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CR Construction Group Holdings Limited

華營建築集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1582)

ANNOUNCEMENT OF THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

The total revenue of the Group for the six months ended 30 June 2025 increased to approximately HK\$3,570.9 million as compared to that of approximately HK\$2,773.2 million for the six months ended 30 June 2024.

The total gross profit of the Group increased to approximately HK\$295.4 million for the six months ended 30 June 2025 as compared to that of approximately HK\$188.1 million for the six months ended 30 June 2024.

Profit attributable to owners of the Company for the six months ended 30 June 2025 amounted to approximately HK\$24.3 million as compared to that of approximately HK\$35.8 million for the six months ended 30 June 2024.

The Board has resolved not to declare interim dividend for the six months ended 30 June 2025.

The board (the “**Board**”) of directors (the “**Directors**”) of CR Construction Group Holdings Limited (the “**Company**”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2024, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	Notes	HK\$'000	HK\$'000
REVENUE	4	3,570,868	2,773,188
Contract costs		<u>(3,275,451)</u>	<u>(2,585,126)</u>
Gross profit		295,417	188,062
Other income	4	3,062	6,951
Administrative expenses		(90,630)	(98,612)
Other operating income/(expenses), net		(3,712)	843
Impairment of financial assets, net		(133,802)	(17,698)
Finance costs	6	<u>(31,417)</u>	<u>(29,677)</u>
PROFIT BEFORE TAX	5	38,918	49,869
Income tax expense	7	<u>(12,981)</u>	<u>(13,649)</u>
PROFIT FOR THE PERIOD		<u>25,937</u>	<u>36,220</u>
Attributable to:			
Owners of the Company		24,278	35,845
Non-controlling interests		<u>1,659</u>	<u>375</u>
		<u>25,937</u>	<u>36,220</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	9	<u>HK4.86 cents</u>	<u>HK7.17 cents</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	<u>25,937</u>	<u>36,220</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>28,122</u>	<u>(10,418)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	<u>28,122</u>	<u>(10,418)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>54,059</u>	<u>25,802</u>
Attributable to:		
Owners of the Company	52,063	25,538
Non-controlling interests	<u>1,996</u>	<u>264</u>
	<u>54,059</u>	<u>25,802</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		43,038	22,415
Right-of-use assets		44,904	48,578
Investment in a joint venture		50,503	–
Operating concession rights		30,690	30,927
Receivables and contract assets under service concession arrangements		251,277	249,613
Other intangible assets		209	164
Prepayments and deposits		7,974	9,606
Deferred tax assets		25,314	5,073
Total non-current assets		453,909	366,376
CURRENT ASSETS			
Receivables and contract assets under service concession arrangements		12,259	8,879
Contract assets		3,725,721	3,169,364
Trade receivables	10	516,808	775,887
Prepayments, deposits and other receivables		97,360	106,671
Other assets		48,808	46,576
Amounts due from the intermediate holding companies		6,750	6,322
Amounts due from fellow subsidiaries		36,093	43,276
Tax recoverable		2,206	2,032
Cash and cash equivalents		238,577	330,799
Total current assets		4,684,582	4,489,806
CURRENT LIABILITIES			
Trade and retention payables	11	1,905,751	1,920,405
Other payables, accruals and provision		1,450,827	1,538,468
Dividend payable		9,000	–
Interest-bearing bank borrowings	12	230,265	318,011
Amounts due to the intermediate holding companies		3,409	3,001
Amounts due to the immediate holding company		–	11,000
Amounts due to fellow subsidiaries		12,242	12,613
Loans from the intermediate holding companies		480,696	80,521
Lease liabilities		17,702	16,480
Tax payable		48,927	23,854
Total current liabilities		4,158,819	3,924,353
NET CURRENT ASSETS		525,763	565,453
TOTAL ASSETS LESS CURRENT LIABILITIES		979,672	931,829

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT LIABILITIES			
Provision		5,700	5,700
Lease liabilities		29,466	33,519
Interest-bearing bank borrowings	<i>12</i>	218,082	216,153
Deferred tax liabilities		564	564
		<hr/>	<hr/>
Total non-current liabilities		253,812	255,936
		<hr/>	<hr/>
Net assets		725,860	675,893
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	<i>13</i>	5,000	5,000
Reserves		693,748	650,685
		<hr/>	<hr/>
		698,748	655,685
Non-controlling interests		27,112	20,208
		<hr/>	<hr/>
Total equity		725,860	675,893
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2025

1. CORPORATE AND GROUP INFORMATION

CR Construction Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit Nos. 3-16, Level 32, Standard Chartered Tower of Millennium City 1, No. 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of Company and its subsidiaries (collectively referred to as the “**Group**”) are the construction operations which comprised of the provision of building construction works and repair, maintenance, addition and alteration (“**RMAA**”) works in Hong Kong, Malaysia and the United Kingdom and the environmental operations in the People’s Republic of China (the “**PRC**”).

