

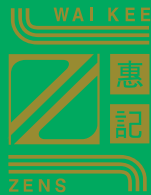
**PROPERTY
DEVELOPMENT**

TOLL ROAD

CONSTRUCTION

**CONSTRUCTION
MATERIALS**

QUARRYING



Wai Kee Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 610)

ANNUAL REPORT 2025

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Financial Highlights

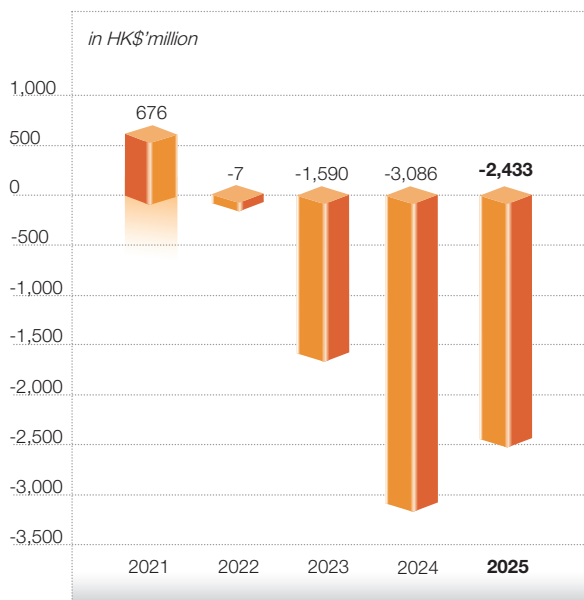
	Year ended 31st December,	
	2025 <i>HK\$'million</i>	2024 <i>HK\$'million</i>
Revenue	13,941	14,480
Loss for the year	(2,247)	(2,910)
Loss attributable to owners of the Company	(2,433)	(3,086)
	<i>HK\$</i>	<i>HK\$</i>
Basic loss per share	(3.07)	(3.89)
Return on equity attributable to owners of the Company	-99.9%	-66.4%

	At 31st December,	
	2025 <i>HK\$'million</i>	2024 <i>HK\$'million</i>
Total assets	9,785	12,642
Total liabilities	(6,158)	(6,890)
Non-controlling interests	(1,192)	(1,108)
Equity attributable to owners of the Company	2,435	4,644
	<i>HK\$</i>	<i>HK\$</i>
Equity attributable to owners of the Company per share	3.07	5.85

Financial Highlights

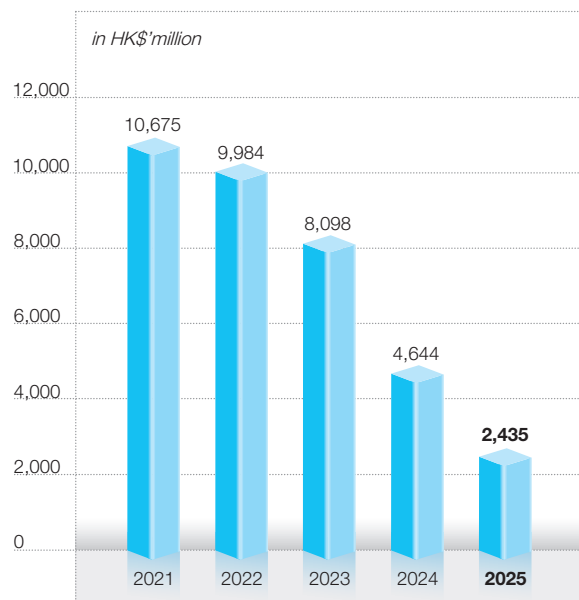
PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

Year ended 31st December,



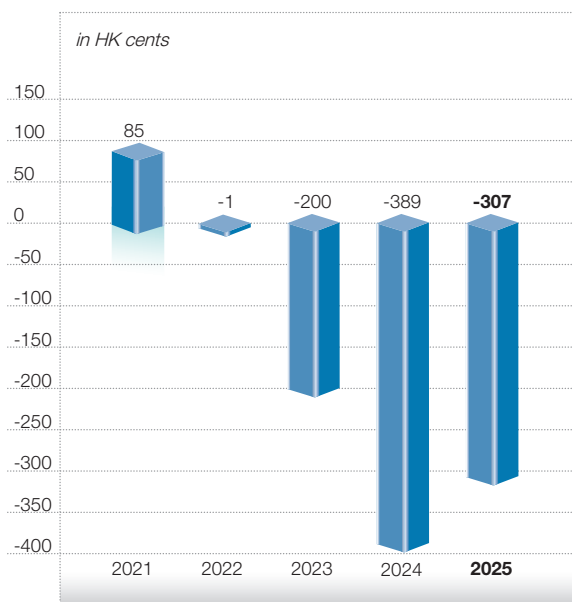
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

At 31st December,



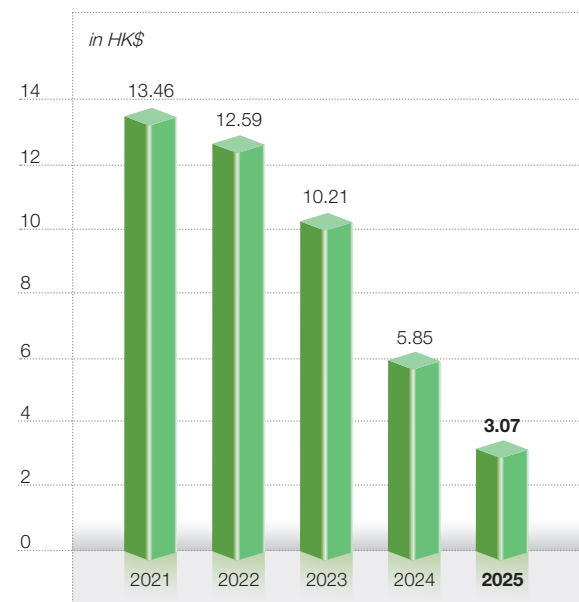
BASIC EARNINGS (LOSS) PER SHARE

Year ended 31st December,



EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE

At 31st December,





Zen Wei Peu, Derek
Chairman

Dear shareholders,

During 2025, the Group's equity attributable to the shareholders decreased significantly by HK\$2,209 million to HK\$2,435 million whilst the equity per share decreased by 48% to HK\$3.07 per share.

Over the years, Road King Infrastructure Limited ("Road King") has contributed significant profits to Wai Kee. However, since 2022, the Group's reported results have been significantly affected by our share of the losses recorded by Road King. Notwithstanding this, the underlying operating performance of our core businesses has remained solid. Excluding the contribution from Road King and impairment loss on interest in Road King, the Group recorded positive operating results of HK\$214 million in 2022, HK\$174 million in 2023, HK\$259 million in 2024 and HK\$230 million in 2025.

Chairman's Statement

Our direct business operations in Wai Kee concentrate on quarrying and production and the supply of construction materials. We operate these two businesses in Lam Tei Quarry, the only active quarry in Hong Kong.

BUSINESS ANALYSIS

Quarrying has a long and proud history at Wai Kee. In fact, we have been deeply rooted in this industry long before Wai Kee was listed on the Hong Kong Stock Exchange. Over the years, we have built up strong expertise and a solid reputation in this field.

