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WK Group (Holdings) Limited

泓基集團(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2535)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately HK\$28.2 million or 7.6%, from approximately HK\$370.2 million for the year ended 31 December 2023 to approximately HK\$398.5 million for the year ended 31 December 2024.
- The Group recorded a gross profit of approximately HK\$71.4 million for the year ended 31 December 2024 (2023: approximately HK\$71.1 million).
- The Group recorded a profit attributable to owners of the Company of approximately HK\$31.5 million for the year ended 31 December 2024 (2023: approximately HK\$25.2 million).
- Basic earnings per share was approximately HK1.7 cents for the year ended 31 December 2024 (2023: approximately HK1.7 cents).
- The Board resolved not to recommend the payment of a final dividend for the year ended 31 December 2024.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of WK Group (Holdings) Limited (the “**Company**”) is pleased to present the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024, together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Revenue	3	398,463	370,226
Cost of services		<u>(327,071)</u>	<u>(299,128)</u>
Gross profit		71,392	71,098
Other income	4	17	181
Other loss, net	4	(353)	(484)
Administrative expenses	5	(26,533)	(19,128)
Listing expenses		(4,838)	(15,982)
Impairment losses on financial assets and contract assets		<u>(64)</u>	<u>(1,577)</u>
Operating profit		<u>39,621</u>	<u>34,108</u>
Finance income	6	603	207
Finance costs	6	<u>(579)</u>	<u>(662)</u>
Finance income/(costs), net		<u>24</u>	<u>(455)</u>
Profit before income tax expense		39,645	33,653
Income tax expense	7	<u>(8,145)</u>	<u>(8,448)</u>
Profit for the year attributable to owners of the Company		<u>31,500</u>	<u>25,205</u>
Earnings per share attributable to owners of the Company			
Basic and diluted (expressed in HK cents per share)	8	<u>HK1.7cents</u>	<u>HK1.7cents</u>
Profit for the year		31,500	25,205
Other comprehensive income:			
Item that may be reclassified to profit or loss:			
Currency translation differences		<u>412</u>	<u>440</u>
Total comprehensive income for the year attributable to owners of the Company		<u>31,912</u>	<u>25,645</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		21,200	6,482
Right-of-use assets		8,179	5,484
Deferred income tax assets		849	773
Investments in life insurance contracts		6,083	5,901
Deposits		675	–
		<u>36,986</u>	<u>18,640</u>
Current assets			
Trade receivables	10	63,874	43,199
Contract assets	11	95,444	161,569
Other receivables, deposits and prepayments		6,809	12,620
Amounts due from directors		–	759
Amount due from a related company		–	11,627
Income tax recoverables		688	–
Financial asset at fair value through profit or loss		4,465	–
Bank deposit with maturity over 3 months		5,076	–
Cash and cash equivalents		99,963	8,650
		<u>276,319</u>	<u>238,424</u>
Total assets		<u>313,305</u>	<u>257,064</u>
Equity			
Equity attributable to owners of the Company			
Share capital		20,000	–*
Capital reserve		1,700	1,700
Share premium		91,823	–
Reserves		(25)	(437)
Retained earnings		139,884	134,970
		<u>253,382</u>	<u>136,233</u>
Total equity		<u>253,382</u>	<u>136,233</u>

* The amount is below HK\$1,000.

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		<u>2,483</u>	<u>110</u>
Current liabilities			
Trade and retention payables	<i>12</i>	32,969	83,624
Accruals and other payables		11,769	17,516
Contract liabilities	<i>11</i>	1,958	3,196
Lease liabilities		4,404	2,896
Bank borrowings		5,865	9,886
Current income tax liabilities		<u>475</u>	<u>3,603</u>
		<u>57,440</u>	<u>120,721</u>
Total liabilities		<u>59,923</u>	<u>120,831</u>
Total equity and liabilities		<u>313,305</u>	<u>257,064</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

WK Group (Holdings) Limited (the “**Company**”) was incorporated in the Cayman Islands on 28 June 2023 as an exempted company with limited liability under Companies Act (as revised) of the Cayman Islands. The address of the Company’s registered office is Suite 102, Cannon Place, P.O. Box 712, North Sound Rd., George Town, Grand Cayman KY1-9006, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are engaged in the provision of services for structural steelwork in Hong Kong. The ultimate holding company of the Company is WK (BVI) Limited (“**WK (BVI)**”), a limited liability company incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling shareholders of the Group are Mr. Chan Kam Kei, Mr. Chan Kam Kong, Mr. Chan Wing Hong, Ms. Choi Chick Cheong and Ms. Chan Suk Man (together the “**Controlling Shareholders**”).

