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WAI KEE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2024

Financial Performance Highlights

Revenue	HK\$14,480 million
Loss attributable to owners of the Company	HK\$3,086 million
Basic loss per share	HK\$3.89
Equity attributable to owners of the Company per share	HK\$5.85

RESULTS

The board of directors (the “Board”) of Wai Kee Holdings Limited (the “Company”) announces the audited results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue from goods and services	2	14,479,915	12,711,557
Cost of sales		(13,158,425)	(11,250,287)
Gross profit		1,321,490	1,461,270
Other income	4	136,893	147,376
Other gains and losses	5	(46,353)	(221,480)
Impairment loss on interest in an associate	6	(1,510,000)	-
Selling and distribution costs		(97,263)	(94,550)
Administrative expenses		(676,084)	(645,393)
Finance costs	7	(89,613)	(107,866)
Share of results of associates		(1,833,879)	(1,760,701)
Share of results of joint ventures		(47,255)	(3,955)
Loss before tax	8	(2,842,064)	(1,225,299)
Income tax expense	9	(67,652)	(173,551)
Loss for the year		<u>(2,909,716)</u>	<u>(1,398,850)</u>
(Loss) profit for the year attributable to:			
Owners of the Company		(3,085,591)	(1,590,096)
Non-controlling interests		175,875	191,246
		<u>(2,909,716)</u>	<u>(1,398,850)</u>
		HK\$	HK\$
Loss per share	11		
– Basic		<u>(3.89)</u>	<u>(2.00)</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	<u>(2,909,716)</u>	<u>(1,398,850)</u>
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(12,864)	(11,093)
Fair value losses on hedging instruments designated in cash flow hedges	(24,609)	(29,577)
Exchange differences arising on translation of an associate	(327,765)	(266,928)
Share of cash flow hedging reserve of an associate	(1,353)	4,625
Other comprehensive expense for the year	<u>(366,591)</u>	<u>(302,973)</u>
Total comprehensive expense for the year	<u><u>(3,276,307)</u></u>	<u><u>(1,701,823)</u></u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(3,446,103)	(1,887,748)
Non-controlling interests	169,796	185,925
	<u><u>(3,276,307)</u></u>	<u><u>(1,701,823)</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31ST DECEMBER, 2024**

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		471,138	450,927
Right-of-use assets		81,408	121,034
Intangible assets		216,839	313,829
Goodwill		29,838	29,838
Interests in associates		3,353,602	7,005,866
Interests in joint ventures		3,181	58,149
Financial assets at fair value through profit or loss ("FVTPL")		328,559	874,123
Other financial asset at amortised cost		-	29,799
Derivative financial instruments		-	30,621
		4,484,565	8,914,186
Current assets			
Inventories		145,079	490,354
Debtors, deposits and prepayments	12	1,159,976	1,046,733
Contract assets	13	4,005,624	3,646,488
Loan to an associate		-	2,331
Amounts due from associates		68,801	13,813
Amount due from a joint venture		312	647
Amounts due from other partners of joint operations		46,284	28,950
Tax recoverable		8,270	40,408
Financial assets at FVTPL		652,981	388,152
Derivative financial instruments		6,012	-
Cash held on behalf of customers		8,403	9,369
Pledged bank deposits		80,507	73,912
Time deposits with original maturity of not less than three months		1,343	35,697
Bank balances and cash		1,973,858	1,664,534
		8,157,450	7,441,388
Current liabilities			
Creditors and accrued charges	14	4,619,521	4,445,888
Contract liabilities		966,170	555,144
Amounts due to associates		25,267	24,061
Amounts due to other partners of joint operations		3,855	32,545
Amounts due to non-controlling shareholders		1,363	1,363
Lease liabilities		63,302	59,373
Tax liabilities		56,232	202,092
Bank loans		1,053,196	381,471
		6,788,906	5,701,937
Net current assets		1,368,544	1,739,451
Total assets less current liabilities		5,853,109	10,653,637

	2024 HK\$'000	2023 HK\$'000
Non-current liabilities		
Provision for rehabilitation costs	-	31,909
Deferred tax liabilities	8,665	5,750
Obligations in excess of interests in associates	14,207	14,886
Obligations in excess of interests in joint ventures	453	-
Amount due to an associate	671	1,035
Lease liabilities	20,261	70,236
Bank loans	-	977,500
Other creditors	1,345	355,116
Bonds	55,636	96,835
	<u>101,238</u>	<u>1,553,267</u>
Net assets	<u>5,751,871</u>	<u>9,100,370</u>
Capital and reserves		
Share capital	79,312	79,312
Share premium and reserves	4,564,406	8,019,007
Equity attributable to owners of the Company	4,643,718	8,098,319
Non-controlling interests	1,108,153	1,002,051
Total equity	<u>5,751,871</u>	<u>9,100,370</u>

Notes:

1. 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 1st 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

Except as described below, 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 the consolidated financial statements.