In our construction materials business, we took a significant step forward in 2010 when we entered the ready mixed concrete supply market following the award of the tenancy at the Aberdeen site. This was a strategic move. It enabled us to achieve vertical integration from the production and supply of aggregates to the production and supply of ready mixed concrete for our civil engineering and building projects carried out by our construction division. This integration has undoubtedly generated strong synergy across the Group.

Since being awarded the contract in 2015, we have been operating Lam Tei Quarry for more than a decade. Quarrying and construction materials continue to be the principal sources of income for Wai Kee. Looking ahead, we will remain firmly focused on these core businesses, supported by our dedicated and experienced team.

In 2025, the aggregate profits of our quarrying and construction materials businesses in Lam Tei Quarry reached HK\$129 million, representing an increase of 36% compared with 2024. This result reflects the resilience of our core operations and the strength of our integrated business model. We are committed to strengthening our core businesses for the long term. With this in mind, we took a proactive approach in tendering for the Underground Quarrying Contract at Lam Tei Quarry in 2025. I am very pleased to share with you that we were awarded the Underground Quarrying Contract in the second quarter of 2025.

The Underground Quarrying Contract, which includes the development of a cavern within Lam Tei Quarry, will run for a minimum of thirteen and a half years, opening up new opportunities for our future growth. I will provide a more detailed update on the Underground Quarrying Contract once the project commences.

Over the past two years, reductions in government spending and a slowdown in private property development investment have led to a decline in concrete demand. Consequently, the order books of concrete operators have shrunk significantly during this period.

In response to the limited market opportunities, many concrete suppliers have adopted highly aggressive pricing strategies to secure projects and maintain their order volumes. This has intensified competition and created a downward price spiral, further compressing the operating margins of smaller industry participants.

Recently, the government has announced plans to increase infrastructure spending, while private developers have also resumed participation in land bidding. These developments may help support future concrete demand. However, given the time required for new projects to progress from planning to construction, any meaningful recovery in concrete demand will likely take time to materialize.

As a result, concrete prices are expected to remain at relatively low levels in the near term until market conditions improve. As a concrete operator, we anticipate that the industry will continue to face an intensely competitive environment over the next two years.

Chairman's Statement

FINANCE

On the financial aspect, the Group successfully secured a HK\$570 million syndicated banking facility with five banks in the first quarter of 2025. This facility carries a repayment period of 48 months, with the option to extend to 60 months in accordance with the agreement terms.

Since then, we have taken proactive and disciplined measures to strengthen our financial position and expedite the repayment of our bank loans with the objective of reducing interest expenses. In the second half year of 2025, we made early repayments totalling HK\$100 million, ahead of the original repayment schedule planned for 2025, 2026 and 2027.

Going forward, we remain firmly committed to upholding financial prudence and stability. We will continue to pursue similar repayments efforts in 2026, targeting repayments of a comparable amount, subject to the Group's cash flow availability at the relevant time.

OUTLOOK

Under the Underground Quarrying Contract, the area of the Lam Tei Quarry site available for our operations will be reduced, as part of the site will be handed over to the Highways Department for future development.

In response to this change, we will proactively strengthen our concrete production capabilities. A comprehensive and carefully planned layout will be implemented to replace the existing concrete production facilities. This new configuration will optimize land use and enhance operational effectiveness within the reduced site area.

The upgraded facilities will be equipped with advanced automated systems to support both production and real-time monitoring. Gradually, certain clerical and labor-intensive tasks will be replaced by automation. This transformation will lower operating costs, improve productivity, and enhance quality control, positioning us for greater operational resilience in the years ahead.

At the same time, we will continue to advance our sustainability initiatives. We plan to expand the use of electric vehicles and introduce additional renewable energy solutions, including solar panels. These measures will further enhance our environmental performance while contributing to long-term cost efficiency.

Following the successful award and commencement of the Underground Quarrying Contract, we expect to generate stable and recurring income over the next thirteen years. This predictable cash flow will enable the Group to service and progressively repay its existing bank facilities, reinforcing our financial stability and ensuring disciplined management of our obligations.

In line with our prudent financial strategy, the Group will not undertake any new investments until the outstanding loan has been fully repaid. This disciplined approach reflects our commitment to deleveraging, safeguarding and strengthening our financial position. Once our debt has been cleared, we will be well positioned to pursue future growth opportunities from a position of strength.

We remain confident that these strategic initiatives will secure long-term operational stability, enhance competitiveness, and deliver sustainable value to our shareholders.

Chairman's Statement

CORPORATE GOVERNANCE

Communication with Shareholders

I have been candid with you in my reporting, and I will emphasize the pluses as well as minuses that are important in appraising the Group. My guideline is to tell you the business facts that I would want to know if our positions were reversed; I owe you nothing less. There may be some queries or issues you want to raise and so I strongly encourage shareholders to attend the annual general meeting of the Company to be held on 22nd May, 2026. This is the occasion where the management and owners of the company can discuss the business face to face.

Dividend Policy

I regret to inform all shareholders that we are unable to declare and pay dividends until Wai Kee returns to profitability and availability of free cash. As a shareholder myself, I fully understand and share your concerns. Please rest assured that I will do my best to lead the Company through this challenging period.

Appreciation

Finally, I would like to once again express my heartfelt gratitude to our shareholders, clients, business partners, Directors and not least, to our loyal and dedicated staff for their hard work.

Zen Wei Peu, Derek

Chairman

Hong Kong, 26th March, 2026

Management Discussion and Analysis

BUSINESS REVIEW

For the year ended 31st December, 2025, the Group recorded revenue of HK\$13,941 million (2024: HK\$14,480 million) and an audited consolidated loss attributable to owners of the Company of HK\$2,433 million (2024: HK\$3,086 million).

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

For the year ended 31st December, 2025, the Group shared a loss of HK\$2,663 million (2024: HK\$1,835 million) from Road King Infrastructure Limited (“Road King”), an associate of the Group. As of the date of this report, the Group holds 44.52% interest in Road King (excluding 3,000,000 ordinary shares in Road King (“Road King Shares”), representing 0.40% interest in Road King, held by Build King Holdings Limited (“Build King”) which is classified under financial assets at fair value through profit or loss).

The management of the Group conducted impairment assessment with the assistance of an independent qualified professional valuer engaged by the Group on the entire carrying amount of its interest in Road King (including goodwill) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its entire carrying amount. In determining the value in use of the investment, the Group estimated the present value of the future cash flows expected to be generated by Road King based on financial budgets of Road King Group covering a five-year period prepared on the assumption that it can achieve the plans and measures (including restructuring proposal initiated by Road King Group) formulated by Road King Group within the forecast period and taking into account the adjustments made by the management of the Group. After the directors of the Company assessing the recoverable amount of the Group’s interest in Road King, the Group did not make any impairment adjustment (2024: recognised impairment loss of HK\$1,510 million) to the carrying amount of its interest in Road King for the year ended 31st December, 2025.

For the year ended 31st December, 2025, Road King recorded an audited loss attributable to its owners of HK\$5,982 million (2024: HK\$4,122 million).

