

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this Document were extracted from different official government publications, available sources from public market research and other sources from independent suppliers, and from the independent industry report prepared by Frost & Sullivan (the “Frost & Sullivan Report”). We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the [REDACTED]. The information from official government sources has not been independently verified by us, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], any of the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

SOURCE OF INFORMATION

We commissioned Frost & Sullivan to analyze and prepare a report regarding the Hong Kong Building Demolition Works Market. Frost & Sullivan is an independent global consulting firm founded in 1961 in New York that offers industry research and market strategies and provides growth consulting and corporate training. We agreed to pay a commission fee of HK\$350,000 to Frost & Sullivan pursuant to a service agreement reached by arm’s length negotiation. Except as otherwise noted, all of the data and forecasts contained in this section are derived from the Frost & Sullivan Report. We have also referred to certain information in the “Summary”, “Risk Factors”, “Business” and “Financial Information” sections to provide a more comprehensive presentation of the industry in which we operate.

In preparing the report, Frost & Sullivan conducted both primary and secondary research and relied on various sources. The primary research was conducted via interviews with key industry experts and leading industry participants. The secondary research involved analysis of market data obtained from several publicly available data sources, such as the Census and Statistics Department of Hong Kong and other industrial associations. The market projections in the Frost & Sullivan Report are based on the following key assumptions: (i) the overall social, economic and political environment in Hong Kong is expected to remain stable during the forecast period; (ii) Hong Kong’s economic and industrial development is likely to maintain a steady growth in the forecast period; (iii) related industry key drivers are likely to drive the growth of Hong Kong Building Demolition Works Market in the forecast period; and (iv) there is no extreme force majeure or industry regulation which may affect the market dramatically or fundamentally.

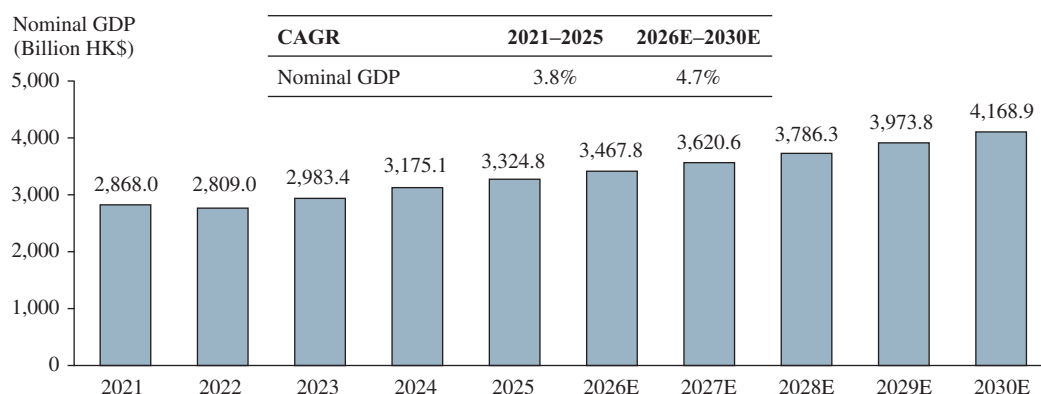
OVERVIEW OF MACRO ECONOMY IN HONG KONG

Nominal GDP and GDP Per Capita

Attributed to the increase in domestic demand and trade performance featured with recovery of economy in Europe and North America, the nominal GDP in Hong Kong has registered steady growth, from HK\$2,868.0 billion in 2020 to HK\$3,324.8 billion in 2025 at a CAGR of 3.8%. Moving forward, according to International Monetary Fund (“IMF”), Hong Kong’s economy is set to regain its momentum along with the recovery of tourism and consumption, the nominal GDP of Hong Kong is expected to grow from HK\$3,467.8 billion in 2026 to HK\$4,168.9 billion in 2030, representing a CAGR of approximately 4.7%.

INDUSTRY OVERVIEW

Nominal GDP and Nominal GDP Per Capita (Hong Kong), 2021–2030E

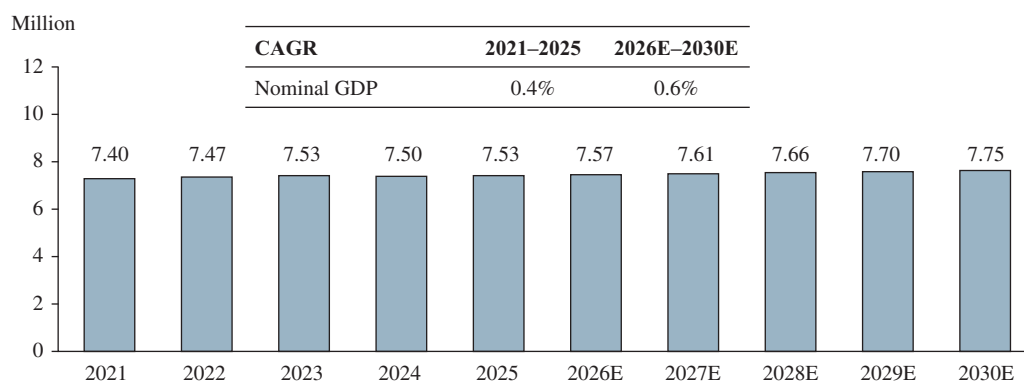


Source: International Monetary Fund, Frost & Sullivan

Total Population

The population in Hong Kong has slightly increased from 7.40 million in 2021 to 7.53 million in 2025, with a CAGR of 0.4%. It is mainly due to government talent attraction schemes and labor importation programs. With (i) the proactive approach in attracting more outside talent to settle in Hong Kong and (ii) fostering a supportive environment for raising families, the population growth is mild and is expected to maintain a CAGR of 0.6% from 2026 to 2030.