CR Construction Investments Limited (“**CR Investments**”), a company incorporated in the British Virgin Islands (the “**BVI**”), is the immediate holding company of the Company. In the opinion of the Directors, Zhejiang State-owned Capital Operation Company Limited, a company established in the PRC, is the ultimate holding company of the Company.

2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 is unaudited and has been prepared in accordance with HKAS 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange. The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention and is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21

Lack of Exchangeability

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (i) The construction operations segment engages in contract works as a main contractor primarily in respect of building construction works and RMAA works in Hong Kong, Malaysia and the United Kingdom.
- (ii) The environmental operations segment engages in construction, rehabilitation and operation of sewage and reclaimed water treatment plants as well as water distribution plants and other environmental related facilities and infrastructure in the PRC.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss is measured consistently with the Group's profit before tax except that interest income, corporate and other unallocated expenses, finance costs (other than interest on lease liabilities and discounted amounts of retention payables arising from the passage of time) are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable and balances with related parties as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, dividend payable, balances/loans with related parties, tax payable and interest-bearing bank borrowings as these liabilities are managed on a group basis.

There were no material intersegmental sales and transfers during the period.

	<u>Construction operations</u>		<u>Environmental operations</u>		<u>Total</u>	
	<u>Six months ended 30 June</u>		<u>Six months ended 30 June</u>		<u>Six months ended 30 June</u>	
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue (note 4)						
Sales to external customers	<u>3,496,608</u>	<u>2,704,868</u>	<u>74,260</u>	<u>68,320</u>	<u>3,570,868</u>	<u>2,773,188</u>
Segment result	57,824	65,794	13,663	8,056	71,487	73,850
<u>Reconciliation:</u>						
Interest income					404	754
Corporate and other unallocated expenses					(14,063)	(5,626)
Finance costs (other than interest on lease liabilities and discounted amounts of retention payables arising from passage of time)					<u>(18,910)</u>	<u>(19,109)</u>
Profit before tax					38,918	49,869
Income tax expense					<u>(12,981)</u>	<u>(13,649)</u>
Profit for the period					<u>25,937</u>	<u>36,220</u>

The following table presents the asset and liability information of the Group's operating segments as at 30 June 2025 and 31 December 2024:

	Construction operations		Environmental operations		Total	
	30 June	31 December	30 June	31 December	30 June	31 December
	2025	2024	2025	2024	2025	2024
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	4,424,697	4,238,966	643,431	560,513	5,068,128	4,799,479
<u>Reconciliation:</u>						
Amounts due from the intermediate holding companies					6,750	6,322
Amounts due from fellow subsidiaries					36,093	43,276
Tax recoverable					2,206	2,032
Deferred tax assets					25,314	5,073
Total assets					<u>5,138,491</u>	<u>4,856,182</u>
Segment liabilities	3,234,187	3,337,560	175,259	177,012	3,409,446	3,514,572
<u>Reconciliation:</u>						
Dividend payable					9,000	–
Amounts due to the intermediate holding companies					3,409	3,001
Amounts due to the immediate holding company					–	11,000
Amounts due to fellow subsidiaries					12,242	12,613
Loans from the intermediate holding companies					480,696	80,521
Interest-bearing bank borrowings					448,347	534,164
Tax payable					48,927	23,854
Deferred tax liabilities					564	564
Total liabilities					<u>4,412,631</u>	<u>4,180,289</u>

4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<i>Revenue from contracts with customers</i>	3,565,330	2,767,760
<i>Revenue from other source</i>		
Finance income from service concession arrangements	<u>5,538</u>	<u>5,428</u>
Total	<u>3,570,868</u>	<u>2,773,188</u>