Road King achieved total property sales of RMB5,551 million in Mainland China in 2025. The property sales comprised contracted sales of RMB5,213 million and outstanding subscribed sales of RMB338 million. The Yangtze River Delta Region is the major sales region.

In view of the significant liquidity pressure faced by Road King and the commencement of debt restructuring, participation in land auctions has been suspended in order to reserve funds to support its daily operations. Therefore, no new projects or land parcels were acquired during the year. As of 31st December, 2025, Road King had a total land reserve of approximately 2,200,000 sqm, of which approximately 310,000 sqm were pre-sold but yet to be delivered.

Driven by factors such as high rental levels and interest rate cuts, properties purchase demand in the Hong Kong real estate market rebounded, with the real estate market in 2025 exhibiting a recovery trend of “a low start followed by stabilisation”. The three projects of Road King in Hong Kong achieved total sales of RMB1,839 million for the year.



PROPERTY DEVELOPMENT

Management Discussion and Analysis

BUSINESS REVIEW (Cont'd)

Property Development and Investment, Toll Road, Investment and Asset Management (Cont'd)

In 2025, the average daily traffic of Road King's Indonesian expressway projects was approximately 87,300 vehicles, a slight increase of approximately 1% compared to the previous year. The toll revenue recorded for the year was approximately HK\$1,695 million, a decrease of approximately 4% compared to the previous year. Excluding the impact of the depreciation of the Indonesian Rupiah against the Hong Kong dollar, toll revenue would have remained flat compared to the previous year.

In 2025, the property development projects of investment and asset management ("IAM") segment of Road King (including joint venture and associate projects) achieved property sales of approximately RMB251 million. The business scale of the other original IAM businesses, which mainly comprised property fund investment and cultural and tourist businesses, has been significantly reduced, after restructuring and rectification, including non-core businesses closed and non-core assets sold. Going forward, Road King will continue to review the operation of its remaining businesses and take appropriate action in due course.

A winding-up petition was filed in the Eastern Caribbean Supreme Court in the High Court of Justice, Virgin Islands (Commercial Division) ("BVI Court") against New Select Global Limited ("New Select"), the holding company of expressway projects in Indonesia under Road King and one of the guarantors of Road King's senior notes. Road King has sought advice from its financial and legal advisors and taken all appropriate measures, including filing an application with the BVI Court for the appointment of provisional liquidators.

Since the beginning of 2026, the financial advisors of Road King and the financial advisors of the creditors have continued to engage in constructive discussions to explore a revised restructuring proposal that would be supported by the creditors. After multiple rounds of discussions, an in-principle agreement was finally reached with a number of relevant creditors in mid-March 2026, which will form the basis for further negotiations to achieve more detailed terms and a detailed long-form documentation.

In view of the progress made in the debt restructuring negotiations, the BVI Court has agreed to adjourn the hearing of the application for the appointment of provisional liquidators over New Select and the winding-up application against New Select to no earlier than 8th June, 2026, in order to facilitate the smooth conduct of negotiations with a view to formally launching the restructuring proposal to all relevant creditors as soon as practicable.

While the outlook of the real estate market is expected to remain grim in the short term, it is generally recognised that the real estate sector in Mainland China still plays an important role in supporting economic growth. Road King stays cautious in regard to the long-term outlook of property business development in Mainland China. Looking ahead, Road King will continue to focus on its core tasks: making every effort to advance the offshore debt restructuring; adhering to ensuring delivery, stabilising operations and strictly controlling cash flow; while continuing to pursue sale of its expressways projects in Indonesia and expanding real estate-related businesses, including commercial and property management.



TOLL ROAD

Management Discussion and Analysis

BUSINESS REVIEW (Cont'd)

Construction, Sewage Treatment and Steam Fuel

For the year ended 31st December, 2025, the Group shared a profit of HK\$264 million (2024: HK\$253 million) from Build King. As of the date of this report, the Group holds 58.33% interest in Build King.

For the year ended 31st December, 2025, Build King recorded revenue of HK\$13,843 million (2024: HK\$14,369 million), representing a decrease of 4% compared with last year, and an audited profit attributable to its owners of HK\$453 million (2024: HK\$434 million).

In Hong Kong, Build King provides a full spectrum of construction services, including building construction, civil engineering, foundation, electrical and mechanical, interior refurbishment and fitting-out works. As of the date of this report, Build King had total contracts on hand amounting to HK\$30.8 billion, which secure the revenue of Build King for the next two years.

In Mainland China, Build King operates a sewage treatment plant in Wuxi that treats household and industrial wastewater, as well as steam supply plants in Gansu and Hubei that provide steam to clients in industrial parks. Total revenue generated from environmental infrastructural operations in Mainland China amounted to HK\$241 million for the year ended 31st December, 2025 (2024: HK\$215 million). Segment profit, after deducting direct costs, increased to HK\$34 million (2024: loss of HK\$17 million). Total output capacity for Build King's five operating steam plants increased from an average of 90 tons per hour in 2024 to an average of 115 tons per hour in 2025, representing an increase of 28%.

Build King holds a 10% interest in Haitao Garden, an urban renewal project located at 58 Haitao Road, Yantian District, Shenzhen, the PRC. The project, originally built in the 1980s, is being redeveloped for residential and commercial use. Construction of the project has commenced, and sales may begin as early as the third quarter of 2026.



CONSTRUCTION

MORI 凱和山

MORI
凱和山

Management Discussion and Analysis

BUSINESS REVIEW (Cont'd)

Construction Materials

For the year ended 31st December, 2025, the construction materials division recorded revenue of HK\$418 million (2024: HK\$609 million) and a net profit of HK\$64 million (2024: HK\$75 million).

The moderate decline in the division's profit in 2025 was primarily attributable to substantially lower sales volumes of concrete, although profit margins improved slightly compared with 2024. This contraction in concrete demand was driven by tightened government spending and a substantial reduction in property construction investment by private developers during the year.

The asphalt business recorded a small profit in 2025, largely due to the reversal of an allowance for doubtful debts recognised in the prior year. This followed the successful collection of a disputed receivable related to a long-completed project.

In line with the Group's ongoing efforts to optimize resource utilization and enhance operational efficiency, management is currently reviewing the forward strategy for asphalt operations.

Management remains committed to stringent cost control and the delivery of high-quality services to enhance competitiveness.

Quarrying

For the year ended 31st December, 2025, the quarrying division recorded revenue of HK\$155 million (2024: HK\$171 million) and a net profit of HK\$65 million (2024: HK\$20 million).

In 2025, the division achieved a substantial increase in profit compared with last year, despite a decline in sales revenue. This growth was primarily driven by a higher volume of rock imported to Lam Tei Quarry for aggregates production, which significantly enhanced profit margins. Additionally, the division realised notable cost savings within its production processes, further bolstered the bottom line.

As the division's operations rely heavily on rock imported to Lam Tei Quarry for production of aggregates, both the import volume and procurement costs of imported rock remain critical factors influencing performance. Consequently, the division's results are highly sensitive to the availability and pricing of imported rock.