Total Population (Hong Kong), 2021–2030E



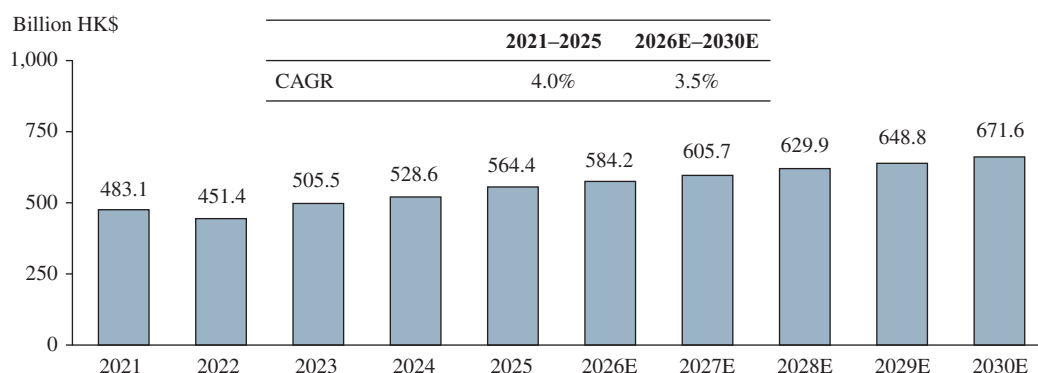
Source: International Monetary Fund, Frost & Sullivan

Gross Fixed Capital Formation Value in Hong Kong

Gross domestic fixed capital formation value in Hong Kong refers to the total value of acquisitions of fixed assets within the economy, minus disposals. This includes investments in buildings, machinery, and infrastructure. It increased from HK\$483.1 billion in 2021 to HK\$564.4 billion in 2025, representing a CAGR of 4.0% from 2021 to 2025. The growth is attributed to ongoing government initiatives and infrastructure projects, such as transportation and housing developments, which have spurred investments. Gross domestic fixed capital formation value in Hong Kong is expected to rise at a CAGR of 3.5% from 2026 to 2030, reaching HK\$671.6 billion in 2030.

INDUSTRY OVERVIEW

Gross Fixed Capital Formation Value (Hong Kong), 2021–2030E

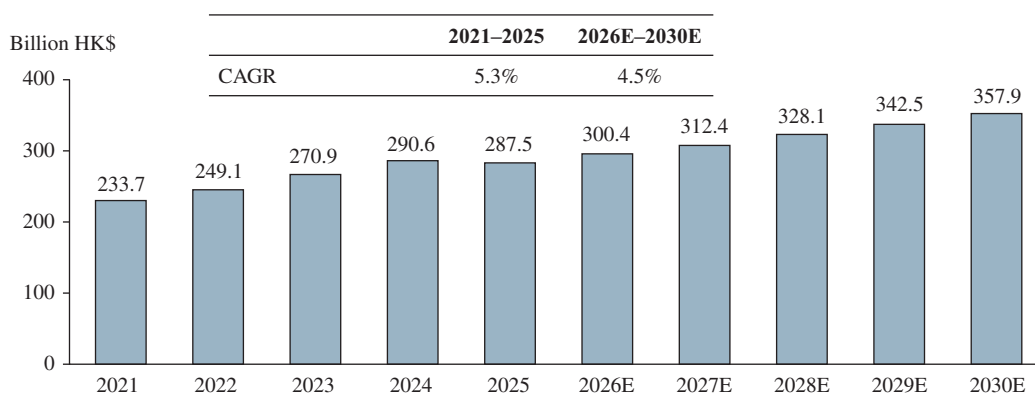


Source: International Monetary Fund, Frost & Sullivan

Gross Value of Construction Works in Hong Kong

According to the Census and Statistics Department of Hong Kong, the gross value of construction works performed by main contractors increased from HK\$233.7 billion in 2021 to HK\$287.5 billion in 2025, at a CAGR of 5.0% from 2021 to 2025. The sector faced challenges from 2020 to 2021 due to social unrest lingering effects and the COVID-19 pandemic, which caused (i) suspensions and slowdowns in construction activities, and (ii) global supply chain disruptions affecting raw materials, leading to project delays and reduced new commencements. Recovery accelerated from 2022 onward, supported by rebounding public and private sector activity. The Hong Kong government continues to drive future growth through major infrastructural developments, including the Northern Metropolis, ongoing progress on the Lantau Tomorrow Vision, and related transport, housing, and public works initiatives. These large-scale projects are expected to sustain and boost construction output in the medium to long term, despite some recent softening in private sector activity and economic headwinds in 2025. The gross value of construction works performed by main contractors is expected to rise from HK\$300.4 billion in 2026 to HK\$357.9 billion in 2030, at a CAGR of 4.5%.

