

2 December 2025

*To the Independent Board Committee and
the Independent Shareholders of
Build King Holdings Limited*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2026 Framework Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in this circular (the “**Circular**”) of the Company to the Shareholders dated 2 December 2025, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

The Company entered into the 2023 Framework Agreement with Wai Kee in respect of, among others, the purchase of Concrete from Wai Kee (or its subsidiaries and/or associates) during the period from 1 January 2023 to 31 December 2025 for the Group’s construction projects. As the 2023 Framework Agreement will expire at the end of 2025, the Company entered into the 2026 Framework Agreement to renew the terms of such continuing connected transactions on substantially the same terms, subject to the Proposed Annual Caps, for a term of three years.

As at the Latest Practicable Date, Wai Kee (through its subsidiaries) is interested in 724,435,033 Shares, representing approximately 58.33% of the Company’s issued share capital. Accordingly, Wai Kee is a majority shareholder of the Company and therefore a connected person of the Company under the Listing Rules. Transactions contemplated under the 2026 Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules. As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the maximum annual caps for the transactions contemplated under the 2026 Framework Agreement exceeds 5%, the 2026 Framework Agreement is subject to the reporting, annual review, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Mr. Zen Wei Peu, Derek (“**Mr. Zen**”), an executive Director, is also an executive director of Wai Kee. Mr. Zen (i) held 122,825,228 Shares, representing approximately 9.89% of the Company’s issued share capital; and (ii) held 270,880,078 shares in Wai Kee, representing approximately 34.15% of the issued share capital of Wai Kee as at the date of the 2026 Framework Agreement and as at the Latest Practicable Date. Accordingly, Mr. Zen has abstained from voting on the Board resolutions approving the terms and the Proposed Annual Caps of the 2026 Framework Agreement on the basis that Mr. Zen, as a Director, is deemed to have a material interest in those transactions under the Bye-laws of the Company.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Ho Tai Wai, David, Mrs. Ling Lee Ching Man, Eleanor, Mr. Lo Yiu Ching, Dantes and Ms. Ng Cheuk Hei, Shirley, has been formed to advise the Independent Shareholders in respect of the terms and the Proposed Annual Caps in relation to the transactions contemplated under the 2026 Framework Agreement.

INDEPENDENCE DECLARATION

We are not associated or connected with the Company, the counterparties of the 2026 Framework Agreement or their respective core connected persons or associates. In the two years immediately preceding the Latest Practicable Date, save for the appointment as the independent financial adviser to Wai Kee in respect of (i) the continuing connected transactions as disclosed in its circular dated 10 July 2025 and (ii) the connected transactions in relation to the formation of joint venture and related subcontracting arrangement as disclosed in its circular dated 8 October 2024 (the “**Previous Engagements**”), we did not have any other relationship with or interests in the Group, the counterparties of the 2026 Framework Agreement or their respective core connected persons or associates. As the Previous Engagements were for the role of an independent financial adviser, they would not affect the independence of Ballas Capital for acting as the independent financial adviser to the Company in respect of the continuing connected transactions of purchase of Concrete between the Company and Wai Kee contemplated under the 2026 Framework Agreement (the “**Concrete CCT**”).

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have reviewed information on the Company, including but not limited to, the 2026 Framework Agreement, annual reports of the Company for each of the two years ended 31 December 2023 (“**FY2023**”) and 2024 (“**FY2024**”), the interim report of the Company for the six months ended 30 June 2025 (“**1H2025**”) and other information contained in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

The Directors have declared in a responsibility statement set out in Appendix I to Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Wai Kee or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice in respect of the 2026 Framework Agreement, we have considered the following principal factors and reasons:

A. Background of and reasons for entering into the 2026 Framework Agreement

Information on the Group

The Company is an investment holding company and its group companies are principally engaged in the undertaking of construction projects in Hong Kong and the PRC and are also engaged in environmental and waste management and marine engineering.

Information on Wai Kee

Wai Kee is an investment holding company and the principal activities of its group companies include construction, sewage treatment, steam fuel, construction materials, quarrying, property development and investment, toll road, investment and asset management.

