



According to the result of the telephone interviews and online surveys, we understand that it is challenging to meet all the expectations from our stakeholders. Nevertheless, their valuable feedback and suggestions have enabled us to formulate more focused strategies, which in turn facilitate improvements in our sustainability performance.

PROVIDING BETTER PROSPECTS FOR OUR PEOPLE

Employees are our most valuable asset. We strive to create a safe and healthy workplace, offer career prospects, support personal development and learning opportunities, and provide attractive incentives to retain our top talents, ensuring the sustainable growth of the Group.

The Group recognises human capital as one of our most important assets. Having an inclusive, engaged, and skilled workforce is essential to our success. By upholding fair employment practices and fostering professional development, we aim to create a work culture that motivates and empowers every employee to be innovative.

We respect the fundamental rights of our employees and are committed to building an equal, diverse, and inclusive working environment. We provide equal opportunities in all aspects of employment, regardless of gender, race, ethnic origin, marital status, education level, or disability. In 2024, there was no known report of discrimination by employees within the Group.

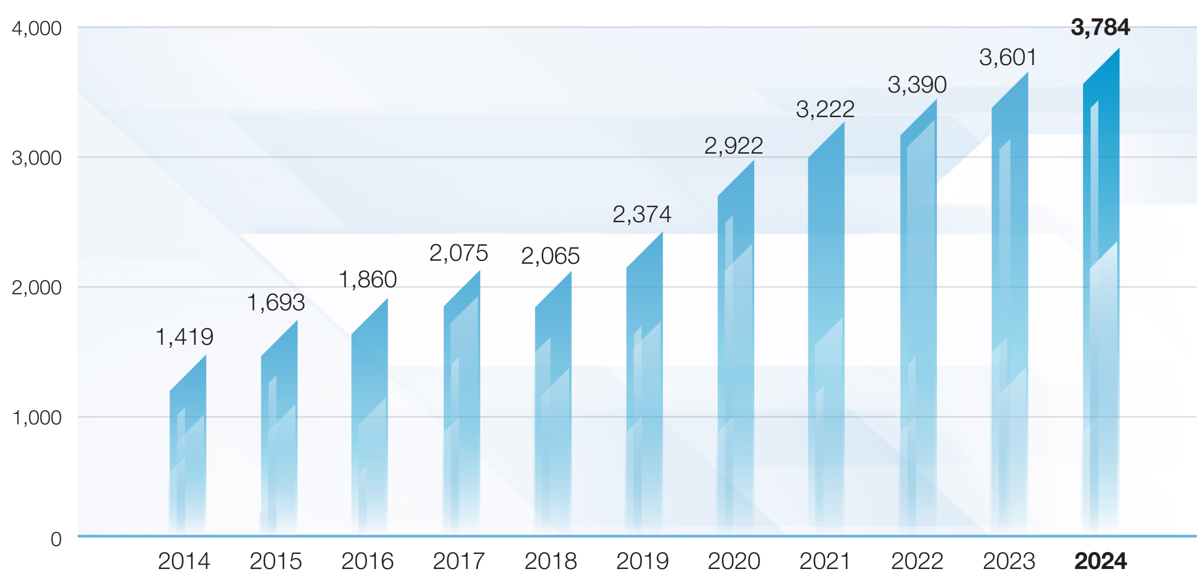
The Group complies with local employment legislation and prohibits child, forced, or compulsory labour in all our operations. These requirements are extended to our suppliers and subcontractors to ensure adherence to legal standards. Regular self-audit and ad-hoc assessments are conducted to review employment practices and address any control deficiencies. In 2024, no operations reported any instances of child or forced labour.

Furthermore, the Group respects employees' legal rights of privacy in compliance with the Personal Data (Privacy) Ordinance (Cap. 486) of the Laws of the Hong Kong Special Administrative Region when collecting, storing, using, and transmitting personal data. The Group also requires all staff to strictly adhere to relevant standards of data security and confidentiality.

Employees Composition

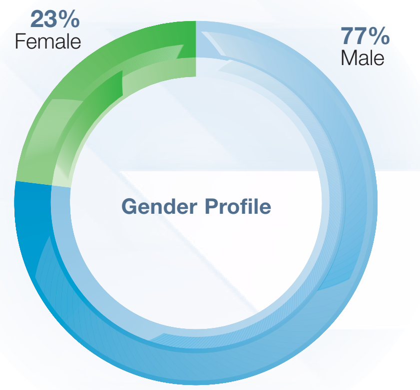
As of 31 December 2024, the total number of employees reached 3,784, representing an increase of approximately 5% compared to the previous year. Of the total workforce, 23% were female and 77% were male.

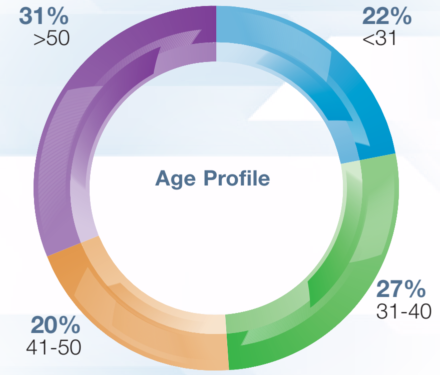
Total Workforce

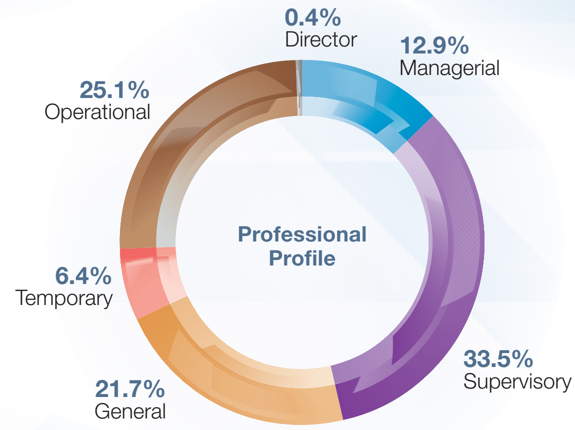


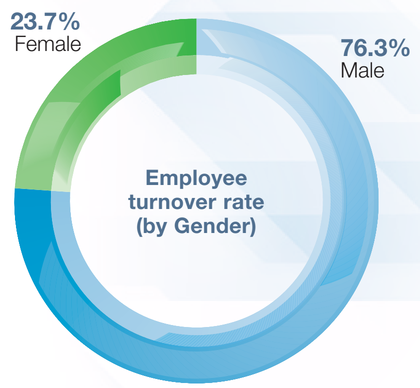
PROVIDING BETTER PROSPECTS FOR OUR PEOPLE (Continued)

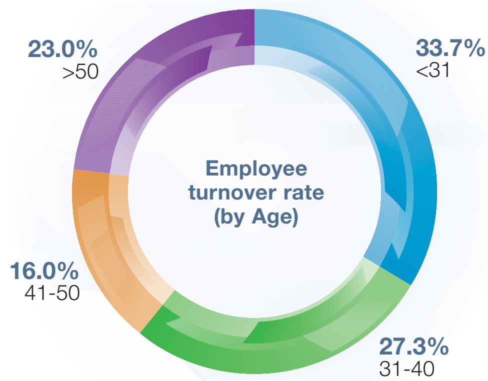
Employees Composition (Continued)











PROVIDING BETTER PROSPECTS FOR OUR PEOPLE (Continued)

Employee Engagement

The Group values our employees' views and maintains ongoing communication with them through various channels, including our intranet communication platform, regular departmental meetings, seminars, and workshops. We believe these channels help foster dialogues with our employees, enabling us to gather feedback and exchange views on the Group's initiatives and issues.

Diversity and Equal Opportunities

Our workforce comprises talents from different nationalities with a diverse range of expertise and backgrounds. We embrace and value the diversity among our employees, bringing strengthened skill sets and innovative ideas. To support new overseas staff, we host a familiarisation session to help them transition smoothly into the company culture. Additionally, regular gatherings are organised to enhance team bonding and collaboration, fostering a welcoming and inclusive environment.

The Group is committed to fair employment practices and ensures equal opportunities in recruitment, promotion, and employee deployment. Decisions are based on employees' skills, abilities, and alignment with the job requirements, as well as the future developmental needs of our businesses.

Well-being

The Group cares about the well-being of our employees and is dedicated to providing them with a healthy and safe working environment. In 2024, the Group was awarded the Caring Company by the Hong Kong Council of Social Service, a Supportive Family-friendly Good Employer by Hong Kong Labour Department, and the Best All-round MPF Employer by the Mandatory Provident Fund Schemes Authority.

Welfare

The Group is committed to continually improving our employees' healthcare and well-being. In 2024, the Group continued to provide group medical care benefits to all eligible staff and their dependants, demonstrating our dedication to being a caring company.

PROVIDING BETTER PROSPECTS FOR OUR PEOPLE (Continued)

Training and Development

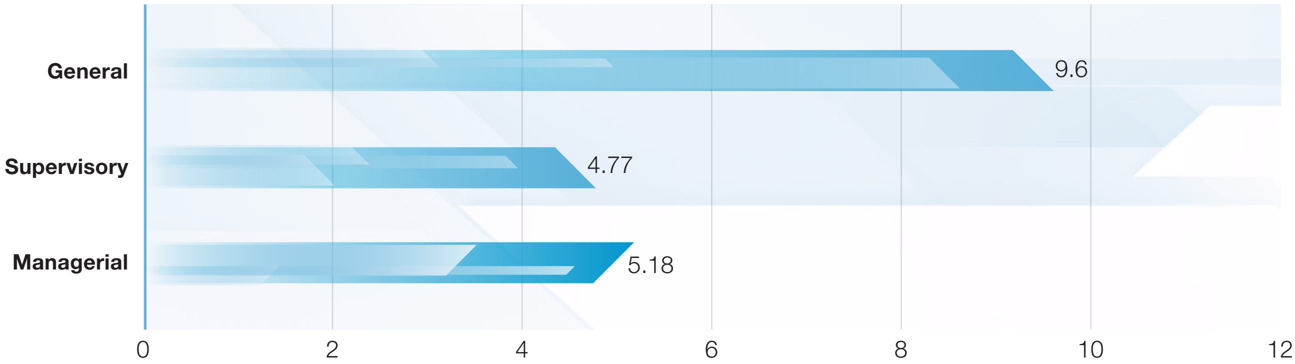
The Group continues to nurture employees at all levels by providing opportunities to strengthen their job-related professional skills, as well as their managerial, supervisory, and personal development skills. In addition to offering in-house classroom and e-learning training programmes, the Group also organises and sponsors external courses. Furthermore, the Group provides Bachelor's and Master's Degree Education Sponsorship to encourage and foster a culture of lifelong and continuous learning. Training sessions on topics such as BIM, NEC4 ECC, 4S Labelling, and Anti-discrimination Laws have been organised.

We remain dedicated to nurturing young talent. In 2024, a total of 61 staff members participated in the Talent Development Programme, which aims to develop a group of high-potential junior management staff to become the Group's future leaders. The selected staff are guided and coached by responsible directors according to personalised career and development plans tailored to their growth ambitions and professional goals.

The Graduate Engineer Training Scheme is a key programme undertaken by the Group to grow and groom young engineers. It is closely monitored and supervised to ensure it meets the Hong Kong Institute of Engineers' technical requirements, as well as providing our Graduate Engineers appropriate industry exposure and technical engineering experience. Various professional assessment preparation workshops, including mock reviews aligned with the new remote format offered by professional institutions, are conducted to prepare our Graduate Engineers for chartership.

Additionally, our revamped and enhanced Graduate Land Surveyor Programme now offers a more comprehensive and formal training structure to groom young land surveyors and equip them with the necessary skills and knowledge to obtain professional qualifications.

2024 Average Training Hours (by professional profile)



PROVIDING BETTER PROSPECTS FOR OUR PEOPLE (Continued)

Safety and Health Policy

Safety and health considerations are always the top priority of our operation, taking precedence over all other matters. Recognising the inherent risks in our daily activities, we are committed to implementing and achieving the highest practical standard of Safety Management System (SMS) and to providing a healthy and safe working environment for our employees, sub-contractors, clients, the public, and other stakeholders who may be affected by our operations.

The Group ensures a safe and healthy working environment for all levels of employees by maintaining well-organised workplaces, providing safety equipment, implementing protective measures, offering welfare facilities, and delivering all relevant information, instruction, training, and supervision. The promotion and development of safety and health in the workplace are facilitated through induction, discussions, training, and consultations with representatives from all levels of employees and sub-contractors.

To oversee the implementation and review of SMS measures and related policies, a Safety Management Committee, composed of top management and project-in-charges, has been established. Relevant responsibilities and authorities are delegated from the committee to all staff according to their roles and functions.

To achieve continuous improvements in our safety performance, we adopt a risk-based control approach to ensure all working procedures comply with laws, regulations, and risk assessments. The Group had one fatal accident in 2023 for the past three years. In 2024, the accident frequency rate was 0.08 per 100,000 man-hours worked, compared to the target rate of 0.21, and the total lost days due to work injuries were 4,764.

Control Mechanisms

The Group has implemented and maintained various safety control mechanisms to effectively monitor, prevent, reduce, or eliminate the risks associated with site work involving employees and sub-contractors.

In addition to the routine site safety inspections conducted by the respective site safety personnel, the Group has introduced various safety inspection programmes at the corporate level. The Cross Site Safety & Environmental Assessment, carried out by the Senior Safety & Environment Officers, provides a platform for exchanging innovative safety measures. This also enables fellow Safety & Environment Officers and Assistant Safety & Environment Officers to broaden their safety knowledge, contributing to the continual improvement of the Group's safety performance.

PROVIDING BETTER PROSPECTS FOR OUR PEOPLE (Continued)

Foster Safety Culture

Effective training lays the foundation for building a strong safety culture among our staff. In 2024, the Group introduced new training methods, including a Virtual Reality (VR) game-based training programme. Workers are required to complete assigned tasks through interactive VR games designed around job-specific scenarios to demonstrate their safety awareness and decision-making skills. Each training session concludes with the safety officer delivering a summary of key safety precautions highlighted in the activity.

In addition, the VR system collects data from each session to generate comprehensive analytical reports. These reports provide valuable insights, enabling safety officers to refine and optimise future training plans for continued improvement.

Smart Site Safety System

Upholding the principle an ounce of prevention is better than a pound of cure, the Group has allocated significant resources and implemented proactive measures to prevent accidents before they occur.

The Smart Site Safety System (“SSSS”), introduced by the Development Bureau, serves as a powerful tool for identifying potential hazards and issuing alerts for unsafe acts. It also functions as a centralised database for analysing specific safety issues at each construction site, enabling safety personnel to take targeted improvement measures. Since 2023, the Group has successfully implemented all 10 main categories of SSSS products across our sites, encompassing both public and non-public works contracts.

The system collects and transmits real-time data of site conditions from various zones to a central management platform. When safety risks or hazards are detected, immediate alerts are sent to on-site workers to ensure that prompt action is taken. Additionally, the data stored on the central management platform allows the project management team to gain insights into site conditions. This insight supports the formulation of actionable plans to address and mitigate identified safety risks, fostering a safer working environment.

BUILDING TOWARDS A BETTER ENVIRONMENT

Climate change is a critical global concern. To minimize the impact of global warming, the Group is committed to providing information, training, and resources to preserve natural resources, and achieve the goal of sustainability.

The Group's Environmental Policy serves as a framework for setting the Group's environmental objectives and is periodically reviewed and updated. We are dedicated to delivering professional engineering services in compliance with all relevant environmental legislations, striving to minimise any nuisance to the public. In addition to providing information, training, and resources for sustainable development, we ensure all employees and sub-contractors manage their work in accordance with the Group's Environmental Policy and environmental legislations.

To proactively address potential environmental issues during the construction process, we complete an Environmental Aspect Evaluation Form before project commencement. Environmental considerations across various construction stages including design, tendering, procurement, transportation, and construction are assessed for appropriate mitigation measures to be implemented.

Furthermore, the Group engages external auditors to conduct annual ISO audits, ensuring that construction activities comply with the environmental management system ISO 14001:2015.

Reducing Our Environmental Footprint

We are committed to reducing our environmental impact by proactively integrating sustainable practices into all projects. Our approach to improved waste management and resource efficiency is to minimise our environmental footprint while enhancing long-term resilience in construction site operations.

- Waste Reduction – Minimising both hazardous and non-hazardous waste through efficient material management, circular economy principles, and maximising recycling and reuse efforts.

- Energy Efficiency – Optimising energy use on construction sites, incorporating energy-efficient equipment, and leveraging renewable energy sources where feasible.

- Water Conservation – Implementing water-saving measures such as smart water management systems, rainwater harvesting, and wastewater treatment to minimise water consumption and protect natural resources.

Sustainability is integrated into every phase of our projects, contributing to a more environmentally responsible construction industry. We recognise the complexities of the sector and remain committed to continuous monitoring, adaptive strategies, and collaboration with stakeholders to achieve meaningful environmental progress.

Project-Specific Environmental Management Plans (EMP)

Given the diverse nature of our projects, each project is required to develop a project-specific Environmental Management Plan ("EMP"). Supervised by the project management team, the EMP outlines the mitigation measures to manage and control on-site environmental impacts, including, but not limited to, air quality, noise, and water quality impacts.

To enhance the environmental awareness of frontline staff, they are required to attend induction training which introduces the Group's environmental targets and relevant legislation. Toolbox talks are also provided to remind them of the corresponding environmental mitigation measures for various procedures. Additionally, the environmental management team conducts weekly site inspections to ensure that the environmental measures have been implemented as planned. In the event of any non-compliance, remedial action will be arranged immediately and findings raised in subsequent environmental management meetings to alert both management and frontline staff.

BUILDING TOWARDS A BETTER ENVIRONMENT (Continued)

Air Quality Management

To closely monitor the environmental effects of pollution, smart dust monitoring systems with real-time dust monitors are adopted to effectively control air quality. When the dust level exceeds the limit, the system automatically activates the sprinkler device to efficiently reduce dust levels. Additionally, relevant data is collected through the system platform to formulate better control measures to further mitigate environmental impact.

In 2024, the Group recorded no conviction related to the Air Pollution Control (Construction Dust) Regulation, meeting the set target of fewer than five conviction records annually.

Noise Management

Specially designed soundproof enclosures and silencers are installed for heavy equipment such as generators and drilling machines. These soundproof enclosures, constructed with double-layer metal panels and adequately-lined acoustic infill, significantly reduce noise dispersion during plant operation. This effectively minimises the impact on surrounding residents and fosters harmonious relations with the community.

Effluent and Water Management

The Group actively promotes the use of recycled water through collecting rainwater, treated greywater and wastewater. This recycled water is utilised at construction sites for activities such as dust control through water sprinkling, wheel washing, irrigation, and toilet flushing. Additionally, the installation of flow controller on water taps further reduces water consumption and enhances water resource efficiency.

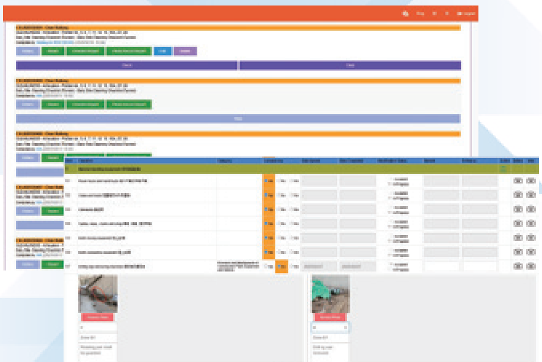
Chemical Waste Management

We have developed a comprehensive waste management plan that clearly outlines the classification, handling, and disposal processes for chemical waste to minimise its generation. Regular chemical training and drills are conducted for workers to enhance their awareness and operational skills. Additionally, designated storage areas have been established on-site, with regular inspections conducted to monitor the usage of chemicals. Licensed waste collectors are arranged to collect chemical waste, ensuring compliance with legal requirements.