Gross Value of Construction Works (Hong Kong), 2021–2030E



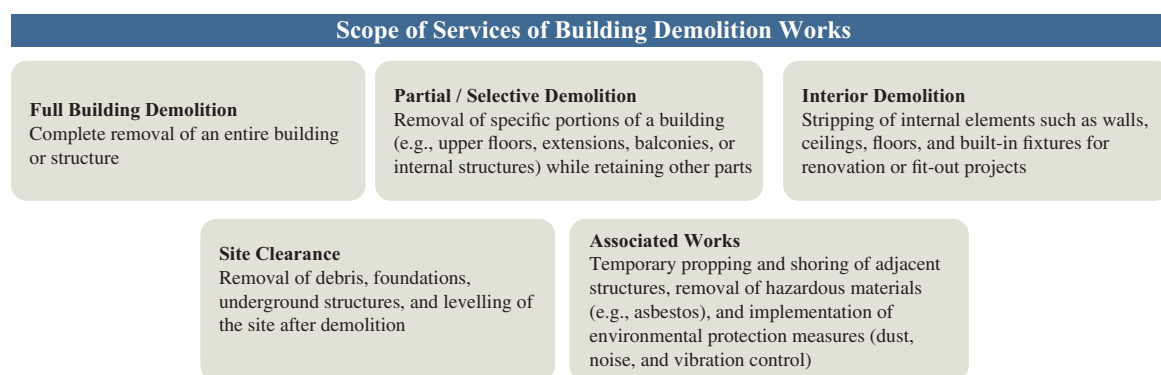
Source: International Monetary Fund, Frost & Sullivan

INDUSTRY OVERVIEW

OVERVIEW OF BUILDING DEMOLITION WORKS MARKET IN HONG KONG

Definition and Segmentation of Building Demolition Works

Building demolition is defined as the systematic dismantling, razing, destroying, or wrecking of any building, structure, or any substantial part thereof, using pre-planned and controlled methods. As stipulated under the Buildings Ordinance (Cap. 123) and the Code of Practice for Demolition of Buildings (2004), such works must be executed in a safe and environmentally responsible manner to protect workers, the public, adjacent properties, and the surrounding neighbourhood. All demolition activities require prior approval from the Buildings Department and must be carried out by Registered Specialist Contractors in the Demolition category, under the supervision of an Authorised Person and a Registered Structural Engineer. This regulatory framework ensures high standards of safety, structural stability, and compliance throughout the demolition process.

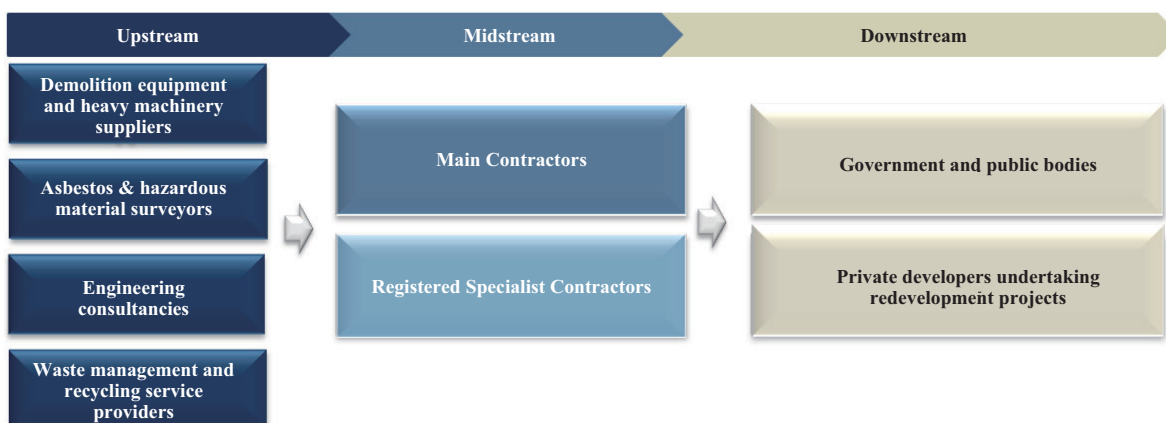


Source: Frost & Sullivan

Value Chain

Below sets out the value chain of Building Demolition Works in Hong Kong, comprising upstream suppliers of equipment and specialist services, midstream demolition contractors and engineering consultancies, and downstream clients such as government departments, public organisations, and private project owners. Subcontracting is a common practice in the building demolition industry for better allocation of human resources and cost efficiency, whereby main contractors, who possess the requisite registrations with the Buildings Department, subcontract demolition packages to specialist contractors selected on the basis of proven capabilities, track records, safety performance and technical expertise; subcontractors are generally not required to hold separate registrations with the Buildings Department, particularly for private sector projects. In the public sector, leading main contractors tender for large-scale projects from government and related organisations and are typically required to be registered under the relevant work categories in the List of Approved Contractors of the Development Bureau. For private developments, the main contractor undertaking demolition works must be registered as a Registered Specialist Contractor in the Demolition category (RSC(D)) under the Buildings Ordinance (Cap. 123), as such works may only be carried out by qualified and registered contractors who are fully versed with the applicable regulatory requirements, safety standards and the current building control system.

INDUSTRY OVERVIEW



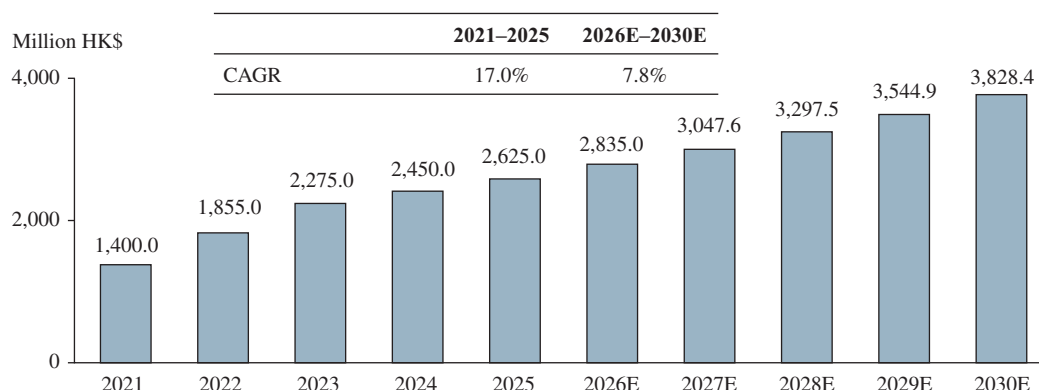
Source: Frost & Sullivan

Gross Value of Building Demolition Works

From 2021 to 2025, the gross value of building demolition works performed by main contractors in Hong Kong grew steadily from approximately HK\$1,400.0 million in 2021 to HK\$2,625.0 million in 2025, with a CAGR of 17.0%. The growth was primarily driven by accelerated urban renewal projects, redevelopment of ageing buildings, and increased government initiatives to revitalize old districts. Rising demand for site clearance in both public and private sectors, along with stricter building safety regulations, further supported the expansion of demolition activities.