Reasons for entering into the 2026 Framework Agreement

As stated in the Letter from the Board, a stable supply of Concrete is important to the Group's construction projects. The Concrete products that are offered by Wai Kee are mainly mixed concrete products of a comprehensive range. The Company entered into the 2023 Framework Agreement with Wai Kee in respect of, among others, the purchase of Concrete from Wai Kee (or its subsidiaries and/or associates) during the period from 1 January 2023 to 31 December 2025 for the Group's construction projects. As the 2023 Framework Agreement will expire at the end of 2025, the Company entered into the 2026 Framework Agreement to renew the terms of such continuing connected transactions on substantially the same terms, subject to the Proposed Annual Caps, for a term of three years. Taking into account the number of existing civil and building projects of the Group on hand and potential projects under tender/discussions and their requirements for Concrete, the Company believes that the Group will continue to require Concrete supply for the three financial years ending 31 December 2028, based on which the Proposed Annual Caps for the corresponding periods have been set under the 2026 Framework Agreement.

Having considered (i) the long-established existing cooperation relationship between the Group and Wai Kee; (ii) the 2026 Framework Agreement can enable stable supply of Concrete by the Wai Kee Group to the Group; and (iii) our analysis and view on the major terms of the 2026 Framework Agreement (as explained further below), we concur with the view of the management of the Company that the entering into the 2026 Framework Agreement falls within the ordinary and usual course of business of the Group and is in the interests of the Group and the Independent Shareholders as a whole.

B. Major terms of the 2026 Framework Agreement

The principal terms of the 2026 Framework Agreement are set out below:

Date:	24 November 2025
Parties:	(1) The Company (2) Wai Kee
Subject matter:	The Company (by itself or through its subsidiaries) may from time to time, but is not obliged to purchase Concrete during the period from 1 January 2026 to 31 December 2028 from Wai Kee (or its subsidiaries and/or associates) by entering into individual contracts.
Term:	A term of three years starting from 1 January 2026 and ending on 31 December 2028 (both dates inclusive) (subject to the approval of the 2026 Framework Agreement to be granted by resolution of the Independent Shareholders at the SGM), unless terminated by either party by giving not less than three (3) months' prior written notice to the other party.
Conditions:	The 2026 Framework Agreement is conditional on approval by the Independent Shareholders.

Pursuant to the 2026 Framework Agreement, the Group and the Wai Kee Group will enter into individual agreement for each individual transaction under the terms of the 2026 Framework Agreement.

Pricing Policy

As stated in the Letter from the Board, in general, after the Group is awarded a new construction project, the Group will source supplies in accordance with its internal procedures on selection of Concrete suppliers and procurement. In particular,

1. The Group's purchasing department will invite tenders/quotations from a pre-approved list of Concrete suppliers (including Wai Kee and other independent Concrete suppliers) providing them with the same specifications for Concrete and other requirements that may be relevant to the project.
2. The Group will generally invite tenders/quotations from at least three independent suppliers for a new construction project.
3. In the event that the Group receives less than three quotations from the suppliers, the Group will review the quotations and compare the tender budget prices submitted by independent subcontractors to the Group in respect of Concrete at the tender stage with Concrete prices offered by other independent Concrete suppliers in respect of other projects in which the Group is involved.

4. After receipt of quotations, the purchasing department will then review all quotations submitted and the relevant contract will be awarded to the lowest bidder. The senior management of the Group will also review all the quotations submitted to ensure the above procedures are being adhered to.

We have randomly selected, obtained and reviewed: (i) 6 sets of Concrete procurement contracts entered into between the Company and Wai Kee (the “**Sample Contracts**”) during FY2023, FY2024 and the nine months ended 30 September 2025 (the “**9M2025**”) (the “**Review Period**”); and (ii) 6 sets of Concrete price quotation records in relation to the relevant Sample Contracts during the Review Period (the “**Price Quotations**”). Given that (i) the Samples Contracts were selected on a random basis; (ii) the Sample Contracts span across the Review Period; and (iii) the Sample Contracts covered both civil and building projects, we consider that the samples reviewed are fair, representative and sufficient in supporting our analysis. Based on our review of the Sample Contracts and the Price Quotations, we noted that the unit price offered by Wai Kee was at a level no less favourable to the Company than the unit price offered by the independent third parties. For all 6 Sample Contracts reviewed, we noted that the Group had obtained quotations from at least three independent suppliers and awarded the contract to the lowest bidder in accordance with its pricing policy. The management of the Company further advises that the practice of inviting at least three suppliers to provide quotation in respect of new construction projects is a common practice in the industry. Given the above, we concur with the view of the management that the Group has policy in place to enable it to select suppliers on a fair and reasonable basis and we consider the pricing principle as stipulated in the 2026 Framework Agreement, which is the same as the pricing principle stipulated in the 2023 Framework Agreement, to be fair and reasonable.