Disaggregated revenue information

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
(A) Types of goods or services			
	<u>Construction operations segment</u>		
	Building construction works	3,141,772	2,414,268
	RMAA works	354,836	290,600
		<u>3,496,608</u>	<u>2,704,868</u>
	<u>Environmental operations segment</u>		
	Construction and rehabilitation services for environmental related facilities	7,706	16,648
	Sewage and reclaimed water treatment services	55,174	42,802
	Water distribution services	4,425	3,442
	Sales of equipment	1,417	–
		<u>68,722</u>	<u>62,892</u>
	<i>Total revenue from contracts with customers</i>	3,565,330	2,767,760
	<i>Revenue from other sources</i>		
	Finance income from service concession arrangements	5,538	5,428
		<u>5,538</u>	<u>5,428</u>
	Total revenue	<u>3,570,868</u>	<u>2,773,188</u>
(B) Geographical markets			
	<u>Hong Kong</u>		
	Construction operations segment	3,235,352	2,329,939
	<u>Mainland China</u>		
	Environmental operations segment	68,722	62,892
	<u>Malaysia</u>		
	Construction operations segment	36,718	53,935
	<u>United Kingdom</u>		
	Construction operations segment	224,538	320,994
		<u>224,538</u>	<u>320,994</u>
	<i>Total revenue from contracts with customers</i>	3,565,330	2,767,760
	<i>Revenue from other sources</i>		
	Finance income from service concession arrangements	5,538	5,428
		<u>5,538</u>	<u>5,428</u>
	Total revenue	<u>3,570,868</u>	<u>2,773,188</u>

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
(C)	Timing of revenue recognition		
	<u>Goods transferred at a point in time</u>		
	Environmental operations segment	5,842	3,442
	<u>Services transferred over time</u>		
	Construction operations segment	3,496,608	2,704,868
	Environmental operations segment	62,880	59,450
		<u>3,559,488</u>	<u>2,764,318</u>
	<i>Total revenue from contracts with customers</i>	3,565,330	2,767,760
	<i>Revenue from other sources</i>		
	Finance income from service concession arrangements	5,538	5,428
	Total revenue	<u>3,570,868</u>	<u>2,773,188</u>
		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
	<u>Other income</u>		
	Bank interest income	404	754
	Consultancy service income	120	–
	Insurance compensation	–	5,701
	Rental income	780	–
	Government grants (<i>note</i>)	1,284	108
	Others	474	388
		<u>3,062</u>	<u>6,951</u>

Note: Being subsidies for the incurred operating expenses arising from research and development activities provided by The People's Government of Zhejiang Province. There are no unfilled conditions or contingencies related to these subsidies.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Contract costs	3,275,451	2,585,126
Depreciation of property, plant and equipment	4,744	5,654
Less: Amount included in contract costs	(2,334)	(2,378)
Amount included in administrative expenses	2,410	3,276
Depreciation of right-of-use assets	10,332	11,858
Less: Amount included in contract costs	(2,842)	(3,743)
Amount included in administrative expenses	7,490	8,115
Amortisation of operating concession rights included in contract costs	677	687
Amortisation of other intangible assets	356	24
Less: Amount included in contract costs	(288)	(24)
Amount included in administrative expenses	68	–
Lease payments not included in the measurement of lease liabilities	58,431	41,466
Less: Amount included in contract costs	(50,671)	(40,920)
Amount included in administrative expenses	7,760	546
Employee benefit expense (including directors' remuneration):		
Salaries, allowances and benefits in kind	257,019	257,585
Pension scheme contributions	10,943	12,286
	267,962	269,871
Less: Amount included in contract costs	(220,790)	(215,057)
Amount included in administrative expenses	47,172	54,814

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Auditor's remuneration	2,700	3,027
Impairment of trade receivables*	34,250	17,126
Impairment of contract assets*	99,551	541
Impairment of receivables and contract assets under service concession arrangements*	1	31
Loss on disposal of items of property, plant and equipment**	2	–
Foreign exchange differences, net**	3,160	(933)
Research and development expenses***	9,977	11,644
	<u>99,977</u>	<u>11,644</u>

* These items are included in “Impairment of financial assets, net” on the face of the interim condensed consolidated statement of profit or loss.

** These items are included in “Other operating income/(expenses), net” on the face of the interim condensed consolidated statement of profit or loss.