BUILDING TOWARDS A BETTER ENVIRONMENT (Continued)

Green Building

The Group is committed to leveraging on advanced construction technologies to promote green building. We utilise the Modular Integrated Construction (MiC) method for constructing site offices, and incorporate sustainable thinking in the design, material selection, and transportation processes. The use of aluminium alloy materials enhances the structural integrity of the offices while simplifying installation and enabling reuse in future projects. This approach significantly reduces waste generation, shortens construction timelines, and minimises dust and noise impact on the environment, thereby further enhancing sustainable development.



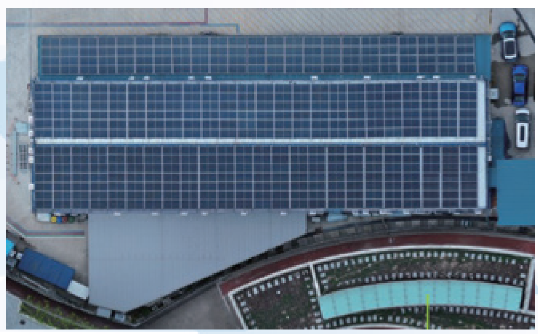
Reduce Carbon Footprint

To further digitise workflows, the site inspection checklist has been widely converted into the digital format on "Innoshare", an electronic document platform designed for construction sites. Additionally, Point Cloud scanning technology has been implemented to capture completed work locations using a camera scanner. The scanned data is then used to generate 3D models, which are compared with Building Information Modelling (BIM) simulation drawings to verify accuracy. This method improves work efficiency and eliminates unnecessary printing of drawings.

These digitisation initiatives contribute to a significant reduction in the Group's carbon footprint and project accuracy optimisation.

Energy Efficiency

To support the advancement of renewable energy, we have extensively installed solar panels at our site offices and are participating in CLP's Feed-in Tariff Scheme. These solar panels are also used to power mosquito traps, warning lights, traffic signage, and renewable energy-powered automatic misting systems, aimed at achieving zero carbon emissions and enhancing energy efficiency at the construction sites while improving the sites' environment.



In addition, the Group has widely implemented smart battery energy storage systems across our projects, replacing fossil fuels with a clean and reliable power source. This initiative minimises energy waste, reduces dependence on traditional diesel generators, and helps mitigate noise and air pollution in surrounding communities. By enhancing energy efficiency and reducing environmental impact, the system reinforces the Group's commitment to sustainability and responsible construction practices.

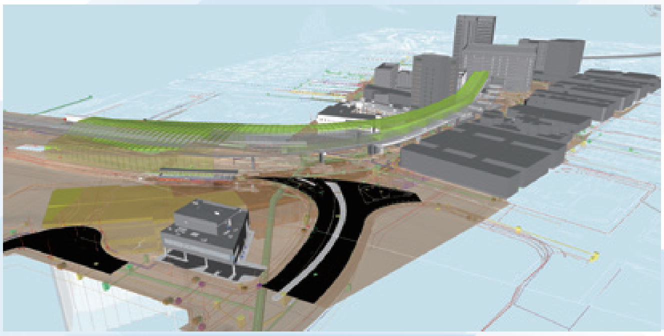
BUILDING TOWARDS A BETTER ENVIRONMENT (Continued)

Carbon Reduction

The group is continuously exploring ways to reduce environmental impact and promote more resource-efficient building practices. The adoption of Ground Granulated Blast-Furnace Slag (GGBS) concrete in projects offers a practical approach to enhancing sustainability in construction. GGBS, a by-product of iron manufacturing, can partially replace traditional concrete, helping to lower carbon emissions.

Sustainable Use of Resources and Waste Management

The Group adopts BIM extensively, using comprehensive and precise data to improve design accuracy and minimise process changes or rework. This approach helps mitigate construction delays and enhances material estimate precision, significantly reducing waste generated during the construction process.



In addition, we establish waste targets and encourage active participation from colleagues. The table below illustrates how we integrate our resources and waste management system throughout the project life cycle.

Project Cycle	Actions Taken
Design and Planning Stage	• Accurately estimate the construction material required by using software and detailed calculations. • Review original design provided by clients to identify opportunities for cost savings and alternative designs. • Identify sustainable disposal grounds for waste. • Maximise reuse of treated contaminated soil on-site.
Construction Stage	• Develop efficient and well-designed site layout and logistics plan and identify suitable storage area to minimize waste and prevent unnecessary disposal. • Establish on-site facilities for sorting and recycling general and construction wastes. • Prioritise the use of used or salvaged materials. • Utilise surplus materials where possible to minimise waste. • Transform excavated rock into aggregates for reuse. • Facilitate cross-site materials transfers to avoid unnecessary disposal. • Ensure proper handling and disposal of all chemical wastes throughout the storage, collection, transportation and disposal stages. • Incorporate environmentally certified materials, such as Forest Stewardship Council (FSC) or American Forest & Paper Association (AFPA) certified timber. • Provide regular training sessions for construction workers to promote awareness and adoption of sustainable practices.

BUILDING TOWARDS A BETTER ENVIRONMENT (Continued)

Climate Change

The Group recognises its responsibility to systematically and proactively manage climate risks. The core elements of climate-related financial disclosures included Governance, Strategy, Risk Management, and Metrics and Targets.

- ***Governance***

  To combat climate deterioration, the Group is committed to:

  - Adopting best practices to improve energy efficiency in operations.
  - Increasing the use of renewable energy in construction.
  - Exploring low-carbon construction methods and materials to reduce life cycle impacts of buildings.
  - Increasing greenery areas at construction sites.
  - Collaborating with partners to develop innovative solutions for sustainable buildings.

- ***Strategy***

  A Safety Management Plan and an Environmental Management Plan are developed before the commencement of each project to outline measures addressing extreme weather impacts, such as extreme heat, flooding, and typhoons. These plans are periodically reviewed and updated to align with the industry's evolving response to climate change.

- ***Risk Management***

  Some of the risks related to climate change have been covered in our Safety Management Plan and the Environmental Management Plan, including measures to address extreme heat, flooding, and typhoons. To mitigate risks associated with physical climate events, the Group adopts measures such as conducting training sessions, performing regular health checks, distributing heat stress-related materials, and carrying out emergency drills. The Group continues to deepen its understanding of other climate change impacts and integrates them into our overall risk management processes, with plans for enhanced disclosure in future reports.

- ***Metrics and Targets***

  The Group strives to reduce the carbon footprint across all phases of its projects, including planning, design, construction, commissioning, operation, management, and maintenance. Given the significant consumption of natural resources in our operations, we prioritise reducing carbon emissions and recycling materials. We will continue to review and update our targets in alignment with our business development needs.

SUPPLY CHAIN MANAGEMENT

We recognise that effectively managing our suppliers and sub-contractors is crucial to the growth and ongoing success of our business. To consistently deliver excellent projects for our clients, we diligently monitor our supply chain, focusing on timing, quality, and progress of works and services provided by our partners.

The Group's supply chain network consists of approximately 3,500 active suppliers and sub-contractors, all based in Hong Kong. Our close collaboration with them significantly impacts our sustainability performance.

In view of this, we have introduced our Sustainability Policy to suppliers and sub-contractors through the conditions outlined in our contract documents. We require strict adherence to the policy and guidelines. Sub-contractors and suppliers are evaluated every six months, and any non-compliance will result in disqualification and removal from the selection list.

Selection Criteria

Our goal is to build a responsible and sustainable supply chain, which helps reduce risks for the Group and our clients. Clear procedures and standing instructions are in place for selecting suppliers and sub-contractors. Before any purchasing or sub-letting process, performance assessments are conducted on potential suppliers and sub-contractors based on assessment criteria including, but not limited to assurance of stable supply, quality of service and product, and cost. We give priority to working with suppliers and sub-contractors who meet our high standards of ethical conduct, human rights, health and safety, environmental management, and green procurement.

Management Approach

To cater to the unique requirements of different projects, each project is required to develop a Sub-contractor Management Plan, which outlines strategies and measures for managing sub-contractors.

We ensure that our suppliers and sub-contractors are well-informed and have a good understanding of our core values and comply with our ESG governance policies, as well as relevant standards such as the ISO 9001:2015 Quality Management System. We provide technical assistance and supervision to suppliers and sub-contractors to maintain quality assurance and educate them on anti-corruption practices. Additionally, we encourage feedback from our suppliers and sub-contractors to better understand their needs and incorporate their input when formulating future policies.

CARING FOR OUR COMMUNITY

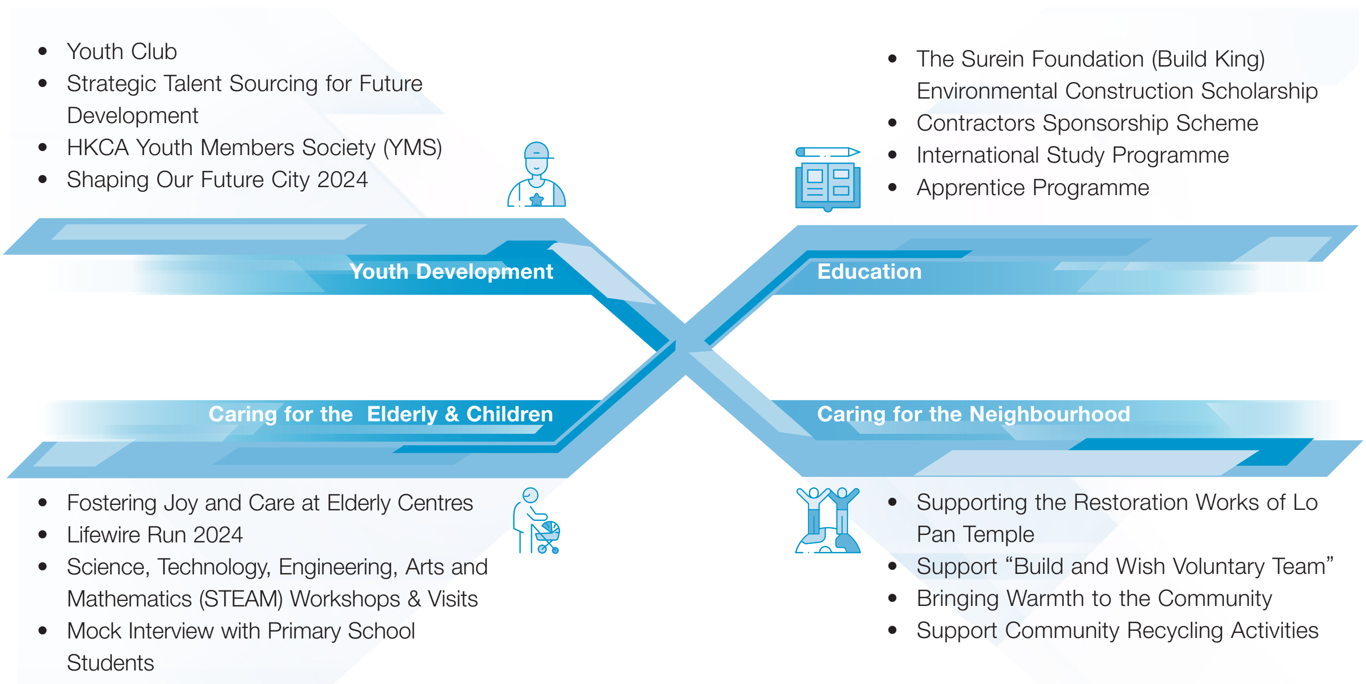
As a socially responsible and environmentally committed business organisation, we integrate sustainable development principles into our business practices, safeguarding the environment while maintaining corporate profitability. We actively give back to society and support people in need, fulfilling our role as a responsible corporate citizen.

Social Responsibility Policy

The Group is firmly committed to upholding integrity and taking responsibility for our stakeholders and local communities. By actively engaging in and contributing to Hong Kong's infrastructure development, we ensure that our business adheres to the highest ethical and legal standards. We strive to foster a culture of volunteerism, encouraging our staff to embrace the spirit of caring and underscoring the importance of the individual's contributions in building a harmonious and inclusive society.

We collaborate closely with local communities, dedicating resources to charitable initiatives and educational programmes. Our efforts focus on four key areas:

- Youth Development
- Education
- Caring for the Elderly and Children
- Caring for the Neighbourhood



CARING FOR OUR COMMUNITY (Continued)

Youth Development

Youth Club

Since 2016, our Youth Club has provided our young engineers a platform for diverse experience sharing and learning. In 2024, the committee organised various activities including a visit to an organic strawberry farm, laser war game, fencing fun day, workshops on moon-cake and leather making, and prawn fishing.

Strategic Talent Sourcing for Future Development

To effectively identify and nurture talents, we actively engage with various communities and educational institutions through a diverse range of outreach programmes. In 2024, we organised and participated in 39 events, including job fairs, career talks, and talent luncheons to reach out and appeal to a wide audience. We collaborate with universities and Vocational and Professional Education and Training (VPET) institutions to promote the pursuit of careers in the construction sector through insights into industry trends and employer expectations.

In delivering our commitment to promoting diversity and inclusion, we extend our talent sourcing and reach out to non-local job seekers and ethnic minorities to attract skilled professionals who bring fresh perspectives and unique expertise to our projects.

These initiatives form components of a strong pipeline of skilled professionals who are prepared to contribute meaningfully to the construction industry. By investing in the search for young talent today, we are creating a diverse, dynamic and resilient workforce for the sustainable future.

HKCA Youth Members Society (YMS)

We are committed to cultivating young engineers into future leaders of the construction sector. In 2024, we continued our sponsorship of YMS and participated in various events, including the annual dinner and “YMS Let’s Fill the Gap.” At the latter event, we participated as a guest speaker, sharing insights on the construction industry. The event also provided opportunities for our young professionals to connect with industry leaders. We hope to deepen members’ knowledge of the construction industry, supporting their professional growth and career advancement.

Shaping Our Future City 2024

The Graduates and Students Division of the Institution of Civil Engineers Hong Kong Association has launched Shaping Our Future City 2024. This initiative offers secondary school students a unique opportunity to explore the civil engineering profession and enhance their Science, Technology, Engineering and Mathematics skills. The theme, “New Stories to Old Storeys,” focuses on public housing redevelopment, challenging students to develop sustainable solutions for Lei Cheng Uk Estate. We are proud in supporting this meaningful initiative, inspiring the next generation to tackle future engineering challenges and contribute to building a better Hong Kong

CARING FOR OUR COMMUNITY (Continued)

Education

The Surein Foundation (Build King) Environmental Construction Scholarship

Established in 2023, the Surein Foundation (Build King) Environmental Construction Scholarship aims to promote and support student research on environmental issues within the construction industry. The scholarship focuses on strategies to mitigate, address, and manage environmental challenges encountered during the construction process.

Contractors Sponsorship Scheme

This year, we continued our partnership with the Hong Kong Institute of Construction (HKIC) to sponsor this scheme. In addition to the monthly sponsorship, applicants were invited to participate in a 3-month site internship programme. The purpose of the scheme is to create a supportive environment for developing young talent capable of addressing the manpower challenges in the construction sector and to attract more young professionals from HKIC to join our organisation.

International Study Programme

We continued to nominate apprentices to participate in this programme organised by Vocational Training Council (VTC). The programme provides apprentices with the opportunity to gain valuable international experience and exposure by attending short-term technical or practical courses and visiting local institutions and companies.

Apprentice Programme

Our Group continued its collaboration with HKIC and VTC in offering the Apprentice Programme, a hands-on training programme by Build King aimed at developing a skilled workforce with high quality workmanship. Apprentices work closely with our skilled trades professionals, gaining practical experience while receiving formal education in their chosen trade.

Through these partnerships, we remain committed to nurturing young talent, contributing to the future of the construction industry.

Caring for the Elderly & Children

Fostering Joy and Care at Elderly Centres

To address the growing need for elderly care, particularly for those with mental and health challenges, we work closely with Elderly Centres. In 2024, we continued our tradition of donating rice dumplings and mooncakes to these centres, sharing them with residents and their families. Additionally, we visited a nursing home, where we played games, engaged in meaningful conservations, and shared many joyful moments with the elderly.

We have also established a long-term partnership with the Po Leung Kuk Elderly Centre. In 2024, we organized workshops on tote bag and lip balm making, along with outings to the movies and museums. The activities brought immense joy and enrichment to the lives of these elderly participants.

CARING FOR OUR COMMUNITY (Continued)

Caring for the Elderly & Children (Continued)

Lifewire Run 2024

In 2024, the Group continued its support for the Lifewire Run, an event that unites individuals from diverse backgrounds to raise funds for children with rare diseases. Each patient's story was shared through texts and videos to raise public awareness about these conditions. This year, the Group also sponsored charitable organisations to participate in the event, aiming to support families in need and promote the spirit of an inclusive society.

Science, Technology, Engineering, Arts and Mathematics (STEAM) Workshops & Visits

In 2024, we conducted STEAM workshops to inspire school students by showcasing community greening initiatives in Hong Kong. Through hands-on DIY activities, students gained practical experience in landscape design, sparking their interest in STEAM fields and opening pathways to careers in engineering. Furthermore, students visited our sites and Community Liaison Centres (CLC), where they learned about our ongoing projects. Our engineers also shared valuable insights into the learning process and career development, further motivating students to explore engineering careers.

Mock Interviews with Primary School Students

We organised a mock interview event for sixth-grade students preparing to transition to secondary school. In addition to improving their interview skills, our volunteer engineers shared their work experiences and offered insights into their daily tasks. They also addressed students' questions about managing work pressure and driving technological innovation, enhancing the student's understanding of the engineering field and encouraging them to explore future careers in the construction industry.

CARING FOR OUR COMMUNITY (Continued)

Caring for the Neighborhood

Supporting the Restoration Works of Lo Pan Temple

Lo Pan Temple, recognised as a Grade 1 historic site by the Antiquities Advisory Board, is the only temple in Hong Kong dedicated to Lo Pan. In 2024, the Group contributed to restoration efforts and supported a fundraising event organised by the Hong Kong Lo Pan Kwong Yuet Tong to preserve this cultural heritage.

Support "Build and Wish Voluntary Team"

The "Build and Wish Voluntary Team" is a non-profit charitable organisation composed of dedicated volunteers committed to serving disadvantaged communities. In 2024, the Group supported the organisation's activities, including a scarf knitting workshop and participation in their Homeless Night Food Distribution Programme. We plan to continue this collaboration to assist individuals in need in the coming year.

Bringing Warmth to the Community

We actively participated in and organised various initiatives to spread love and care in the community. In 2024, we prepared and delivered gift boxes expressing our love and warm wishes to the underprivileged individuals, helping them feel supported during special occasions. To celebrate the Lunar New Year, we also wrote spring couplets for our neighbours, sharing blessings and good wishes.

Support Community Recycling Activities

To promote environmental awareness and sustainable development, the Group actively participated in community recycling activities. Recycling points were established to encourage the recycling of used red packets and mooncake boxes, reducing waste and promoting resource reuse. Additionally, to support the government's environmental initiatives, we collaborated with Caritas Computer Workshop to organise a "Computer and Digital Product" donation event. Our staff was encouraged to donate any unused digital products, which were collected and inspected by Caritas. Refurbished and reusable electronic waste was donated or resold at a reasonable price to those in need.

ENHANCEMENT ON OPERATION

We believe that innovative technologies in safety measures, management systems and intelligent systems can increase client satisfaction in our work and services.

Innovative Technology

The Group is committed to enhancing site safety and productivity through innovative technology. We have allocated resources to support new initiatives that utilise licensed or tailor-made devices and systems for different projects. Examples of the technologies used have been showcased in the previous sessions on environmental and safety.

Information Security

In the digital era, data security threats are continuously increasing and pose significant risks to the Group and our clients. We remain vigilant to the possibility of security breaches, and we assess and manage privacy and security risks to improve our resilience. The Group's Information Security Policy and Rules and Regulations outline our principles for handling and protecting personal data and confidential information.