From 2026 to 2030, the gross value of building demolition works performed by main contractors in Hong Kong is projected to continue its upward trajectory, rising from an estimated HK\$2,835.0 million in 2026 to HK\$3,828.4 million in 2030, with a forecasted CAGR of 7.8%. This sustained growth is expected to be fueled by ongoing large-scale infrastructure and new development area projects, such as Hung Shui Kiu and other Northern Metropolis initiatives, continuous urban redevelopment, and growing emphasis on sustainable demolition practices including waste recycling.

Gross Value of Building Demolition Works by Main Contractors (Hong Kong), 2021–2030E



Source: Frost & Sullivan

INDUSTRY OVERVIEW

Key Growth Drivers

Urban Renewal and Redevelopment of Ageing Buildings — Urban renewal and the redevelopment of ageing buildings remain one of the strongest and most consistent drivers of the building demolition works market in Hong Kong. A large number of private residential and commercial buildings constructed between the 1960s and 1980s have now reached 50–60 years of age and are increasingly considered dilapidated or structurally obsolete. These buildings often fail to meet current safety standards, energy efficiency requirements, and modern living expectations, creating strong demand for demolition to enable comprehensive redevelopment. The Urban Renewal Authority (“URA”) continues to lead many of these efforts through targeted projects. Key examples include the multi-phase Kwun Tong Town Centre Redevelopment, various cluster redevelopment schemes in Sham Shui Po, Yau Ma Tei, and To Kwa Wan, as well as ongoing initiatives in Wan Chai and San Po Kong. These projects typically involve the full demolition of old structures to make way for new high-density residential, commercial, and community facilities. Government support for increasing housing supply and optimising scarce land resources further reinforces this driver, ensuring that demolition works will continue to form a critical early stage in Hong Kong’s urban regeneration pipeline through 2030 and beyond.

Government Infrastructure and New Development Area Projects — Government-led infrastructure development and the creation of new development areas are major catalysts for the building demolition works market in Hong Kong. Ambitious plans such as the Northern Metropolis development strategy and the Hung Shui Kiu/Ha Tsuen New Development Area require extensive site clearance and demolition of existing structures to prepare land for new towns, public housing, commercial zones, and supporting infrastructure. Multiple phases of the Hung Shui Kiu New Development Area, where demolition and site formation works are actively underway to support long-term population and economic growth. Other significant projects under the Northern Metropolis and Lantau Tomorrow Vision frameworks also involve large-scale demolition to facilitate transport networks, innovation hubs, and residential developments. These public-sector initiatives provide a stable and predictable pipeline of work for registered demolition contractors, often delivered through joint ventures with major main contractors. Continued government commitment to these strategic projects is expected to sustain strong demand for demolition services well into the next decade.

Building Safety and Regulatory Compliance — Stringent building safety regulations and proactive enforcement by the Buildings Department (“BD”) constitute a reliable and ongoing driver for the building demolition works market in Hong Kong. Many older buildings suffer from structural deterioration, unauthorised modifications, or failure to meet updated safety standards, prompting mandatory demolition or extensive rectification works. The government’s enhanced focus on building safety, particularly after several high-profile incidents involving ageing structures, has led to more rigorous inspections and enforcement actions. Key contributing factors include the regular Large-scale Operations (LSO) targeting unauthorised building works, such as illegal rooftop structures, unauthorised extensions, and dangerous signboards. The Mandatory Building Inspection Scheme (“MBIS”) and Mandatory Window Inspection Scheme (“MWIS”) further identify buildings requiring demolition or major remedial works. In addition, the Code of Practice for Demolition of Buildings (2004) and its updates set high standards for safety, environmental protection, and professional execution, restricting such works to Registered Specialist Contractors (“RSC”) in the Demolition category. These regulatory measures ensure a steady stream of demolition projects, ranging from small-scale removal of illegal

INDUSTRY OVERVIEW

structures in residential buildings to larger-scale clearance of high-risk buildings in older districts. This driver not only supports market stability but also encourages the adoption of safer and more professional demolition practices across the industry.

Sustainable Development and Circular Economy Initiatives — The growing emphasis on sustainable development and circular economy principles has become an increasingly important driver for the building demolition works market in Hong Kong. Traditional demolition methods that generate large volumes of construction and demolition (“C&D”) waste are being replaced by more environmentally responsible approaches. Government policies and industry guidelines now actively promote waste reduction, material recycling, and the adoption of green demolition technologies. Contractors are encouraged to implement selective demolition techniques, on-site sorting, and high recycling rates for concrete, steel, and other materials. Initiatives such as the Environment Bureau’s C&D waste management strategies and incentives for low-carbon construction practices are pushing the industry toward more sustainable methods. This shift not only helps meet Hong Kong’s carbon reduction targets and landfill diversion goals but also creates new business opportunities through the recovery and resale of salvage materials. As a result, demolition contractors that invest in advanced equipment, trained personnel, and environmentally friendly processes are gaining competitive advantages in both public and private sector tenders.