CONSTRUCTION MATERIALS

Management Discussion and Analysis

BUSINESS REVIEW (Cont'd)

Quarrying (Cont'd)

While market prices of aggregates remained generally stable, they experienced a slight softening in 2025 due to an abundant supply of aggregates originating from Mainland China, which increased local market competition.

In a significant strategic development, the Group was successfully awarded the Lam Tei Underground Quarrying Contract in the second quarter of 2025. This contract involves the development of an underground quarry-cum-cavern, encompassing comprehensive quarrying activities and related ancillary operations, and it is set to commence following the conclusion of the existing contract of Lam Tei Quarry and will span a minimum of thirteen and a half years. Preparation works are currently underway to ensure a seamless transition from the existing Lam Tei Quarry Contract to the new Underground Quarrying Contract.

Fund Management Service and Securities Brokerage

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

The division recorded a loss of HK\$4 million (2024: HK\$4 million) for the year ended 31st December, 2025.

Investment in equity securities and debt securities

The Group holds certain listed equity securities in Hong Kong and quoted equity securities in the USA. At 31st December, 2025, the fair value of these securities was HK\$27 million (2024: HK\$22 million), of which (including 3,000,000 Road King Shares) HK\$5 million (2024: HK\$5 million) was invested by Build King.

The Group also invested in quoted debt securities which are bonds. At 31st December, 2025, the fair value of the Group's portfolio of quoted debt securities was HK\$64 million (2024: HK\$185 million), of which HK\$5 million (2024: HK\$9 million) was invested by Build King.

Build King invested in an unlisted equity investment fund issued by a private entity incorporated in Hong Kong. At 31st December, 2025, the fair value of the unlisted equity investment fund was HK\$63 million (2024: HK\$45 million).

For the year ended 31st December, 2025, the net loss of the above investments, being the net amount of change in fair value of the investments, dividend income and interest income, was HK\$96 million (2024: net gain of HK\$21 million), of which the net loss of HK\$26 million (2024: net gain of HK\$12 million) was from the investments by Build King, mainly as a result of the significant drop in the quoted prices of the debt securities at 31st December, 2025.



QUARRYING



Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity and Financial Resources

During the year, total borrowings decreased from HK\$1,132 million to HK\$616 million, which included bonds with carrying amounts of HK\$58 million (2024: HK\$56 million) carrying no interest, with the maturity profile summarised as follows:

	31st December, 2025	31st December, 2024
	HK\$'million	HK\$'million
Within one year	48	1,050
In the second year	101	57
In the third to fifth year inclusive	467	25
	616	1,132
Classified under:		
Current liabilities (<i>note</i>)	88	1,076
Non-current liabilities	528	56
	616	1,132

Note: At 31st December, 2025, bank loans that are repayable over one year after the end of the reporting period but contain a repayment on demand clause with an aggregate carrying amount of HK\$40 million (2024: HK\$26 million) have been classified as current liabilities.

At 31st December, 2024, the Group had certain interest rate swap contracts, with an aggregate notional amount of HK\$680 million and maturity date of 25th March, 2025, designated as effective hedging instruments in order to minimise its exposures to forecast cash flow interest rate risk on certain bank loans. At 31st December, 2024, the fair value of the interest rate swaps under derivative financial assets was HK\$6 million. The accumulated sum has been fully released upon maturity of the interest rate swap contracts on 25th March, 2025. For the year ended 31st December, 2025, the Group recorded interest income on interest rate swap contracts of HK\$5 million (2024: HK\$27 million).

At 31st December, 2025, included in total borrowings, HK\$42 million (2024: HK\$27 million) carried interest at fixed rate.

At 31st December, 2025, total amount of the Group's time deposits, bank balances and cash was HK\$2,920 million (2024: HK\$2,056 million), of which bank deposits amounting to HK\$123 million (2024: HK\$81 million) were pledged to banks to secure certain banking facilities granted to the Group. In addition, the Group has available unutilised banking facilities of HK\$1,857 million (2024: HK\$1,573 million).

For the year ended 31st December, 2025, the Group recorded finance costs of HK\$44 million (2024: HK\$90 million).

Management Discussion and Analysis

FINANCIAL REVIEW (Cont'd)

Liquidity and Financial Resources (Cont'd)

The Group's borrowings, investments, time deposits and bank balances are principally denominated in Hong Kong dollar, Renminbi and United States dollar. As a result, the Group is exposed to the currency risks for fluctuation in exchange rates of Renminbi and United States dollar. For the year ended 31st December, 2025, the Group recorded net exchange gain of HK\$28 million (2024: net exchange loss of HK\$20 million). The Group will continue to monitor its exposure to the currency risks closely.

Capital Structure and Gearing Ratio

At 31st December, 2025, the equity attributable to owners of the Company amounted to HK\$2,435 million, representing HK\$3.07 per share (2024: HK\$4,644 million, representing HK\$5.85 per share).

At 31st December, 2025, the gearing ratio, representing the ratio of total borrowings to equity attributable to owners of the Company, was 25.3% (2024: 24.4%) and the net gearing ratio, representing the ratio of net borrowings (total borrowings less time deposits, bank balances and cash) to equity attributable to owners of the Company, was -94.7% (2024: -19.9%) as a result of total amount of time deposits, bank balances and cash exceeding total borrowings amount.

Pledge of Assets

At 31st December, 2025, apart from the bank deposits pledged to secure certain banking facilities granted to the Group, the quoted debt securities with an aggregate carrying amount of HK\$49 million (2024: nil) were also pledged to secure certain banking facilities granted to the Group.

Capital Commitments and Contingent Liabilities

At 31st December, 2025, the Group committed capital expenditure contracted for but not provided in the Group's consolidated financial statements of HK\$138 million (2024: HK\$17 million) in respect of acquisition of property, plant and equipment. At 31st December, 2025 and 2024, the Group had no contingent liabilities.

FUTURE OUTLOOK

The construction division currently maintains a robust order book, with existing contracts on hand sufficient to sustain its turnover for just over two years. The outlook for industry is bolstered by the government's announced increase in infrastructure spending, alongside signs of stabilization in the property market which have encouraged private developers to resume land acquisitions. Consequently, a higher volume of civil engineering and building project tenders is expected to emerge. However, intense competition persists, exerting significant pressure on tender prices and profit margins, thereby making the road ahead particularly challenging for contractors.

For the construction materials division, performance in 2026 is anticipated to remain under pressure due to prevailing market headwinds. Consequently, the quarrying division's results will continue to be highly sensitive to the volumes and procurement costs of rock imported to the Lam Tei Quarry.

Management Discussion and Analysis

THE BOARD'S AND THE AUDIT COMMITTEE'S VIEWS ON THE BASIS FOR QUALIFIED OPINION ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Board and the Audit Committee of the Company have considered the qualified opinion and basis of qualified opinion that the auditor of the Company has included in their "Independent Auditor's Report". The qualification relates to (i) the Group's equity accounting of its interest in Road King based on Road King's consolidated financial statements prepared on a going concern basis, and (ii) the impairment assessment of the Group's interest in Road King which involved an assessment of its value in use based on cash flow projections, in both cases due to the uncertainties as to the timing and terms upon which plans and measures (including the restructuring proposal initiated by the Road King Group) to address the effects of Road King Group's suspension of interest payments of senior notes and offshore bank borrowings.