On 8 March 2024, the shares of the Company (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Listing**”) by way of share offer (the “**Share Offer**”).

2. BASIS OF PREPARATION

The consolidated financial information of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Companies Ordinance (Cap. 622 of the laws of Hong Kong). The consolidated financial information has been prepared under the historical cost convention, except for the investments in life insurance contracts, which have been measured at cash surrender value, and financial asset at fair value through profit or loss which has been measured at fair value.

The preparation of the consolidated financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

The consolidated financial information is presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand (“**HK\$’000**”) except when otherwise indicated.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The Group has applied the new and amended standards effective for the financial year beginning on 1 January 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 7 and HKAS 7	Supplier Finance Arrangements

The amendments to standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The following amendments to standards, and interpretation that have been issued, but are not yet effective for the year ended 31 December 2024 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (new standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (new standard)	1 January 2027
HK Int 5	Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these amended standards and interpretation. According to the preliminary assessment made by the directors of the Company now comprising the Group, no significant impact on the financial performance and positions of the Group is expected when they become effective.

3. REVENUE AND SEGMENT INFORMATION

The executive directors are identified as the chief operating decision makers (“CODM”) of the Group who review the Group’s internal reporting in order to assess performance and allocate resources.

The Group’s revenue is derived from provision of structural steelwork in Hong Kong and accordingly, there is only one single operating segment for the Group under HKFRS 8.

Revenue

	2024	2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
Structural steelwork	<u>398,463</u>	<u>370,226</u>

All of the Group’s revenue is recognised over time.

Revenue from major customers

Revenue individually generated from the following customers contributed more than 10% of the total revenue of the Group:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer 1	220,721	76,487
Customer 2	53,221	N/A*
Customer 3	N/A*	113,294
Customer 4	N/A*	55,205
Customer 5	N/A*	42,857
	<u>220,721</u>	<u>187,743</u>

* Represent less than 10% of revenue for the respective year.

All of the Group's revenue are generated in Hong Kong.

4. OTHER INCOME AND OTHER LOSS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other income		
Government grants	17	181
	<u>17</u>	<u>181</u>
Other loss, net		
Change in value of life insurance contracts	182	(405)
Change in value of financial asset at fair value through profit on loss	(535)	–
Loss on disposal of plant and equipment	–	(79)
	<u>(353)</u>	<u>(484)</u>

5. EXPENSES BY NATURE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Employee benefit expenses (including directors' remuneration)		
– Directors' fees	369	–
– Salaries, wages, bonuses and other welfare and allowances	38,117	39,267
– Pension costs – defined contribution plan	1,747	1,476
	<u>40,233</u>	<u>40,743</u>
Auditor's remuneration – audit services	1,800	1,000
Depreciation of plant and equipment	2,586	1,849
Depreciation of right-of-use assets	5,282	3,956
	<u>9,668</u>	<u>6,805</u>

6. FINANCE INCOME/(COSTS), NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Finance income:		
– Interest income from bank deposits	603	181
– Unwinding of discount impact	–	26
	<u>603</u>	<u>207</u>
Finance costs:		
– Interest expense on bank borrowings	(386)	(446)
– Interest expense on lease liabilities	(193)	(216)
	<u>(579)</u>	<u>(662)</u>
Finance income/(costs), net	<u>24</u>	<u>(455)</u>

7. INCOME TAX EXPENSE

	2024 <i>HK\$</i>	2023 <i>HK\$</i>
Current income tax	8,221	8,688
Deferred income tax	(76)	(240)
	<u>8,145</u>	<u>8,448</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and WK Development Group Limited are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Wing Kei Structural Metalworks Company Limited and Wing Kei Management Company Limited are subject to Hong Kong profits tax. Hong Kong profits tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits during the year, except for one entity of the Group that is qualified under the two-tiered profits tax rate regime, under which the first HK\$2.0 million of its assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5% (2023: same).