Government Incentive Scheme to Accelerate Private Redevelopment in Old Districts — A significant policy driver for building demolition works in Hong Kong is the Bonus Plot Ratio Pilot Scheme launched by the Development Bureau with effect from 1 September 2026. The five-year pilot scheme covers seven designated old districts: Sai Ying Pun and Sheung Wan, Wan Chai, Ma Tau Kok, Cheung Sha Wan, Mong Kok, Yau Ma Tei and Tsuen Wan. Under the scheme, developers who commit to demolishing residential buildings aged 50 years or above with a site area of not less than approximately 7,535 square feet and redeveloping the site for residential use will be granted an additional 20 percent premium-free gross floor area as an incentive. Developers may either apply for an increase of up to 20 percent in the permissible gross floor area for the in-situ redevelopment, with the extra floor area exempt from land premium, or convert the value of the extra plot ratio into a land premium credit that can be used to offset land premiums for the same project or other land transactions, including those in the Northern Metropolis, within a 10-year validity period. This incentive is expected to improve the financial viability of private redevelopment projects in ageing urban areas, thereby stimulating a higher volume of building demolition works in the coming years.

Key Trends

Technological Advancement and Mechanisation — A prominent trend in Hong Kong’s building demolition market is the progressive embrace of technology and increasing investment in research and development (R&D). Traditionally a labour-intensive and low-tech sector, leading demolition contractors are now actively adopting advanced solutions such as demolition robots, remote-controlled excavators and AI-powered structural monitoring systems for demolition planning. These innovations are particularly valuable in confined urban sites, where they help reduce manual labour, minimise environmental impact, improve project precision, and enhance overall safety and efficiency. Driven by stricter regulatory requirements, rising labour costs, and the government’s push for sustainable practices under the circular economy framework, companies that invest in R&D are gaining significant

INDUSTRY OVERVIEW

competitive advantages in securing complex urban redevelopment projects. This marks a gradual transformation of the traditionally conservative demolition sector toward greater innovation and technological advancement.

Market Consolidation and Professionalisation — The demolition sector is undergoing consolidation, with larger, well-established contractors capturing a greater market share. There is a noticeable trend toward higher professional standards, including better safety records, environmental compliance, and project management capabilities. Smaller operators are either forming alliances with bigger firms or specialising in niche areas such as interior demolition and minor works. Regulatory requirements for Registered Specialist Contractors (“RSC”) further reinforce this professionalisation drive.

Increasing Scale and Complexity of Projects — The demolition market in Hong Kong is witnessing a clear shift toward larger-scale and more technically complex projects. Rather than standalone building demolitions, contractors are increasingly engaged in extensive site clearance for comprehensive urban renewal schemes and new development areas. These projects often involve simultaneous demolition of multiple structures in densely populated districts, requiring meticulous planning to manage risks such as dust, noise, vibration, and protection of adjacent buildings. This trend is particularly evident in government-led initiatives like the Northern Metropolis and Hung Shui Kiu New Development Area, where demolition forms the critical first phase of large-scale land formation works.

Adoption of Sustainable and Green Demolition Practices — Sustainability has become a defining trend in the demolition sector. There is growing adoption of selective demolition methods that prioritise material recovery and recycling over traditional bulk demolition. Contractors are investing in on-site sorting facilities, advanced crushing equipment, and waste management systems to maximise the reuse of concrete, steel, and other materials. This aligns with the government’s circular economy goals and stricter C&D waste disposal requirements, giving companies with strong green credentials a competitive edge in both public tenders and private developer projects.

Promotion of Smart Site Safety System — The Hong Kong government has been promoting the adoption of smart safety systems in the construction industry to enhance site safety. In March 2023, the Development Bureau issued a circular outlining the implementation of the Smart Site Safety System known as 4S in public works contracts. The 4S covers 10 main categories, including centralised management, digitalised tracking, and AI-powered safety monitoring. In May 2024, the 4S scheme was successfully launched jointly by the Development Bureau and the Construction Industry Council. As stated by the Secretary for Development on 24 August 2026, currently about 80 percent of worksites across Hong Kong have installed 4S equipment and 60 percent have obtained 4S labels. After widespread application of 4S, the overall accident rate in the construction industry dropped by about 20 percent between 2023 and 2025. Since July 2025, the mandatory requirements have been extended to demolition works, excavation and lateral support works, foundation works and site formation works. To support the adoption of 4S in private projects, the Construction Industry Council has introduced a funding scheme under the Construction Innovation and Technology Fund, providing subsidies for the purchase of pre-approved smart safety products. The government also plans to expand the scope of the subsidy to include IT and sourcing support. Construction companies are actively developing and applying 4S in their projects, collaborating with universities, research institutions, and technology

INDUSTRY OVERVIEW

companies to create alternative solutions. With the government’s support and the industry’s proactive approach, the widespread implementation of 4S is expected to drive significant improvements in construction safety and efficiency in the coming years.

Market Opportunities

Expansion of Sustainable and High-Value Demolition Services — There is a significant opportunity for contractors to differentiate themselves by offering advanced sustainable demolition solutions. With the government’s strong push for circular economy practices and waste reduction, companies that specialise in selective demolition, on-site material recovery, recycling of concrete and steel, and low-carbon methods can command premium pricing and win more tenders. This segment is expected to grow rapidly as both public and private developers increasingly prioritise environmental credentials. Early investment in green technologies, trained personnel, and certification in sustainable practices will enable forward-looking contractors to capture a larger share of high-value projects in urban renewal and new development areas.