Although these uncertainties are not within the control of the Company, the Board and the Audit Committee of the Company took into account of (i) the opinion of the directors of Road King that the Road King Group will have funds available to meet its financial obligations as and when they fall due within the next twelve months from 31st December, 2025 after their review of assumptions of Road King Group's cashflow projection and the likelihood of reaching an agreement of the restructuring proposal initiated by the Road King Group with the relevant creditors to meet the Road King Group's financing needs, (ii) the view of the directors of Road King that it is appropriate to prepare the Road King Group's consolidated financial statements on a going concern basis, and (iii) the Company's assessment of value in use of the Group's interest in Road King with the assistance of independent valuers, and considered it appropriate to continue to recognise the share of loss using the equity method based on the consolidated financial statements of Road King Group, which is prepared on a going concern basis, and to adopt the value in use for the impairment assessment of the Group's interest in Road King based on the higher of value in use and fair value less costs of disposal.

If the outcome of Road King Group's restructuring is different from that which formed a basis of the Road King Group having available funds to meet its financial obligations as mentioned above or its cash flow projections by reference to which the value in use assessment was made, the Group's share of loss under equity accounting of its interest in Road King and/or value in use of the Group's interest in Road King may be different from that which is presented in the Group's financial statements for the year ended 31st December. Given that the core issue that led to qualified opinion relates to the implementation of the restructuring proposals of the Road King Group, which is managed independently of the Group, the Company is not in a position to devise or implement any meaningful action plan to address the matters underpinning that qualification apart from monitoring the development of that debt restructuring exercise.

Directors and Senior Management

EXECUTIVE DIRECTORS

ZEN Wei Peu, Derek, age 73, was appointed as an Executive Director in July 1992 and has been with the Group for over 40 years. He is the Chairman, Chief Executive Officer, the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. He is also the Chairman of Build King and the Chairman of Road King, both of whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He is also a director of Emmaus Life Sciences, Inc., whose common stocks are traded on the OTC Market in USA. He holds a Bachelor of Science Degree in Engineering from The University of Hong Kong and a Master Degree of Business Administration from The Chinese University of Hong Kong and is a member of both the Institution of Civil Engineers and the Hong Kong Institution of Engineers and a fellow member of the Institute of Quarrying, the United Kingdom (“UK”). He was the Honorary Treasurer of Hong Kong Construction Association. He has over 50 years of experience in civil engineering. He is the brother of Mr. Zen Wei Pao, William, one of the controlling shareholders of the Company, and the uncle of Mr. Zen Chung Hei, Hayley.

CHIU Wai Yee, Anriena, age 62, was appointed as an Executive Director in June 2005. She joined the Group in April 1995. She is the Company Secretary of the Company. She holds a Bachelor of Administrative Studies Degree and a Master Degree of Professional Accounting. Miss Chiu is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. She has extensive experience in company secretarial field. Miss Chiu is responsible for the construction materials division of the Group, the personnel and administration department and company secretarial department of the Company.

ZEN Chung Hei, Hayley, age 51, was appointed as an Executive Director in August 2025. He has over 25 years of experience in finance, accounting, business investment and development in the United States, Hong Kong and Mainland China. He holds a Bachelor of Commerce degree in Accounting and a Bachelor of Science degree in Computer Science from University of Auckland, New Zealand, and a Master of Business Administration degree from Peking University. He is a member of both the Hong Kong Institute of Certified Public Accountants and the Chartered Accountants Australia and New Zealand. He also holds an Estate Agent’s Licence (Individual). He is the son of Mr. Zen Wei Pao, William, one of the controlling shareholders of the Company, and the nephew of Mr. Zen Wei Peu, Derek.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Che Ming, Steve, age 75, was appointed as an Independent Non-executive Director in July 1992. He is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. During the period from September 2001 to the first quarter of 2005, he served as the Chairman of the Audit Committee of the Company. He is a solicitor, Notary Public, China Appointed Attesting Officer and a member of The Chartered Institute of Arbitrators. He holds a Bachelor of Social Science Degree in Economics from The Chinese University of Hong Kong and a Doctorate Degree in Civil Laws from The Renmin University of China.

WAN Siu Kau, Samuel, age 74, was appointed as an Independent Non-executive Director in September 2001. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. He holds a Master Degree of Business Administration from The Chinese University of Hong Kong and a Bachelor Degree in Business Administration and Accounting from The University of Hong Kong. He started his executive search career in 1988 and was previously Managing Partner and Vice Chairman of Amrop Hever, a global executive search firm. Prior to this, he was the managing director of Norman Broadbent's Hong Kong and China offices and was among the first generation of recruiters to establish a search practice in China. Earlier, he worked for Bank of America and Banque Nationale de Paris on both the human resources and business side. Mr. Wan is a non-executive director of Lion Rock Group Limited (Stock Code: 1127).

WONG Man Chung, Francis, age 61, was appointed as an Independent Non-executive Director in August 2004. He is the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee of the Company. Mr. Wong holds a Master Degree in Management conferred by Guangzhou Jinan University of China. He is a Certified Public Accountant (Practising) and has over 30 years of experience in the profession of accounting. He is a fellow member of the Association of Chartered Certified Accountants, UK, the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, and the Society of Chinese Accountants and Auditors, Hong Kong as well as a certified tax adviser of the Taxation Institute of Hong Kong. Mr. Wong is a non-executive Chairman of Union Alpha CPA Limited and a non-executive director of Union Alpha CAAP Certified Public Accountants Limited, which are professional accounting firms, and a founding director and member of Francis M. C. Wong Charitable Foundation Limited, a charitable institution. Prior to that, he worked for an international accounting firm for 6 years and The Hong Kong Securities Clearing Company Limited for 2 years. Mr. Wong is currently an independent non-executive director, the Chairman of the audit committee and a member or the Chairman of the nomination committee and/or remuneration committee of China Oriental Group Company Limited, Greenheart Group Limited, Hilong Holding Limited and Integrated Waste Solutions Group Holdings Limited, all of whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. He was an independent non-executive director of Digital China Holdings Limited (retired on 27th June, 2024) and Qeeka Home (Cayman) Inc. (retired on 4th June, 2025), all of whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Wong also acted as an independent non-executive director of Shanghai Dongzheng Automotive Finance Co., Ltd. (resigned on 30th November, 2024), whose shares were delisted from the Main Board of The Stock Exchange of Hong Kong Limited on 29th April, 2024. He was an independent non-executive director and is the liquidator in connection with the voluntary liquidation of IntelliCentrics Global Holdings Ltd. (whose shares were delisted from the Main Board of The Stock Exchange of Hong Kong Limited on 8th May, 2024).