Provision for Mainland China corporate income tax is calculated at the statutory rate of 25% (2023: 25%) on the assessable income of Dongguan Yongji Metal Component Manufacturing Co., Ltd during the year.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

The Company has 1 share in issue as at incorporation date. The weighted average number of ordinary shares in issue for the years ended 31 December 2023 and 2024 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of the 1,499,999,999 shares issued under the capitalisation issue on 8 March 2024.

On the same date, 500,000,000 shares were issued by way of Share Offer upon the Company's Listing. Hence, further 408,219,000 shares, being the effect of the Share Offer calculated using a time-weighting factor, has been included in such weighted average numbers of ordinary shares in issue for the year ended 31 December 2024.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company (<i>HK\$'000</i>)	<u>31,500</u>	<u>25,205</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>1,908,219</u>	<u>1,500,000</u>
Basic earnings per share (<i>in HK cents</i>)	<u>1.7</u>	<u>1.7</u>

Diluted earnings per share for the year ended 31 December 2024 were the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the year (2023: same).

9. DIVIDEND

In January 2024, prior to the capitalisation issue on 8 March 2024 and the Listing, the Company declared an interim dividend of approximately HK\$26,586,000, of which approximately HK\$10,000,000 was settled by cash and approximately HK\$16,586,000 was offset against the aggregate amounts due from the Directors and the related company.

During the year ended 31 December 2023 and prior to the reorganisation (as defined in the prospectus of the Company dated 29 February 2024), dividends of HK\$20,000,000 were declared and settled by a subsidiary of the Company to its then shareholders.

No other dividend has been paid or declared by the Company for the year ended 31 December 2024 (2023: nil).

10. TRADE RECEIVABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	67,870	46,063
Less: provision for impairment	<u>(3,996)</u>	<u>(2,864)</u>
Trade receivables, net	<u>63,874</u>	<u>43,199</u>

The ageing analysis of the trade receivables based on invoice date is as follows:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	64,042	43,077
91-180 days	–	376
Over 180 days	<u>3,828</u>	<u>2,610</u>
	<u>67,870</u>	<u>46,063</u>

The credit terms provided to customers mainly range from 30 to 60 days. The Group's trade receivables are denominated in HK\$.

The carrying amounts of trade receivables approximate their fair values.

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

Included in contract assets/(liabilities) are the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Contract assets		
Unbilled revenue	20,789	96,060
Retention receivables for structural steelwork	<u>77,746</u>	<u>69,668</u>
Total contract assets	98,535	165,728
Less: provision for impairment	<u>(3,091)</u>	<u>(4,159)</u>
Contract assets, net	<u><u>95,444</u></u>	<u><u>161,569</u></u>
Contract liabilities	<u><u>(1,958)</u></u>	<u><u>(3,196)</u></u>

12. TRADE AND RETENTION PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	31,431	77,770
Retention payables	<u>1,538</u>	<u>5,854</u>
	<u><u>32,969</u></u>	<u><u>83,624</u></u>

The trade and retention payables are mainly denominated in HK\$ and the carrying amounts approximate to their fair values.

The ageing analysis of the trade payables based on invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 30 days	16,639	23,730
31 – 60 days	3,683	28,475
61 – 90 days	5,123	1,939
More than 90 days	<u>5,986</u>	<u>23,626</u>
	<u><u>31,431</u></u>	<u><u>77,770</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 8 March 2024 (the “**Listing Date**”) by way of share offer (the “**Share Offer**”) (the “**Listing**”). The Group is a structural steelwork contractor in Hong Kong, specialising in the supply, fabrication and installation of structural steel for construction projects in Hong Kong.