Participation in Large-Scale New Development Area and Northern Metropolis Projects — The government’s ambitious Northern Metropolis development strategy and other new development areas present substantial long-term opportunities for demolition contractors. These mega-projects require extensive site clearance and demolition over the coming decade, creating a stable pipeline of large-scale contracts. Contractors capable of handling complex, high-volume demolition in coordination with site formation works, and those with strong track records in joint ventures with major main contractors, are well-positioned to secure significant portions of this work. Building strategic partnerships and enhancing capacity in large-scale project management will be key to capitalising on this opportunity.

Market Challenges

Intense Competition and Market Consolidation Pressure — The building demolition market in Hong Kong is highly competitive, with numerous registered specialist contractors vying for projects alongside large main contractors and their joint ventures. This intense competition often leads to aggressive bidding and compressed profit margins, particularly in government tenders. Larger, well-capitalised firms with stronger track records, better equipment, and established relationships with developers enjoy clear advantages, making it difficult for smaller or mid-sized contractors to secure high-value contracts. As a result, the industry is undergoing consolidation, forcing many smaller players to either merge, form strategic alliances, or retreat to niche markets such as interior demolition and minor unauthorised structure removal. New entrants also face high barriers in building credibility and meeting stringent registration and performance requirements.

Rising Operational Costs and Skilled Labour Shortage — Demolition contractors are confronting steadily rising operational costs driven by higher labour wages, increased insurance premiums, stricter safety and environmental compliance requirements, and the need to invest in modern, low-emission equipment. At the same time, the sector suffers from a chronic shortage of skilled and experienced workers. The physically demanding nature of demolition work, combined with an ageing workforce and competition from other higher-paying construction trades, has made recruitment and retention difficult. These challenges are compounded in Hong Kong’s dense urban environment, where projects demand high precision, strict noise and dust control, and tight schedules, further elevating costs and operational risks. Contractors that fail to address these issues may experience project delays, higher overheads, and reduced competitiveness in the long run.

INDUSTRY OVERVIEW

Labour Cost

The average daily wage of demolition workers in Hong Kong increased from HK\$1,215.1 in 2021 to HK\$1,458.0 in 2025, representing a CAGR of 4.7%. Wages showed steady growth in the early years, with a notable acceleration in 2025 driven by labour shortages and rising living costs. Demolition workers generally command wages at the higher end of the range due to the higher risk and specialised nature of the work. The average daily wage of demolition workers is expected to continue rising at a CAGR of approximately 4.0% from 2026 to 2030, supported by sustained demand for skilled demolition labour amid ongoing urban renewal and infrastructure projects. The subcontracting charges generally range from 5.0% to 10.0% of actual costs incurred under total costs of sales for the building demolition contractors in Hong Kong.

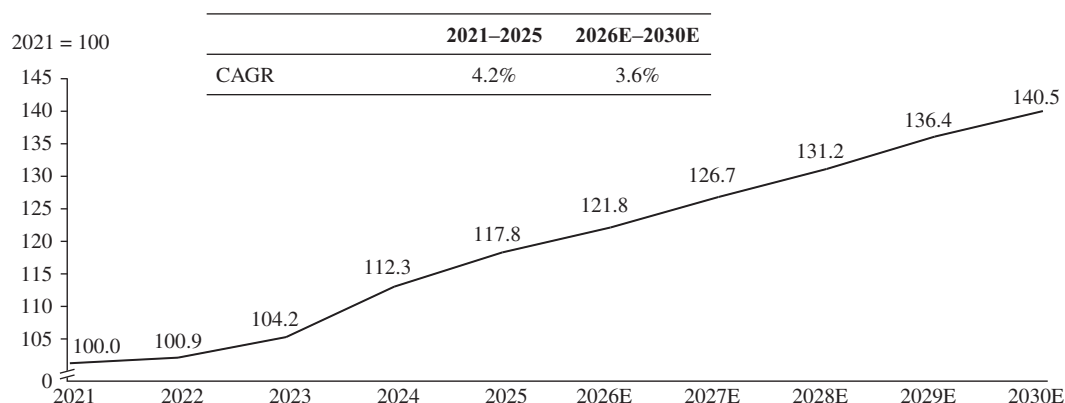
Average Daily Wages of Demolition Workers (Hong Kong), 2021–2030E

Unit: HK\$	2021	2022	2023	2024	2025	CAGR (2021–2025)	CAGR (2026E–2030E)
Construction Workers	1,215.1	1,291.1	1,318.2	1,269.4	1,458.0	4.7%	4.0%

Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

The labour cost index of construction workers in Hong Kong rose steadily from 100.0 in 2021 to 117.8 in 2025, representing a CAGR of approximately 4.2%. It is projected to continue increasing from 121.8 in 2026 to 140.5 by 2030, at a CAGR of around 3.6%, reflecting ongoing labour shortages and wage pressure in the construction sector.

Labour Cost of Construction Workers (Hong Kong), 2021–2030E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

Price Trend of Key Salvage Materials

The price of steel scrap in Hong Kong fluctuated notably between 2021 and 2025. It started at HK\$4,000.0 per tonne in 2021, rose sharply to HK\$4,600.0 per tonne in 2022, then dropped to HK\$3,600.0 per tonne in 2023. Prices recovered moderately to HK\$3,750.0 per tonne in 2024 and further increased to HK\$4,050.0 per tonne in 2025. Overall, the CAGR from 2021 to 2025 was relatively low at 0.3%, reflecting strong volatility influenced by global steel demand, local demolition activities,

INDUSTRY OVERVIEW

and export market conditions. Iron scrap followed a similar trajectory to steel scrap. It was valued at approximately HK\$3,800.0 per tonne in 2021, climbed to HK\$4,400.0 per tonne in 2022, declined to HK\$3,400.0 per tonne in 2023, and then recovered gradually to HK\$3,550.0 per tonne in 2024 and HK\$3,850.0 per tonne in 2025.