We employ appropriate electronic and managerial measures to safeguard personal data, such as encrypting sensitive personal data. We comply with the Personal Data (Privacy) Ordinance of Hong Kong and all relevant regulations across the Group.

The Group is dedicated to protecting data privacy and preventing data leaks or losses by applying strict physical security measures and following industry best practices. Furthermore, we have implemented cybersecurity measures, including the latest cybersecurity protection technology, endpoint security protection, and regular data backups to ensure data integrity.

Digital Transformation

The Group is committed to digital transformation to improve efficiency and collaboration in our work environment. We have adopted innovative solutions to reduce paper usage and automate workflows across our business units. Advanced technologies have been deployed to enable and support our digital activities.

The Group is also planning to upgrade its hardware and software systems to further automate and streamline workflows, with the ultimate goal of boosting its profitability and maintaining a competitive edge in the industry.

Recycling and Reuse

We encourage our staff to participate in various recycling initiatives that promote the reuse and recycling of devices and supplies. Items such as toner and ink cartridges, computers and related accessories are recycled through the Computer and Communication Products Recycling Programme. Additionally, we support our recycling efforts by donating used IT equipment to charitable organisations.

HR System Enhancement

As part of our commitment to sustainability and responsible governance, the Group initiated the enhancement of our HR system through digital transformation. This initiative aims to improve operational efficiency, reduce carbon emission, and optimise resource allocation, enabling us to reskill our workforce for value-added tasks. By aligning our HR practices with ESG principles, the Group enhances our capacity to address industry challenges and promote sustainable development.

ENHANCEMENT ON OPERATION (Continued)

Anti-Corruption

At Build King, we take anti-corruption and the prevention of bribery seriously, treating these issues as a long-term commitment to our sustainability and governance objectives. The Group complies with all relevant laws and regulations regarding anti-corruption and remains committed to upholding the highest standards of integrity, professionalism and transparency.

The Code of Conduct, along with the Whistle-blowing Policy, is in place to ensure all employees understand and adhere to the Group's policies. We also organise regular seminars on integrity and corruption prevention for our employees. In 2024, a total of 251 employees attended these seminars. We believe that these measures form a robust system to mitigate risks related to corruption across all our operations. During the year under review, no confirmed incidents of corruption involving the Group or its employees were identified.

Internal Grievance

To maintain a harmonious and harassment-free environment, the Group encourages employees to report or lodge complaints under the Group's grievance mechanism. A Chairman's mailbox, accessible only by our Chairman and the Internal Audit team, has been set up on the intranet. Employees can formally raise grievances and provide relevant information in writing directly to the Chairman. If the complaints are deemed valid, a formal investigation will be conducted by the Internal Audit team, and the findings will be reported to the Chairman and the Audit Committee. This mechanism allows employees to file grievances, express opinions, and raise concerns about the Group's governance. It ensures that all valid grievances, opinions, and concerns are addressed appropriately and in a timely manner.

Quality Management

The Group has established an integrated management system, further details of which can be found in the section titled "Quality Assurance, Safety and Environmental Management" on pages 40 to 43.

Under this system, all our employees and sub-contractors are required to adhere to the policies and procedures specified in the Management Manual, Company Procedures, and associated standing instructions, while carrying out their work. To ensure the system's effective implementation, our internal audit programme will be conducted with quality assurance personnel actively engaged in the mega projects we undertake.

Critical Incident Risk Responsiveness

A dedicated team of senior managers from the Business Department, the Safety & Environmental Department, and other operational departments has been established to manage, control, and mitigate risks associated with critical incidents. This team operates under clear procedures and guidelines and will engage external professionals to provide expert guidance and services to the Group as needed.

Research and Development

Our commitment to innovation and sustainability drives our research and development efforts in construction materials, sustainable building methods, and alternative energy solutions.

By collaborating with leading research institutions, we are developing environmentally responsible material alternatives that reduce dependence on traditional resources, lower carbon emissions, and enhance industrial waste reuse. Furthermore, we are actively exploring clean energy applications across our project sites to advance our decarbonization goals, increase energy efficiency, and promote sustainable construction practices.

ESG PRACTICES HIGHLIGHTS

Our commitment to ESG principles is deeply embedded in our operations. We actively integrate sustainable technologies and innovative solutions into our projects to promote environmental protection and social well-being.

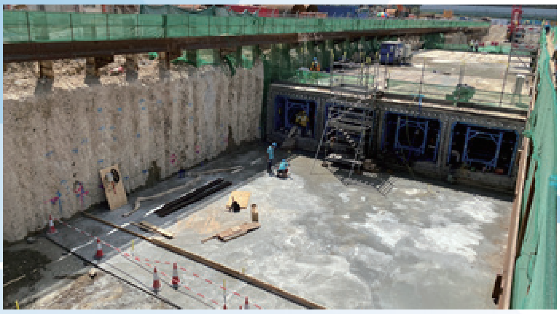
This section highlights the successful application of sustainable technologies in our construction projects. By adopting advanced construction techniques, smart technologies, renewable energy solutions, low-carbon materials, and waste reduction strategies, we minimise our environmental footprint while enhancing long-term sustainability. In alignment with Hong Kong Government's carbon neutrality goals, we actively contribute to the transition towards a low-carbon economy.

Innovative Construction Techniques

Excavation and Lateral Support Using Deep Cement Mixing (DCM)

In our Tung Chung New Town Extension project, Deep Cement Mixing (DCM) was deployed to form a gravity wall for a 6.5m deep excavation and for the construction of a 470-metre-long drainage box culvert. This innovative lateral support design eliminated the need of using traditional structural steel supports. Additionally, DCM was also used to form a raft base for the excavation, preventing groundwater from entering the cofferdam and eliminating the need for dewatering, which resulted in a reduction of carbon emissions by 6,000 tonnes.

To further enhance sustainability, 60% of the cement used in the DCM process was replaced with Ground Granulated Blast Furnace Slag (GGBS), leading to substantial carbon savings and reducing emissions by more than 130,000 tonnes.



Rectangular Tunnel Boring Machine (RTBM) Technology

In the Kai Tak Development projects, Hong Kong's first Rectangular Tunnel Boring Machine (RTBM) was deployed to construct two pedestrian subways, minimising disruptions to traffic and underground utilities in dense urban areas. Unlike traditional trenchless excavation which requires manual work in confined spaces, RTBM is fully mechanised and automated, with real-time monitoring enhancing safety. This method also improved efficiency by cutting construction time by over 50% and reducing resource use.

RTBM promotes sustainability by using precast concrete segments, reducing material waste by 10%, and replacing timber formwork with reusable steel. Its precise excavation process minimised soil removal and disposal needs, lowering environmental impact. Laser-guided systems further improved accuracy, reducing energy use and accelerating construction. By avoiding major traffic diversions and utility disruptions, essential services remained uninterrupted. Reduced noise and dust also lessened the impact on nearby residents' daily lives.

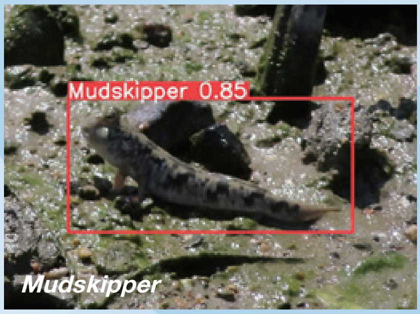
ESG PRACTICES HIGHLIGHTS (Continued)

Application of Smart Technologies

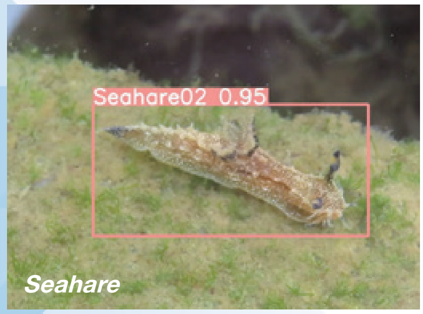
AI-Powered Biodiversity Monitoring

To sustain the biodiversity of the eco-shoreline in the Tung Chung New Town Extension project, an AI-based video analytics system was introduced. This system automates tasks such as habitat monitoring and periodic biodiversity assessments, facilitating the collection of valuable insights for future ecological management.

Uca Arcuata



Mudskipper



Seahare

Deployment of Robotics for High-Risk Operations

At the Yau Ma Tei West project, robotics technology was introduced to enhance safety and sustainability. The Remote Operated Desilting Robot (RODR) is deployed to clean box culverts, eliminating the need for workers to enter confined spaces. This fully waterproof and remote-controlled robot operates on electricity, eliminating onsite exhaust emissions and providing a sustainable alternative to traditional methods. The silt collected by the RODR during desilting operations is processed in a thickening tank to remove excess water before being safely disposed at a landfill as special waste. To further enhance environmental protection, a deodorizing system was implemented to filter odours and aerosols generated during the process. The adoption of the RODR not only improves worker safety and minimises environmental risks but also highlights its potential for broader application within the construction industry.

ESG PRACTICES HIGHLIGHTS (Continued)

Sustainable Green Practices Leading to ESG Excellence

To reduce the carbon footprint of our project in the Northern New Territories New Development Area, 1,000m^2 of solar panels were installed on the site office rooftop, generating over 200,000 kWh annually and cutting carbon emissions by 160 tonnes per year. The site office, built using Modular Integrated Construction (MiC), significantly reduced waste and emissions. Additional eco-friendly features included a green roof for temperature regulation, skylights for natural lighting, and energy-efficient appliances. Solar-powered devices such as mosquito traps, lights, and CCTV cameras further enhanced sustainability.

A smart battery energy storage system provided diesel-free power supply for major site plants, operating with zero emissions and lower noise levels than conventional generators.

Water conservation was also prioritised. An advanced wastewater treatment system was installed to manage sewage from the site offices. This modular system combines the processes of anaerobic and aerobic treatment, sedimentation, and disinfection, allowing treated water to achieve the discharge requirements. It is cost-effective, meets discharge standards, requires minimal maintenance, and reduces environmental impact.

To enhance workplace health, the site office was equipped with an air treatment system using Nano Confined Catalytic Oxidation (NCCO) technology. Unlike conventional systems, NCCO breaks down pollutants, preventing secondary pollution and reducing the need for frequent filter replacements, further minimising waste. These efforts earned the project an Indoor Air Quality Certificate.

In line with Hong Kong's recycling policies, the project has banned plastic bottle drinks from being sold in vending machines, provided reusable tableware, and developed a mobile app to streamline recycling efforts, tracking recyclables such as paper, safety helmets, waste tyres and plastic bottles.

Additionally, yard waste was repurposed as mulch, reducing landfill contributions. The Project team also engaged with the community by hosting upcycling workshops, where children transformed yard waste into ornaments, clocks and instruments, promoting creativity and environmental awareness.

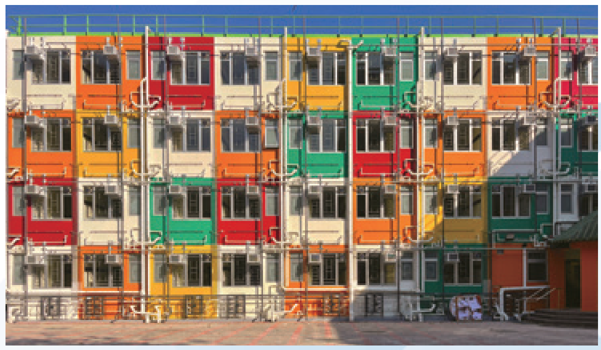
PROJECT CASE STUDY

Delivering Sustainable and Innovative Living: The Ho Yuet Home Transitional Housing Project

As the main contractor, Build King successfully delivered the Ho Yuet Home Transitional Housing Project in Wong Tai Sin for Sik Sik Yuen, completing it in early 2024. This project provides approximately 230 temporary housing units in a four-storey building, supporting over 600 residents while prioritising sustainability, efficiency, and community well-being.

Sustainability-Driven Modular Integrated Construction (MiC)

The project adopted MiC to enhance efficiency and sustainability. Off-site prefabrication accelerated construction, precision manufacturing reduced waste, and optimised logistics lowered carbon emissions. Maintenance was simplified with internally installed dry services and externally mounted wet services. Additionally, BIM enhanced precision and coordination, while the vibrant façade, featuring exposed pipework, balanced aesthetics appeal with the efficiency of MiC.



Safety-Focused Construction

Safety was enhanced through scaffold-free techniques, including scissor platforms and cherry pickers, reducing risks at height. Early staircase construction facilitated safe movement, and non-slip finishes improved long-term safety for residents.

Digitisation and Smart Innovations

Each precast module featured a Smartag, a digital ID storing as-built drawings and material test reports, ensuring traceability and easier maintenance for facility managers.

Sustainability Initiatives

Sustainability was the core of the Ho Yuet Home project. Designed for a 50-year lifespan, relocatable MiC modules reduced demolition waste. Off-site fabrication reduced noise, dust, and community impact, while locally sourced materials within a 400-kilometre radius lowered transportation-related emissions. The project incorporated natural ventilation, energy-efficient appliances, and a carbon assessment tool to enhance sustainability. Low Volatile Organic Compounds paints improved indoor air quality, creating a healthier living environment.

PERFORMANCE DATA SUMMARY 2024

	Environment	2024	2023
Environment	***Total Resources Consumption***		
	Electricity (kWh)	**24,417,899.42**	19,449,851.00
	Petrol (litres)	**427,894.33**	386,755.82
	Diesel (litres)	**14,562,947.83**	11,053,109.81
	Water (m^3)	**968,735.59**	742,061.53
	Types of emissions		
	NOx emissions (g)	**4,727,875.38**	4,650,028.66[1]
	PM emissions (g)	**338,401.27**	337,538.70[1]
	SOx emissions (g)	**240,753.51**	183,640.38
	Greenhouse Gases Emissions		
	Total emissions (tCO_2e)	**49,551.36**	38,059.57
	Scope I (tCO_2e)	**39,231.52**	29,967.21
	Scope II (tCO_2e)	**9,427.59**	7,462.92
	Scope III (tCO_2e)	**892.24**	629.44
	Waste		
	Hazardous waste (tonnes)	**73.48**	138.45
	Non-hazardous waste (tonnes)	**512,688.40**	594,242.60
	Paper		
	Paper Consumption (tonnes)	**123.35**	64.90
	Paper Recycled (tonnes)	**25.62**	24.39
	Intensity [2]		
	Hazardous waste (tonnes/million HKD)	**0.01**	0.01[2]
	Non-hazardous waste (tonnes/million HKD)	**35.68**	47.51[2]
	Energy consumption (MWh/million HKD)	**12.84**	11.31[2]
	Water consumption (m^3/million HKD)	**67.42**	59.33[2]
	Greenhouse Gases Emissions (tCO_2e/million HKD)	**3.45**	3.04[2]

Notes:

As part of our ongoing commitment to data accuracy and transparency, we have restated the followings:

1 NOx and PM emissions data – Figures have been revised to reflect a more precise calculation methodology.

2 Intensity data for hazardous waste, non-hazardous waste, energy consumption, water consumption, and greenhouse gases emissions – To align with industry best practices and for easier comparison, intensity metrics will now be calculated based on revenue. Consequently, 2023 intensity figures are restated for comparison purposes.

PERFORMANCE DATA SUMMARY 2024 (Continued)

	Employment	2024	2023
Social	***Total Workforce***		
	By Age		
	<31	**845**	835
	31-40	**1,002**	915
	41-50	**750**	726
	>50	**1,187**	1,125
	By Gender		
	Male	**2,909**	2,793
	Female	**875**	808
	By Professional Profile		
	Director	**16**	15
	Managerial	**488**	479
	Supervisory	**1,266**	1,201
	General	**820**	788
	Operational	**952**	911
	Temporary	**242**	207
	By Employment type		
	Full time	**3,782**	3,599
	Part time	**2**	2
	By Region		
	Hong Kong	**3,456**	3,297
	Mainland China	**319**	297
	The Philippines	**9**	7
	Employee Turnover		
	By Age		
	<31	**201**	308
	31-40	**163**	256
	41-50	**95**	147
	>50	**137**	298
	By Gender		
	Male	**455**	783
	Female	**141**	226
	By Region		
	Hong Kong	**487**	885
	Mainland China	**107**	124
	The Philippines	**2**	0

PERFORMANCE DATA SUMMARY 2024 (Continued)

	Employment	2024	2023
Social	*Occupational Health and Safety*		
	Work-related injuries	**28**	33
	Accident Frequency Rate (per 100,000 man-hours)	**0.08**	0.12
	Accident Frequency Rate (per 1,000 workers)	**2.84**	4.07
	Training and Development [3]		
	Average Training Hours	**6.56**	5.32
	Percentage of Employees Trained		
	By Gender		
	Male	**37%**	37%
	Female	**31%**	30%
	By Professional Profile		
	Managerial	**37%**	28%
	Supervisory	**27%**	34%
	General	**41%**	37%
	Average Training hours Completed per Employee		
	By Gender		
	Male	**6.80**	5.60
	Female	**5.83**	4.33
	By Professional Profile		
	Managerial	**5.18**	3.05
	Supervisory	**4.77**	5.03
	General	**9.60**	7.19

Notes:

As part of our ongoing commitment to data accuracy and transparency, we wish to clarify the following:

3 The percentage of employees trained and the average training hours completed per employee exclude routine on-site sessions, such as safety and environmental toolbox talks, from the reported figures.