In recent years, the instability of the Hong Kong real estate market has exerted immense pressure on the construction industry. Despite this, the Group showcased stable business performance under a volatile environment during the year ended 31 December 2024. The Board reviewed the key factors contributing to the Group’s stable performance which are as follows: (i) the Group demonstrated the ability to swiftly adapt to shifting market conditions. By closely monitoring economic trends, government policies and construction demand, the Group was able to align its business strategy to seize emerging opportunities. For example, focusing on infrastructure projects, often supported by government funding during economic instabilities, helped maintain a stable project pipeline. The Group’s emphasis on projects backed by large conglomerates reduced the risk of bad debts. Involvement in large-scale infrastructure endeavours, such as bridges and transportation hubs, ensured a consistent revenue stream, given their resilience to economic fluctuations; (ii) the Group’s capacity to sustain strong customer relationships has been pivotal to its business resilience. Consistently delivering high-quality steelwork solutions on schedule and within budget earned the trust of customers. Repeat business from satisfied customers provided a dependable revenue source even in uncertain times; (iii) recognising that a solid working environment is fundamental to success, the Group continued to invest in the factory and machinery despite economic challenges. These capital investments enhanced productivity and efficiency; and (iv) sound financial management is crucial in navigating economic uncertainty. By maintaining a healthy financial position and managing cash flow diligently, the Group ensured the financial stability necessary to withstand economic downturns.

The revenue of the Group increased by approximately HK\$28.2 million or 7.6% from approximately HK\$370.2 million for the year ended 31 December 2023 to approximately HK\$398.5 million for the year ended 31 December 2024, which was mainly attributable to a higher amount of works of performed for some sizable projects, such as (i) a private commercial development located at Causeway Bay; (ii) a private commercial development located at Central; (iii) an infrastructure and public facilities development located at Tung Chung; and (iv) an infrastructure and public facilities development located at Kai Tak.

As at 31 December 2024, the Group had 22 projects (31 December 2023: 19 projects) on hand with backlog value of approximately HK\$322.1 million (31 December 2023: approximately HK\$550.5 million).

PROSPECTS

Under the current economic environment, the uncertainties in the real estate sector have significantly impacted the construction industry in Hong Kong, leading to a decline in demand and a reduction in the number of new projects. Factors such as decreasing property prices, relatively high interest rates, tighter financing conditions, and cautious investor sentiment have led to a slowdown in real estate development. As a result, construction companies face increasing competition for a shrinking pool of available projects, putting pressure on profit margins and overall business sustainability. In response to these challenges, the Group has highly focused on the collectability of trade receivables and number of contracts in tendering which may result in the acquisition of a greater number of contracts, even at lower gross profit margins. This strategic approach ensures a steady and continuous revenue and cash flow streams, optimises workforce utilisation, and strengthens the Group's overall market presence.

To navigate the market fluctuations effectively, the Group remains proactive in adapting to shifting industry dynamics. By carefully balancing competitive pricing strategies with rigorous cost control measures, the Group aims to maximise business opportunities while safeguarding its financial stability and long-term viability. All in all, the Directors remain cautiously optimistic about the structural steelwork industry in Hong Kong.

FINANCIAL REVIEW

Revenue

Revenue increased by approximately HK\$28.2 million or 7.6% from approximately HK\$370.2 million for the year ended 31 December 2023 to approximately HK\$398.5 million for the year ended 31 December 2024, which was mainly attributable to a higher amount of works performed for some sizeable projects for the year ended 31 December 2024, such as (i) a private commercial development located at Causeway Bay; (ii) a private commercial development located at Central; (iii) an infrastructure and public facilities development located at Tung Chung; and (iv) an infrastructure and public facilities development located at Kai Tak.

Cost of Services

Cost of services mainly comprised cost of materials, subcontracting fees, direct labour costs, transportation and machinery service fees.

The cost of services increased by approximately HK\$27.9 million or 9.3%, from approximately HK\$299.1 million for the year ended 31 December 2023 to approximately HK\$327.1 million for the year ended 31 December 2024. The increase was primarily driven by the increase in the amount of works performed, which was in line with the increase in revenue.

Gross profit and gross profit margin

Gross profit remained stable at approximately HK\$71.4 million for the year ended 31 December 2024 and approximately HK\$71.1 million for the year ended 31 December 2023. Gross profit margin decreased slightly from approximately 19.2% for the year ended 31 December 2023 to approximately 17.9% for the year ended 31 December 2024 mainly because the Group adopted lower gross profit margins for new projects in order to secure the tender under the increasing competition in the market.

Other income and other loss, net

For the year ended 31 December 2024, the other income and other net loss included the decrease in value of financial asset at fair value through profit or loss of approximately HK\$0.5 million, partially offsetting by the increase in value of life insurance contracts of approximately HK\$0.2 million.