Internal control procedures

As set out in the Letter from the Board, each delivery of Concrete to a project site will be verified, approved and recorded by project administrative staff in the procurement system. The Group has established an internal guideline to monitor compliance with the annual caps. The measures include the following:

- (i) each project site is to deliver, by the end of each year, an annual forecast of Concrete requirements for the next year, with updates (and forward forecast to year end of the next year) in April and August of the next year and undertake special reporting for any material increase of Concrete requirements that is less typical of civil or building project cycle;
- (ii) the Group’s finance department will require Wai Kee to provide its record of monthly Concrete order and delivery data of the Group’s projects so that it can monitor volume pending project site verification, approval and recording process described above;
- (iii) the Group’s finance department is to ascertain the forecast Concrete demand for the financial year of any project joint venture that is to become a subsidiary of the Company during the year and any new projects awarded to the Group during the year; and
- (iv) the finance department of the Group will prepare monthly reports to senior management of the Group of a year-to-date Concrete delivery based on data extracted from the procurement system and compare against the approved annual caps. The senior management of the Group will determine if the relevant annual caps will be exceeded based on the sum and the progress of each project and the estimated Concrete required for the projects.

We view these procedures as sufficient and appropriate because they provide a multi-layered system involving project-level forecasting, finance department monitoring, and senior management oversight, ensuring timely detection and mitigation of potential overruns. Furthermore, pursuant to the Listing Rules, the Company's auditors must provide an annual letter to the Board confirming that nothing has come to their attention that causes them to believe the Concrete CCT has exceeded the annual caps, providing an independent check on compliance.

Based on the above, the management of the Company considers, and we concur, that the Group has in place internal procedures to monitor compliance with the annual cap requirements under the 2026 Framework Agreement.

C. The annual caps

Existing annual caps and historical figures

As stated in the Letter from the Board, the table below sets out: (i) the historical actual transaction amounts of the 2023 Framework Agreement for FY2023, FY2024 and 9M2025; and (ii) the existing annual caps of the 2023 Framework Agreement for each of three years ending 31 December 2025.

	For the year ended/ending 31 December		
	2023	2024	2025
	HK\$'000	HK\$'000	HK\$'000
Existing annual caps	380,000	370,000	430,000
Historical actual transaction amounts (in the case of 2025, from 1 January to 30 September only)	269,364	340,060	210,342 (Note)

Note: The lower actual expenses for the nine months ended 30 September 2025 was mainly due to the fact that certain projects awarded in the two years ended 31 December 2024 that were taken into account for the purposes of determining the existing annual caps were finally awarded to joint ventures of the Group instead of members of the Group. In addition, the Concrete consumption for certain civil projects of the Group were less than the estimation used in determining the existing caps.

As Concrete supply contracts are awarded by the Group by reference to the requirements of its civil and building projects on hand, the delivery of Concrete for existing projects may take place over a period of time that can range from one to five years, depending on the nature and progress of the projects. Expenses for the purchase of Concrete are recognised in the financial statements of the Group on each delivery of Concrete.

The Proposed Annual Caps under the 2026 Framework Agreement

The table below sets out the Proposed Annual Caps for each of three years ending 31 December 2028 under the 2026 Framework Agreement.

Period	Total value not exceeding
	HK\$'000 (Note)
Year ending 31 December 2026 (“FY2026”)	310,000
Year ending 31 December 2027 (“FY2027”)	430,000
Year ending 31 December 2028 (“FY2028”)	450,000

Note: These figures represent the estimated maximum cap in respect of the sale and purchase of Concrete for the periods concerned under the 2026 Framework Agreement. The actual amount of the purchases may be different.

As set out in the Letter from the Board, the Proposed Annual Caps have been determined based on the following factors:

- i. the estimated expenses for Concrete required for the 11 civil and 6 building projects awarded to the Group that are in progress and expected to be delivered or recognised during the term of the 2026 Framework Agreement for which the Group may require Concrete supply, based on each of their current construction progress, the estimated remaining Concrete volume required to complete the work in accordance with the planned construction schedule and the expected project span over the three years ending 31 December 2028. The total estimated annual contract turnover for these 17 projects is approximately HK\$5,563 million, HK\$4,428 million and HK\$2,744 million for FY2026, FY2027 and FY2028, respectively, which will contribute to estimated Concrete requirements of HK\$75 million, HK\$95 million and HK\$51 million in the corresponding years;
- ii. the estimated contract sum for the potential civil and building projects that may be awarded to the Group taking into account the projects under tenders or discussion and the improved prospects brought by infrastructure initiatives and projects announced by Hong Kong government and the estimated expenses for Concrete required for potential projects that are expected to be delivered or recognised during the term of the 2026 Framework Agreement based on the expected project span generally for civil and building projects (being, three to four years for civil projects and two to three years for building projects). For the purposes of determining the Proposed Annual Caps, the Group took into account (i) potential civil and building projects under tenders or discussion in advanced stages as at the Latest Practicable Date which the Group has assumed to be successful solely for the purpose of Listing Rules compliance; and (ii) future projects that are expected to be open for tender based on market information. Based on the Group’s track record on having secured the award of projects having total contract sum of approximately HK\$14 billion, HK\$11 billion and HK\$8 billion for the two years ended 31 December 2024 and the nine months ended 30 September 2025, respectively, and a conservative assumption that 50% of the civil projects that may be awarded to the Group are conducted through joint ventures (while none of the Group’s building projects will be conducted through joint ventures as joint

ventures are less common in current market), it assumed an expected aggregate contract sum attributable to the Group of HK\$14,750 million (for civil projects) and HK\$16,500 million (for building projects) that contributes to estimated Concrete requirements of HK\$205 million, HK\$295 million and HK\$353 million for the three years ending 31 December 2028, respectively;

- iii. the assumption that the ratio of Concrete consumption to contract sum of new projects collectively will be comparable to the average Concrete consumption to contract sum ratio of the Group's existing civil and building projects (being, approximately 3.1% of the contract sum for civil projects and approximately 2.4% of the contract sum for building projects); and
- iv. a buffer of approximately 10% in respect of the annual amounts of Concrete estimated to be purchased during the term of the 2026 Framework Agreement.

In assessing the fairness and reasonableness of the annual caps under the 2026 Framework Agreement, we have reviewed and discussed with management of the Company about the underlying calculation. Based on our review of the underlying calculation, we understand that the annual caps under the 2026 Framework Agreement have primarily taken into account the Group's demand for Concrete from (i) the existing projects on hand of the Group (the “**Existing Projects**”); and (ii) the possible new projects in Hong Kong that the Group may be awarded during the term of the 2026 Framework Agreement (the “**Potential Projects**”).

The table below sets out the Proposed Annual Caps under the 2026 Framework Agreement by the Existing Projects and the Potential Projects:

	FY2026 <i>HK\$'000</i>	FY2027 <i>HK\$'000</i>	FY2028 <i>HK\$'000</i>
Existing projects	74,801	95,484	50,996
Potential projects	<u>205,250</u>	<u>294,750</u>	<u>353,250</u>
	280,051	390,234	404,246
Buffer (10%)	<u>28,005</u>	<u>39,023</u>	<u>40,425</u>
Estimated amounts (<i>Note</i>)	308,056	429,257	444,671
Proposed Annual Caps	310,000	430,000	450,000

Note: The estimated amounts are rounded up to arrive at the annual caps.

Existing Projects

In respect of the estimated Concrete demand for the Existing Projects, we understand from management of the Company that they have considered the Company's 17 Existing Projects on hand (including civil and building projects) regarding their Concrete demand that are estimated in accordance with the planned construction progress during the term of the 2026 Framework Agreement.

Since these projects are already in progress, the estimated Concrete consumption for each of the financial years (FY2026, FY2027 and FY2028) is derived from the actual, project-specific requirements, taking into account the actual progress to date, and the estimated remaining Concrete volume required to complete the work in accordance with the planned construction schedule. We have obtained and reviewed the projection of the expected Concrete consumption for each of the Existing Projects in each of the FY2026, FY2027 and FY2028 and noted that:

- (i) the projected Concrete consumption for the 17 Existing Projects under the Proposed Annual Caps is estimated based on the aggregate amount of the expected Concrete consumption under Existing Projects and the expected project span in respective years;
- (ii) the total estimated annual contract turnover of 17 Existing Projects on hand (comprising 11 civil and 6 building projects) is approximately HK\$5,563 million, HK\$4,428 million and HK\$2,744 million for FY2026, FY2027 and FY2028, respectively;
- (iii) the purchase of Concrete relating to the Existing Projects accounts for approximately 24.1%, 22.2% and 11.3% of the Proposed Annual Cap for FY2026, FY2027 and FY2028 under the 2026 Framework Agreement, respectively; and
- (iv) the contribution of the Existing Projects to the Proposed Annual Caps are expected to decrease after FY2027 as most of the Existing Projects are expected to be completed in FY2027.