*** Research and development expenses are included in “Administrative expenses” on the face of the interim condensed consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans	18,205	17,161
Interest on loans from the intermediate holding companies	705	1,894
Interest on a loan from a fellow subsidiary	–	54
Interest on discounted amounts of retention payables arising from the passage of time	10,993	9,988
Interest on lease liabilities	1,514	580
	<u>31,417</u>	<u>29,677</u>
Total	<u>31,417</u>	<u>29,677</u>

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary is taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	Six months ended 30 June	
	2025	2024
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	31,722	12,555
Current – Elsewhere	1,382	1,332
Deferred	(20,123)	(238)
	<u>(20,123)</u>	<u>(238)</u>
Total tax charge for the period	<u>12,981</u>	<u>13,649</u>

8. DIVIDEND

The final dividend of HK1.8 cents (for the year ended 31 December 2023: HK1.8 cents) per ordinary share, in an aggregate amount of HK\$9,000,000 for the year ended 31 December 2024 (for the year ended 31 December 2023: HK\$9,000,000), was approved by the Company's shareholders at the annual general meeting of the Company held on 19 June 2025 and paid on 24 July 2025.

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: HK1.5 cents per ordinary share, in an aggregate amount of HK\$7,500,000).

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$24,278,000 (2024: HK\$35,845,000), and the weighted average number of ordinary shares of 500,000,000 (2024: 500,000,000) outstanding during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2025 and 30 June 2024.

10. TRADE RECEIVABLES

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables	559,013	783,606
Impairment	(42,205)	(7,719)
Net carrying amount	<u>516,808</u>	<u>775,887</u>

The Group's trading terms with its customers are on credit. The Group's credit period with customers range from 14 to 180 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. Apart from trade receivable balance of HK\$33,540,000 (31 December 2024: HK\$32,007,000) due from a customer which its balance is secured by a parcel of land in Malaysia with market value higher than its outstanding receivables, the Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	311,364	539,661
1 to 2 months	15,491	26,693
2 to 3 months	13,423	34,630
3 to 12 months	55,565	84,379
1 to 2 years	84,366	78,822
Over 2 years	36,599	11,702
Total	<u>516,808</u>	<u>775,887</u>

11. TRADE AND RETENTION PAYABLES

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	Notes		
Trade payables	(a)	1,079,009	1,207,115
Retention payables	(b)	826,742	713,290
Total		1,905,751	1,920,405

Notes:

- (a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Within 1 month	3,015	88,321
1 to 2 months	77,072	105,803
2 to 3 months	220,058	265,745
Over 3 months	778,864	747,246
Total	1,079,009	1,207,115

The average credit period on trade payables is 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit time-frame.

- (b) Retention payables held by the Group arose from the Group's building construction works and RMAA works and are normally settled to subcontractors within a period ranging from one year to two years after the completion of the contract work by the subcontractors, as stipulated in the subcontracting contracts.

12. INTEREST-BEARING BANK BORROWINGS

	30 June 2025 (Unaudited)			31 December 2024 (Audited)		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current						
Bank loans – unsecured	–	–	–	Hong Kong Interbank Offered Rate (HIBOR)+ 1.3%-1.5%	On demand	100,000
Bank loans – unsecured	HIBOR+1.08%	2026	210,000	HIBOR+1.1%	2025	200,000
Bank loans – secured	3.9%	2025-2026	13,146	3.9%	2025	12,959
Bank loans – secured	China Loan Prime Rate ("LPR") -0.5%	2025-2026	4,928	LPR-0.5%	2025	2,892
Bank loans – secured	LPR	2025-2026	<u>2,191</u>	LPR	2025	<u>2,160</u>
Total – current			<u>230,265</u>			<u>318,011</u>
Non-current						
Bank loans – secured	3.9%	2026-2030	98,595	3.9%	2026-2030	103,670
Bank loans – secured	LPR-0.5%	2026-2038	90,599	LPR-0.5%	2026-2038	92,720
Bank loans – secured	LPR	2026-2034	18,952	LPR	2026-2034	19,763
Bank loans – secured	LPR-0.82%	2033	<u>9,936</u>	–	–	<u>–</u>
Total – non-current			<u>218,082</u>			<u>216,153</u>
Total			<u><u>448,347</u></u>			<u><u>534,164</u></u>

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	230,265	318,011
In the second year	22,385	21,942
In the third to fifth years, inclusive	100,551	92,713
Beyond five years	95,146	101,498
	<hr/>	<hr/>
Total	448,347	534,164
	<hr/> <hr/>	<hr/> <hr/>

13. SHARE CAPITAL

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	100,000	100,000
	<hr/> <hr/>	<hr/> <hr/>
Issued and fully paid:		
500,000,000 ordinary shares of HK\$0.01 each	5,000	5,000
	<hr/> <hr/>	<hr/> <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Construction Operations

The Group is one of the leading building contractors in Hong Kong and principally acts as a main contractor in building construction works and repair, maintenance, alteration and addition (“**RMAA**”) works across the public and private sectors in Hong Kong, Malaysia and the United Kingdom.