Copper scrap was estimated at HK\$85,000.0 per tonne in 2021, peaked near HK\$95,000.0 in 2022, softened to around HK\$78,000.0 in 2023, and rebounded to roughly HK\$88,000.0 in 2024 and HK\$98,000.0 in 2025. Aluminium scrap from clean extrusions (such as window frames) traded in a narrower band, rising from about HK\$22,000.0 per tonne in 2021 to HK\$24,500.0 in 2022, declining to HK\$19,500.0 in 2023, and recovering to HK\$21,000.0–22,500.0 in 2024–2025. Overall, while ferrous scrap dominated volume, non-ferrous metals, particularly copper, continued to account for a disproportionate share of salvage material value due to their substantially higher unit prices.

It is common for building demolition contractors in Hong Kong to sell salvage materials, including scrap steel and iron from building parts, in an unclean or only partially sorted condition directly to scrap buyers. While basic on-site sorting is often carried out, full cleaning and detailed grading are typically performed by the scrap yards or recyclers after collection. The unclean building parts containing scrap steel and iron in Hong Kong increased from HK\$2,600.0 per tonne in 2021 to HK\$2,700.0 per tonne in 2025, at a CAGR of 0.9%.

Looking ahead, the prices of key salvage materials in Hong Kong are expected to follow a moderate upward trajectory from 2026 to 2030. Steel scrap is projected to rise gradually from HKD4,200.0 per tonne in 2026 to around HKD4,600.0 per tonne by 2030, while iron scrap is forecast to increase from HKD4,000.0 to HKD4,400.0 per tonne over the same period. Unclean building parts containing scrap steel and iron, starting at HKD2,100.0 per tonne in 2026, are expected to climb steadily to approximately HKD2,420.0 per tonne by 2030. Copper scrap is anticipated to maintain a stronger upward trend, advancing from HKD102,000.0 per tonne in 2026 to about HKD118,000.0 per tonne in 2030, supported by structural demand from the green economy. Aluminium scrap from clean extrusions is forecast to grow more modestly from HKD23,200.0 per tonne in 2026 to around HKD26,000.0 per tonne by 2030. Overall, ferrous scrap prices are expected to remain relatively stable with mild growth, while non-ferrous metals, particularly copper, continue to command significantly higher unit values.

Price of Key Salvage Materials in Hong Kong (Hong Kong), 2021–2030E

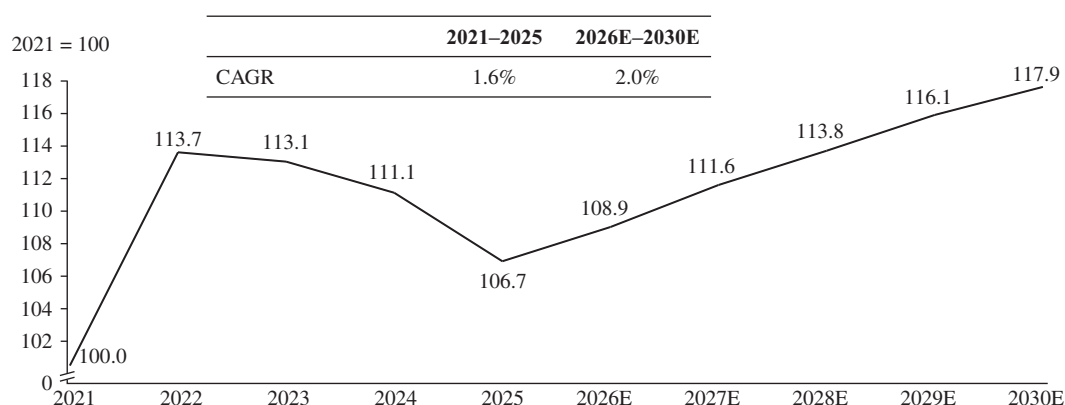
Unit : HKD per Tonne	2021	2022	2023	2024	2025	2026E	2030E	CAGR (2021– 2025)	CAGR (2026E– 2030E)
Price of Steel Scrap	4,000.0	4,600.0	3,600.0	3,750.0	4,050.0	4,200.0	4,600.0	0.3%	2.3%
Copper Scrap	85,000.0	95,000.0	78,000.0	88,000.0	98,000.0	102,000.0	118,000.0	3.6%	3.7%
Aluminium Scrap (Clean Extrusions)	22,000.0	24,500.0	19,500.0	21,000.0	22,500.0	23,200.0	26,000.0	0.6%	2.9%
Iron Scrap	3,800.0	4,400.0	3,400.0	3,550.0	3,850.0	4,000.0	4,400.0	0.3%	2.4%
Unclean Building Parts Containing Scrap Steel and Iron	1,735.0	2,035.0	1,535.0	1,665.0	1,800.0	2,100.0	2,420.0	0.9%	3.6%

Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

The price index of key construction raw materials in Hong Kong rose from 100.0 in 2021 to a peak of 113.7 in 2022 before easing to 106.7 in 2025, representing a CAGR of about 1.6%. It is projected to recover gradually from 108.9 in 2026 to 117.9 by 2030, at a CAGR of around 2.0%, reflecting stabilising material costs amid steady construction activity.