Impacts on application of Amendments to HKAS 1 “Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)” (the “2020 Amendments”) and Amendments to HKAS 1 “Non-current Liabilities with Covenants” (the “2022 Amendments”)

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.
- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity’s own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the 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 1st January, 2025.

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

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

Except as described below, the directors of the Company anticipate that the application of the 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” (“HKFRS 7”) 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 event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1st January, 2026, with early application permitted. The application of the amendments is not expected to have material 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” (“HKFRS 18”), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements” (“HKAS 1”). 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 1st 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.

2. REVENUE FROM GOODS AND SERVICES

Disaggregation of revenue from contracts with customers

Year ended 31st December, 2024

	Construction, sewage treatment and steam fuel <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Quarrying <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Type of goods and services				
Construction contracts	14,108,668	-	-	14,108,668
Sewage treatment plant operation	48,902	-	-	48,902
Steam fuel plant operation	166,324	-	-	166,324
Sale of construction materials	-	138,801	-	138,801
Sale of quarry products	-	-	17,220	17,220
Total	14,323,894	138,801	17,220	14,479,915
Geographical markets				
Hong Kong	14,108,668	138,801	17,220	14,264,689
Other regions in the People's Republic of China (the "PRC")	215,226	-	-	215,226
Total	14,323,894	138,801	17,220	14,479,915
Timing of revenue recognition				
At a point in time	-	138,801	17,220	156,021
Over time	14,323,894	-	-	14,323,894
Total	14,323,894	138,801	17,220	14,479,915

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Segment revenue <i>HK\$'000</i>	Inter-segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from contracts with customers			
Construction, sewage treatment and steam fuel	14,368,536	(44,642)	14,323,894
Construction materials	609,253	(470,452)	138,801
Quarrying	170,993	(153,773)	17,220
	15,148,782	(668,867)	14,479,915

Year ended 31st December, 2023

	Construction, sewage treatment and steam fuel <i>HK\$'000</i>	Construction materials <i>HK\$'000</i>	Quarrying <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Type of goods and services				
Construction contracts	12,246,812	-	-	12,246,812
Sewage treatment plant operation	51,333	-	-	51,333
Steam fuel plant operation	161,171	-	-	161,171
Sale of construction materials	-	195,350	-	195,350
Sale of quarry products	-	-	56,891	56,891
Total	<u>12,459,316</u>	<u>195,350</u>	<u>56,891</u>	<u>12,711,557</u>
Geographical markets				
Hong Kong	12,242,448	195,350	56,891	12,494,689
The PRC	216,868	-	-	216,868
Total	<u>12,459,316</u>	<u>195,350</u>	<u>56,891</u>	<u>12,711,557</u>
Timing of revenue recognition				
At a point in time	-	195,350	56,891	252,241
Over time	12,459,316	-	-	12,459,316
Total	<u>12,459,316</u>	<u>195,350</u>	<u>56,891</u>	<u>12,711,557</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Segment revenue <i>HK\$'000</i>	Inter-segment elimination <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from contracts with customers			
Construction, sewage treatment and steam fuel	12,507,050	(47,734)	12,459,316
Construction materials	591,223	(395,873)	195,350
Quarrying	196,583	(139,692)	56,891
	<u>13,294,856</u>	<u>(583,299)</u>	<u>12,711,557</u>

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. This is also the basis upon which the Group is organised. 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:

Construction, sewage treatment and steam fuel

- construction of civil engineering and building projects
- operation of sewage treatment plant
- operation of steam fuel plant

Construction materials

- production and sale of concrete
- production, sale and laying of asphalt

Quarrying

- production and sale of quarry products

Property development and investment, toll road, investment and asset management

- strategic investment in Road King Infrastructure Limited ("Road King"), an associate of the Group