HKEX ESG CONTENT INDEX

KPIs	HKEx ESG Reporting Guide Requirements	Section and Remarks
A. Environmental		
Aspect A1	**Emissions**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	BUILDING TOWARDS A BETTER ENVIRONMENT
KPI A1.1	The types of emissions and respective emissions data.	Performance Data Summary 2024
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary 2024
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary 2024
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary 2024
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	BUILDING TOWARDS A BETTER ENVIRONMENT – Reducing Our Environmental Footprint BUILDING TOWARDS A BETTER ENVIRONMENT – Air Quality Management BUILDING TOWARDS A BETTER ENVIRONMENT – Carbon Reduction
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	BUILDING TOWARDS A BETTER ENVIRONMENT – Reducing Our Environmental Footprint BUILDING TOWARDS A BETTER ENVIRONMENT – Chemical Waste Management BUILDING TOWARDS A BETTER ENVIRONMENT – Green Building BUILDING TOWARDS A BETTER ENVIRONMENT – Sustainable Use of Resources and Waste Management

HKEX ESG CONTENT INDEX (Continued)

KPIs	HKEx ESG Reporting Guide Requirements	Section and Remarks
A. Environmental		
Aspect A2	**Use of resources**	
General disclosure	Policies on efficient use of resources including energy, water and other raw materials.	BUILDING TOWARDS A BETTER ENVIRONMENT
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary 2024
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Data Summary 2024
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	BUILDING TOWARDS A BETTER ENVIRONMENT – Reducing Our Environmental Footprint BUILDING TOWARDS A BETTER ENVIRONMENT – Energy Efficiency
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	BUILDING TOWARDS A BETTER ENVIRONMENT – Reducing Our Environmental Footprint BUILDING TOWARDS A BETTER ENVIRONMENT – Effluent and Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not Applicable
Aspect A3	**The environment and natural resources**	
General disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	BUILDING TOWARDS A BETTER ENVIRONMENT
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	BUILDING TOWARDS A BETTER ENVIRONMENT – Reducing Our Environmental Footprint
Aspect A4	**Climate Change**	
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	BUILDING TOWARDS A BETTER ENVIRONMENT – Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	BUILDING TOWARDS A BETTER ENVIRONMENT – Climate Change

HKEX ESG CONTENT INDEX (Continued)

KPIs	HKEx ESG Reporting Guide Requirements	Section and Remarks
B. Social		
Aspect B1	**Employment and Labor Practices**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Performance Data Summary 2024
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary 2024
Aspect B2	**Health and safety**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE – Safety and Health Policy
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE – Safety and Health Policy
KPI B2.2	Lost days due to work injury.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE – Safety and Health Policy
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE – Control Mechanisms PROVIDING BETTER PROSPECTS FOR OUR PEOPLE – Foster Safety Culture PROVIDING BETTER PROSPECTS FOR OUR PEOPLE – Smart Site Safety System

HKEX ESG CONTENT INDEX (Continued)

KPIs	HKEx ESG Reporting Guide Requirements	Section and Remarks
B. Social		
Aspect B3	**Development and training**	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE – Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary 2024
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary 2024
Aspect B4	**Labour standards**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	PROVIDING BETTER PROSPECTS FOR OUR PEOPLE
Aspect B5	**Supply chain management.**	
General disclosure	Policies on managing environmental and social risks of the supply chain.	SUPPLY CHAIN MANAGEMENT
KPI B5.1	Number of suppliers by geographical region.	SUPPLY CHAIN MANAGEMENT
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	SUPPLY CHAIN MANAGEMENT
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	SUPPLY CHAIN MANAGEMENT – Selection Criteria
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	SUPPLY CHAIN MANAGEMENT – Management Approach

HKEX ESG CONTENT INDEX (Continued)

KPIs	HKEx ESG Reporting Guide Requirements	Section and Remarks
B. Social		
Aspect B6	**Product responsibility**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	ESG MANAGEMENT APPROACH SUPPLY CHAIN MANAGEMENT
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable (Note 1)
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Not Applicable (Note 2)
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not Applicable (Note 3)
KPI B6.4	Description of quality assurance process and recall procedures.	ENHANCEMENT ON OPERATION – Quality Management
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	ENHANCEMENT ON OPERATION – Information Security
Aspect B7	**Anti-Corruption**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	ENHANCEMENT ON OPERATION – Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	ENHANCEMENT ON OPERATION – Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	ENHANCEMENT ON OPERATION – Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	ENHANCEMENT ON OPERATION – Anti-corruption

HKEX ESG CONTENT INDEX (Continued)

KPIs	HKEx ESG Reporting Guide Requirements	Section and Remarks
B. Social		
Aspect B8	**Community investment**	
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	CARING FOR OUR COMMUNITY – Social Responsibility Policy
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	CARING FOR OUR COMMUNITY – Youth Development CARING FOR OUR COMMUNITY – Education CARING FOR OUR COMMUNITY – Caring for the Elderly & Children CARING FOR OUR COMMUNITY – Caring for the Neighborhood
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	CARING FOR OUR COMMUNITY – Youth Development CARING FOR OUR COMMUNITY – Education CARING FOR OUR COMMUNITY – Caring for the Elderly & Children CARING FOR OUR COMMUNITY – Caring for the Neighborhood

Notes:

1. Immaterial amount of products sold or shipped subject to recalls under management.
2. Immaterial amount of products and service related complaints received under management.
3. Intellectual property rights are immaterial to the Group.

Deloitte. 德勤

TO THE SHAREHOLDERS OF BUILD KING HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Build King Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 87 to 170, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

TO THE SHAREHOLDERS OF BUILD KING HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Unbilled revenue from construction contracts	
We identified the unbilled revenue from construction contracts as a key audit matter due to the significance of the amount to the consolidated financial statements as a whole and estimation uncertainty involved. As disclosed in note 4 to the consolidated financial statements, management estimates the contract sum and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. The management recognises revenue on the basis of direct measurement of the value of construction work transferred to the customer to date. Management regularly reviews and revises the estimation of contract sum for each construction contract, the contract progresses and certifications issued by the independent quantity surveyors. Unbilled revenue represents the revenue that certifications not yet issued by customers. As at 31 December 2024, the unbilled revenue recognised from construction contracts was HK$3,157,219,000.	Our procedures in relation to the recognition of the unbilled revenue from construction contracts included: • Obtaining an understanding on relevant internal controls in place over the revenue recognition from construction contracts; • Discussing with project managers and checking the supporting documents to evaluate the reasonableness of the unbilled revenue recognised, on a selection of samples; • Comparing the revenue recognised with the certifications issued by independent quantity surveyors and reviewing supporting documents for any reconciling items, on a selection of samples; and • Conducting site visits, to observe the progress of the contracts and discussing with site personnel on the status of each project, on a selection of samples.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

TO THE SHAREHOLDERS OF BUILD KING HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

TO THE SHAREHOLDERS OF BUILD KING HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Kwok Lai Sheung.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
21 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Revenue from services	5	**14,368,536**	12,507,050
Cost of sales		**(13,212,399)**	(11,200,351)
Gross profit		**1,156,137**	1,306,699
Investments and other income	7	**52,741**	32,370
Net increase (decrease) in fair value of financial assets at fair value through profit or loss ("FVTPL")		**3,728**	(123,441)
Administrative expenses		**(594,558)**	(544,341)
Other losses	8	**(57,198)**	–
Finance costs	9	**(16,491)**	(27,459)
Share of results of joint ventures		**(48,297)**	(4,048)
Share of results of associates		**615**	1,220
Profit before tax	10	**496,677**	641,000
Income tax expense	13	**(67,652)**	(173,551)
Profit for the year		**429,025**	467,449
Profit (loss) for the year attributable to:			
Owners of the Company		**433,996**	473,518
Non-controlling interests		**(4,971)**	(6,069)
		429,025	467,449
		HK cents	HK cents
Earnings per share	15		
– Basic		**34.9**	38.1

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Profit for the year	**429,025**	467,449
Other comprehensive expense		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**(12,864)**	(11,093)
Total comprehensive income for the year	**416,161**	456,356
Total comprehensive income (expense) attributable to:		
Owners of the Company	**422,364**	463,623
Non-controlling interests	**(6,203)**	(7,267)
	416,161	456,356

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	16	458,806	440,438
Right-of-use assets	17	55,858	75,921
Intangible assets	18	216,839	313,829
Goodwill	19	30,554	30,554
Interests in joint ventures	21	6,030	60,565
Interests in associates	22	35,430	5,394
Other financial asset at amortised cost	24	–	29,799
Financial assets at FVTPL	29	328,559	735,954
		1,132,076	1,692,454
Current assets			
Inventories	25	136,199	480,705
Loan to an associate	23	–	2,331
Debtors, deposits and prepayments	26	992,400	962,189
Contract assets	27	4,020,830	3,658,732
Amounts due from fellow subsidiaries	28	3,193	1,932
Amount due from a joint venture	28	312	647
Amounts due from associates	28	62,989	8,001
Amounts due from other partners of joint operations	28	46,284	28,950
Financial assets at FVTPL	29	460,162	54,161
Tax recoverable		8,270	22,701
Pledged bank deposits	30	80,507	69,593
Time deposits with original maturity of not less than three months	30	1,343	35,697
Bank balances and cash	30	1,530,568	1,299,649
		7,343,057	6,625,288
Current liabilities			
Creditors and accrued charges	31	4,574,475	4,421,965
Contract liabilities	32	966,170	555,144
Lease liabilities	33	29,685	29,216
Amount due to an intermediate holding company	34	20,748	19,594
Amounts due to fellow subsidiaries	34	5,572	370
Amounts due to other partners of joint operations	34	3,855	32,545
Amounts due to non-controlling interests	34	1,098	1,098
Amount due to an associate	35	24,317	23,212
Tax payable		55,664	201,524
Bank loans – due within one year	36	75,696	215,471
		5,757,280	5,500,139
Net current assets		1,585,777	1,125,149
Total assets less current liabilities		2,717,853	2,817,603

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Capital and reserves			
Ordinary share capital	37	124,188	124,188
Reserves		2,538,040	2,252,282
Equity attributable to owners of the Company		2,662,228	2,376,470
Non-controlling interests		12,780	25,758
Total equity		2,675,008	2,402,228
Non-current liabilities			
Deferred tax liabilities	38	8,665	5,750
Obligations in excess of interests in joint ventures	21	453	–
Obligations in excess of interests in associates	22	13,410	13,899
Amount due to an associate	35	671	1,035
Lease liabilities	33	19,646	39,575
Other creditors	39	–	355,116
		42,845	415,375
		2,717,853	2,817,603

The consolidated financial statements on pages 87 to 170 were approved and authorised for issue by the Board of Directors on 21 March 2025 and are signed on its behalf by:

Zen Wei Peu, Derek
Chairman

Chan Chi Ming
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Ordinary share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Other reserve HK$'000 (Note a)	Special reserve HK$'000 (Note b)	Asset revaluation reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2023	124,188	14,186	444	(35,313)	(63,141)	4,290	2,048,265	2,092,919	33,025	2,125,944
Profit (loss) for the year	–	–	–	–	–	–	473,518	473,518	(6,069)	467,449
Exchange differences arising on translation of foreign operations	–	–	(9,895)	–	–	–	–	(9,895)	(1,198)	(11,093)
Total comprehensive (expense) income for the year	–	–	(9,895)	–	–	–	473,518	463,623	(7,267)	456,356
Dividend paid	–	–	–	–	–	–	(180,072)	(180,072)	–	(180,072)
At 31 December 2023	**124,188**	**14,186**	**(9,451)**	**(35,313)**	**(63,141)**	**4,290**	**2,341,711**	**2,376,470**	**25,758**	**2,402,228**
Profit (loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**433,996**	**433,996**	**(4,971)**	**429,025**
Exchange differences arising on translation of foreign operations	**–**	**–**	**(11,632)**	**–**	**–**	**–**	**–**	**(11,632)**	**(1,232)**	**(12,864)**
Total comprehensive (expense) income for the year	**–**	**–**	**(11,632)**	**–**	**–**	**–**	**433,996**	**422,364**	**(6,203)**	**416,161**
Disposal of a subsidiary	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(6,775)**	**(6,775)**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**–**	**(136,606)**	**(136,606)**	**–**	**(136,606)**
At 31 December 2024	**124,188**	**14,186**	**(21,083)**	**(35,313)**	**(63,141)**	**4,290**	**2,639,101**	**2,662,228**	**12,780**	**2,675,008**

Notes:

a. The other reserve represents (i) the excess of the consideration paid over the additional interests in net assets of respective acquired subsidiaries; and (ii) the capital contribution paid on behalf of the non-controlling interest.

b. The special reserve represents adjustment in share capital on the reverse acquisition of the Company in 2004.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Operating activities		
Profit before tax	496,677	641,000
Adjustments for:		
Finance costs	16,491	27,459
Amortisation of intangible assets	58,692	13,825
Depreciation of property, plant and equipment	63,700	69,745
Depreciation of right-of-use assets	31,352	33,407
Share of results of joint ventures	48,297	4,048
Share of results of associates	(615)	(1,220)
Gain on disposal of property, plant and equipment	(4,326)	(1,718)
Net (increase) decrease in fair value of financial assets at FVTPL	(3,728)	123,441
Dividends from financial assets at FVTPL	(173)	(104)
Interest on financial assets at FVTPL	(811)	(4,202)
Interest on bank deposits	(14,186)	(15,324)
Interest on other receivables	(1,447)	(5,254)
Interest on other financial asset at amortised cost	(676)	(753)
Interest on loan to an associate	(61)	(64)
Gain on disposal of a subsidiary	(16,960)	–
Remeasurement gain of interest in joint operations	(4,760)	–
Written down to net realisable value of inventory	37,489	–
Impairment loss on other receivables	13,018	–
Impairment loss on interest in a joint venture	6,691	–
Net gain arising on lease modification	–	(64)
Gain on bargain purchase arising from acquisition	–	(663)
Profit from construction work of service concession arrangement	–	(208)
Operating cash flows before movements in working capital	724,664	883,351
Decrease in other financial asset at amortised cost	3,036	2,708
(Increase) decrease in inventories	(56,814)	1,122
Decrease (increase) in debtors, deposits and prepayments	28,381	(226,711)
Increase in contract assets	(283,311)	(693,795)
Decrease in financial assets at FVTPL	5,116	6,098
(Decrease) increase in creditors and accrued charges	(41,210)	411,585
Increase in contract liabilities	366,660	42,397
Increase in amounts due from fellow subsidiaries	(1,261)	(120)
Increase (decrease) in amounts due to fellow subsidiaries	5,202	(7,574)
Increase in amounts due from other partners of joint operations	(11,743)	(5,065)
(Decrease) increase in amounts due to other partners of joint operations	(28,690)	23,482
Cash generated from operations	710,030	437,478
Dividends from financial assets at FVTPL	173	104
Interest on financial assets at FVTPL received	811	4,202
Interest on other financial asset at amortised cost received	676	753
Interest on bank deposits received	14,186	15,324
Interest on loans to an associate received	61	64
Income taxes paid	(205,697)	(204,141)
Net cash from operating activities	520,240	253,784

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Investing activities		
Purchases of property, plant and equipment	**(99,519)**	(54,745)
Placement of time deposits	**(765)**	(9,613)
Advances to associates	**(23)**	(250)
Proceeds from disposal of property, plant and equipment	**10,039**	3,075
Withdrawal of time deposits	**35,100**	209,000
Loan repayment from an associate	**2,331**	369
Net cash inflow on acquisition of a business	**69,859**	–
Net cash outflow arising on disposal of a subsidiary	**(67,751)**	–
Net cash inflow arising upon completion of the Unwinding	**30,849**	–
Repayments from a joint venture	**317**	–
Placement of pledged bank deposits	**(10,914)**	–
Payments for right-of-use assets	**(8)**	–
Repayment of other debtor	**53,005**	–
Additions of service concession arrangement	**–**	(4,156)
Proceeds from disposal of right-of-use assets	**–**	729
Withdrawal of pledged bank deposits	**–**	4,426
Capital investment in an associate	**–**	(16)
Net cash inflow arising on acquisition of a subsidiary	**–**	599
Shareholder loan to an associate with redemption right	**–**	(800,000)
Net cash outflow arising on acquisition of subsidiaries	**–**	(36,901)
Net cash generated from (used in) investing activities	**22,520**	(687,483)
Financing activities		
New banks loans raised	**117,854**	153,928
Advance from an intermediate holding company	**1,154**	784
Repayments of bank loans	**(248,863)**	(224,897)
Dividends paid	**(136,606)**	(180,072)
Repayments of lease liabilities	**(31,132)**	(30,805)
Interest paid	**(14,552)**	(25,423)
Interest paid on lease liabilities	**(1,198)**	(1,316)
Net cash used in financing activities	**(313,343)**	(307,801)
Net increase (decrease) in cash and cash equivalents	**229,417**	(741,500)
Cash and cash equivalents at beginning of the year	**1,299,649**	2,037,124
Effect of foreign exchange rate changes, net	**1,502**	4,025
Cash and cash equivalents at end of the year	**1,530,568**	1,299,649
Represented by:		
Bank balances and cash	**1,530,568**	1,299,649

1. GENERAL INFORMATION

Build King Holdings Limited (the "Company") was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its immediate holding company is Top Horizon Holdings Limited, a company incorporated in the British Virgin Islands ("BVI") with limited liability. The directors of the Company consider Wai Kee Holdings Limited ("Wai Kee"), also incorporated in Bermuda as an exempted company with limited liability and its shares being listed on the Stock Exchange, as the Company's ultimate holding company. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, joint ventures and associates are set out in notes 51, 21 and 22 respectively. The Company and its subsidiaries are collectively hereafter referred to as the "Group".

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 "Financial Instruments" clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term "non-recourse" is enhanced and the characteristics of "contractually linked instruments" are clarified in the amendments.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments (Continued)

The disclosure requirements in HKFRS 7 "Financial Instruments: Disclosures" in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7. Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are in accordance with HKFRS 16 “Leases”, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Business combinations or asset acquisitions (Continued)

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

For business combinations in which the acquisition date is on or after 1 January 2023, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the *Conceptual Framework for Financial Reporting 2018* issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC) - Int 21, in which the Group applies HKAS 37 or HK(IFRIC) - Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities, and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based Payment” at the acquisition date;

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for (a) which the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary’s net assets in the event of liquidation are initially measured at the non-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Contract assets on construction contracts represent the Group's right to consideration for work completed and not billed as the rights are conditional on the Group's future performance in satisfying the respective performance obligations. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

Contract liabilities on construction contracts represent the Group's obligation to transfer project works to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

Variable consideration

For contracts that contain variable consideration (variation order of construction contract), the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Investments in associates and joint ventures (Continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Changes in the Group's interest in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transaction are recognised in the consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Property, plant and equipment

Property, plant and equipment are tangible assets held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Plant in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets is functioning property in accordance with the Group's accounting policy. Sales proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of HKAS 2. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Property, plant and equipment (Continued)

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than plant under construction less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Service concession arrangements

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain infrastructure assets. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls significant residual interest in the assets at the end of the term of the arrangement.

The Group, as an operator, recognises a financial asset if it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction services. The Group measures the financial asset at fair value on its initial recognition. At the end of each reporting period subsequent to initial recognition, the financial asset is carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on financial assets below).

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition (see accounting policy on intangible assets below).

The Group recognises and measures revenue for the services in relation to the operation of the plant under a service concession arrangement in accordance with HKFRS 15 "Revenue from Contracts with Customers".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

The Group as a lessee (Continued)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the re-translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rate prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Retirement benefit costs

Payments to the defined contribution retirement benefit plans, including state-managed retirement schemes and Mandatory Provident Fund Schemes ("MPF Schemes"), are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair values at the acquisition date (which is regarded at their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Inventories include leasehold lands held for sale. The carrying amount of leasehold lands is measured at cost less any accumulated deprecation and impairment losses. The residual values are determined as the estimated disposal value of the leasehold land.

Properties under development

Properties under development which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right of use assets, properties under development are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of related development expenditure incurred. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development are transferred to properties for sale upon completion.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the account of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “change in fair value of financial assets at FVTPL” line item. Dividend and interest earned on the financial asset are included in the “investments and other income” line item.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including other financial asset at amortised cost, trade and other debtors, amounts due from fellow subsidiaries, a joint venture, associates and other partners of joint operations, loan to an associate, bills receivables, pledged bank deposits, time deposits with original maturity of not less than three months and bank balances) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade debtors and contract assets without significant financing component.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. Lifetime ECL for trade receivables and contract assets are considered individually taking into consideration past due information and relevant credit information, such as forward looking macroeconomic information.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors, contract assets and amounts due from other partners of joint operations where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

3.2 Material accounting policy information (Continued)

Financial liabilities and equity (Continued)

Financial liabilities at amortised cost

Financial liabilities including creditors and accrued charges, amounts due to an intermediate holding company, fellow subsidiaries, an associate, other partners of joint operations and non-controlling interests, bank loans and other creditors are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset (or a cash-generating unit) is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Measurement of contract sum of construction contracts

The management recognises revenue on the basis of direct measurement of the value of construction work transferred to the customer to date. Management estimates the contract sum and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. The management's estimate of the unbilled revenue requires significant judgement and has a significant impact on the amount of the unbilled revenue recognised. There are internal qualified surveyors to measure the value of the construction work completed for each construction projects periodically. The construction contracts performed by the Group would also be certified by the independent quantity surveyors periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract sum for each constructions contract, the contract progresses and certifications issued by the independent quantity surveyors. The unbilled revenue represents the revenue that certifications not yet issued by customer. The unbilled revenue recognised from construction contracts was HK$3,157,219,000 (2023: HK$2,926,605,000).

Income taxes

The realisability of the deferred tax asset mainly depends on whether sufficient future profit or taxable temporary differences will be available in the future. In cases where the actual future taxable profits generated are more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material recognition of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a recognition takes place. As at 31 December 2024, no deferred tax asset has been recognised in the Group's consolidated statement of financial position in relation to unused tax losses of HK$382,991,000 (2023: HK$542,180,000) due to unpredictability of future profit streams.