For the year ended 31 December 2023, the other income and other loss included the decrease in value of life insurance contracts of approximately HK\$0.4 million and loss on disposal of plant and equipment of approximately HK\$79,000.

Administrative expenses

Administrative expenses mainly comprised staff costs, motor vehicles expenses, depreciation and exchange differences.

Administrative expenses increased by approximately HK\$7.4 million or 38.7% from approximately HK\$19.1 million for the year ended 31 December 2023 to approximately HK\$26.5 million of the year ended 31 December 2024, which was mainly attributable to (i) the increase in finance and administration staff cost; (ii) the increase in legal and professional fee incurred after the Listing; and (iii) the increase in entertainment expenses.

Impairment losses on financial assets and contract assets

The Group recorded impairment losses on financial assets and contract assets of approximately HK\$64,000 for the year ended 31 December 2024 and approximately HK\$1.6 million for the year ended 31 December 2023. The amount was calculated based on the default rates and repayment and default histories of the customers of the Group.

Profit for the year

As a result of the foregoing and the Listing expenses of approximately HK\$4.8 million incurred during the year ended 31 December 2024 (as compared to approximately HK\$16.0 million for the year ended 31 December 2023), the profit for the year increased by approximately HK\$6.3 million or 25.0%, from approximately HK\$25.2 million for the year ended 31 December 2023 to approximately HK\$31.5 million for the year ended 31 December 2024, and the net profit margin increased from approximately 6.8% for the year ended 31 December 2023 to approximately 7.9% for the the year ended 31 December 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group needs to maintain a solid liquidity for working capital to support the Group's business operations. The principal sources of liquidity are equity capital, cash generated from operations and bank borrowings. As at 31 December 2024, the Group maintained a healthy liquidity position with net current assets balance of approximately HK\$218.9 million (2023: approximately HK\$117.7 million), bank deposit with maturity over 3 months of approximately HK\$5.1 million (2023:nil) and cash and cash equivalents of approximately HK\$100.0 million (2023: approximately HK\$8.7 million). The cash and cash equivalents and bank deposit with maturity over 3 months were denominated in Hong Kong dollars and in Renminbi ("RMB").

The Shares were listed on the Main Board of the Stock Exchange on 8 March 2024. There has been no change in the capital structure of the Company since then. As at 31 December 2024, the capital structure of the Company comprised mainly issued share capital and reserves. The Group also deployed bank borrowings as its financial resources.

Bank Borrowings

Bank borrowings as at 31 December 2024 amounted to approximately HK\$5.9 million (2023: approximately HK\$9.9 million). The bank borrowings were denominated in Hong Kong dollars and bear interest at floating rates.

Gearing Ratio

Gearing ratio is calculated as total borrowings (i.e. bank borrowings and lease liabilities) divided by the total equity as at the respective reporting dates. The gearing ratio decreased from approximately 9.5% as at 31 December 2023 to approximately 5.0% as at 31 December 2024. Such decrease was mainly due to the decrease in bank borrowings, coupled with the increase in total equity.

Net debt to equity ratio

Net debt to equity ratio is calculated as net debts (i.e. bank borrowings and lease liabilities, net of cash and cash equivalents and bank deposit with maturity over 3 months) divided by total equity as at the respective reporting dates. The Group recorded net cash positions as at 31 December 2024 while net debt to equity ratio was approximately 3.1% as at 31 December 2023.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

Capital Expenditures

For the year ended 31 December 2024, the Group incurred capital expenditures of approximately HK\$17.0 million (2023: approximately HK\$1.4 million).

CONTINGENT LIABILITIES

During the year ended 31 December 2024 and in the ordinary course of the Group's business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The Board is of the opinion that such claims are covered by insurance and will not result in any material adverse impact on the financial position or results and operations of the Group. No provision has been made in respect of these claims in the year ended 31 December 2024.

OFF-BALANCE SHEET ARRANGEMENTS AND COMMITMENTS

The Directors confirm that as at 31 December 2024 and the date of this announcement, the Group did not have any off-balance sheet arrangements or commitments.

PLEDGE OF ASSETS

As at 31 December 2024, the bank borrowings were secured by the life insurance contracts and guaranteed by the Company.