The building construction services provided by the Group primarily consist of building works for new buildings, including residential, commercial and industrial buildings, while the Group’s RMAA works include the general upkeep, maintenance, improvement, refurbishment, alteration and addition of existing facilities and components of buildings and their surroundings.

As at 30 June 2025, the Group had 57 projects on hand with an aggregate original contract sum of approximately HK\$35.1 billion, which includes projects in progress and projects that have been awarded to the Group but not yet commenced.

During the Reporting Period, the Group had been awarded 9 new projects with an aggregate original contract sum of approximately HK\$5.3 billion and had completed 4 projects with original contract sum of approximately HK\$3.3 billion.

During the Reporting Period, the Group received a total of 68 honors, including, but not limited to, the “Best Safety Culture Site” award by Occupational Safety and Health Council. The Group also received three awards from the Hong Kong Quality Assurance Agency, namely the “Outstanding Award for Excellent Contribution to Livable City Construction (Main Contractor) - Promote Eco-friendly Construction”, the “Outstanding Award for Excellent Contribution to Livable City Construction (Main Contractor) - Promote High-productivity Construction Adoption” and the “Outstanding Pioneer Award Excellence for Sustainable Design Contribution”. During the Reporting Period, the Group has appeared in 118 articles by media platforms at provincial level and above, namely the Hong Kong Economic Times, Oriental Daily and Ta Kung Pao.

Environmental Operations

The environmental services provided by the Zhejiang Construction Investment Environment Engineering Company Limited (the “**ZCIEE**”), primarily consist of the environmental works for the construction, restoration, and operation of wastewater and recycled water treatment plants, water distribution plants and other environmental facilities and infrastructure, as well as architectural services related to environmental improvement in the PRC.

As at 30 June 2025, the Group had 2 projects with an aggregate original contract sum of approximately HK\$5.5 million and 25 projects relating to service concession arrangements and operation services.

During the Reporting Period, the ZCIEE has achieved strategic expansion across multiple business segments. Notably, the Company entered the industrial wastewater treatment sector by securing the Operation & Maintenance contract for the Anji Wastewater Treatment Plant Relocation Project. Concurrently, the Company expanded its service portfolio in river basin management through the consecutive awards of two integrated water environment Operation & Maintenance service contracts. Additionally, the Company has secured the Wastewater Treatment Facility Operation & Maintenance project in Wenzhou, consolidating its county-level service coverage and enhancing its market share within Zhejiang Province's rural wastewater sector.

During the Reporting Period, the ZCIEE spearheaded environmental technology innovation. In collaboration with Wenzhou University, the ZCIEE established the 'Zhejiang Provincial Key Laboratory for Ecological Environment governance and Resource Conservation' – which subsequently attained provincial accreditation as Provincial Key Research Facility. Concurrently, the ZCIEE was conferred the 2024 Outstanding Green & Low-Carbon Demonstration Unit designation by the Zhejiang Provincial Association for Ecological and Environmental Restoration Technology. During the Reporting Period, the ZCIEE was featured in various media platforms at the provincial level and above, including the State-Owned Enterprises Network and Zhejiang Worker Daily.

THE PROSPECTS

During the Reporting Period, the global and Hong Kong economies continued to develop steadily, and the progress of construction bidding also remained stable.

Subsequent to 30 June 2025, the Group has been further awarded 1 new project relating to building construction works with original contract sum of approximately HK\$206.2 million.

The Group has also attached great emphasis to technological innovation, enhancing its core competitiveness in the construction industry, and actively utilises digital technology to improve work efficiency and site safety. The total expenditure for the research and development is approximately HK\$10.0 million during the Reporting Period.