Segment revenue and results

The following is an analysis of the segment revenue and profit (loss) for each reportable and operating segment:

Year ended 31st December, 2024

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	14,368,536	(44,642)	14,323,894	253,150
Construction materials	609,253	(470,452)	138,801	75,433
Quarrying	170,993	(153,773)	17,220	19,744
Property development and investment, toll road, investment and asset management	-	-	-	(1,835,077)
Total	<u>15,148,782</u>	<u>(668,867)</u>	<u>14,479,915</u>	<u>(1,486,750)</u>

Year ended 31st December, 2023

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	12,507,050	(47,734)	12,459,316	276,203
Construction materials	591,223	(395,873)	195,350	65,034
Quarrying	196,583	(139,692)	56,891	12,303
Property development and investment, toll road, investment and asset management	-	-	-	(1,763,718)
Total	<u>13,294,856</u>	<u>(583,299)</u>	<u>12,711,557</u>	<u>(1,410,178)</u>

Segment profit (loss) represents profit (loss) after tax and non-controlling interests for each reportable and operating segment and includes other income, other gains and losses, share of results of associates and share of results of joint ventures which are attributable to reportable and operating segments, but excluding corporate income and expenses (including staff costs, other administrative expenses and finance costs), other gains and losses, share of results of associates and share of results of joint ventures which are not attributable to any of the reportable and operating segments and are classified as unallocated items. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Reconciliation of total segment loss to loss attributable to owners of the Company

	2024 HK\$'000	2023 HK\$'000
Total segment loss	(1,486,750)	(1,410,178)
Unallocated items		
Other income	65,122	64,572
Other gains and losses	(15,680)	(102,389)
Impairment loss on interest in an associate	(1,510,000)	-
Administrative expenses	(69,051)	(66,941)
Finance costs	(70,857)	(77,050)
Share of results of associates	583	1,797
Share of results of joint ventures	1,042	93
Loss attributable to owners of the Company	<u>(3,085,591)</u>	<u>(1,590,096)</u>

4. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Other income mainly includes:		
Dividend income from financial asset at FVTPL	1,189	937
Government subsidy for projects in the PRC	1,564	228
Government subsidy for Hong Kong operations	2,012	1,043
Interest on financial asset at FVTPL	18,836	19,087
Interest on other receivables	1,447	6,731
Interest on bank deposits	27,696	30,545
Interest on loan to an associate	61	64
Interest on other financial asset at amortised cost	676	753
Interest on interest rate swap contracts	27,309	28,016
Operation fee income	39,646	52,479
Rental income from land and buildings	236	430
Rental income from plant and machinery	615	615
Service income from an associate	60	60

5. OTHER GAINS AND LOSSES

	2024 HK\$'000	2023 HK\$'000
Allowance for credit losses	(130)	(3,960)
Bad debt written off	(3,500)	-
Gain on change in fair value of bonds	14,617	20,723
Gain on disposal of a subsidiary	16,960	-
Gain on disposal of property, plant and equipment, net	4,747	8,246
Impairment loss on interest in a joint venture	(6,691)	-
Impairment loss on other debtors	(13,018)	(24,597)
Loss on change in fair value of financial assets at FVTPL, net	(26,609)	(221,958)
Net gain on lease modification	-	66
Remeasurement gain on interest in a joint operation	4,760	-
Written down to net realisable value of inventory	(37,489)	-
	<u>(46,353)</u>	<u>(221,480)</u>

6. IMPAIRMENT LOSS ON INTEREST IN AN ASSOCIATE

During the year ended 31st December, 2024, in view of operating losses incurred by Road King arising from the adverse change in market conditions, the management of the Group prepared discounted cash flow projections and engaged an independent professional valuer to conduct impairment assessment on the entire carrying amount of its interest in Road King (including goodwill) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its entire carrying amount. In determining the value in use of the investment, the Group estimated the present value of the estimated future cash flows expected to be generated by Road King. That value in use calculation uses cash flow projections based on financial budgets covering a five-year period. The key assumptions included expected changes in revenues and costs and discount rate of 9.9% (2023: 10.2%) estimated by using the weighted average cost of capital method to discount the cash flow projections.

At 31st December, 2024, based on the assessment, the entire carrying amount of the Group's interest in Road King exceeded its recoverable amount which based on its value in use. Hence, in the opinion of the directors of the Company, impairment loss of HK\$1,510,000,000 has been recognised.

7. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on bank loans	83,929	101,220
Interest on lease liabilities	3,800	4,834
Interest on other borrowings	1,143	1,092
Imputed interest on non-current amount due to an associate	741	720
	<u>89,613</u>	<u>107,866</u>

8. LOSS BEFORE TAX

Loss before tax has been arrived at after charging (crediting):

	2024 HK\$'000	2023 HK\$'000
Auditor's remuneration	4,918	4,415
Amortisation of intangible assets (note)	58,692	15,048
Depreciation of property, plant and equipment (note)	67,112	71,849
Depreciation of right-of-use assets	56,675	59,790
Exchange loss, net	19,597	20,052
Share of income tax (credit) expense of associates (included in share of results of associates)	(14,365)	76,274
Staff costs	<u>1,924,704</u>	<u>1,802,243</u>

Note: Included in amortisation of intangible assets and depreciation of property, plant and equipment, nil (2023: HK\$1,223,000) and HK\$36,000 (2023: HK\$41,000) were capitalised in inventories respectively.

9. INCOME TAX EXPENSE

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

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2024 (2023: nil).

11. LOSS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	<u>(3,085,591)</u>	<u>(1,590,096)</u>
	2024	2023
Number of ordinary shares for the purpose of basic loss per share	<u>793,124,034</u>	<u>793,124,034</u>

The Company has no potential ordinary shares in issue during both years. Accordingly, no diluted loss per share information is presented.

12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2024 HK\$'000	2023 HK\$'000
Trade debtors – contracts with customers	688,228	655,474
Less: Allowance for credit losses	(4,090)	(3,960)
	<u>684,138</u>	<u>651,514</u>
Bills receivables	3,254	3,735
Other debtors	205,842	255,034
Consideration receivable from disposal of a subsidiary	132,449	-
Deposits	123,266	123,627
Prepayments	11,027	12,823
	<u><u>1,159,976</u></u>	<u><u>1,046,733</u></u>

At 1st January, 2023, trade receivables (net of allowance for credit losses) from contracts with customers amounted to HK\$456,134,000.

At 31st December, 2024, the Group's trade debtors included an amount of HK\$645,000 due from a related company which is an associate of a substantial shareholder of the Company.

The Group allows an average credit period of 60 days to its trade customers. The following is an aged analysis of trade debtors (net of allowance for credit losses) presented based on the invoice date:

	2024 HK\$'000	2023 HK\$'000
Trade debtors		
0 to 60 days	612,491	616,889
61 to 90 days	2,544	1,905
Over 90 days	69,103	32,720
	<u><u>684,138</u></u>	<u><u>651,514</u></u>

Bills receivables of the Group normally mature within 90 days from the bills receipt date.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limit by customer. Limits and scores attributed to customers are reviewed periodically.

13. CONTRACT ASSETS

	2024 HK\$'000	2023 HK\$'000
Analysed as current:		
Unbilled revenue of construction contracts	3,146,849	2,918,783
Retention receivables of construction contracts	858,775	727,705
	<u>4,005,624</u>	<u>3,646,488</u>
Retention receivables of construction contracts		
Due within one year	325,047	310,406
Due after one year	533,728	417,299
	<u>858,775</u>	<u>727,705</u>

At 1st January, 2023, contract assets amounted to HK\$2,949,620,000.

At 31st December, 2024, the Group's unbilled revenue of construction contracts included an amount of HK\$43,742,000 (2023: HK\$24,648,000) receivable from related companies which are subsidiaries of a substantial shareholder of the Company.

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

14. CREDITORS AND ACCRUED CHARGES

	2024 HK\$'000	2023 HK\$'000
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	672,100	363,964
61 to 90 days	91,325	62,782
Over 90 days	21,434	14,639
	784,859	441,385
Retention payables	1,247,804	972,682
Accrued project costs	2,326,826	2,737,107
Other creditors and accrued charges	260,032	294,714
	4,619,521	4,445,888
Retention payables		
Due within one year	603,813	342,930
Due after one year	643,991	629,752
	1,247,804	972,682

At 31st December, 2024, the Group's trade creditors included HK\$2,148,000 (2023: HK\$376,000) due to a related company which is an associate of a substantial shareholder of the Company.