INDUSTRY OVERVIEW

Price Index of Key Construction Raw Materials (Hong Kong), 2021–2030E



Source: Census and Statistics Department of Hong Kong, Frost & Sullivan

COMPETITIVE LANDSCAPE OF BUILDING DEMOLITION WORKS MARKET IN HONG KONG

The building demolition works market in Hong Kong is highly competitive yet relatively fragmented. It consists primarily of specialist subcontractors registered under the Registered Specialist Contractor Demolition Category who directly undertake demolition execution across private redevelopment and public sector projects. Major specialist firms focus on large-scale urban renewal, site clearance, and complex demolition works in dense urban environments.

As of July 2026, there are 133 contractors registered under the Registered Specialist Contractor Demolition Category scheme with the Buildings Department. This registration is the essential qualification required to legally undertake demolition works in Hong Kong. In the public sector, contractors must also be approved under the Development Bureau List of Approved Suppliers of Materials and Specialist Contractors for Public Works. The market is remarked by intense competition, stringent safety and technical requirements, and strong emphasis on price, past performance records, and environmental compliance.

In response to increasingly complex urban demolition requirements, leading demolition contractors have strengthened their capabilities and broadened their service scope. Many now offer integrated solutions that include selective demolition, hazardous material removal such as asbestos abatement, advanced waste sorting and recycling, real-time monitoring systems, and full coordination with site formation works. To enhance competitiveness, top players are investing in modern demolition equipment such as high-reach excavators and robots, adopting digital tools like BIM for demolition planning, and emphasising sustainable practices. This enables better control over safety, environmental impact, project schedule, and cost efficiency, which are critical success factors in Hong Kong dense, high-regulation urban environment.

INDUSTRY OVERVIEW

Ranking and Market Share

The Hong Kong building demolition works market is relatively concentrated, with the top five leading participants contributing an aggregate market share of approximately 25.3% in terms of revenue in 2025. The Group is the third largest building demolition works contractor in Hong Kong in 2025 and recorded the revenue of approximately HK\$128.0 million for the provision of building demolition works in Hong Kong, with a market share of 4.9% in 2025.

Leading participants in building demolition market by revenue (Hong Kong), 2025

Rank	Market participants	Estimated revenue (Million HK\$)	Market share (%)
1	Company A	200.0	7.6%
2	Company B	150.0	5.7%
3	The Group	128.0	4.9%
4	Company C	100.0	3.8%
5	Company D	85.0	3.2%
	Subtotal	663.0	25.3%
	Others	1,962.0	74.7%
	Total	2,625.0	100.0%

Source: Development Bureau, Construction Industry Council, Frost & Sullivan

Note:

1. Company A is a private Hong Kong-based registered specialist contractor actively engaged in demolition and hoarding works for Urban Renewal Authority and private redevelopment projects.
2. Company B is a private long-established Hong Kong demolition specialist with experience in building demolition and site clearance works.
3. Company C is a private Hong Kong registered specialist contractor focusing on demolition, foundation and site formation works for both public and private projects.
4. Company D is a private Hong Kong specialist demolition contractor focusing on large-scale mechanical demolition works with advanced equipment and safety practices.

Entry Barrier

High Regulatory and Licensing Requirements — Entering the building demolition market in Hong Kong is heavily restricted by stringent regulatory requirements. Companies must obtain registration as a Registered Specialist Contractor in the Demolition Category (RSC(D)) from the Buildings Department. This process demands substantial technical competence, qualified authorised signatories with relevant experience, proven safety records, and adequate financial resources. The approval process is rigorous and time-consuming, effectively limiting new entrants who lack the necessary credentials and track record in handling regulated demolition works.

INDUSTRY OVERVIEW

Capital Investment and Technical Expertise — Significant capital investment is required to acquire specialised demolition equipment, such as high-reach excavators, breakers, and dust suppression systems, safety infrastructure, and monitoring tools. In addition, deep technical expertise in structural assessment, demolition methodology, hazardous material handling (e.g., asbestos), and environmental protection is essential. New players without established operational capabilities and experienced engineering teams face substantial difficulties in meeting project requirements and safety standards in Hong Kong’s dense urban setting.

Established Relationships and Proven Track Record — Developers and main contractors strongly favour contractors with a solid history of successful project delivery and long-term business relationships. New entrants often struggle to secure subcontracting opportunities without demonstrated safety performance, timely project completion, and references from previous clients. This creates a significant barrier, as reputation and trust play a critical role in winning demolition packages in both public and private sector projects.

Factors of Competition

Price Competition and Cost Efficiency — Competition in the demolition market is highly price-sensitive, particularly in government tenders and large redevelopment projects. Contractors compete aggressively on pricing while striving to maintain profit margins. Companies that achieve superior cost efficiency through optimised waste recycling, effective labour management, and advanced equipment utilisation tend to gain a stronger competitive edge in bidding processes.

Safety Performance and Regulatory Compliance — Safety record and full compliance with regulations from the Buildings Department, Labour Department, and Environmental Protection Department are crucial competitive factors. Contractors with excellent safety statistics, comprehensive risk management systems, and a strong track record of regulatory compliance are preferred by main contractors and developers, as any safety incident can lead to blacklisting or loss of future opportunities.

Technical Capability, Innovation, and Project Management Expertise — The ability to execute complex urban demolition projects safely and efficiently is a key differentiator. Contractors that invest in advanced technologies, such as demolition robots, BIM for planning, and real-time monitoring systems, and demonstrate strong project management capabilities are more competitive. This includes expertise in coordinating with adjacent structures, minimising environmental impact, and delivering projects on schedule in Hong Kong’s constrained urban environment.