During the Reporting Period, we successfully achieved the latest versions of the ISO 27001 Certification for Information Security Management System and the ISO20000 Certification for IT Service Management System, which serve as an important cornerstone for the Company's digital development. Several systems and projects developed by our technology team cover a wide range of functions, including SmarTrack, operational process digitalisation project, Robotic Process Automation, MaiaAI system, Site Worker Safety Tracking Watch, Intelligent Tower Crane Cockpit. These technological innovations enhance the Group's core competitiveness in the construction industry, and actively utilise digital technology to improve work efficiency and site safety.

In the second half of 2025, Hong Kong's economic activities are expected to continue steady development, while cost pressure is expected to rise with increasing construction volume. The government has introduced two strategic initiatives in the 2025-2026 Budget Proposal, which are anticipated to have positive impacts on the Group's operations. The increase of capital works expenditure creates new project opportunities for the construction sector, thereby expanding the market for the Group's core businesses. The Skills Enhancement Allowance Scheme for the construction sector is projected to reduce the Group's workforce development expenditures and enhance the skillsets of its human capital.

Our Group will continue to work hard to find new potential construction business opportunities to achieve Group's profit growth. At the same time, leveraging our experience in the industry, our Group is keen to explore suitable business opportunities in construction and environmental industries and other areas both domestic and overseas.

FINANCIAL REVIEW

Revenue

The total revenue of the Group increased by approximately HK\$797.7 million or approximately 28.8% from approximately HK\$2,773.2 million for the six months ended 30 June 2024 to approximately HK\$3,570.9 million for the six months ended 30 June 2025.

Construction Operations

Building Construction Works

The revenue generated from the building construction works increased by approximately HK\$727.5 million or approximately 30.1% from approximately HK\$2,414.3 million for the six months ended 30 June 2024 to approximately HK\$3,141.8 million for the six months ended 30 June 2025. The increase in revenue was attributable to the increase in revenue generated from new projects and existing projects to the Group during the Reporting Period.

RMAA Works

The revenue generated from the RMAA works increased by approximately HK\$64.2 million or approximately 22.1% from approximately HK\$290.6 million for the six months ended 30 June 2024 to approximately HK\$354.8 million for the six months ended 30 June 2025. The increase was mainly attributable to increase in revenue generated from new projects and existing projects during the Reporting Period.

Environmental Operations

The revenue generated from the environmental operations increased by approximately HK\$6.0 million or approximately 8.7% from approximately HK\$68.3 million for the six months ended 30 June 2024 to approximately HK\$74.3 million for the six months ended 30 June 2025. The increase was mainly attributable to increase in revenue from new and existing projects from sewage and reclaimed water treatment services during the Reporting Period.

Contract Costs

The Group's contract costs primarily consisted of subcontracting costs, material costs, direct staff costs and site overheads. The contract costs of the Group increased by approximately HK\$690.4 million or approximately 26.7% from approximately HK\$2,585.1 million for the six months ended 30 June 2024 to approximately HK\$3,275.5 million for the six months ended 30 June 2025. Such increase was attributable to the increase in subcontracting costs, material costs and direct staff costs for new projects and existing projects during the Reporting Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group increased from approximately HK\$188.1 million for the six months ended 30 June 2024 to approximately HK\$295.4 million for the six months ended 30 June 2025. The Group's gross profit margin was approximately 8.3% and 6.8% for the six months ended 30 June 2025 and 2024, respectively. The gross profit margin of the Group increased by approximately 1.5% by comparing the six months ended 30 June 2025 against the six months ended 30 June 2024.

Construction Operations

Building Construction Works

The gross profit of building construction works was approximately HK\$165.3 million for the six months ended 30 June 2025, representing an increase of approximately HK\$38.6 million from approximately HK\$126.7 million for the six months ended 30 June 2024. The gross profit margin increased slightly from approximately 5.2% for the six months ended 30 June 2024 to approximately 5.3% for the six months ended 30 June 2025. The increase in gross profit and gross profit margin was mainly due to additional cost incurred for variation orders for projects during the prior period, while the respective revenue were only certified during the Reporting Period.

RMAA Works

The gross profit of RMAA works was approximately HK\$103.2 million for the six months ended 30 June 2025, representing an increase of approximately HK\$60.0 million from the gross profit of approximately HK\$43.2 million for the six months ended 30 June 2024. The gross profit margin increased by approximately 14.2% from approximately 14.9% for the six months ended 30 June 2024 to approximately 29.1% for the six months ended 30 June 2025. The increase in the gross profit and gross profit margin for the six months ended 30 June 2025 was mainly due to additional cost incurred for variation orders for a project during the prior period, while the respective revenue were only certified during the Reporting Period.