5. REVENUE FROM SERVICES

(i) Disaggregation of revenue from contracts with customers

Segments	2024 Hong Kong HK$'000	2024 Other regions in the People's Republic of China (the "PRC") HK$'000	2024 Consolidated HK$'000
Types of service			
Construction contract	14,153,310	–	14,153,310
Sewage treatment plant operation	–	48,902	48,902
Steam fuel plant operation	–	166,324	166,324
Total revenue	14,153,310	215,226	14,368,536
Timing of revenue recognition			
Over time	14,153,310	215,226	14,368,536

Segments	2023 Hong Kong HK$'000	2023 The PRC HK$'000	2023 Consolidated HK$'000
Types of service			
Construction contract	12,290,182	4,364	12,294,546
Sewage treatment plant operation	–	51,333	51,333
Steam fuel plant operation	–	161,171	161,171
Total revenue	12,290,182	216,868	12,507,050
Timing of revenue recognition			
Over time	12,290,182	216,868	12,507,050

5. REVENUE FROM SERVICES (Continued)

(ii) Performance obligations for contracts with customers

Construction contract

The Group provides construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the value of construction work using output method.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones or the value of construction work has to be agreed with the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfer the contract assets to trade receivables when the Group issued invoice to the customers based on the value of work certified by independent quantity surveyors.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

Sewage treatment plant and steam fuel plant operation

For sewage treatment plant and steam fuel plant operation, where the Group acts as principal and is primarily responsible for providing the sewage treatment and steam fuel services for the public in the PRC, which simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from the customers based on their usage, which is agreed upfront, as its revenue over time and all related sewage treatment and steam fuel costs as its cost of services.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

For construction contracts, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 amounting to HK$31,267,000,000 (2023: HK$28,442,000,000). Management expects that all the remaining performance obligations will be recognised as revenue over the next six years (2023: five years) from the end of the reporting period.

All sewage treatment plant and steam fuel plant service income is for period less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

6. SEGMENTAL INFORMATION

The Group is mainly engaged in construction work. Information reported to the Company's chief operating decision maker, i.e. the executive directors, for the purposes of resource allocation and assessment of performance is focused on geographical location of its customers including Hong Kong and the PRC. No operating segments have been aggregated in arriving at the reportable segments of the Group. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are summarised as follows:

Year ended 31 December 2024

	Hong Kong HK$'000	**The PRC HK$'000**	**Total HK$'000**
Results			
Segment revenue	**14,153,310**	**215,226**	**14,368,536**
Segment profit (loss)	**581,051**	**(16,880)**	**564,171**
Unallocated expenses			**(8,033)**
Investments income			**984**
Net increase in fair value of financial assets at FVTPL			**3,728**
Share of results of joint ventures			**(48,297)**
Share of results of associates			**615**
Finance costs			**(16,491)**
Profit before tax			**496,677**

Year ended 31 December 2023

	Hong Kong HK$'000	The PRC HK$'000	Total HK$'000
Results			
Segment revenue	12,290,182	216,868	12,507,050
Segment profit (loss)	816,439	(15,364)	801,075
Unallocated expenses			(10,653)
Investments income			4,306
Net decrease in fair value of financial assets at FVTPL			(123,441)
Share of results of joint ventures			(4,048)
Share of results of associates			1,220
Finance costs			(27,459)
Profit before tax			641,000

6. SEGMENTAL INFORMATION (Continued)

There are no inter-segment sales for both years. All of the segment revenue reported above is from external customers.

Segment profit (loss) represents the profit earned (loss incurred) by each segment without allocation of dividends from financial assets at FVTPL, interest on financial assets at FVTPL, change in fair value of financial assets at FVTPL, share of results of joint ventures and associates, finance costs and unallocated expenses.

At 31 December 2024

	Hong Kong HK$'000	The PRC HK$'000	Total HK$'000
Assets			
Segment assets	5,268,918	724,792	5,993,710
Interests in joint ventures			6,030
Interests in associates			35,430
Unallocated assets			2,439,963
Total consolidated assets			8,475,133
Liabilities			
Segment liabilities	5,501,523	142,200	5,643,723
Obligations in excess of interests in joint ventures			453
Obligations in excess of interests in associates			13,410
Unallocated liabilities			142,539
Total consolidated liabilities			5,800,125

For the year ended 31 December 2024

	Hong Kong HK$'000	The PRC HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	40,244	59,275	99,519
Additions to right-of-use assets	11,672	8	11,680
Additions to intangible assets	62,881	–	62,881
Depreciation of property, plant and equipment	31,447	32,253	63,700
Depreciation of right-of-use assets	31,071	281	31,352
Amortisation of intangible assets	45,214	13,478	58,692
Interest income on bank deposits, other receivables, other financial asset at amortised cost and loan to an associate	14,503	1,867	16,370
Written down to net realisable value of inventory	37,489	–	37,489
Gain on disposal of property, plant and equipment	1,478	2,848	4,326
Gain on disposal of a subsidiary	–	16,960	16,960
Impairment loss recognised on interest in a joint venture	–	6,691	6,691
Impairment loss recognised on other receivables	13,018	–	13,018

6. SEGMENTAL INFORMATION (Continued)

At 31 December 2023

	Hong Kong HK$'000	The PRC HK$'000	Total HK$'000
Assets			
Segment assets	5,128,740	874,734	6,003,474
Interests in joint ventures			60,565
Interests in associates			5,394
Unallocated assets			2,248,309
Total consolidated assets			8,317,742
Liabilities			
Segment liabilities	5,350,734	125,622	5,476,356
Obligations in excess of interests in associates			13,899
Unallocated liabilities			425,259
Total consolidated liabilities			5,915,514

For the year ended 31 December 2023

	Hong Kong HK$'000	The PRC HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss or segment assets:			
Additions to property, plant and equipment	32,175	22,570	54,745
Additions to right-of-use assets	29,750	–	29,750
Additions to intangible assets	–	4,364	4,364
Depreciation of property, plant and equipment	41,411	28,334	69,745
Depreciation of right-of-use assets	33,100	307	33,407
Amortisation of intangible assets	–	13,825	13,825
Interest income on bank deposits, other receivables, other financial asset at amortised cost and loan to an associate	13,678	7,717	21,395
Gain on disposal of property, plant and equipment	1,718	–	1,718

6. SEGMENTAL INFORMATION (Continued)

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than goodwill, interests in joint ventures and associates, loan to an associate, financial assets at FVTPL, tax recoverable, pledged bank deposits, time deposit with original maturity of not less than three months and bank balances and cash; and

- all liabilities are allocated to reportable segments other than certain amounts due to an intermediate holding company and an associate, tax payable, bank loans, deferred tax liabilities and obligations in excess of interests in joint ventures and associates.

The Group's non-current assets by geographical location of the assets are detailed below:

	Non-current assets	
	2024	2023
	HK$'000	HK$'000
Hong Kong	**273,802**	237,988
The PRC	**529,715**	688,713
	803,517	926,701

Note: Non-current assets included all non-current assets except financial assets.

Revenue from customers of the corresponding years contributing over 10% of the Group's revenue are as follows:

	2024	2023
	HK$'000	HK$'000
Customer A[1]	**6,858,504**	7,103,157
Customer B[1]	**1,531,089**	1,698,942
Customer C[1]	**1,477,353**	N/A[2]

[1] Revenue from customers located in Hong Kong.

[2] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. INVESTMENTS AND OTHER INCOME

	2024 HK$'000	2023 HK$'000
Investments and other income include:		
Dividends from financial assets at FVTPL	**173**	104
Interest on bank deposits	**14,186**	15,324
Interest on other receivables	**1,447**	5,254
Interest on other financial asset at amortised cost	**676**	753
Interest on financial assets at FVTPL	**811**	4,202
Interest on loan to an associate	**61**	64
Gain on disposal of property, plant and equipment	**4,326**	1,718
Government subsidy for the PRC projects	**1,564**	228
Government subsidy for Hong Kong operations	**2,012**	1,043
Gain on disposal of a subsidiary (Note 49)	**16,960**	–
Net gain arising on lease modification	**–**	64

8. OTHER LOSSES

	2024 HK$'000	2023 HK$'000
Impairment loss recognised on interest in a joint venture	**6,691**	–
Impairment loss recognised on other receivables	**13,018**	–
Written down to net realisable value of inventory (Note 25(b))	**37,489**	–
	57,198	–

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest on:		
Bank borrowings	**13,409**	24,331
Other borrowings	**1,143**	1,092
Lease liabilities	**1,198**	1,316
Imputed interest expense on non-current amount due to an associate	**741**	720
	16,491	27,459

10. PROFIT BEFORE TAX

	2024 HK$'000	2023 HK$'000
Profit before tax has been arrived at after charging:		
Auditor's remuneration	2,800	2,440
Depreciation of property, plant and equipment	63,700	69,745
Depreciation of right-of-use assets	31,352	33,407
Amortisation of intangible assets	58,692	13,825
Net foreign exchange losses	14,709	14,369
Staff costs:		
Directors' remuneration (Note 11)	40,093	39,254
Other staff costs	1,713,886	1,602,070
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK$1,609,000 (2023: HK$711,000)	71,087	64,695
	1,825,066	1,706,019

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to each of the eleven (2023: eleven) directors were as follows:

	Fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Year ended 31 December 2024					
Executive Directors					
Zen Wei Peu, Derek	–	8,827	4,967	882	14,676
Chang Kam Chuen, Desmond (Note a)	–	421	4,010	8	4,439
Lui Yau Chun, Paul	–	2,793	5,321	270	8,384
Tsui Wai Tim	–	2,816	3,220	270	6,306
Luk Chi Chung, Peter (Note b)	–	2,518	1,450	120	4,088
Non-Executive Directors					
Chang Kam Chuen, Desmond (Note a)	184	–	–	–	184
David Howard Gem	300	–	–	–	300
Chan Chi Hung, Anthony	300	–	–	–	300
Independent Non-executive Directors					
Ho Tai Wai, David	420	–	–	–	420
Ling Lee Ching Man, Eleanor	348	–	–	–	348
Lo Yiu Ching, Dantes	348	–	–	–	348
Ng Cheuk Hei, Shirley	300	–	–	–	300
	2,200	17,375	18,968	1,550	40,093

11. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

	Fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000	Retirement benefits scheme contributions HK$'000	Total emoluments HK$'000
Year ended 31 December 2023					
Executive Directors					
Zen Wei Peu, Derek	–	8,652	6,410	865	15,927
Chang Kam Chuen, Desmond	–	2,633	3,992	252	6,877
Lui Yau Chun, Paul	–	2,731	5,253	265	8,249
Tsui Wai Tim	–	2,779	3,362	265	6,406
Luk Chi Chung, Peter (Note b)	–	19	–	–	19
Non-Executive Directors					
David Howard Gem	260	–	–	–	260
Chan Chi Hung, Anthony	260	–	–	–	260
Independent Non-executive Directors					
Ho Tai Wai, David	380	–	–	–	380
Ling Lee Ching Man, Eleanor	308	–	–	–	308
Lo Yiu Ching, Dantes	308	–	–	–	308
Ng Cheuk Hei, Shirley	260	–	–	–	260
	1,776	16,814	19,017	1,647	39,254

Notes:

(a) Mr. Chang Kam Chuen, Desmond was re-designated to non-executive director on 21 May 2024.

(b) Mr. Luk Chi Chung, Peter was appointed as executive director on 29 December 2023 and resigned on 13 February 2025.

Mr. Zen Wei Peu, Derek is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company or its subsidiaries.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During both years, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors have waived any emoluments during both years.

12. EMPLOYEES' EMOLUMENTS

During the year, the five highest paid individuals included two (2023: three) directors, details of whose emoluments are set out in note 11 above. The emoluments of the remaining three (2023: two) highest paid individuals were as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other benefits	8,707	5,821
Performance related incentive payments	13,676	9,522
Retirement benefits scheme contributions	828	552
	23,211	15,895

Their emoluments were within the following bands:

	Number of employees	
	2024	2023
HK$7,000,001 to HK$7,500,000	1	–
HK$7,500,001 to HK$8,000,000	1	2
HK$8,000,001 to HK$8,500,000	1	–

13. INCOME TAX EXPENSE

	2024 HK$'000	2023 HK$'000
Current tax:		
Hong Kong	71,738	168,014
The PRC	14,684	4,702
	86,422	172,716
(Over) under provision in prior years:		
Hong Kong	(11,492)	416
The PRC	182	419
	(11,310)	835
Deferred tax (Note 38)		
Current year	(7,460)	–
	67,652	173,551

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25% for both years.

13. INCOME TAX EXPENSE (Continued)

Income tax expense for the year can be reconciled to the profit before tax as follows:

	2024 HK$'000	2023 HK$'000
Profit before tax	**496,677**	641,000
Income tax expense at the applicable rate of 16.5% (2023: 16.5%)	**81,952**	105,765
Tax effect of share of results of joint ventures	**7,969**	668
Tax effect of share of results of associates	**(101)**	(201)
Tax effect of expenses that are not deductible in determining taxable profit	**39,825**	31,525
Tax effect of income that is not taxable in determining taxable profit	**(24,565)**	(6,973)
(Over) under provision in prior years	**(11,310)**	835
Tax effect of unrecognised tax losses	**32,880**	65,355
Tax effect of utilisation of tax losses previously not recognised	**(59,146)**	(30,442)
Tax effect of different rates for subsidiaries operating in other jurisdictions	**1,678**	870
Others	**(1,530)**	6,149
Income tax expense	**67,652**	173,551

14. DIVIDENDS

	2024 HK$'000	2023 HK$'000
Dividends paid and recognised as distribution during the year		
2023 final dividend – HK8.0 cents per share		
(2023: 2022 final dividend – HK10.5 cents per share)	**99,350**	130,397
2024 interim dividend – HK3.0 cents per share		
(2023: 2023 interim dividend – HK4.0 cents per share)	**37,256**	49,675
	136,606	180,072

A final dividend for the year ended 31 December 2024 of HK7.5 cents per ordinary share and a special dividend for the year ended 31 December 2024 of HK6.0 cents per ordinary share, totalling approximately HK$93,141,000 and HK$74,513,000 respectively based on 1,241,877,992 ordinary shares have been proposed by the board of directors of the Company and are subject to approval by the shareholders at the forthcoming annual general meeting. The final dividend and special dividend have not been included as liabilities in the consolidated financial statements.

15. EARNINGS PER SHARE

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

	2024 HK$'000	2023 HK$'000
Profit for the year attributable to owners of the Company and earnings for the purpose of basic earnings per ordinary share	433,996	473,518

	Number of shares	
	2024 '000	2023 '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.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Vessels HK$'000	Property under construction HK$'000	Total HK$'000
COST								
At 1 January 2023	154,924	12,947	556,391	63,707	18,329	417,155	4,382	1,227,835
Exchange realignment	(4,381)	–	(6,738)	(189)	(148)	–	(149)	(11,605)
Additions	528	3,266	24,786	6,147	3,705	5,467	10,846	54,745
Transfer	8,168	–	6,370	541	–	–	(15,079)	–
Disposals	(1,505)	–	(11,744)	(1,721)	(354)	–	–	(15,324)
At 31 December 2023	157,734	16,213	569,065	68,485	21,532	422,622	–	1,255,651
Exchange realignment	(5,195)	–	(8,151)	(288)	(167)	–	–	(13,801)
Additions	402	1,807	24,809	3,224	1,887	9,850	57,540	99,519
Transfer	141	–	57,399	–	–	–	(57,540)	–
Disposals	–	–	(21,513)	(50)	(949)	–	–	(22,512)
At 31 December 2024	153,082	18,020	621,609	71,371	22,303	432,472	–	1,318,857
DEPRECIATION								
At 1 January 2023	6,754	12,243	275,600	52,733	12,576	400,538	–	760,444
Exchange realignment	(191)	–	(680)	(78)	(60)	–	–	(1,009)
Provided for the year	6,001	957	52,504	4,530	1,423	4,330	–	69,745
Eliminated on disposals	(280)	–	(11,612)	(1,721)	(354)	–	–	(13,967)
At 31 December 2023	12,284	13,200	315,812	55,464	13,585	404,868	–	815,213
Exchange realignment	(405)	–	(1,440)	(129)	(89)	–	–	(2,063)
Provided for the year	6,692	1,724	43,609	9,106	1,380	1,189	–	63,700
Eliminated on disposals	–	–	(16,091)	(45)	(663)	–	–	(16,799)
At 31 December 2024	18,571	14,924	341,890	64,396	14,213	406,057	–	860,051
CARRYING VALUES								
At 31 December 2024	134,511	3,096	279,719	6,975	8,090	26,415	–	458,806
At 31 December 2023	145,450	3,013	253,253	13,021	7,947	17,754	–	440,438

The above items of property, plant and equipment (other than property under construction) are depreciated on a straight line basis over their estimated useful lives taking into account of their estimated residual values, at the following rates per annum:

Buildings	5%
Leasehold improvements	$33^{1/3}$% or over the terms of the relevant leases, whichever is shorter
Plant and machinery	10% - 25%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Vessels	10% - 50%

17. RIGHT-OF-USE ASSETS

	Leasehold lands HK$'000	Leased properties HK$'000	Total HK$'000
As at 31 December 2024			
Carrying amounts	**11,198**	**44,660**	**55,858**
As at 31 December 2023			
Carrying amounts	11,862	64,059	75,921
For the year ended 31 December 2024			
Depreciation charge	**281**	**31,071**	**31,352**
For the year ended 31 December 2023			
Depreciation charge	307	33,100	33,407

	2024 HK$'000	2023 HK$'000
Expense relating to short-term lease		
– Lease properties	**6,667**	4,647
– Hire charges for plant and machinery	**323,279**	303,569
Total cash outflow for leases	**362,276**	340,337
Additions to right-of-use assets	**11,680**	29,750

For both years, the Group leases offices premises for its operations. Lease contracts are entered into for fixed term of 1 year to 3 years (2023: 1 year to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

As at 31 December 2024 and 2023, the Group has obtained the land use right certificates for all leasehold lands in the PRC.

18. INTANGIBLE ASSETS

	Construction licenses HK$'000 (Note a)	Service concession arrangements HK$'000 (Notes b & c)	Customer contract HK$'000 (Note d)	Total HK$'000
COST				
At 1 January 2023	47,858	322,293	95,378	465,529
Exchange realignment	–	(9,114)	–	(9,114)
Additions	–	4,364	–	4,364
At 31 December 2023	**47,858**	**317,543**	**95,378**	**460,779**
Exchange realignment	**–**	**(10,457)**	**–**	**(10,457)**
Acquisition of a business (Note 48)	**–**	**–**	**62,881**	**62,881**
Disposal of a subsidiary (Note 49)	**–**	**(135,047)**	**–**	**(135,047)**
Written off	**–**	**–**	**(95,378)**	**(95,378)**
At 31 December 2024	**47,858**	**172,039**	**62,881**	**282,778**
AMORTISATION				
At 1 January 2023	–	38,847	95,378	134,225
Exchange realignment	–	(1,100)	–	(1,100)
Charge for the year	–	13,825	–	13,825
At 31 December 2023	**–**	**51,572**	**95,378**	**146,950**
Exchange realignment	**–**	**(1,690)**	**–**	**(1,690)**
Charge for the year	**–**	**13,478**	**45,214**	**58,692**
Eliminated on disposal of a subsidiary (Note 49)	**–**	**(42,635)**	**–**	**(42,635)**
Elimination of written off	**–**	**–**	**(95,378)**	**(95,378)**
At 31 December 2024	**–**	**20,725**	**45,214**	**65,939**
CARRYING VALUES				
At 31 December 2024	**47,858**	**151,314**	**17,667**	**216,839**
At 31 December 2023	47,858	265,971	–	313,829

18. INTANGIBLE ASSETS (Continued)

Notes:

(a) The amount represents the fair value of the construction licenses (with indefinite useful lives) held by wholly-owned subsidiaries, Build King Construction Limited ("BKCL") of approximately HK$32,858,000 and Integral E&M Contracting Limited ("IEC") of approximately HK$15,000,000.