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS (Cont'd)

TSANG Wing Yee, age 54, was appointed as an Independent Non-executive Director in October 2023. She is a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. She is a Chartered Financial Analyst Charter holder, a member of Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a Registered Business Valuer of the Hong Kong Business Valuation Forum. Ms. Tsang attained a bachelor's degree in business administration from The University of Hong Kong and a master's degree of science in financial management from The University of London. She has been a licensed person under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO") permitted to carry out type 6 (advising on corporate finance) regulated activities (as defined under the SFO) since August 2003. Ms. Tsang has extensive experience in corporate finance, investment and corporate management. She is currently the Managing Director and a responsible officer (as defined under the SFO) of Crescendo Capital Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities in which she is responsible for the overall management and the provision of financial advisory services to clients, and a director of CSOP Alternative OFC, an open-ended fund company registered under The Securities and Future Commission. Currently, Ms. Tsang is an independent non-executive director of Mi Ming Mart Holdings Limited (Stock Code: 8473), World Houseware (Holdings) Limited (Stock Code: 713) and C&D Newin Paper & Pulp Corporation Limited (Stock Code: 731).

SENIOR MANAGEMENT

AU Wai Man, Raymond, age 63, joined the Group in November 1999 and is the General Manager of the construction materials division of the Group. Mr. Au holds a bachelor's degree in Civil Engineering and a postgraduate diploma in Project Management. He has over 35 years of experience in both civil engineering and building construction in Hong Kong.

CHAN Chi Ming, age 59, has been appointed as an executive director and company secretary of Build King since 13th February, 2025. He joined Build King in October 2024 as a finance director and is also a director of various companies of Build King. He is also a member of the Environmental, Social, and Governance Committee of Build King. Mr. Chan holds a Master Degree in Accounting from the University of Cambridge, a Professional Certificate in Innovation and Entrepreneurship from the Stanford University and a Master Degree in Business Administration from the Hong Kong University of Science and Technology. He is a fellow of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He has over 30 years of experience in financial management, corporate finance and corporate governance. Mr. Chan was previously an executive director of companies listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr. Chan is responsible for overseeing the finance, human resources, digital, administration and company secretarial departments of Build King.

CHAN Wing Ho, Vincent, age 49, is a director of Build King Construction Limited ("BKCL"), Build King Civil Engineering Limited ("Build King Civil") and Build King (Zens) Engineering Limited ("Build King (Zens) Engineering"). He holds a Master Degree of Science and a Bachelor Degree in Civil Engineering from The University of Hong Kong. He is a fellow member of The Hong Kong Institution of Engineers and a Registered Professional Engineer (CVL). He is the Vice President of Hong Kong Institution of Highway and Transportation and a council member of Hong Kong Construction Association. He has over 25 years of experience in civil engineering construction. Mr. Chan is responsible for Build King's civil engineering operation in Hong Kong.

Directors and Senior Management

SENIOR MANAGEMENT (Cont'd)

CHEUNG Kwan Man, Edmond, age 70, joined the Group in August 1994 and is the Group Financial Controller responsible for the financial management and the accounting department of the Group. He is also a director of certain subsidiaries of the Group. Mr. Cheung holds a Master Degree of Business Administration from Heriot-Watt University, UK. He is a fellow member of the Association of Chartered Certified Accountants, UK, a member of the Hong Kong Institute of Certified Public Accountants, Chartered Professional Accountants of Canada and the Certified General Accountants' Association of Canada, as well as a full member of American Institute of Certified Public Accountants. Mr. Cheung has extensive experience in auditing, accounting and financial management.

CHEUNG Lik, Leo, age 49, joined the Group in January 2018. He is a director of WK Securities Limited and WK Fund Management Limited. He is responsible for the securities investment department of the Group. Mr. Cheung holds a Bachelor of Business Administration from The Hong Kong University of Science and Technology, a Master of Banking and Finance from Metropolitan University, UK and a Diploma in Financial Risk Management (FRM). Mr. Cheung has over 20 years of experience in financial industry.

CHEUNG Siu Lun, age 75, is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He is currently a senior consultant of Build King. He holds a Bachelor of Science Degree in Civil Engineering from The University of Hong Kong. He is a fellow of The Hong Kong Institution of Engineers. He is a member of the Faculty Advisory Committee of the Faculty of Science and Technology of the Technological and Higher Education Institute of Hong Kong. He has over 50 years of experience in both civil engineering and building construction.

DAN Kai Yin, Pauline, age 63, joined the Group in January 2019 and is the Chief Investment Officer of WK Fund Management Limited. Ms. Dan holds a Master of Business Administration Degree in Finance from California State University, Los Angeles and Bachelor's Degree in Economics from University of California, Los Angeles. She also holds CFA designation. Ms. Dan has over 30 years of experience in the investment field, managing capital for various multinational institutions.

FONG Wai Pan, Felix, age 48, is a director of BKCL, Build King Civil, Build King (Zens) Engineering and Cerebro Strategy Limited. He holds a Master Degree of Science and a Bachelor Degree in Civil Engineering from The University of Hong Kong. He is a committee member of Hong Kong Institution of Engineers Civil Division, a fellow member of the Hong Kong Institution of Engineers and Institution of Civil Engineers (UK). He is also a council member of Hong Kong Construction Association. He has over 25 years of experience in civil engineering and building construction. Mr. Fong is responsible for Build King's building operation in Hong Kong.

HSU Ling Pui, Janice, age 55, joined the Group in August 2017 and is the Internal Audit Manager of the Company and Build King. She holds a Bachelor Degree of Business Administration and a Master Degree of Science in Financial Analysis. Ms. Hsu is a member of both the Hong Kong Institute of Certified Public Accountants and American Institute of Certified Public Accountants. She has extensive experience in auditing, accounting, financial management and corporate finance. To ensure the independence and integrity of the internal audit function, Ms. Hsu reports directly to Mr. Zen Wei Peu, Derek, the Chairman of the Company, and the Audit Committee Chairmen of the Company and Build King.

Directors and Senior Management

SENIOR MANAGEMENT (Cont'd)

KWOK Chi Ko, Enmale, age 69, is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He holds an Engineering Doctorate Degree, a Master Degree in Arbitration & Dispute Resolution and a Master Degree in Laws. He is a Chartered Quantity Surveyor, a Registered Professional Surveyor (QS) and an Accredited Mediator and has been a Fellow Member of the Hong Kong Institute of Surveyors, the Royal Institution of Chartered Surveyors and the Chartered Institute of Arbitrators. He has had over 40 years of experience in building and construction industry. Mr. Kwok is responsible for Build King's contract administration and commercial management for all building and construction related businesses.

LEE Man Wai, age 65, is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He has over 40 years of extensive experience in tendering and commercial management of civil engineering and building projects in Hong Kong. Mr. Lee is responsible for Build King's tendering activities.

LIU Hoi Yu, Paul, age 51, is a director of BKCL and Build King Civil. He holds a Master Degree in Civil Engineering and a Bachelor Engineering Degree from The University of Hong Kong. He is a fellow member of The Hong Kong Institution of Engineers and a Registered Professional Engineer (CVL & STR). He is a member of The Institution of Structural Engineers and the Chartered Institute of Building. He has over 25 years of experience in both civil engineering and building construction. Mr. Liu is responsible for Build King's building operation in Hong Kong.