Environmental Operations

The gross profit of environmental operations was approximately HK\$26.9 million for the six months ended 30 June 2025, representing an increase of approximately HK\$8.7 million from the gross profit of approximately HK\$18.2 million for the six months ended 30 June 2024. The gross profit margin increased by approximately 9.6% from approximately 26.6% for the six months ended 30 June 2024 to approximately 36.2% for the six months ended 30 June 2025. The increase in the gross profit and gross profit margin for the six months ended 30 June 2025 was mainly due to increase in revenue from sewage and reclaimed water treatment services which contributed higher gross profit margin during the Reporting Period.

Other Income

The other income of the Group decreased by approximately HK\$3.9 million, from approximately HK\$7.0 million for the six months ended 30 June 2024 to approximately HK\$3.1 million for the six months ended 30 June 2025. The decrease was mainly attributable to the absence of insurance compensation as a result of the fire accident which was partially offset by increase of government grants received during the Reporting Period.

Administrative Expenses

Administrative expenses of the Group decreased from approximately HK\$98.6 million for the six months ended 30 June 2024 to approximately HK\$90.6 million for the six months ended 30 June 2025. Such decrease was mainly due to the decrease in staff costs and research and development expense during the Reporting Period.

Other Operating Income/(Expenses), net

The other operating expenses of the Group increased by approximately HK\$4.5 million, from approximately income of HK\$0.8 million for the six months ended 30 June 2024 to approximately expense of HK\$3.7 million for the six months ended 30 June 2025. The increase was primarily due to increase in exchange difference of HK\$4.1 million during the Reporting Period.

Impairment of Financial Assets, Net

The impairment of financial assets of the Group increased from approximately HK\$17.7 million for the six months ended 30 June 2024 to approximately HK\$133.8 million for the Reporting Period. The increase was mainly due to increase in the expected credit losses provision on trade receivables and contract assets according to HKFRS 9 during the Reporting Period.

Finance Costs

The finance costs of the Group increased by approximately HK\$1.7 million, from approximately HK\$29.7 million for the six months ended 30 June 2024 to approximately HK\$31.4 million for the six months ended 30 June 2025. The increase was mainly due to increase in average bank loan balance and discounted amounts of retention payables arising from the passage of time, which was partially offset by repayments of borrowings from an intermediate holding company, during the Reporting Period.

Income Tax Expenses

The income tax expenses decreased by approximately HK\$0.6 million, from approximately HK\$13.6 million for the six months ended 30 June 2024 to approximately HK\$13.0 million for the six months ended 30 June 2025. The decrease was mainly due to decrease in non-deductible expenses during the Reporting Period. The effective tax rate were approximately 33.4% and 27.4% for the six months ended 30 June 2025 and 2024, respectively.

Net Profit and Adjusted Net Profit

The net profit of the Group decreased by approximately HK\$10.3 million, or approximately 28.4%, from approximately HK\$36.2 million for the six months ended 30 June 2024 to approximately HK\$25.9 million for the six months ended 30 June 2025. The net profit margin for the six months ended 30 June 2025 and 2024 were approximately 0.7% and 1.3%, respectively.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 944 employees as at 30 June 2025 (30 June 2024: 967). Total staff costs of the Group (excluding the Directors' remuneration) for the six months ended 30 June 2025 were approximately HK\$261.0 million (six months ended 30 June 2024: approximately HK\$265.8 million). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees. The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary, bonus and other cash subsidies system. The Group conducts review on salary adjustment, discretionary bonuses and promotions based on the performance of each employee twice a year. The emoluments of the Directors and the senior management are decided by the Board with reference to the recommendation from the remuneration committee of the Company, having considered factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company provides introductory training at the time when members of our staff first join us and thereafter regular on-the-job training, depending on the staff's role. In addition, it is our policy to provide training to our staff on an as-needed basis to enhance their technical and industry knowledge. During the Reporting Period, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

The Company has adopted a share option scheme (the **"Share Option Scheme"**) as an incentive to the Directors and eligible employees. No share option has been granted, exercised, expired or lapsed under the Share Option Scheme since its adoption and up to the date of this report. The Company may grant options in respect of up to 50,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 50,000,000 Shares from time to time) to the participants under the Share Option Scheme. The total number of Shares issued and to be issued upon exercise of options granted to any participants (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

CAPITAL EXPENDITURE

During the Reporting Period, the Group invested approximately HK\$25.6 million (2024: approximately HK\$7.0 million) on the acquisition of property, plant and equipment and other intangible assets. Capital expenditure was principally funded by internal resources.

