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BUILD KING HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00240)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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

RESULTS

The board of directors (the “Board”) of Build King Holdings Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 and the consolidated statement of financial position of the Group as at 31 December 2024 together with the comparative figures for 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue from services	3	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	5	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	6	(57,198)	–
Finance costs	7	(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	8	496,677	641,000
Income tax expense	9	(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
Earnings per share	11	HK cents	HK cents
- Basic		34.9	38.1

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2024

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		458,806	440,438
Right-of-use assets		55,858	75,921
Intangible assets		216,839	313,829
Goodwill		30,554	30,554
Interests in joint ventures		6,030	60,565
Interests in associates		35,430	5,394
Other financial asset at amortised cost		–	29,799
Financial assets at FVTPL		328,559	735,954
		<u>1,132,076</u>	<u>1,692,454</u>
Current assets			
Inventories		136,199	480,705
Loan to an associate		–	2,331
Debtors, deposits and prepayments	12	992,400	962,189
Contract assets	13	4,020,830	3,658,732
Amounts due from fellow subsidiaries		3,193	1,932
Amount due from a joint venture		312	647
Amounts due from associates		62,989	8,001
Amounts due from other partners of joint operations		46,284	28,950
Financial assets at FVTPL		460,162	54,161
Tax recoverable		8,270	22,701
Pledged bank deposits		80,507	69,593
Time deposits with original maturity of not less than three months		1,343	35,697
Bank balances and cash		1,530,568	1,299,649
		<u>7,343,057</u>	<u>6,625,288</u>

	Notes	2024 HK\$'000	2023 HK\$'000
Current liabilities			
Creditors and accrued charges	14	4,574,475	4,421,965
Contract liabilities		966,170	555,144
Lease liabilities		29,685	29,216
Amount due to an intermediate holding company		20,748	19,594
Amounts due to fellow subsidiaries		5,572	370
Amounts due to other partners of joint operations		3,855	32,545
Amounts due to non-controlling interests		1,098	1,098
Amount due to an associate		24,317	23,212
Tax payable		55,664	201,524
Bank loans – due within one year		75,696	215,471
		<u>5,757,280</u>	<u>5,500,139</u>
Net current assets		<u>1,585,777</u>	<u>1,125,149</u>
Total assets less current liabilities		<u><u>2,717,853</u></u>	<u><u>2,817,603</u></u>
Capital and reserves			
Ordinary share capital		124,188	124,188
Reserves		2,538,040	2,252,282
		<u>2,662,228</u>	<u>2,376,470</u>
Equity attributable to owners of the Company			
Non-controlling interests		12,780	25,758
		<u>12,780</u>	<u>25,758</u>
Total equity		<u>2,675,008</u>	<u>2,402,228</u>
Non-current liabilities			
Deferred tax liabilities		8,665	5,750
Obligations in excess of interests in joint ventures		453	–
Obligations in excess of interests in associates		13,410	13,899
Amount due to an associate		671	1,035
Lease liabilities		19,646	39,575
Other creditors		–	355,116
		<u>42,845</u>	<u>415,375</u>
		<u><u>2,717,853</u></u>	<u><u>2,817,603</u></u>

Notes:

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

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

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (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 of Hong Kong Limited and by the Hong Kong Companies Ordinance.

2. APPLICATION OF NEW AND AMENDMENTS TO 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 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.

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.

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. REVENUE FROM SERVICES

Disaggregation of revenue from contracts with customers

<u>Segments</u>	2024		
	Hong Kong	Other regions in the People's Republic of China	Consolidated
	HK\$'000	(the "PRC") HK\$'000	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
	<hr/>	<hr/>	<hr/>
Total revenue	14,153,310	215,226	14,368,536
	<hr/>	<hr/>	<hr/>
Timing of revenue recognition			
Over time	14,153,310	215,226	14,368,536
	<hr/>	<hr/>	<hr/>
<u>Segments</u>	2023		
	Hong Kong	The PRC	Consolidated
	HK\$'000	HK\$'000	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
	<hr/>	<hr/>	<hr/>
Total revenue	12,290,182	216,868	12,507,050
	<hr/>	<hr/>	<hr/>
Timing of revenue recognition			
Over time	12,290,182	216,868	12,507,050
	<hr/>	<hr/>	<hr/>

4. 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
<u>Results</u>			
Segment revenue	<u>14,153,310</u>	<u>215,226</u>	<u>14,368,536</u>
Segment profit (loss)	<u>581,051</u>	<u>(16,880)</u>	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			<u>(16,491)</u>
Profit before tax			<u>496,677</u>

Year ended 31 December 2023

	Hong Kong HK\$'000	The PRC HK\$'000	Total HK\$'000
<u>Results</u>			
Segment revenue	<u>12,290,182</u>	<u>216,868</u>	<u>12,507,050</u>
Segment profit (loss)	<u>816,439</u>	<u>(15,364)</u>	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			<u>(27,459)</u>
Profit before tax			<u>641,000</u>

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.