The construction licenses are granted by the Works Branch, Development Bureau of the Hong Kong Special Administrative Region (the "HKSAR") to BKCL and IEC. Through those construction licenses BKCL is eligible to undertake government construction contracts of all five categories of public works, namely port works, site formation, road and drainage, water works and buildings with no limitation in contract sum. IEC is an approved supplier of materials and specialist contractor for public works in three categories, air-conditioning installation, electrical installation and fire service installation with no limitation in contract sum. The construction licenses basically have no legal life but are renewable every year as long as BKCL and IEC are able to comply with certain provisions and requirements set out by the Works Branch, Development Bureau of the HKSAR throughout the relevant period.

Various studies including sensitivity analysis and market trends have been carried out by the management of the Group, which supports that the construction licenses have no foreseeable limit to the period over which the construction licenses are expected to generate net cash inflow for the Group. As a result, the construction licenses are considered by the management of the Group as having an indefinite useful life because it is expected to contribute net cash inflow indefinitely. The construction licenses will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars regarding the impairment testing on construction licenses are disclosed in note 20.

(b) A subsidiary of the Company, Tianjin Wai Kee Earth Investment Co., Ltd ("Tianjin Wai Kee Earth"), entered into a service concession arrangement with the local government in 2018 whereby Tianjin Wai Kee Earth is required to build the infrastructure of a steam fuel supply plant and is granted an exclusive operating right for provision of steam fuel supply services to the industrial users in Yanchi Industrial Park at Gaotai District, Zhangye City, Gansu Province of the PRC for a term of 30 years. The construction of the steam fuel supply plant comprising construction works and equipment acquisition and installation had been completed and put into operation in 2019.

Tianjin Wai Kee Earth in 2020 entered into another service concession arrangement with local government whereby Tianjin Wai Kee Earth is required to build the infrastructure of a steam fuel supply plant and is granted an exclusive operating right for provision of steam fuel supply to industrial users in Circular Economy Industrial Park at Bei He Wan, Jinta County, Gansu Province of the PRC for a term of 30 years.

Pursuant to both service concession arrangement contracts, Tianjin Wai Kee Earth is responsible for the construction of steam fuel supply plant and entitled to operate the steam fuel supply plant upon completion for a specified concession period by charging users of the public service, which amounts are contingent on the extent that the public uses the service. At the end of the operating period, Tianjin Wai Kee Earth is required to transfer the steam fuel supply plant to the local government. As such, the arrangement is accounted for as a service concession arrangement and the right to charge the users of the public service is recognised as intangible asset. The Group estimates the fair value of the intangible asset to be equal to the construction costs plus certain margin. Amortisation of the intangible asset is provided for over the operating period of 30 years on a straight line basis.

18. INTANGIBLE ASSETS (Continued)

Notes: (Continued)

(c) A subsidiary of the Company, Wuxi Qianhui Sewage Treatment Co., Ltd. ("Wuxi Qianhui"), entered into a service concession arrangement with the local government whereby Wuxi Qianhui is required to build the infrastructure of a sewage treatment plant phase II (see note 24 for details of sewage treatment plant phase I) and is granted an exclusive operating right for provision of sewage treatment services to the industrial and domestic users in Qian Qiao Zhen, Hui Shan District, Wuxi City, Jiang Su Province of the PRC for a term of 30 years.

Pursuant to the service concession arrangement contract, Wuxi Qianhui is responsible for the construction of sewage treatment plant phase II and entitled to operate the sewage treatment plant phase II upon completion for a specified concession period by charging users of the public service, which amounts are contingent on the extent that the public uses the service. At the end of the operating period, Wuxi Qianhui is required to transfer the sewage treatment plant phase II to the local government. As such, the arrangement is accounted for as a service concession arrangement and the right to charge the users of the public service is recognised as intangible asset. The Group estimates the fair value of the intangible asset to be equal to the construction costs plus certain margin. Amortisation of the intangible asset is provided for over the operating period of 30 years on a straight line basis.

On 18 November 2024, the Group entered into a sale and purchase agreement to dispose of its 75.6% equity interest in Wuxi Qianhui to an independent third party. Upon the completion of the disposal on 31 December 2024, Wuxi Qianhui ceased to be a subsidiary but becomes a 20% owned associate of the Group. For transaction details, please refer to note 49.

(d) During the year ended 31 December 2021, the Group recognised an intangible asset amounting HK$95,378,000 in respect of an underlying construction contract held by a joint operation upon the acquisition of joint operation partner's interest in the joint operation. The intangible assets are amortised over the remaining duration of the respective construction contract which reflects the pattern in which the intangible asset's future economic benefits are expected to be consumed. The intangible assets have been fully amortised in 2022.

During the year end 31 December 2024, the Group recognised an intangible asset amounting HK$62,881,000 in respect of underlying construction contracts held by joint operations upon the acquisition of joint operation partner's interests in the joint operations. The intangible assets are amortised over the remaining duration of the respective construction contracts which reflect the pattern in which the intangible asset's future economic benefits are expected to be consumed.

19. GOODWILL

The amount represents goodwill arising on the reverse acquisition of the Company in 2004. Particulars regarding impairment testing on goodwill are disclosed in note 20.

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purpose of impairment testing of goodwill arising on the reverse acquisition of the Company in 2004, goodwill has been allocated to the group of underlying CGU which represents the Company and its subsidiaries in existence at the time of reverse acquisition of the Company in 2004.

For the purpose of impairment testing, intangible assets with indefinite useful lives set out in note 18 have been allocated to two CGUs, BKCL and IEC, which are included in Hong Kong segment. BKCL holds the construction licenses granted by the Works Branch, Development Bureau of the HKSAR and through which it is eligible to undertake government construction contracts for all five categories of public works with no limitation in contract sum. IEC is an approved supplier of materials and specialist contractor for public works in three categories with no limitation in contract sum.

20. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

The recoverable amounts of the above groups of CGUs have been determined on the basis of value in use calculations. Their recoverable amounts are based on certain key assumptions. All value in use calculations use cash flow projections based on latest financial budgets approved by the Group's management covering a period of 5 years, a pre-tax discount rate of 10% (2023: 10%) and a growth rate of 0% (2023: 0%). Cash flow projections during the budget period for the CGUs are based on the expected gross margins during the budget period. Budgeted gross margins have been determined based on past performance and management's expectations for the market development.

At the end of the reporting period, the management of the Group determined that any reasonably possible change in key assumption would not cause the CGUs' carrying amounts exceeding their recoverable amounts and no impairment of any of its CGUs containing goodwill and intangible assets is required.

21. INTERESTS IN JOINT VENTURES/OBLIGATIONS IN EXCESS OF INTERESTS IN JOINT VENTURES

	2024 HK$'000	2023 HK$'000
Cost of investment in unlisted joint ventures	**40,956**	40,956
Less: Impairment loss recognised	**(40,956)**	(34,265)
	–	6,691
Share of post-acquisition profits and other comprehensive income, net of dividends received	**5,577**	53,874
	5,577	60,565
Included in:		
Non-current assets	**6,030**	60,565
Non-current liabilities	**(453)**	–
	5,577	60,565

21. INTERESTS IN JOINT VENTURES/OBLIGATIONS IN EXCESS OF INTERESTS IN JOINT VENTURES (Continued)

At 31 December 2024, the Group has contractual obligations to share the net liabilities of a joint venture amounting to HK$453,000 (2023: nil).

Details of each of the Group's joint ventures at 31 December 2024 and 2023 are as follows:

Name of joint venture	Form of business structure	Place of registration/ incorporation/ operation	Attributable equity interest to the Group		Proportion of voting rights held by the Group		Principal activities
			2024 **%**	2023 %	**2024** **%**	2023 %	
德州恒源熱力有限公司 ("Dezhou Heng Yuan") (note a)	Incorporated	The PRC	**49**	49	**50**	50	Central heating
Sunny Harvest Corporation Limited ("Sunny Harvest") (note b)	Incorporated	Hong Kong	**50**	50	**50**	50	Provision of transportation services
Lion Trade Global Limited ("Lion Trade") (note c)	Incorporated	BVI	**30**	30	**50**	50	Investment holding

Notes:

(a) In 2016, the Group acquired 49% equity interest in Dezhou Heng Yuan from certain independent third parties at a consideration of Renminbi ("RMB") 34,710,000 (approximately HK$40,956,000). Dezhou Heng Yuan is a limited liability company incorporated in the PRC.

(b) In 2016, the Group acquired a total of 50% equity interest in Sunny Harvest from an independent third party at a consideration of HK$50. Sunny Harvest is a limited liability company incorporated in Hong Kong and is engaged in the provision of transportation services.

(c) Lion Trade was formed by the Group together with a wholly owned subsidiary of Wai Kee in July 2017 with initial paid up capital of United States dollars ("US$") 100. The Group holds 30% equity interest in Lion Trade. The Group and Wai Kee jointly control over Lion Trade because unanimous consent from both joint venture partners is required to make decisions in the Board of Directors under the Articles of Association of Lion Trade.

22. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Cost of investment in unlisted associates	**42,425**	10,715
Share of post-acquisition losses and other comprehensive expenses, net of dividends received	**(20,405)**	(19,220)
	22,020	(8,505)
Included in:		
Non-current assets	**35,430**	5,394
Non-current liabilities	**(13,410)**	(13,899)
	22,020	(8,505)

At 31 December 2024, the Group has contractual obligations to share the net liabilities of certain associates amounting to HK$13,410,000 (2023: HK$13,899,000).

Details of each of the Group's principal associates as at 31 December 2024 and 2023 are as follows:

Name of associate	Form of entity	Place of incorporation/ operation	Proportion of nominal value of issued ordinary capital held indirectly by the Company		Proportion of voting rights held by the Group		Principal activities
			2024 %	2023 %	2024 %	2023 %	
Hong Kong Landfill Restoration Group Limited	Incorporated	Hong Kong	**34.5**	34.5	**34.5**	34.5	Civil engineering
Genetron Engineering Company Limited	Incorporated	Hong Kong	**30**	30	**30**	30	Civil engineering
Rainbow Triumph Limited (Note 29(e))	Incorporated	BVI	**20**	20	**20**	20	Investment holding
Wuxi Qianhui (Note 18(c))	Incorporated	The PRC	**20**	N/A	**20**	N/A	Sewage treatment

23. LOAN TO AN ASSOCIATE

The amount was unsecured, interest bearing at 2.75% fixed rate per annum and was fully repaid in current year.

24. OTHER FINANCIAL ASSET AT AMORTISED COST

Wuxi Qianhui entered into a service concession arrangement with the local government whereby Wuxi Qianhui is required to build the infrastructure of a sewage treatment plant phase I and is granted exclusive operating rights for provision of sewage treatment services to the industrial and domestic users in Qian Qiao Zhen, Hui Shan District, Wuxi City, Jiang Su Province of the PRC for a term of 30 years.

At the end of the operating period, Wuxi Qianhui is required to transfer the sewage treatment plant to the local government. Wuxi Qianhui commenced the construction in 2005 and completed in 2006. The sewage treatment plant phase I had been put into operation commencing from 2007.

Under the service concession arrangement, the local government of Qian Qiao Zhen guarantees a minimum volume of sewage to be treated by the plant with a fixed predetermined rate per tons of sewage. The agreed price will be reviewed annually. Therefore, the service concession arrangement guaranteed by the local government is classified as financial assets. The fair value of the consideration receivable for the construction services rendered under the service concession arrangement is recognised as other financial asset carrying effective interest rate of 2.61% per annum and repayable over the service concession period of 30 years.

On 18 November 2024, the Group entered into a sale and purchase agreement to dispose of its 75.6% equity interest in Wuxi Qianhui to an independent third party. Upon the completion of the disposal on 31 December 2024, Wuxi Qianhui ceased to be a subsidiary and the other financial asset at amortised cost was derecognised. For transaction details, please refer to note 49.

25. INVENTORIES

	2024 HK$'000	2023 HK$'000
Property under development		
Freehold land in Malaysia (Note a)	**49,523**	48,657
Leasehold lands in Hong Kong (Note b)	**–**	385,059
Uninstalled construction materials	**86,676**	46,989
	136,199	480,705

Inventories of HK$49,523,000 (2023: HK$48,657,000) are expected to be recovered after more than 12 months.

Notes:

(a) The carrying amount of freehold land is stated at lower of cost and net realisable value.

(b) The leasehold lands were originally acquired for the purpose of redevelopment under the Land Sharing Pilot Scheme ("LSPS"). As disclosed in the Company's announcement dated 2 February 2024, amongst other things was the reduction of purchase consideration of the leasehold lands by HK$16,072,000. During the period, the Group incurred additional development costs of HK$2,649,000 on the leasehold lands. However, the Group received a letter from the Land Sharing Office in March 2024 stating that it was not satisfied with the eligibility of the LSPS Application and would not process further the LSPS Application. On 30 April 2024, the Group decided not to make any submission of revised or new LSPS Application before the LSPS deadline of 5 May 2024, the original sale and purchase agreements as amended and supplemented (collectively the "Amended Sale and Purchase Agreements") were terminated with immediate effect. Pursuant to the Amended Sale and Purchase Agreements, following the termination thereof, the acquisitions of subsidiaries as disclosed in note 48 shall be unwound (the "Unwinding"). The Unwinding was completed on 6 December 2024, the Group ceased to have any interest in these leasehold lands. The leasehold lands were derecognised upon completion of the Unwinding. No depreciation charge is made on the leasehold lands. The net book value of the leasehold lands were written down by HK$37,489,000.

(c) The cost of inventories recognised as an expense during the year is HK$1,250,426,000 (2023: HK$1,196,832,000).

26. DEBTORS, DEPOSITS AND PREPAYMENTS

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

	2024 HK$'000	2023 HK$'000
Trade receivables from contracts with customers analysed by age:		
0 to 60 days	**591,610**	585,456
Over 90 days	**58,770**	19,022
	650,380	604,478
Bills receivables	**3,254**	3,735
Other debtors	**83,435**	234,342
Consideration receivable from disposal of a subsidiary (Note 49)	**132,449**	–
Deposits	**120,494**	116,440
Prepayments	**2,388**	3,194
	992,400	962,189

As at 1 January 2023, trade receivables from contracts with customers amounted to HK$385,677,000.

In 2019, Tianjin Wai Kee Earth, a subsidiary of the Company, advanced a loan to an independent third party in the amount of RMB50,000,000. The loan was interest bearing at 12% fixed rate per annum and repayable on demand. The loan was repaid during the year.

The Group allows an average credit period of 60 days to its trade customers.

Details of impairment assessment are set out in note 42.

27. CONTRACT ASSETS

	2024 HK$'000	2023 HK$'000
Analysed as current:		
Unbilled revenue of construction contracts (Note a)	**3,157,219**	2,926,605
Retention receivables of construction contracts (Note b)	**863,611**	732,127
	4,020,830	3,658,732
Retention receivables of construction contracts		
Due within one year	**325,047**	310,406
Due more than one year	**538,564**	421,721
	863,611	732,127

As at 1 January 2023, contract assets amounted to HK$2,964,937,000.

27. CONTRACT ASSETS (Continued)

Notes:

(a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

(b) Retention receivables included in contract assets represents the Group's right to receive consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. For retention receivables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

Details of the impairment assessment are set out in note 42.

28. AMOUNT(S) DUE FROM FELLOW SUBSIDIARIES/A JOINT VENTURE/ASSOCIATES/OTHER PARTNERS OF JOINT OPERATIONS

The amounts are unsecured, interest-free and repayable on demand.

Details of the impairment assessment are set out in note 42.

29. FINANCIAL ASSETS AT FVTPL

	2024 HK$'000	2023 HK$'000
Financial assets mandatorily measured at FVTPL:		
Listed securities in Hong Kong (Note a)	**5,495**	6,528
Unlisted equity investment in Hong Kong (Note b)	**1,220**	1,220
Quoted debt securities (Note c)	**9,391**	10,410
Unlisted investment fund (Note d)	**45,276**	29,004
Shareholder loan to an associate with redemption right (Note e)	**727,339**	734,734
Quoted equity securities in the United States of America ("USA") (Note f)	**–**	408
Unlisted convertible bond in the USA (Note g)	**–**	7,811
	788,721	790,115
Analysed for reporting purposes as:		
Non-current assets	**328,559**	735,954
Current assets	**460,162**	54,161
	788,721	790,115

29. FINANCIAL ASSETS AT FVTPL (Continued)

Notes:

(a) The listed securities in Hong Kong are measured at fair value at recurring basis, by reference to market bid price in an active market.

(b) The unlisted equity investment represents investment in a private entity incorporated in Hong Kong. The fair value of the investment is measured with reference to the net asset value of the private entity.

(c) The quoted debt securities represent investment in unlisted bonds issued by listed entities. The securities have been acquired principally for the purpose of selling in the near term, thus classified as held for trading.

(d) The unlisted investment fund represents investment in equity investment fund issued by a private entity incorporated in Hong Kong. The fair value of the investment is measured with reference to the net asset value of the investment fund.

(e) In 2023, the Group acquired 20% of the issued shares of Rainbow Triumph Limited ("RTL") at a consideration of HK$15,700 and the shareholder loan due from RTL in the principal amount of HK$800,000,000 at a total consideration of HK$800,015,700. RTL is an investment holding company incorporated in the British Virgin Islands, and is a subsidiary of Road King Infrastructure Limited ("Road King"), a company incorporated in Bermuda as an exempted company with its shares listed on the Stock Exchange. Road King is an associate of Wai Kee. The Group has the right to require RTL to repay (i) up to 50% of the shareholder loan due to the Group on the first anniversary of the acquisition's completion date; and (ii) up to the balance of shareholder loan due to the Group on 28 February 2025, at the redemption price based on adjustments related to the market value of RTL. The fair value of the redemption right has been arrived on the basis of a valuation carried out on the date by an independent and qualified property valuer not connected to the Group. The Group did not exercise the right on the first anniversary of the completion date within the timeframe as stated in the agreement. The whole amount was accounted for in accordance with the maturity date of the loan redemption right as non-current asset at 31 December 2023.

The Directors consider that the redemption right is a derivative embedded in the shareholder loan. The entire shareholder loan including principal, interest and redemption right are accounted for as financial assets at FVTPL.

On 24 January 2025, the Group served notice to RTL to exercise the loan redemption right in respect of the principal amount of HK$400,000,000 and transfer 10% of the issued shares to Shine Precious Limited, an indirect wholly owned subsidiary of Road King. The final redemption price of HK$400,000,000 is classified as current asset at 31 December 2024, and was settled on 28 February 2025. Following the completion of the loan redemption, the remaining financial assets of FVTPL of HK$327,339,000 comprising 10% of the issued shares in RTL and the remaining shareholder loan is classified as non-current asset at 31 December 2024.

(f) The quoted equity securities represent investment in quoted equity securities issued by a private entity incorporated in the USA. It has been acquired principally for the purpose of selling in the near term, thus classified as held for trading. The quoted equity securities are available for trading at the USA's Over-The-Counter ("OTC") market. The quoted equity securities are revalued according to the available quoted OTC price.

(g) The unlisted convertible bond was issued by a private entity incorporated in the USA.

Details of fair value measurement are set out in note 42.

30. PLEDGED BANK DEPOSITS/TIME DEPOSITS WITH ORIGINAL MATURITY OF NOT LESS THAN THREE MONTHS/BANK BALANCES AND CASH

Bank deposits of the Group amounting to HK$80,507,000 (2023: HK$69,593,000) are pledged to banks for securing the banking facilities granted to the Group. The pledged bank deposits carry interest at market rates which range from 0.50% to 4.26% (2023: 0.35% to 4.91%) per annum.

As at 31 December 2024, time deposits of HK$1,343,000 (2023: HK$35,697,000) with original maturity of not less than three months carry interest at market rates which range from 1.65% to 4.26% (2023: 2.25% to 4.96%) per annum.

As at 31 December 2024, bank balances and cash include the time deposits of HK$7,000,000 (2023: HK$117,374,000) with original maturity of three months or less, bank balances and cash carry interest at market rates which range from 0.30% to 3.59% (2023: 0.55% to 5.27%) per annum.