The Group has financial risk management policies in place to ensure that all payables are within the credit time frame. For retention payables in respect of construction contracts, the due dates are usually one year after the completion of the construction works and are expected to be settled within the Group's normal operating cycle.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2024 (2023: nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Wednesday, 21st May, 2025, the register of members of the Company will be closed from Friday, 16th May, 2025 to Wednesday, 21st 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, 15th May, 2025.

BUSINESS REVIEW

For the year ended 31st December, 2024, the Group recorded revenue of HK\$14,480 million (2023: HK\$12,712 million) and an audited consolidated loss attributable to owners of the Company of HK\$3,086 million (2023: HK\$1,590 million).

Property Development and Investment, Toll Road, Investment and Asset Management

For the year ended 31st December, 2024, the Group shared a loss of HK\$1,835 million (2023: HK\$1,764 million) from Road King, an associate of the Group. As of the date of this announcement, the Group holds 44.52% interest in Road King (excluding 3,000,000 ordinary shares in Road King (“Road King Shares”), representing 0.40% interest in Road King, held by Build King Holdings Limited (“Build King”) which is classified under financial assets at fair value through profit or loss).

During the year ended 31st December, 2024, the management of the Group engaged an independent professional valuer to conduct impairment assessment on the entire carrying amount of its interest in Road King by comparing with its recoverable amount. At 31st December, 2024, based on the assessment, the entire carrying amount of the Group’s interest in Road King exceeded its recoverable amount. Hence, in the opinion of the directors of the Company, impairment loss of HK\$1,510 million has been recognised.

The Group and Road King had entered into a participation agreement in November 2021 pursuant to which Road King granted participation rights to the Group which allow the Group to enjoy a pro rata portion of 32.5% of the economic interest attributable to Road King’s 70% interest (or 22.75% attributable interest) in a property development project with the parcel of land located in Guangzhou, the PRC. On 10th December, 2024, the Group gave notice to Road King to surrender the participation rights. The surrender price of HK\$104 million was included in other debtors at 31st December, 2024 and has been fully settled in January 2025. For the year ended 31st December, 2024, the Group recorded loss on change in fair value on the participation rights of HK\$20 million (2023: HK\$43 million) and exchange loss on the participation rights of HK\$2 million (2023: HK\$5 million).

For the year ended 31st December, 2024, Road King recorded an audited loss attributable to its owners of HK\$4,122 million (2023: HK\$3,962 million).

Road King achieved property sales of RMB9,279 million in Mainland China in 2024. The property sales comprised contracted sales of RMB8,702 million and outstanding subscribed sales of RMB577 million. The Yangtze River Delta Region and Bohai Rim Region are the major sales regions.

In order to reserve funds for loan repayment and to support daily operations, Road King suspended participation in land auctions and therefore did not acquire any new projects or land parcels during the year. As of 31st December, 2024, Road King had a total land reserve of approximately 2,590,000 sqm, of which approximately 430,000 sqm were pre-sold but yet to be delivered.

In the first quarter of 2024, Hong Kong’s property market experienced a brief “mini-boom” driven by the Government’s full-scale removal of all property cooling measures. The three projects of Road King in Hong Kong achieved sales of HK\$3,415 million for the year.

Toll revenue of Road King’s expressway projects in Indonesia increased by 6% to HK\$1,765 million in 2024 as compared to last year, while average daily traffic decreased by 3% to 86,800 vehicles. The increase in toll revenue was mainly due to all expressway projects in Indonesia successfully obtaining toll rate increases in the second half of 2023, of which the Solo Ngawi Expressway and Semarang Batang Expressway projects obtained the approval of special toll rate adjustments of approximately 25% and 29% respectively. However, high international energy prices and the reduction in fuel subsidies announced by the Indonesian Government in October 2024 reduced vehicle travel willingness, resulting in a slight drop in traffic volume.

On 22nd April, 2024, Road King completed the disposal of its entire equity interest in toll road business in Mainland China, resulting in a significant drop in revenue contribution from the toll road business in Mainland China as compared to the same period of last year. For the period ended 22nd April, 2024, the average daily traffic volume and toll revenue of Road King's expressway projects in Mainland China were 206,600 vehicles and HK\$675 million respectively (2023: annual average daily traffic volume and toll revenue of 272,400 vehicles and HK\$2,742 million respectively). However, Road King recognised a net gain on disposal after tax of HK\$1,490 million (approximately HK\$1,118 million attributable to owners of Road King) during the year as a result of the disposal transaction, which had a positive impact on Road King's profit and cash flow in 2024.