As at 31 December 2023, (i) non-revolving loan facility amounting to approximately HK\$7.0 million and revolving loan facility amounting to approximately HK\$2.0 million were guaranteed by Mr. Chan Kam Kei, Mr. Chan Kam Kong, Ms. Chan Suk Man and Mr. Chan Wing Hong, and were secured by properties owned by Wealthy River International Investment Limited, being a related company of the Group, and life insurance contracts owned by Mr. Chan Kam Kei and Ms. Chan Suk Man; and (ii) non-revolving loan facility amounting to approximately HK\$0.9 million was secured by the properties owned by Wealthy River International Investment Limited, Mr. Chan Wing Hong and Ms. Choi Chick Cheong, and was guaranteed by Mr. Chan Kam Kong, Mr. Chan Kam Kei and Mr. Chan Wing Hong respectively.

SIGNIFICANT INVESTMENTS, ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

As at 31 December 2024, the Group did not have any significant investments, acquisitions or disposals of subsidiaries, associates and joint ventures.

FOREIGN EXCHANGE EXPOSURE

The Group's revenue from customers is mainly from Hong Kong while the part of materials purchased in the PRC and the fabrication of structural steel mainly operates in the PRC. Accordingly, the revenue is received in HK\$ while part of costs arising from the Group's operations are generally settled in RMB. As a result, fluctuations in the value of HK\$ against RMB could adversely affect the financial results of the Group. During the year ended 31 December 2024, the Group did not experience any material difficulties or impacts on its operations or liquidity as a result of currency exchange fluctuation.

The Group did not use any financial instruments for hedging purposes during the year ended 31 December 2024 and there was no hedging instruments outstanding as at 31 December 2024. The Group will continue to monitor closely the exchange rate risk arising from its existing operations and new investments in future. The Group will further implement the necessary hedging arrangement to mitigate any significant foreign exchange risk when and if appropriate.

FINANCIAL INSTRUMENTS

As at 31 December 2024, the major financial instruments include trade receivables, other receivables and deposits, financial asset at fair value through profit or loss, bank deposit with maturity over 3 months, cash and cash equivalents, trade and retention payables, accruals and other payables, bank borrowings and lease liabilities. The management manages such exposure to ensure appropriate measures are implemented in a timely and effective manner.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 137 employees (2023: 148 employees) who were directly employed by the Group and based in Hong Kong and the PRC. The Group offers remuneration package to the employees which includes salary and bonuses. Generally, the Group considers employees' salaries based on each of their qualifications, position and seniority. The Group has an annual review system to appraise the performance of the employees, which constitutes the grounds of the decision as to the salary raises, bonuses and promotions. The remuneration of the Directors is decided by the Board upon the recommendation from the remuneration committee of the Company having regard to the Group's operating results, individual performance and comparable market statistics.

EVENTS AFTER THE REPORTING PERIOD

There were no material events from the end of the reporting period up to the date of this announcement.

USE OF PROCEEDS

The Shares were successfully listed on the Main Board of the Stock Exchange on 8 March 2024.

The amount of gross proceeds from the Share Offer was HK\$125 million and the amount of net proceeds from the Share Offer was approximately HK\$91.0 million after deducting underwriting commissions and the expenses relating to the Share Offer (the “**Net Proceeds**”).

The Net Proceeds will be used in the manner consistent with that as disclosed in the section headed “Future Plans and Use of Proceeds” of the Company’s prospectus dated 29 February 2024 (the “**Prospectus**”). The particulars of the use of the Net Proceeds from the Listing Date up to 31 December 2024 are set forth:

Purposes	Intended	Utilised	Unutilised	Expected
	use of Net	amount of Net	amount of Net	
	Proceeds	Proceeds from	Proceeds as at	timeline for
	HK\$ million	Listing Date to	31 December	the use of Net
		31 December	2024	Proceeds
		2024	2024	
		HK\$ million	HK\$ million	
Financing the up-front costs of projects	56.0	56.0	–	N/A
Acquiring a piece of land and setting up a new production facility	33.1	–	33.1	December 2025
Expanding and strengthening manpower (<i>Note</i>)	1.9	0.6	1.3	December 2025
	<u>91.0</u>	<u>56.6</u>	<u>34.4</u>	

Note: Despite the Group’s efforts in actively recruiting and interviewing potential candidates, the expansion of the Group’s manpower was delayed because the Group was unable to find suitable candidates. Having said that, the Group will continue to recruit potential candidates.