Details of the impairment assessment are set out in note 42.

31. 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:

	2024 HK$'000	2023 HK$'000
Trade creditors analysed by age:		
0 to 60 days	**637,931**	343,278
61 to 90 days	**92,108**	63,755
Over 90 days	**21,273**	14,479
	751,312	421,512
Retention payables	**1,247,804**	972,682
Accrued project costs	**2,423,437**	2,813,585
Other creditors and accrued charges (Note)	**151,922**	214,186
	4,574,475	4,421,965
Retention payables:		
Repayable within one year	**603,813**	342,930
Repayable more than one year	**643,991**	629,752
	1,247,804	972,682

Note: Including in the other creditors and accrued charges are other creditors of HK$23,000,000 (2023: nil) which are unsecured, interest bearing at 4% fixed rate per annum and variable interest with special condition as per the respective loan agreements and will be fully repaid before 31 December 2025. Please also see note 39(b).

For retention payables in respect of construction contracts, the due dates are usually one year after the completion of the construction work and are expected to be settled within the Group's normal operating cycle.

32. CONTRACT LIABILITIES

	2024 HK$'000	2023 HK$'000
Construction contracts	**958,120**	546,041
Steam fuel plant operation	**8,050**	9,103
	966,170	555,144

As at 1 January 2023, contract liabilities amounted to HK$512,747,000.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified as current.

Revenue from construction contracts recognised during the year ended 31 December 2024 that was included in the contract liabilities at the beginning of the year was HK$187,607,000 (2023: HK$149,747,000).

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Construction contracts

In recognising the construction revenue, the Group adjusts the amount of payment received for the goods and services transferred to the customers. In certain circumstances, the adjustment will result the amount of payment received in excess of the revenue recognised to date. Such difference will be recorded as contract liabilities.

33. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**29,685**	29,216
In the second year	**18,835**	24,359
In the third to fifth year inclusive	**811**	15,216
	49,331	68,791
Less: Amounts due within one year shown under current liabilities	**(29,685)**	(29,216)
Amounts shown under non-current liabilities	**19,646**	39,575

34. AMOUNT(S) DUE TO AN INTERMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/ OTHER PARTNERS OF JOINT OPERATIONS/NON-CONTROLLING INTERESTS

The amounts are unsecured, interest-free and repayable on demand.

35. AMOUNT DUE TO AN ASSOCIATE

The current amount due to an associate is unsecured, interest-free and repayable on demand.

The non-current amount due to an associate is unsecured, interest-free and has an agreed repayment terms which is not repayable within twelve months from the end of the reporting period and the balance is therefore shown as non-current liabilities. The non-current amount is carried at amortised cost using effective interest of 5.4% (2023: 5.4%) per annum.

36. BANK LOANS

	2024 HK$'000	2023 HK$'000
The maturity of the bank loans that based on repayment schedule of respective loan agreements is as follows:		
Within one year	**50,068**	215,471
In the second year	**1,060**	–
In the third to fifth year inclusive	**24,568**	–
	75,696	215,471
Less: Amounts shown under current liabilities	**(75,696)**	(215,471)
Amounts shown under non-current liabilities	**–**	–
Secured bank loans	**47,678**	87,417
Unsecured bank loans	**28,018**	128,054
	75,696	215,471

As at 31 December 2024, the Group has bank loans in the amount of HK$75,696,000 (2023: HK$215,471,000) contain a repayable on demand clause. As at 31 December 2024 related bank loans with aggregate amount of HK$25,628,000 (2023: nil) that were repayable more than one year after the end of reporting period had been classified as current liabilities.

At the end of the reporting period, all bank loans are variable rate borrowings which carry interest rate ranging from 4.25% to 6.78% (2023: 3.94% to 7.63%) per annum, except for bank loans of RMB25,175,000 (equivalent approximately to HK$26,688,000) (2023: RMB37,300,000 (equivalent approximately to HK$40,888,000)) which carries fixed interest rate at 4.8% per annum (2023: 5.87%). All variable rate bank loans carry interest rate which is repriced every month.

As at the end of the reporting period, the Group has undrawn borrowing facilities of HK$1,403,421,000 (2023: HK$1,185,931,000).

37. ORDINARY SHARE CAPITAL

	Number of shares	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.1 each		
At 1 January 2023, 31 December 2023 and 31 December 2024	1,700,000,000	170,000
Issued and fully paid:		
Ordinary shares of HK$0.1 each		
At 1 January 2023, 31 December 2023 and 31 December 2024	1,241,877,992	124,188

38. DEFERRED TAX LIABILITIES

	2024 HK$'000	2023 HK$'000
Deferred tax liabilities	**8,665**	5,750

The deferred tax liabilities recognised by the Group represent fair value of intangible assets arising from the acquisition of a subsidiary during the year ended 31 December 2005 and acquisition of a business during the year ended 31 December 2024.

	HK$'000
At 1 January 2023 and 31 December 2023	5,750
Acquisition of a business	10,375
Credit to profit or loss (Note 13)	(7,460)
At 31 December 2024	8,665

38. DEFERRED TAX LIABILITIES (Continued)

At the end of the reporting period, the Group has unutilised tax losses carried forward to offset future profits, the utilisation of which will expire in the following years:

	2024 HK$'000	2023 HK$'000
Tax losses:		
Carried forward indefinitely	**382,991**	542,180

No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profit streams.

39. OTHER CREDITORS

	2024 HK$'000	2023 HK$'000
Consideration payable on acquisition of subsidiaries (Note a)	**–**	332,116
Other creditors (Note b)	**–**	23,000
	–	355,116

Notes:

(a) During the year ended 31 December 2023, the Group acquired several subsidiaries and for transaction details, please refer to note 48. According to the Amended Sale and Purchase Agreements, the remaining 90% of the consideration was payable in several stages and the management of the Group originally expected the full amounts to be payable in 2025. Therefore, the amounts were classified as non-current as at 31 December 2023. During the year, the acquisition is terminated and the Unwinding was completed on 6 December 2024 and the amounts were derecognised upon completion of the Unwinding. Details please refer to note 25(b).

(b) The amounts are unsecured, interest bearing at 4% fixed rate per annum and variable interest with special condition as per respective loan agreements and will be fully repaid before 31 December 2025, therefore the amounts were classified as non-current at 31 December 2023.

40. JOINT OPERATIONS

At 31 December 2024 and 2023, the Group had interests in the following principal joint operations:

Name of joint operation	Form of business structure	Place of incorporation/ registration/ operation	Attributable interest to the Group		Principal activities
			2024	2023	
			%	%	
CRBC-Build King Joint Venture	Unincorporated	Hong Kong	**49**	49	Civil engineering
Build King-Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**60**	60	Civil engineering
Build King – SK Ecoplant Joint Venture	Unincorporated	Hong Kong	**N/A**	60	Civil engineering
Build King – SK Ecoplant Joint Venture	Unincorporated	Hong Kong	**N/A**	51	Civil engineering
Build King – Kum Shing Joint Venture	Unincorporated	Hong Kong	**65**	65	Civil engineering
Build King – Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**70**	70	Civil engineering
Build King – Richwell Civil Joint Venture	Unincorporated	Hong Kong	**70**	70	Civil engineering
Build King – STEC Joint Venture	Unincorporated	Hong Kong	**51**	51	Civil engineering
Build King – Hyundai Joint Venture	Unincorporated	Hong Kong	**70**	70	Building construction
Build King – Richwell Civil Joint Venture	Unincorporated	Hong Kong	**62**	62	Civil engineering
Build King – Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**60**	60	Civil engineering
Build King – CRCC Harbour Joint Venture	Unincorporated	Hong Kong	**55**	55	Civil engineering

40. JOINT OPERATIONS (Continued)

Name of joint operation	Form of business structure	Place of incorporation/ registration/ operation	Attributable interest to the Group 2024 %	Attributable interest to the Group 2023 %	Principal activities
Build King – Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**80**	80	Civil engineering
Zhen Hua – Build King Joint Venture	Unincorporated	Hong Kong	**49**	49	Civil engineering
Build King – Able Joint Venture	Unincorporated	Hong Kong	**70**	70	Building construction
Build King – Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**60**	60	Civil engineering
CRBC – Build King Joint Venture	Unincorporated	Hong Kong	**49**	49	Civil engineering
CWBKYH JV	Unincorporated	Hong Kong	**35**	N/A	Civil engineering
Build King – Tung Lee Joint Venture	Unincorporated	Hong Kong	**80**	N/A	Civil engineering
Build King – STEC Joint Venture	Unincorporated	Hong Kong	**60**	N/A	Civil engineering
CRBC-Build King Joint Venture	Unincorporated	Hong Kong	**25**	N/A	Civil engineering
Build King – Richwell Engineering Joint Venture	Unincorporated	Hong Kong	**70**	N/A	Civil engineering
Build King-Tung Lee Joint Venture	Unincorporated	Hong Kong	**80**	N/A	Civil engineering
Vibro – Titan Joint Venture	Unincorporated	Hong Kong	**40**	N/A	Civil engineering

The above table lists the joint operations of the Group which, in the opinion of the directors, principally affect the results for the year or constitute a substantial portion of the assets and liabilities of the Group. To give details of other joint operations would, in the opinion of the directors, result in particulars of excessive length.

41. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debts and equity balance.

The capital structure of the Group consists of net debts, which includes the bank loans disclosed in note 36, net of cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As a part of this review, the management of the Group assesses the annual budget prepared by the treasury department which reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding. Based on the proposed annual budget, the directors of the Company consider the cost of capital and the risks associated with the capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debts.

The Group's overall strategy remains unchanged from prior year.

42. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at FVTPL	**788,721**	790,115
Financial assets at amortised cost	**2,701,926**	2,424,107
	3,490,647	3,214,222
Financial liabilities		
Amortised cost	**4,706,432**	5,070,406

(b) Financial risk management objectives and policies

The Group's major financial instruments include other financial asset at amortised cost, trade and other debtors, amounts due from fellow subsidiaries, associates, a joint venture and other partners of joint operations, financial assets at FVTPL, loan to an associate, pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and cash, creditors and accrued charges, amounts due to an intermediate holding company, fellow subsidiaries, other partners of joint operations, non-controlling interests and an associate, bank loans and other creditors. The risks associated with these financial instruments include market risk (interest rate risk, other price risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable rate bank balances (note 30), variable rate bank loans (note 36). Although the Group is also exposed to fair value interest rate risk in relation to fixed rate lease liabilities (note 33), amount due to an associate (note 35), bank loans (note 36) and other creditors (notes 31 and 39), the Group's policy to keep its borrowings at floating rate of interests would minimise the fair value interest rate risk.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for bank loans.

For variable rate bank loans, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points (2023: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2023: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2024 would decrease/increase by HK$391,000 (2023: HK$1,418,000). This is mainly attributable to the Group's exposure to interest rates on its variable rate bank loans.

(ii) Other price risk

The Group is exposed to equity and debt security price risk through its investments in financial assets at FVTPL. The management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity and debt price risks at the reporting date.

If the prices of the respective equity and debt instruments had been 5% (2023: 5%) higher/lower while all other variables were held constant, the profit for the year ended 31 December 2024 would increase/decrease by HK$39,436,000 (2023: HK$39,506,000) as a result of the changes in fair value of financial assets at FVTPL.

(iii) Currency risk

The Group is exposed to currency risk as certain financial assets at FVTPL, pledged bank deposits and bank balances are denominated in foreign currencies, principally denominated in US$ and RMB, which are different from the Group's functional currency. However the Group's exposure to currency risk is minimal as the exchange rate of HK$ is pegged with US$ and the balances denominated in RMB are not material.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currencies should the needs arise.

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment

Apart from the trade receivables and contract assets from the two (2023: two) largest debtors, the Group does not have significant concentration risk exposure to any single counterparty at 31 December 2024.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The default risk of the two largest debtors should be low as they have good reputation and financially sound.

The Group has concentration of credit risk as 60% (2023: 62%) of the total trade receivables was due from the Group's two largest debtors.

Amounts due from fellow subsidiaries, a joint venture, associates and other partners of joint operations, loan to an associate

The credit risk of amounts due from fellow subsidiaries, a joint venture, associates and other partners of joint operations, loan to an associate are managed through an internal process. The Group actively monitors the outstanding amount owed by each related party and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. Further, the Group closely monitors the financial performance of associates, fellow subsidiaries, a joint venture and other partners of joint operations which mainly engage in the construction service in Hong Kong. In this regard, the directors of the Company consider the Group's credit risk is significantly reduced.

Other debtors and deposits

The credit risk of other debtors and deposits is managed through an internal process. The Group closely monitor the outstanding amounts of other financial asset at amortised cost and other debtors and deposits and identifies any credit risk in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider the Group's credit risk is significantly reduced.

Pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and bills receivables

The credit risk for pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and bills receivables is limited because the counterparties are banks or financial institutions with high credit ratings. The Group assessed 12m ECL for pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and bills receivables by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and bills receivables is considered to be insignificant.

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment (Continued)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL - not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment (Continued)

The table below details the maximum credit risk exposures of the Group's financial assets and contract assets, which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12m or lifetime ECL	2024 Gross carrying amount HK$'000	2023 Gross carrying amount HK$'000
Financial assets at amortised cost						
Amounts due from fellow subsidiaries	28	N/A	Low risk	12m ECL	3,193	1,932
Amount due from a joint venture	28	N/A	Low risk (Note 1)	12m ECL	312	647
Amounts due from associates	28	N/A	Low risk (Note 1)	12m ECL	62,989	8,001
Amounts due from other partners of joint operations	28	N/A	Low risk (Note 1)	12m ECL	46,284	28,950
Other debtors and deposits*	26	N/A	Low risk (Note 1)	12m ECL	190,647	339,295
Trade debtors	26	N/A	Low risk (Note 2)	Lifetime ECL	650,380	604,478
Bills receivables	26	Baa2 to A1 (2023: Baa2 to A1)	N/A	12m ECL	3,254	3,735
Pledged bank deposits	30	A3 to Aa3 (2023: A3 to Aa3)	N/A	12m ECL	80,507	69,593
Time deposits with original maturity of not less than three months	30	A2 to A1 (2023: A2 to A1)	N/A	12m ECL	1,343	35,697
Bank balances	30	Baa3 to Aa2 (2023: Baa3 to Aa2)	N/A	12m ECL	1,526,327	1,295,854
Other item:						
Contract assets	27	N/A	Low risk (Note 2)	Lifetime ECL	4,020,830	3,658,732

* The gross carrying amounts disclosed above include the relevant interest receivables which presented in other receivables.

Notes:

1. For the purposes of internal credit risk management, the Group uses the financial information of the joint ventures, associates and joint operations and the past-due information of other debtors and deposits to assess whether credit risk has increased significantly since initial recognition. The related companies and other partners of joint operations are considered by management to have sound financial position and do not have any past-due amounts. The balances of other debtors and deposits are not past due.

2. For trade debtors and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The trade debtors and contract assets are assessed for ECL individually.

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk management and impairment assessment (Continued)

For the assessment of lifetime ECL by management, the estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. No impairment allowance was made on trade debtors, contract assets and other financial assets at the end of each year as the historical default rates of debtors are low.

The Group's credit risk on bill receivables, pledged bank deposits and time deposits and their respective balances are limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong.

The credit risk of other debtors and deposits is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group reviews the recoverable amount of these other debtors and deposits at the end of each reporting period.

For loans to an associate, amounts due from associates, fellow subsidiaries and a joint venture, amounts due from other partners of joint operations, the management of the Group makes individual assessment on the recoverability of each balance based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The ECL on the above items are considered to be insignificant.

Liquidity risk

The Group's liquidity position and its compliance with lending covenants is monitored closely by the management of the Company, to ensure that the Group maintains sufficient reserve of cash and adequate committed line of funding from major financial institutions to meet its liquidity requirement in the short and long term. The Group finances its working capital requirements through a combination of funds generated from operations and bank and other borrowings.

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

	Weighted average effective interest rate %	Repayable on demand or 3 months or less HK$'000	3-6 months HK$'000	6-12 months HK$'000	1-3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
2024								
Non-interest bearing	–	3,822,412	820	139,841	533,735	110,928	4,607,736	4,607,736
Fixed interest rate instruments	4.80	27,969	–	–	–	–	27,969	26,688
Variable interest rate instruments	4.92	52,827	230	23,163	–	–	76,220	72,008
		3,903,208	1,050	163,004	533,735	110,928	4,711,925	4,706,432
Lease liabilities	3.50	8,581	8,109	14,169	19,933	–	50,792	49,331
2023								
Non-interest bearing	–	3,845,810	7,212	16,010	754,143	208,760	4,831,935	4,831,935
Fixed interest rate instruments	5.87	43,289	–	–	–	–	43,289	40,888
Variable interest rate instruments	6.60	178,402	230	460	23,920	–	203,012	197,583
		4,067,501	7,442	16,470	778,063	208,760	5,078,236	5,070,406
Lease liabilities	3.50	9,775	8,923	15,050	41,268	–	75,016	68,791

42. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables (Continued)

Bank borrowings with a repayment on demand clause are included in the "repayable on demand or 3 months or less" time band in the above maturity analysis. As at 31 December 2024, the aggregate carrying amounts of these bank borrowings amounted to HK$75,696,000 (2023: HK$215,471,000). Taking into account the Group's financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank borrowings will be repaid within five (2023: one) years after the end of the reporting period in accordance with the scheduled repayment dates set out in the loan agreements, details are set out in respective loan agreements as detailed below:

	3 months or less HK$'000	3-6 months HK$'000	6-12 months HK$'000	1-3 years HK$'000	Over 3 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31 December 2024	**28,756**	**11,662**	**12,038**	**5,037**	**25,532**	**83,025**	**75,696**
At 31 December 2023	118,222	96,030	4,932	–	–	219,184	215,471

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

(c) Fair value

The listed securities, quoted equity securities and quoted debt securities of the Group are measured at fair value at recurring basis, by reference to market bid price or quoted price in active markets and classified under Level 1.

The unlisted equity investment and unlisted investment fund of the Group are measured at fair value derived by management estimation with reference to the net asset value of the private entity and classified under Level 3.

The shareholder loan to an associate with redemption right is measured at fair value derived by management estimation with reference to the redemption price and the net asset value of the private entity (2023: Monte Carlo methods) and classified under Level 3.

The unlisted convertible bond of the Group are measured at fair value derived by management estimation with reference to the recent transaction price (2023: recent transaction price) and classified under Level 2.

The considerations may vary significantly due to difference in timing, condition of sales and terms of agreements, size and nature of similar business to derive the estimated fair value.

The fair values of the financial assets and financial liabilities that are not measured at fair value on a recurring basis have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties. The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

43. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are based on quoted prices (unadjusted) in active market for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs for fair value
	31 December 2024 HK$'000	31 December 2023 HK$'000				
i) Listed equity securities in Hong Kong	5,495	6,528	Level 1	Quoted bid price in an active market	N/A	N/A
ii) Unlisted equity investment in Hong Kong	1,220	1,220	Level 3	Net asset value of the private entity	N/A	N/A
iii) Quoted debt securities	9,391	10,410	Level 1	Quoted price in an active market	N/A	N/A
iv) Unlisted investment fund	45,276	29,004	Level 3	Net asset value of the investment fund	N/A	N/A

43. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs	Relationship of unobservable inputs for fair value
	31 December 2024 HK$'000	31 December 2023 HK$'000				
v) Shareholder loan to an associate with redemption right	727,339	734,734	Level 3	2024 Redemption price and net asset value of the private entity	N/A	N/A
				2023 Monte Carlo methods The fair value is determined based on valuation provided by an independent professional valuer which is measured using Monte Carlo simulation based on the current property prices, China risk-free rate, the expected volatility of the property prices and expected return. The key inputs are: (i) China risk-free rate; (ii) Expected volatility of the property prices; and (iii) Expected return	The discounted China risk-free rate of 2.363% The expected volatility of 10.5% The discounted expected return of 11.8%	The increase in China risk-free rate would result in a decrease in fair value. The increase expected volatility of the property price would result in an increase in fair value. The increase expected return would result in a decrease in fair value.
vi) Quoted equity securities in the USA	–	408	Level 1	Quoted price in OTC market	N/A	N/A
vii) Unlisted convertible bond in the USA	–	7,811	Level 2	Recent transaction price	N/A	N/A

43. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements

	Financial assets at FVTPL HK$'000
At 1 January 2023	1,220
Decrease in fair value	(95,065)
Purchases	58,803
Acquisition of an associate (Note 29(e))	800,000
At 31 December 2023	764,958
Increase in fair value	8,877
At 31 December 2024	773,835

44. CAPITAL COMMITMENTS

	2024 HK$'000	2023 HK$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**16,703**	31,954

45. RETIREMENT BENEFITS SCHEMES

The Group has two MPF Schemes and state-managed retirement schemes for all eligible employees in Hong Kong and the PRC. The MPF Schemes are registered with the Mandatory Provident Fund Schemes Authority ("MPFA") in accordance with the Mandatory Provident Fund Schemes Ordinance ("MPF Schemes Ordinance"). The assets of the MPF Schemes are held separately from those of the Group under the control of independent trustees approved by the MPFA.