In 2024, the property development projects of investment and asset management segment of Road King (including joint venture and associate projects) achieved property sales of approximately RMB231 million. After restructuring and rectification, the business scale of the remaining original segment businesses, which mainly comprised property fund investment as well as cultural and tourist businesses, has been significantly reduced, with non-core businesses closed and non-core assets sold. Going forward, Road King will continue to review the operation of its remaining businesses and take appropriate action in due course.

Given the unpredictability of the market both in Mainland China and Hong Kong and the lack of fundamental improvements in market recovery, it is expected that a full market recovery will still take some time, and Road King remains cautious in 2025. Road King will be more cautious in its investment decisions and funding arrangements, as well as the long-term outlook of property business development in Mainland China.

Moving forward, Road King will continue its pragmatic approach and strive to ensure property delivery and strictly control its cash flow, while continuing to look for opportunities to optimize its toll road business and expand its real estate-related businesses, including commercial and property management businesses.

Construction, Sewage Treatment and Steam Fuel

For the year ended 31st December, 2024, the Group shared a profit of HK\$253 million (2023: HK\$276 million) from Build King. As of the date of this announcement, the Group holds 58.33% interest in Build King.

For the year ended 31st December, 2024, Build King recorded revenue of HK\$14,369 million (2023: HK\$12,507 million) and an audited profit attributable to its owners of HK\$434 million (2023: HK\$474 million), a decrease of 8.4% as compared with that of 2023.

In Hong Kong, Build King provides a full spectrum of construction services from building construction and civil engineering to foundation, electrical and mechanical, interior refurbishments and fitting out works. As of the date of this announcement, Build King had total contracts on hands of HK\$31.6 billion, which significantly secures its revenue for the next two years.

In Mainland China, Build King 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 its environmental projects in Mainland China was HK\$215 million for the year ended 31st 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 Build King's 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 18th November, 2024, Build King entered into an agreement with the purchaser, an independent third party, whereby Build King 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 31st December, 2024, Build King continues to hold 20% interest in the sewage treatment plant.

During the year, the status of Build King’s major investments is as follows:

- (i) As disclosed in the joint announcements of the Company and Build King dated 30th April, 2024 and 6th December, 2024 respectively, Build King unwound the sale and purchase agreements dated 28th 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, which was intended to be rezoned for development under the Land Sharing Pilot Scheme (the “Unwinding”).

The Unwinding was completed on 6th December, 2024 according to the Amended Agreements and the vendors returned the part payments of HK\$31 million to Build King. A loss of HK\$37 million arising from the Unwinding was provided for the year ended 31st December, 2024.

- (ii) Build King 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 PRC. This project is to be redeveloped for residential and commercial use (the “Shenzhen Project”). As of the date of this announcement, 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. At 31st December, 2024, the remaining 80% interest of the Shenzhen Project was held by Road King.

As provided under an investment agreement dated 6th October, 2022 (the “Investment Agreement”), Build King had a redemption right to require the associate to repay the shareholder loan due by the associate to Build King on 28th February, 2025. On 24th January, 2025, Build King gave notice to exercise the loan redemption right in respect of HK\$400 million and transfer 10% equity interest in the Shenzhen Project to an 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.

Construction Materials

For the year ended 31st December, 2024, the construction materials division recorded revenue of HK\$609 million (2023: HK\$591 million) and a net profit of HK\$75 million (2023: HK\$65 million).

The moderate increase in profit of the division in 2024 was primarily driven by higher sales volumes and improved profit margins compared with those in 2023. The division benefited from sustained demand for concrete, largely contributed by our construction flagship’s robust activity in 2024. The synergies between this division and the construction division are expected to persist into 2025, ensuring continued stability. A steady influx of orders helped offsetting fluctuations in sales turnover, contributing to overall profitability stabilization.

The asphalt business, however, recorded minimal profit in 2024 and continues to face significant challenges, including intense competition from rivals adopting aggressive pricing strategies. Given the lack of improvement in market conditions, management is considering the forward strategy in asphalt operations to optimize resource allocation.