LIU Sing Pang, Simon, age 64, is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He is a member of the Institution of Structural Engineers and a Fellow of the Hong Kong Institution of Engineers. He is also a member of the 6th Election Committee of Hong Kong Special Administrative Region, President of Hong Kong Construction Association and Supervisor of HKCA Po Leung Kuk School. He is also a member of Construction Industry Council and serves as the Chairperson of Construction Industry Training Board and a member of Hong Kong Institute of Construction Management Board. Additionally, he is a member of the Governing Council of the Hong Kong Quality Assurance Agency and the Chairman of the Pneumoconiosis Compensation Fund Board ("PCFB"). With 40 years of experience, he has extensive expertise in civil engineering and building construction. Mr. Liu is responsible for Build King's civil engineering operation in Hong Kong.

LUI Yau Chun, Paul, age 65, has been working with the Group since 1998 and is an executive director of Build King. He currently is Build King's Chief Operating Officer and a director of various companies of Build King. He is a member of the Institution of Structural Engineers and the Hong Kong Institution of Engineers. He has over 35 years of experience in civil and marine engineering. Mr. Lui is responsible for Build King's civil and marine engineering operation in Hong Kong.

SO Yiu Wing, Wilfred, age 51, is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He holds a Bachelor degree in Civil Engineering from The University of Hong Kong. He is a member of The Hong Kong Institution of Engineers and a Registered Professional Engineer (CVL). He is the Council Member of Hong Kong Construction Association. He has over 25 years of experience in civil engineering construction. Mr. So is responsible for Build King's civil engineering operation in Hong Kong.

TSE Mau Kay, Keith, age 50, is a director of BKCL, Build King Civil and Build King (Zens) Engineering. He holds a Master Degree of Science in Geotechnical Engineering and a Bachelor Degree in Civil and Structural Engineering from The University of Hong Kong. He is a member of The Hong Kong Institution of Engineers, The Institution of Civil Engineers (UK) and The Institution of Structural Engineers (UK). He is a committee member of Civil Division of The Hong Kong Institution of Engineers. He has over 25 years of experience in civil engineering construction. Mr. Tse is responsible for Build King's civil engineering operation in Hong Kong.

Directors and Senior Management

SENIOR MANAGEMENT (Cont'd)

TSUI Wai Tim, age 63, is a director of Faith Oriental Investment Limited, Excel Concrete Limited and Excel Asphalt Limited. He is also an executive director of Build King and a director of various companies of Build King. Mr. Tsui is a chartered and registered professional engineer. He is a fellow of the Hong Kong Institution of Engineers, the Institution of Civil Engineers, the Hong Kong Institute of Construction Managers, the Hong Kong Institution of Highways and Transportation, and the Institute of Quarrying, and a member of the Hong Kong Institute of Real Estate Administrators and the Chartered Institute of Logistics and Transport. Mr. Tsui is a director of the Hong Kong Construction Materials Association Limited. He is a former Member of the Occupational Safety & Health Council, a former Vice President and Council Member of the Hong Kong Construction Association, a former advisor and a former Member of the PCFB, and a former Chairman of the Building Division of The Hong Kong Institution of Engineers. Mr. Tsui has over 40 years of experience in various types of investment projects, quarrying, property development, property management, large-scale civil engineering, building and foundation projects in Hong Kong, the PRC and overseas. He is responsible for the construction materials division of the Group and Build King's environmental infrastructure projects in the PRC.

YEOW Chin Lan, Denis, age 55, joined the Group in September 1999 and is the Financial Controller of Build King. He is a fellow member of the Association of Chartered Certified Accountants, UK. He has over 30 years of experience in auditing, accounting and financial management. Mr. Yeow is responsible for the financial management and accounting of Build King.

YIU Cheuk Hung, Kenneth, age 60, is a director of BKCL and Build King Civil. He holds an Executive Master Degree of Business Administration from The Chinese University of Hong Kong and a Master Degree of Project Management from University of South Australia. He is a member of the Hong Kong Institution of Engineers, the Chartered Institute of Building (UK) and the Hong Kong Institute of Construction Managers. He is also a Registered Professional Engineer. He has over 35 years of experience in the construction industry including design, construction and project management. Mr. Yiu is responsible for Build King's building operation in Hong Kong.

YU Man Kit, Andy, age 51, is a director of BKCL, Build King Civil, Build King (Zens) Engineering and Cerebro Strategy Limited. He holds a Bachelor Degree in Civil Engineering, a Professional Diploma in Construction Management and a Master Degree of Corporate Governance. He is a member of Institution of Civil Engineers (UK), the Institution of Engineers, Australia, the Chartered Association of Building Engineers and Hong Kong Institute of Construction Managers, and an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. He is also a Registered Construction Manager in Hong Kong and a Chartered Civil and Building Engineer in UK. In addition, he is a member of Civil Engineering Committee of Hong Kong Construction Association. He has over 25 years of experience in civil engineering. Mr. Yu is responsible for Build King's civil engineering operation in Hong Kong, as well as the digital transformation within Build King.

Directors' Report

The Directors present their annual report and the audited consolidated financial statements for the year ended 31st December, 2025.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, principal associates and principal joint ventures are set out in notes 55, 22 and 23 to the consolidated financial statements respectively.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31st December, 2025, the five largest customers of the Group together accounted for approximately 81% of the Group's revenue, with the largest customer accounted for approximately 54%, and the five largest suppliers of the Group together represented approximately 10% by value of the Group's total purchases.

So far as the Company is aware based on information available in the public domain as at the date of this report, New World Development Company Limited ("NWD") holds directly or indirectly 50% interest in one of the top five customers of the Group, and NWD is held as to approximately 45.24% indirectly by Chow Tai Fook Enterprises Limited, which is the indirect holding company of Vast Earn Group Limited, a substantial shareholder of the Company holding approximately 11.49% of the Company's shares.

Save as disclosed above, none of other Directors, or any of their associates, or any shareholders which, to the knowledge of the Directors, owned more than 5% of the Company's share capital, had any interests in the Group's five largest customers as mentioned in the preceding paragraph.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2025 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on pages 106 and 107 respectively.

No interim dividend was paid to shareholders during the year. The Board does not recommend the payment of a final dividend for the year ended 31st December, 2025.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Friday, 22nd May, 2026, the register of members of the Company will be closed from Tuesday, 19th May, 2026 to Friday, 22nd May, 2026, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Monday, 18th May, 2026.

Directors' Report

BUSINESS REVIEW

The business review of the Group for the year ended 31st December, 2025 is set out in the sections headed "Financial Highlights" on pages 2 to 3, "Chairman's Statement" on pages 4 to 7, "Management Discussion and Analysis" on pages 8 to 20, "Corporate Governance Report" on pages 44 to 60, "Consolidated Financial Statements" on pages 106 to 214 and "Financial Summary" on page 215. Description of the principal risks and uncertainties faced by the Group can be found throughout this annual report.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 43 to the consolidated financial statements.

During the year, there was no movement in the share capital of the Company.

RESERVES

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 110.

DISTRIBUTABLE RESERVES OF THE COMPANY

In addition to the retained profits, under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is also available for distribution to the shareholders. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus, if:

- (a) it is, or would after the above payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than its liabilities.