CAPITAL COMMITMENTS

The Group had capital commitments of approximately HK\$24.6 million as at 30 June 2025 (31 December 2024: HK\$1.2 million).

CONTINGENT LIABILITIES

Save as disclosed below, the Group had no other contingent liabilities as at 30 June 2025:

- (a) As at 30 June 2025, performance bonds of approximately HK\$2,162.2 million (31 December 2024: approximately HK\$2,100.0 million) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work.

At the end of the Reporting Period, the Directors do not consider it is probable that such claim will be made against the Group.

- (b) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or of the Group's subcontractors in accidents arising out of and in the course of their employment. At the end of the Reporting Period, the Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

FOREIGN EXCHANGE EXPOSURE

The Group operates in the PRC, Hong Kong, Malaysia and the United Kingdom and most of the transactions denominated in Renminbi, Hong Kong Dollar, Malaysian ringgit and Great British Pound. The Group currently does not have a foreign currency hedging policy. However, the Board closely monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should that need arise.

GEARING RATIO

As at 30 June 2025, the gearing ratio of the Group, which is calculated by dividing net debt with the equity attributable to equity holders of the Company plus net debt, was approximately 49.7% (31 December 2024: approximately 30.2%). Net debt includes interest-bearing bank borrowings and loans from the intermediate holding companies, less cash and cash equivalents. Capital represents equity attributable to equity holders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Reporting Period, the Group maintained a healthy liquidity position, with working capital financed mainly by internal and external resources.

As at 30 June 2025, the Group reported net current assets of approximately HK\$525.8 million, as compared to approximately HK\$565.5 million as at 31 December 2024. As at 30 June 2025, the Group's cash and cash equivalents were approximately HK\$238.6 million, representing a decrease of approximately HK\$92.2 million as compared to approximately HK\$330.8 million as at 31 December 2024.

The shares of the Company (the “**Shares**”) were successfully listed on the Stock Exchange on 16 October 2019 (the “**Listing Date**”). There has been no change in the capital structure of the Group since then.

DEBTS AND CHARGE ON ASSETS

The Group had interest-bearing bank borrowings of approximately HK\$448.3 million as at 30 June 2025 (31 December 2024: approximately HK\$534.2 million). As at 30 June 2025, the Group pledged receivables and contract assets under service concession arrangements with net book value of HK\$190.6 million (31 December 2024: HK\$187.2 million) to bank to finance loans in the PRC.

Borrowings were denominated in Renminbi and Hong Kong Dollar and interests on borrowings were mainly charged at floating rate. The Group did not employ any financial instrument for hedging purpose during the Reporting Period. However, the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

TREASURY POLICY

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Group's liquidity and financing requirements are frequently reviewed. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group may from time to time consider appropriate new business opportunities as and when appropriate, in order to enhance its shareholders' value. Save as disclosed herein, there was no specific plan for material investments or capital assets as at 30 June 2025.

DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2024: HK1.5 cents per ordinary share).

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report contained in Appendix C1 to the Listing Rules (the “CG Code”) as its own code of corporate governance.

The Company has complied with all applicable code provisions of the CG Code for the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he or she has complied with the required standards as set out in the Model Code for the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF INTERIM RESULTS

The unaudited interim condensed consolidated financial information for the six months ended 30 June 2025 have been reviewed by the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by HKICPA. The Board, through the audit committee of the Company, has also conducted a review of the internal control and the unaudited consolidated interim results for the six months ended 30 June 2025.

PUBLICATION OF THE INTERIM RESULTS AND 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.cr-construction.com.hk>), and the interim report of the Group for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
CR Construction Group Holdings Limited
Zhang Guanhua
Chairman

Hong Kong, 26 August 2025

As at the date of this announcement, the Company has four executive directors, namely Mr. Zhang Guanhua, Mr. Pan Shujie, Mr. Li Kar Yin and Mr. Chan Tak Yiu; one non-executive director, namely Mr. Yang Haojiang; and four independent non-executive directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Ho Man Yiu Ivan, Ms. Dong Yuk Lai Pertrina and Mr. Lai Yuk Fai Stephen JP.