Barring unforeseeable circumstances, the performance of the division in 2025 is expected to remain stable and consistent with that of 2024.

Management remains committed to prudent cost control and delivering high-quality services to enhance competitiveness.

Quarrying

For the year ended 31st December, 2024, the quarrying division recorded revenue of HK\$171 million (2023: HK\$197 million) and a net profit of HK\$20 million (2023: HK\$12 million).

Despite the drop in sales volume of aggregates in 2024, the notable increase in the volume of rock with lower purchase costs imported to the Lam Tei Quarry, coupled with a slight reduction in aggregates production costs, contributed to the profit margins and improved the performance of the quarrying division in 2024.

With almost all of the Lam Tei Quarry's rock reserve nearly excavated, the division's aggregates production relies heavily on imported rock. Both the volume and purchase costs of imported rock are critical factors affecting the division's overall performance. As a result, the performance of the division is closely linked to the availability and purchase costs of imported rock.

Fund Management Service and Securities Brokerage

WK Fund Management Limited, which secured Type 4 (Advising on Securities) and Type 9 (Asset Management) registrations, and WK Securities Limited, which secured Type 1 (Dealing in Securities) and Type 4 (Advising on Securities) registrations, are two wholly-owned subsidiaries of the Group carrying out the fund management service and securities brokerage businesses respectively.

The division recorded a loss of HK\$4 million (2023: HK\$5 million) for the year ended 31st December, 2024.

Investment in equity securities and debt securities

The Group holds certain listed equity securities in Hong Kong and quoted equity securities in the USA. At 31st December, 2024, the fair value of these securities was HK\$22 million (2023: HK\$20 million), of which (including 3,000,000 Road King Shares) HK\$5 million (2023: HK\$7 million) was invested by Build King.

The Group also invested in quoted debt securities which are bonds and interest linked notes. At 31st December, 2024, the fair value of the Group's portfolio of quoted debt securities was HK\$185 million (2023: HK\$331 million), of which HK\$9 million (2023: HK\$10 million) was invested by Build King.

Build King invested in an unlisted equity investment fund issued by a private entity incorporated in Hong Kong and an unlisted convertible bond in the USA. At 31st December, 2024, the fair values of the unlisted equity investment fund and the unlisted convertible bond were HK\$45 million (2023: HK\$29 million) and nil (2023: HK\$8 million) respectively.

For the year ended 31st December, 2024, the net gain of the above investments, being the net amount of change in fair value of the investments, dividend income and interest income, was HK\$21 million (2023: net loss of HK\$94 million), of which the net gain of HK\$12 million (2023: net loss of HK\$54 million) was from the investments by Build King.

FINANCIAL REVIEW

Liquidity and Financial Resources

During the year, total borrowings decreased from HK\$1,478 million to HK\$1,132 million, which included bonds with carrying amounts of HK\$56 million (2023: HK\$97 million) carrying no interest, with the maturity profile summarised as follows:

	31st December, 2024 HK\$'million	31st December, 2023 HK\$'million
Within one year	1,050	381
In the second year	57	1,000
In the third to fifth year inclusive	25	97
	<u>1,132</u>	<u>1,478</u>
Classified under:		
Current liabilities (<i>note</i>)	1,076	381
Non-current liabilities	56	1,097
	<u>1,132</u>	<u>1,478</u>

Note: At 31st December, 2024, bank loans that are repayable over one year after the end of the reporting period but contain a repayment on demand clause with an aggregate carrying amount of HK\$26 million (2023: nil) have been classified as current liabilities.

At 31st December, 2024, the Group had certain interest rate swap contracts, with an aggregate notional amount of HK\$680 million (2023: HK\$760 million) and maturity date of 25th March, 2025, designated as effective hedging instruments in order to minimise its exposures to forecast cash flow interest rate risk on certain bank loans. At 31st December, 2024, the fair value of the interest rate swaps under derivative financial assets is HK\$6 million (2023: HK\$31 million). For the year ended 31st December, 2024, the Group recorded interest income on interest rate swap contracts of HK\$27 million (2023: HK\$28 million).

At 31st December, 2024, bank loans of HK\$27 million (2023: HK\$41 million) carried interest at fixed rate.