Potential Projects

In respect of the anticipated Concrete demand for the Potential Projects, we understand from management of the Company that the Potential Projects mainly comprise the potential civil and building projects that may be awarded to the Group taking into account (i) the projects under tenders or discussion (“**High Chance Potential Projects**”) and (ii) future projects that are expected to be open for tender based on market information (“**Other Potential Projects**”), and the estimated expenses for Concrete required for potential projects that are expected to be delivered or recognised during the term of the 2026 Framework Agreement based on the expected project span. We have obtained and reviewed:

- (i) a list of the High Chance Potential Projects which the Group believed to have high chance to be awarded with an expected aggregate contract sum of over HK\$4,250 million, HK\$3,750 million and HK\$2,250 million for FY2026, FY2027 and FY2028, respectively, and a list of the Other Potential Projects with an expected aggregate contract sum of HK\$3,500 million, HK\$7,000 million and HK\$10,500 million for FY2026, FY2027 and FY2028, respectively. In this respect, we noted that the Group was able to secure new construction contracts with an attributable contract value of approximately HK\$10 billion in FY2024 and HK\$8 billion in the nine months ended 30 September 2025;

- (ii) the calculation of the Concrete consumption for the Potential Projects during the period of the Proposed Annual Caps and we have made further enquiry to the management of the Company and understand that:
- (a) the Potential Projects that are expected to be delivered or recognised during the term of the 2026 Framework Agreement based on the expected project span generally for civil and building projects (being, three to four years for civil projects and two to three years for building projects) which is consistent with the general duration of the historical projects; and
- (b) the Concrete consumption from projected contract sum of the Potential Projects is assumed to be 3.1% of the contract sum for the potential civil projects and approximately 2.4% of the contract sum for the potential building projects (the “**Concrete Consumption Ratio**”) which is determined with the reference to the historical Concrete Consumption Ratio (being historical Concrete consumption to respective contract sum of the Group’s existing building and civil projects), including those Concrete purchased from Wai Kee and independent suppliers; and
- (iii) the purchase of Concrete relating to the Potential Projects accounts for 66.2%, approximately 68.6% and 78.5% of the Proposed Annual Caps for FY2026, FY2027 and FY2028 under the 2026 Framework Agreement, respectively.

Haven taking into account the above and our review of the underlying calculations of the Proposed Annual Caps provided by the Company, we concur with the view of the management of the Company that the Proposed Annual Caps under the 2026 Framework Agreement are fair and reasonable so far as the Group and the Independent Shareholders are concerned and in the interests of the Group and the Independent Shareholders as a whole.

D. Requirements by the Listing Rules regarding the Concrete CCT

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the 2026 Framework Agreement are subject to the following annual review requirements:

- (a) each year the independent non-executive Directors must review the Concrete CCT and confirm in the annual report and accounts that they have been entered into:
- in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

- (b) each year the auditors of the Company must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the Concrete CCT:
- has not been approved by the Board;
 - were not, in all material respects, in accordance with the pricing policies of the Group if the Concrete CCT involved the provision of goods or services by the Group;
 - were not entered into, in all material respects, in accordance with the terms of the relevant agreement(s) governing the Concrete CCT; and
 - have exceeded the annual caps.
- (c) the Company must allow, and ensure that the relevant counterparties to the Concrete CCT allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Concrete CCT; and
- (d) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (a) and/or (b) above, respectively. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

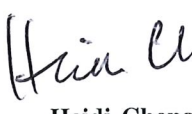
In light of the review and reporting requirements attached to the transaction contemplated under the 2026 Framework Agreement, in particular, (i) the restriction of transaction value by way of the annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company on the terms of the transaction contemplated under the 2026 Framework Agreement and the Proposed Annual Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the transaction contemplated under the 2026 Framework Agreement and safeguard the interests of the Company and the Independent Shareholders as a whole.


RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the 2026 Framework Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Independent Shareholders as a whole, and the terms thereof as well as the respective Proposed Annual Caps are fair and reasonable so far as the Group and the Independent Shareholders are concerned.

Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the terms of and the Proposed Annual Caps in relation to the transactions under the 2026 Framework Agreement.

Yours faithfully,
For and on behalf of
Ballas Capital Limited


Heidi Cheng
Managing Director


Cathy Leung
Director

Note: Ms. Heidi Cheng of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2003, and Ms. Cathy Leung of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activities since 2019.