As at the date of this results announcement, there was no further change for the intended use of Net Proceeds as disclosed in the Prospectus.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed “Future Plans and Use of Proceeds” of the Prospectus, as at the 31 December 2024, the Group did not have other plans for material investments and capital assets.

DIVIDEND

In January 2024, prior to the capitalisation issue on 8 March 2024 and the Listing, the Company declared an interim dividend of approximately HK\$26.6 million (representing approximately HK\$26.6 million per ordinary Share), of which approximately HK\$10.0 million was settled by cash before the Listing and approximately HK\$16.6 million was offset against the aggregate amounts due from the Directors and the related company.

During the year ended 31 December 2023 and prior to the Reorganisation (as defined in the Prospectus), dividends of HK\$20,000,000 were declared and settled by a subsidiary of the Company to its then shareholders.

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

CORPORATE GOVERNANCE CODE

The Company is committed to ensuring high standards of corporate governance and business practices. The Company's corporate governance practices are based on the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the period from the Listing Date up to the date of this announcement, the Company has complied with the applicable code provisions of the CG Code and, where applicable, the recommended best practices of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as the required standard for securities transactions by Directors. All Directors, after specific enquiries by the Company, confirmed that they have complied with the required standard set out in the Model Code during the period from the Listing Date up to the date of this announcement.

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

No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the period from the Listing Date up to the date of this announcement.

SHARE OPTION SCHEME

Written resolutions were passed on 5 February 2024 to adopt the share option scheme (the "**Scheme**"). The principal terms of the Scheme are summarised in the paragraph headed "D. Share Option Scheme" in Appendix V of the Prospectus.

No share options have been granted, exercised, cancelled, forfeited or lapsed under the Scheme during the period from the Listing Date up to the date of this announcement. The Scheme will remain in force for a period of 10 years after the date of adoption.

MANAGEMENT CONTRACT

No contract, other than a contract of service with any Director or any person in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended 31 December 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public during the period from the Listing Date up to the date of this announcement.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph D.3.3 of part 2 of the CG Code. The primary duties of the audit committee are, among others, to make recommendations to the Board on the appointment, reappointment and removal of external auditor, review the financial statements and material advice in respect of financial reporting, oversee the financial reporting process, internal control, risk management systems and audit process of the Company and perform other duties and responsibilities assigned by the Board.

The audit committee comprises Mr. Yu Chun Kit, Mr. Cha Ho Wa and Mr. Liu Chi Kwun Albert, all being our independent non-executive Directors. Mr. Yu Chun Kit is the chairperson of our audit committee.

The Audit Committee had reviewed the Group's annual results for the year ended 31 December 2024 and confirmed that they were prepared in accordance with applicable financial reporting standards and the Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement for the year ended 31 December 2024 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting (“**2025 AGM**”) of the Company is scheduled be held on 23 June 2025 and the notice and circular of the 2025 AGM will be published in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the identity of the Shareholders who will be entitled to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Wednesday, 18 June 2025 to Monday, 23 June 2025, both dates inclusive, the period during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2025 AGM, all completed share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 June 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement and the annual report are published on the Company’s website at www.wing-kei.com.hk and the Stock Exchange’s website at www.hkexnews.hk. The annual report of the Company for the year ended 31 December 2024 will be published on the websites of both the Stock Exchange and the Company in due course in the manner as required by the Listing Rules.

APPRECIATION

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as its shareholders, business associates and other professional parties for their support throughout the period.

On behalf of the Board
WK Group (Holdings) Limited
Chan Wing Hong
Chairman and Non-executive Director

Hong Kong, 27 March 2025

As at the date of this announcement, the Board comprises Mr. Chan Kam Kei, Mr. Chan Kam Kong and Ms. Chan Suk Man as executive Directors; Mr. Chan Wing Hong and Ms. Choi Chick Cheong as non-executive Directors; and Mr. Cha Ho Wa, Mr. Yu Chun Kit and Mr. Liu Chi Kwun Albert as independent non-executive Directors.