In addition to the mandatory contributions specified under the MPF Schemes Ordinance, the Group also provides additional contributions for certain qualifying employees as specified in the rules of the Group's MPF Schemes. Employees leaving the MPF Schemes prior to stipulated service periods may forfeit part of their benefits relating to the Group's voluntary contributions and these amounts may be applied to reduce future voluntary contributions payable by the Group.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The amount charged to profit or loss of HK$72,637,000 (2023: HK$66,342,000) represents contributions paid or payable to the retirement benefits schemes by the Group at the rates specified in the rules of the MPF Schemes reduced by the aforesaid amount of forfeited benefits in respect of the current accounting period. The amount of forfeited contributions utilised in this manner during the year was approximately HK$1,609,000 (2023: HK$711,000). At the end of the reporting period, the total amount of forfeited contributions, which arose upon employees leaving the MPF Schemes and which are available to reduce the contributions payable in future years, was HK$3,000 (2023: HK$60,000).

46. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, the Group has following transactions and balances with related parties:

	2024 HK$'000	2023 HK$'000
Fellow subsidiaries		
Land plant hire income (Note a)	120	107
Supply of rock (Note a)	645	455
Purchase of construction materials (Note b)	341,105	269,604
Construction contract revenue (Note b)	43,997	47,734
An associate of ultimate holding company		
Construction contract revenue (Note b)	–	64,083

Details of the balances with associates, joint ventures, other partners of joint operations, an intermediate holding company, fellow subsidiaries and non-controlling interests are disclosed in the consolidated statement of financial position and respective notes.

Included in the contract assets is an amounts due from a fellow subsidiary of HK$15,206,000 (2023: HK$12,312,000).

Balance with an associate of ultimate holding company are included in contract assets of HK$10,029,000 (2023: HK$121,420,000).

Included in creditors and accrued charges is an amount due to a fellow subsidiary of HK$40,576,000 (2023: HK$21,502,000).

Notes:

(a) Transactions are fully exempted continuing connected transactions under Rule 14A.76(1) of the Listing Rules.

(b) Transactions constitute connected transaction or continuing connected transaction and the Company has fully complied with the relevant disclosures requirements under Chapter 14A of the Listing Rules.

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2024 HK$'000	2023 HK$'000
Short-term employee benefits	99,062	97,699
Post-employment benefits	3,939	3,954
	103,001	101,653

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

47. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Other creditors HK$'000 (Notes 31 and 39)	Bank loans HK$'000 (Note 36)	Lease liabilities HK$'000 (Note 33)	Dividend payable HK$'000	Amount due to an intermediate holding company HK$'000 (Note 34)	Amount due to an associate HK$'000 (Note 35)	Amounts due to non-controlling interests HK$'000 (Note 34)	Total HK$'000
At 1 January 2023	23,000	289,753	69,910	–	18,810	23,527	1,098	426,098
Financing cash flows	(1,092)	(95,300)	(32,121)	(180,072)	784	–	–	(307,801)
Interest expenses	1,092	24,331	1,316	–	–	720	–	27,459
New leases entered	–	–	29,750	–	–	–	–	29,750
Exchange realignment	–	(3,313)	–	–	–	–	–	(3,313)
Dividend declared	–	–	–	180,072	–	–	–	180,072
Consideration payable for the acquisition of subsidiaries	332,116	–	–	–	–	–	–	332,116
Net gain arising on lease modification	–	–	(64)	–	–	–	–	(64)
At 31 December 2023	355,116	215,471	68,791	–	19,594	24,247	1,098	684,317
Financing cash flows	(1,143)	(144,418)	(32,330)	(136,606)	1,154	–	–	(313,343)
Interest expenses	1,143	13,409	1,198	–	–	741	–	16,491
New leases entered	–	–	11,672	–	–	–	–	11,672
Exchange realignment	–	(2,879)	–	–	–	–	–	(2,879)
Dividend declared	–	–	–	136,606	–	–	–	136,606
Disposal of a subsidiary	–	(5,887)	–	–	–	–	–	(5,887)
Derecognised upon completion of the Unwinding	(332,116)	–	–	–	–	–	–	(332,116)
At 31 December 2024	23,000	75,696	49,331	–	20,748	24,988	1,098	194,861

48. ACQUISITION OF BUSINESS/SUBSIDIARIES

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group entered into a supplement deed with a joint venture partner and pursuant to which the Group obtains all of the rights, obligation and interest in existing joint operations at a consideration received of HK$34,400,000 from acquisition. Upon completion of the transaction, the Group has control over all the relevant activities of the operations.

The acquisition has been accounted for as acquisition of a business using the acquisition method. Acquisition-related costs had been excluded from the cost of the above acquisition. The acquisition-related costs were insignificant and recognised as an expense within the administrative expense in the consolidated statement of profit or loss for the year ended 31 December 2024.

Consideration received:

	HK$'000
Cash	(34,400)

Assets acquired and liabilities assumed at the date of acquisition were as follows:

	HK$'000
Intangible assets	62,881
Debtors, deposits and prepayments	23,381
Contract assets	78,787
Amount due from the Group	5,591
Bank balances and cash	35,459
Creditors and accrued charges	(176,874)
Contract liabilities	(44,366)
Tax liabilities	(4,124)
Deferred tax liabilities	(10,375)
	(29,640)

The fair value and gross contractual amounts of trade debtors at the date of acquisition amounted to HK$21,571,000. The best estimate at acquisition date of the contractual cash flows expected to be collected is full.

Goodwill arising on acquisition:

	HK$'000
Consideration received	(34,400)
Plus: fair value of previously held interest in the joint operations	4,760
Less: net liabilities assumed	29,640
Goodwill arising on acquisition	–

The Group's previously held interest in the joint operations is remeasured to fair value amounting to HK$4,760,000 at the acquisition date which is a non-cash transaction.

48. ACQUISITION OF BUSINESS/SUBSIDIARIES (Continued)

For the year ended 31 December 2024 (Continued)

Net cash inflows arising on acquisition:

	HK$'000
Consideration received in cash	34,400
Add: bank balances and cash acquired	35,459
	69,859

Impacts of acquisition on the results of the Group

Included in the profit for the year, profit amounting of HK$22,249,000 was attributable to the business operations of the acquired joint operations. Revenue for the year ended 31 December 2024 included HK$292,981,000 which was generated from the acquired joint operations.

Had the acquisition been completed on 1 January 2024, revenue for the year of the Group would have been HK$14,686,316,000, and profit for the year of the Group would have been HK$400,116,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

For the year ended 31 December 2023

On 28 April 2023, the Group acquired 100% interest in and shareholder loans owed by Sky Grant Investment Limited ("Sky Grant") and its subsidiary (collectively referred to as "Sky Grant Group") from independent third parties at a total consideration of approximately HK$136,532,000. On the same date, the Group also acquired 100% interest in and shareholder loan owed by Real Best Development Limited ("Real Best") and its subsidiaries (collectively referred to as "Real Best Group") from an independent third party at a total consideration of approximately HK$232,485,000.

Both acquisitions have been accounted for as acquisition of assets and liabilities. Inventories acquired represents leasehold land in Hong Kong and the Group held it for development.

As at 31 December 2023, acquisition-related costs were insignificant and recognised as cost of acquisition of inventories.

48. ACQUISITION OF BUSINESS/SUBSIDIARIES (Continued)

For the year ended 31 December 2023 (Continued)

Assets and liabilities recognised at the date of acquisition are as follows:

	Sky Grant Group HK$'000	Real Best Group HK$'000	Total HK$'000
Inventories	136,532	232,485	369,017
Other creditors	(136,532)	(232,485)	(369,017)
	–	–	–

The fair value of Sky Grant Group's and Real Best Group's identifiable assets and liabilities has been assessed by the management of the Group and it considered that the fair value of the inventory at the date of acquisition amounted to HK$136,532,000 and HK$232,485,000, respectively. The other creditors of HK$136,532,000 and HK$232,485,000 are the shareholder loans assigned to the Group in accordance with the respective sale and purchase agreements which are settled through the consideration as follows:

Consideration transferred, satisfied by:

	Sky Grant Group HK$'000	Real Best Group HK$'000	Total HK$'000
Cash	13,653	23,248	36,901
Consideration payable	122,879	209,237	332,116
	136,532	232,485	369,017

Net cash outflow on acquisition

	Sky Grant Group HK$'000	Real Best Group HK$'000	Total HK$'000
Cash consideration paid	13,653	23,248	36,901

Total cash consideration paid for the acquisition of Sky Grant Group and Real Best Group is HK$36,901,000.

Impacts of acquisition on the results of the Group

The impact arising from the acquisition of Sky Grant Group and Real Best Group to the Group's profit for the year and the revenue for the year is immaterial.

On 30 April 2024, the Group terminated the transaction and the Unwinding was completed on 6 December 2024. Details are stated in note 25(b).

49. DISPOSAL OF A SUBSIDIARY

On 18 November 2024, the Group entered into a sale and purchase agreement to dispose of its 75.6% equity interest in Wuxi Qianhui to an independent third party at a consideration of RMB124.94 million. Upon the completion of the disposal on 31 December 2024, Wuxi Qianhui ceased to be a subsidiary but becomes a 20% owned associate of the Group. The net assets of Wuxi Qianhui at the date of disposal were as follows:

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Intangible asset	92,412
Other financial asset at amortised cost	26,763
Debtors, deposits and prepayments	32,662
Bank balances and cash	67,751
Amount due to the Group	(51,849)
Creditors and accrued charges	(2,910)
Bank loan	(5,887)
Tax payable	(4,968)
Net assets disposed of	153,974

	HK$'000
Consideration:	
Deferred cash consideration (Note)	132,449

	HK$'000
Gain on disposal of a subsidiary:	
Consideration received and receivable	132,449
Net assets disposed of	(153,974)
Non-controlling interests	6,775
Fair value of interest in an associate	31,710
Gain on disposal (Note 7)	16,960

	HK$'000
Net cash outflow arising on disposal:	
Cash consideration received	–
Less: cash and cash equivalents disposed of	(67,751)
	(67,751)

Note: The deferred consideration will be settled in cash by the purchaser under different stages in accordance with the sale and purchase agreement.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current asset		
Unlisted investments in subsidiaries	**60,000**	60,000
Current assets		
Amounts due from subsidiaries	**891,968**	693,967
Bank balances and cash	**1,287**	1,581
	893,255	695,548
Current liabilities		
Amount due to an intermediate holding company	**2,514**	2,514
Amounts due to subsidiaries	**732,336**	593,071
	734,850	595,585
Net current assets	**158,405**	99,963
Total assets less current liabilities	**218,405**	159,963
Capital and reserves		
Ordinary share capital	**124,188**	124,188
Reserves	**94,217**	35,775
Total equity	**218,405**	159,963

Movement in reserves

	Share premium HK$'000	Contributed surplus HK$'000 (Note)	Other reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000
At 1 January 2023	14,186	419,212	115	(411,103)	22,410
Profit and total comprehensive income for the year	–	–	–	193,437	193,437
Dividend paid	–	–	–	(180,072)	(180,072)
At 31 December 2023	**14,186**	**419,212**	**115**	**(397,738)**	**35,775**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**195,048**	**195,048**
Dividend paid	**–**	**–**	**–**	**(136,606)**	**(136,606)**
At 31 December 2024	**14,186**	**419,212**	**115**	**(339,296)**	**94,217**

Note: The contributed surplus and other reserve represent adjustments in share capital on the reverse acquisition of the Company in 2004.

51. PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid/ registered ordinary share capital	Proportion of nominal value of issued ordinary share capital held by the Group		Principal activities
				2024 %	2023 %	
Allied Wise Limited	Hong Kong	Hong Kong	HK$2	**100**	100	Investment holding
Amazing Reward Group Limited	BVI	Hong Kong	US$1,000,000	**100**	100	Investment holding
Build King Construction Limited	United Kingdom	Hong Kong	GBP16,072,500	**100**	100	Construction and civil engineering
Build King Civil Engineering Limited	Hong Kong	Hong Kong	HK$75,200,000 Ordinary shares	**100**	100	Civil engineering
			HK$24,000,000 Non-voting deferred shares	**100**	100	
Build King Interior & Construction Limited	Hong Kong	Hong Kong	HK$1,000,000	**100**	100	Fitting out, improvement and alteration works for buildings
Build King Management Limited	Hong Kong	Hong Kong	HK$2	**100**	100	Provision of administrative and management services to group companies
Build King (Zens) Engineering Limited	Hong Kong	Hong Kong	HK$66,000,002 Ordinary shares	**100**	100	Civil engineering
			HK$14,800,000 Non-voting deferred shares	**100**	100	
			HK$5,200,000 Non-voting deferred shares (Note a)	**–**	–	
Integral E&M Contracting Limited	Hong Kong	Hong Kong	HK$86,520,000	**100**	100	Electrical and mechanical engineering

51. PRINCIPAL SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ registration	Place of operation	Issued and fully paid/ registered ordinary share capital	Proportion of nominal value of issued ordinary share capital held by the Group		Principal activities
				2024 %	2023 %	
Integral E&M Engineering Limited	Hong Kong	Hong Kong	HK$2	**100**	100	Electrical and mechanical engineering
Leader Marine Contractors Limited	Hong Kong	Hong Kong	HK$200,000	**100**	100	Marine engineering and provision of transportation services
Profound Success Limited	BVI	Hong Kong	US$1	**100**	100	Investment holding
Titan Foundation Limited	Hong Kong	Hong Kong	HK$20,000,000	**100**	100	Civil engineering
Top Tactic Holdings Limited	BVI	BVI	US$1	**100**	100	Investment holding
Wai Kee China Construction Company Limited	Hong Kong	The PRC	HK$10,000,000	**100**	100	Civil engineering
Wai Kee China Infrastructure Limited	Hong Kong	The PRC	HK$1	**100**	100	Investment holding
Wisdom Aim Investments Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Provision of secretarial and nominee services to group companies
Wise Start Global Limited	Hong Kong	Hong Kong	HK$1	**100**	100	Investment holding
Wuxi Qianhui Sewage Treatment Co., Ltd. (Note b)	The PRC	The PRC	US$10,000,000	**– (Note d)**	95.6	Sewage treatment
惠記環保工程(上海)有限公司 (Note c)	The PRC	The PRC	US$800,000	**100**	100	Environmental engineering
Tianjin Wai Kee Earth (Note b)	The PRC	The PRC	RMB320,000,000	**84.81**	84.81	Steam fuel supply

51. PRINCIPAL SUBSIDIARIES (Continued)

Notes:

(a) These deferred shares, which are not held by the Group, practically carry minimal rights to dividends and no rights to receive notice of or to attend or vote at any general meeting of the company. On a winding up, the holders of the deferred shares are entitled to a distribution out of the remaining assets of the company only after the distribution of substantial amounts as specified in the Articles of Association to holders of ordinary shares of the company.

(b) The company is a co-operative joint venture registered in the PRC.

(c) The company is a foreign owned enterprise registered in the PRC.

(d) The company becomes a 20% owned associate of the Group after disposal of 75.6% equity interest on 31 December 2024.

Except for Top Tactic Holdings Limited, all subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results of the year or constitute a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

In the opinion of the directors of the Company, there are no subsidiaries that have non-controlling interest individually which are material to the Group at the end of each reporting period. Therefore, no information is disclosed for these non-wholly owned subsidiaries.

None of the subsidiaries had issued any debt securities at the end of both years.

52. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of leased properties ranging from 1 to 3 years (2023: 1 to 3 years). On the lease commencement, the Group recognised right-of-use assets and lease liabilities of approximately HK$11,672,000 and HK$11,672,000 (2023: approximately HK$29,750,000 and HK$29,750,000) respectively.

RESULTS

	Year ended 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024 HK$'000**
Group revenue	7,628,388	10,030,017	12,422,588	12,507,050	**14,368,536**
Share of revenue of joint ventures	118,590	90,836	15,381	5,431	**8,473**
	7,746,978	10,120,853	12,437,969	12,512,481	**14,377,009**
Group revenue	7,628,388	10,030,017	12,422,588	12,507,050	**14,368,536**
Operating profit	469,854	371,400	557,071	671,287	**560,850**
Share of results of joint ventures	16,511	24,224	11,566	(4,048)	**(48,297)**
Share of results of associates	(1,754)	245	(106)	1,220	**615**
Finance costs	(16,995)	(19,014)	(17,061)	(27,459)	**(16,491)**
Profit before tax	467,616	376,855	551,470	641,000	**496,677**
Income tax expense	(27,391)	(84,964)	(122,304)	(173,551)	**(67,652)**
Profit for the year	440,225	291,891	429,166	467,449	**429,025**

FINANCIAL POSITION

	At 31 December				
	2020 HK$'000	2021 HK$'000	2022 HK$'000	2023 HK$'000	**2024 HK$'000**
Total assets	5,443,244	7,126,192	7,320,533	8,317,742	**8,475,133**
Total liabilities	(3,853,950)	(5,319,565)	(5,194,589)	(5,915,514)	**(5,800,125)**
Net assets	1,589,294	1,806,627	2,125,944	2,402,228	**2,675,008**

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Zen Wei Peu, Derek
(Chairman, Chief Executive Officer and Managing Director)
Lui Yau Chun, Paul
Tsui Wai Tim
Chan Chi Ming

Non-executive Directors

David Howard Gem
Chan Chi Hung, Anthony
Chang Kam Chuen, Desmond

Independent Non-executive Directors

Ho Tai Wai, David
Ling Lee Ching Man, Eleanor
Lo Yiu Ching, Dantes
Ng Cheuk Hei, Shirley

AUDIT COMMITTEE

Ho Tai Wai, David *(Chairman)*
Ling Lee Ching Man, Eleanor
Lo Yiu Ching, Dantes
Ng Cheuk Hei, Shirley

NOMINATION COMMITTEE

Lo Yiu Ching, Dantes *(Chairman)*
Ho Tai Wai, David
Ling Lee Ching Man, Eleanor
Ng Cheuk Hei, Shirley
Zen Wei Peu, Derek

REMUNERATION COMMITTEE

Ling Lee Ching Man, Eleanor *(Chairwoman)*
Ho Tai Wai, David
Lo Yiu Ching, Dantes
Ng Cheuk Hei, Shirley
Zen Wei Peu, Derek

COMPANY SECRETARY

Chan Chi Ming

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

SOLICITORS

Reed Smith Richards Butler
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Standard Chartered Bank (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Units 601-605A, 6th Floor, Tower B
Manulife Financial Centre
223 Wai Yip Street
Kwun Tong, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton HM11
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

STOCK CODE

00240

WEBSITE

www.buildking.hk

Build King

Build King Holdings Limited