5. INVESTMENTS AND OTHER INCOME

	2024	2023
	HK\$'000	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	16,960	—
Net gain arising on lease modification	<u>—</u>	<u>64</u>

6. OTHER LOSSES

	2024	2023
	HK\$'000	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	<u>37,489</u>	<u>—</u>
	<u>57,198</u>	<u>—</u>

7. 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
	<u>16,491</u>	<u>27,459</u>

8. 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	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
	<u>1,825,066</u>	<u>1,706,019</u>

9. INCOME TAX EXPENSE

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

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.

10. DIVIDENDS

	2024 HK\$'000	2023 HK\$'000
Dividend 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
	<u>136,606</u>	<u>180,072</u>

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.

11. 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	<u>433,996</u>	<u>473,518</u>
	Number of Shares	
	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic earnings per ordinary share	<u>1,241,878</u>	<u>1,241,878</u>

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

12. 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	2023
	HK\$'000	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	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 Investment Co., Ltd., 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.

13. 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)	<u>863,611</u>	<u>732,127</u>
	<u>4,020,830</u>	<u>3,658,732</u>
Retention receivables of construction contracts		
Due within one year	325,047	310,406
Due more than one year	<u>538,564</u>	<u>421,721</u>
	<u>863,611</u>	<u>732,127</u>

As at 1 January 2023, contract assets amounted to HK\$2,964,937,000.

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 construction work.

The Group classifies these contract assets as current because the Group expects to realise them in its normal operating cycle.

14. 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
	<hr/>	<hr/>
	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
	<hr/>	<hr/>
	4,574,475	4,421,965
	<hr/>	<hr/>
Retention payables:		
Repayable within one year	603,813	342,930
Repayable more than one year	643,991	629,752
	<hr/>	<hr/>
	1,247,804	972,682
	<hr/>	<hr/>

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.

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.

DIVIDENDS

The Board recommends the payment of a final dividend of HK7.5 cents (2023: HK8.0 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.

Subject to the approval of shareholders at the forthcoming annual general meeting of the Company (the “Annual General Meeting”), it is expected that the payment of 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 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 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 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.

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 announcement, the Group had total contracts on hands of HK\$31.6 billion, which significantly secures 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.

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.

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	—
	<u>99</u>	<u>238</u>

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.

CORPORATE GOVERNANCE CODE

The Company is committed to attaining good standard of corporate governance practices and has complied with the code provisions of Corporate Governance Code for the year ended 31 December 2024 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 policies 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 considers that this structure will not impair the balance of power and authority between the board and the management of the business of the Group given that there are a strong and independent non-executive directorship element on the Board and a clear division of responsibility in running the business of the Group. The Board believes that the structure outlined above is beneficial to the Company and its business.

Details of corporate governance report are set out in Annual Report 2024.

AUDIT COMMITTEE

The Audit Committee of the Company has conducted a meeting with the management and external auditor to review the accounting policies adopted by the Group, the consolidated financial statements for the year ended 31 December 2024, the general scope of audit work conducted by the external auditor and assessment of the Group's internal controls.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules. Upon enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) for the year ended 31 December 2024.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held at Academy Room I-II, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Wednesday, 21 May 2025 at 2:00 p.m. and the Notice of the Annual General Meeting will be published and despatched to the shareholders of the Company in the manner as required by the Listing Rules.

PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website (www.buildking.hk) and the Stock Exchange's website (www.hkexnews.hk). The Annual Report 2024 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

BOARD OF DIRECTORS

As at the date hereof, the Board comprises four executive directors, namely Mr. Zen Wei Peu, Derek, Mr. Lui Yau Chun, Paul, Mr. Tsui Wai Tim and Mr. Chan Chi Ming, three non-executive Directors, namely Mr. David Howard Gem, Mr. Chan Chi Hung, Anthony and Mr. Chang Kam Chuen, Desmond, and four independent non-executive Directors, namely Mr. Ho Tai Wai, David, Mrs. Ling Lee Ching Man, Eleanor, Mr. Lo Yiu Ching, Dantes and Ms. Ng Cheuk Hei, Shirley.

By order of the Board
Build King Holdings Limited
Zen Wei Peu, Derek
Chairman

Hong Kong, 21 March 2025