At 31st December, 2024, total amount of the Group's time deposits, bank balances and cash was HK\$2,056 million (2023: HK\$1,774 million), of which bank deposits amounting to HK\$81 million (2023: HK\$74 million) were pledged to banks to secure certain banking facilities granted to the Group. In addition, the Group has available unutilised banking facilities of HK\$1,573 million (2023: HK\$1,436 million).

For the year ended 31st December, 2024, the Group recorded finance costs of HK\$90 million (2023: HK\$108 million).

The Group's borrowings, investments, time deposits and bank balances are principally denominated in Hong Kong dollar, Renminbi and United States dollar. As a result, the Group is exposed to the currency risks for fluctuation in exchange rates of Renminbi and United States dollar. For the year ended 31st December, 2024, the Group recorded net exchange loss of HK\$20 million (2023: HK\$20 million). The Group will continue to monitor its exposure to the currency risks closely.

Capital Structure and Gearing Ratio

At 31st December, 2024, the equity attributable to owners of the Company amounted to HK\$4,644 million, representing HK\$5.85 per share (2023: HK\$8,098 million, representing HK\$10.21 per share).

At 31st December, 2024, the gearing ratio, representing the ratio of total borrowings to equity attributable to owners of the Company, was 24.4% (2023: 18.3%) and the net gearing ratio, representing the ratio of net borrowings (total borrowings less time deposits, bank balances and cash) to equity attributable to owners of the Company, was -19.9% (2023: -3.6%) as a result of total amount of time deposits, bank balances and cash exceeding total borrowings amount.

Pledge of Assets

At 31st December, 2024, certain bank deposits were pledged to secure certain banking facilities granted to the Group.

At 31st December, 2023, apart from the bank deposits pledged to secure certain banking facilities granted to the Group, a share of a subsidiary of the Company and the quoted debt securities with an aggregate carrying amount of HK\$309 million were also pledged to secure certain banking facilities granted to the Group.

Capital Commitments and Contingent Liabilities

At 31st December, 2024, the Group committed capital expenditure contracted for but not provided in the Group's consolidated financial statements of HK\$17 million (2023: HK\$32 million) in respect of acquisition of property, plant and equipment. At 31st December, 2024 and 2023, the Group had no contingent liabilities.

EMPLOYEES AND REMUNERATION POLICIES

At 31st December, 2024, the Group had 3,922 employees (2023: 3,736 employees), of which 3,588 (2023: 3,426) were located in Hong Kong, 325 (2023: 303) were located in the PRC and 9 (2023: 7) were located in Philippines. For the year ended 31st December, 2024, the Group's total staff costs were HK\$1,925 million (2023: HK\$1,802 million).

Competitive remuneration packages 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.

The emoluments of executive directors and senior management are determined by the Remuneration Committee of the Company with reference to salaries paid by comparable companies, their responsibilities, employment conditions and prevailing market conditions.

FUTURE OUTLOOK

The construction division's existing contracts on hand will sustain its turnover for slightly over two years. However, the economy slows down, the business environment is becoming increasingly competitive and challenging, particularly with the private sector significantly reducing spending. This places considerable pressure on tender prices and profit margins, making the road ahead particularly tough for all contractors, including the division.

For the construction materials division, steady orders from our construction division are expected to sustain positive performance in 2025. However, the performance of the quarrying division will heavily depend on the volume of rock and the purchase price imported to the Lam Tei Quarry.

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 during the year ended 31st December, 2024.

CORPORATE GOVERNANCE CODE

The Company has complied with the code provisions of Part 2 of the Corporate Governance Code set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31st December, 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 Group's consolidated financial statements for the year ended 31st December, 2024, the general scope of audit work conducted by the external auditor and assessment of the Group's internal controls.

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, 21st May, 2025 at 3:30 p.m. and the Notice of the Annual General Meeting will be published and despatched to the shareholders 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.waikee.com) 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 in due course.

APPRECIATION

The Board would like to take this opportunity to extend its heartiest thanks to our shareholders, business partners, directors and our loyal and dedicated staff.

By Order of the Board
Wai Kee Holdings Limited
William Zen Wei Pao
Chairman

Hong Kong, 21st March, 2025

At the date of this announcement, the Board comprises three executive directors, namely Mr. William Zen Wei Pao, Mr. Derek Zen Wei Peu and Miss Anriena Chiu Wai Yee, and four independent non-executive directors, namely Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau, Mr. Francis Wong Man Chung and Ms. Tsang Wing Yee.