The reserves of the Company which were available for distribution to the shareholders at 31st December, 2025 were approximately HK\$1,859,329,000.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

FINANCIAL SUMMARY

A summary of the results and of the financial position of the Group for the past five financial years is set out on page 215.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

Directors' Report

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Zen Wei Pao, William *(resigned on 21st June, 2025)*
Zen Wei Peu, Derek *(Chairman and Chief Executive Officer)*
Chiu Wai Yee, Anriena
Zen Chung Hei, Hayley *(appointed on 12th August, 2025)*

Independent Non-executive Directors:

Wong Che Ming, Steve
Wan Siu Kau, Samuel
Wong Man Chung, Francis
Tsang Wing Yee

In accordance with Bye-law 86(2), Mr. Zen Chung Hei, Hayley, who was appointed as an Executive Director by the Board on 12th August, 2025, will retire from office, and being eligible, offer himself for re-election at the forthcoming annual general meeting.

In accordance with Bye-law 87, Miss Chiu Wai Yee, Anriena, Dr. Wong Che Ming, Steve and Ms. Tsang Wing Yee will retire from office by rotation at the forthcoming annual general meeting. Miss Chiu Wai Yee, Anriena and Ms. Tsang Wing Yee, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. Dr. Wong Che Ming, Steve will not offer himself for re-election and will retire from the Board with effect from the conclusion of the forthcoming annual general meeting.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The Company received confirmation of independence from Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel, Mr. Wong Man Chung, Francis and Ms. Tsang Wing Yee, being the Independent Non-executive Directors, in respect of the year ended 31st December, 2025, pursuant to Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company considers all the Independent Non-executive Directors to be independent.

Directors' Report

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 31st December, 2025, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules, were as follows:

(I) The Company

Interests in shares

Name of Director	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital %
		Long position <i>(note 1)</i>	Short position	
Zen Wei Peu, Derek	Personal	270,880,078 <i>(note 2)</i>	—	34.15
	Securities interest	24,601,000	—	3.10
Wong Che Ming, Steve	Personal	900,000	—	0.11

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Mr. Zen Wei Peu, Derek is a party to an agreement (another party to which is Mr. Zen Wei Pao, William, a substantial shareholder of the Company, who has a personal interest in 230,282,843 shares) that is subject to section 317(1)(b) of the SFO. Each party to the agreement is thereby deemed to be interested in shares held by the other. Accordingly, for the purpose of section 317(1)(b) of the SFO, Mr. Zen Wei Peu, Derek is deemed to be interested in a total of 501,162,921 shares, representing 63.19% of shares in issue of the Company, as at 31st December, 2025.

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations

Interests in shares

Name of Director	Name of company	Capacity/ Nature of interest	Number of shares held		Percentage of the issued share capital %
			Long position (note 1)	Short position	
Zen Wei Peu, Derek	Build King Holdings Limited	Personal	122,825,228	—	9.89
	Road King Infrastructure Limited	Personal	24,649,000 (note 2)	—	3.29
	Wai Kee (Zens) Construction & Transportation Company Limited (note 3)	Personal	2,000,000	—	10.00
	Wai Luen Stone Products Limited	Personal	30,000	—	37.50
Chiu Wai Yee, Anriena	Build King Holdings Limited	Personal	1,116,000	—	0.09
	Road King Infrastructure Limited	Personal	205,000	—	0.03
Wong Che Ming, Steve	Build King Holdings Limited	Personal	407,448	—	0.03

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Included in the balance, 1,000,000 Road King shares are held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
3. With effect from 29th February, 2016, the name of Wai Kee (Zens) Construction & Transportation Company Limited has been changed to Build King (Zens) Engineering Limited.

Directors' Report

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

Interests in debentures

Name of Director	Name of company <i>(note 1)</i>	Capacity/ Nature of interest	Type of debenture	Principal amount held <i>(note 2)</i>
Zen Wei Peu, Derek	RKI Overseas Finance 2017 (A) Limited	Personal	US\$300 million 7% senior guaranteed perpetual capital securities	US\$800,000 <i>(note 3)</i>
	RKP Overseas Finance 2016 (A) Limited	Personal	US\$300 million 7.95% senior guaranteed perpetual capital securities	US\$4,050,000
	RKPF Overseas 2019 (E) Limited	Personal	US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities	US\$46,450,000 <i>(note 4)</i>
	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$2,495,446 <i>(note 5)</i>
	RKPF Overseas 2019 (A) Limited	Personal	US\$300 million 5.9% guaranteed senior notes	US\$1,767,242 <i>(note 6)</i>
	RKPF Overseas 2019 (A) Limited	Personal	US\$416 million 6% guaranteed senior notes	US\$9,094,656 <i>(note 7)</i>
Wong Che Ming, Steve	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$356,492
Wong Man Chung, Francis	RKPF Overseas 2019 (A) Limited	Personal	US\$480 million 6.7% guaranteed senior notes	US\$1,925,059

DIRECTORS' INTERESTS AND SHORT POSITIONS (Cont'd)

(II) Associated Corporations (Cont'd)

Interests in debentures (Cont'd)

Notes:

1. Wholly owned subsidiaries of Road King.
2. Long position.
3. A principal amount of US\$400,000 of US\$300 million 7% senior guaranteed perpetual capital securities is held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
4. A principal amount of US\$1,300,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek. A principal amount of US\$2,150,000 of US\$300 million 7.75% senior guaranteed fixed-spread perpetual capital securities was held by Prepared Club Company Limited, which is wholly owned by Mr. Zen Wei Peu, Derek.
5. A principal amount of US\$2,495,446 of US\$480 million 6.7% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
6. A principal amount of US\$883,621 of US\$300 million 5.9% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.
7. A principal amount of US\$1,765,953 of US\$416 million 6% guaranteed senior notes was held by Ms. Luk Chan, the spouse of Mr. Zen Wei Peu, Derek.

Save as disclosed above, none of the Directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed above, none of the Directors nor their spouses or children under 18 years of age were granted or had exercised any rights to subscribe for any securities of the Company or any of its associated corporations.

Directors' Report

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISION

Pursuant to the Bye-laws, every Director and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company and/or its subsidiaries from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts.

The Company has arranged appropriate Directors' and Officers' Liability Insurance for its Directors and officers covering the costs, losses, expenses and liabilities arising from the performance of their duties. The insurance policy covers legal action against its Directors and officers to comply with the requirement of the Corporate Governance Code set out in Appendix C1 of the Listing Rules. During the year, no claim was made against the Directors and officers of the Company.

COMPETING INTERESTS

During the year, no Director was interested in the business which competed or was likely to compete either directly or indirectly, with the business of the Group as required to be disclosed under the Listing Rules.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2025, so far as is known to any Director of the Company, the following persons (other than Directors of the Company) have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Number of shares held		Percentage of the issued ordinary share capital %
		Long position <i>(note 1)</i>	Short position	
Zen Wei Pao, William	Personal	230,282,843 <i>(note 2)</i>	—	29.03
Cheng Yu Tung Family (Holdings) Limited <i>(note 3)</i>	Corporate	91,134,000	—	11.49
Cheng Yu Tung Family (Holdings II) Limited <i>(note 4)</i>	Corporate	91,134,000	—	11.49
Chow Tai Fook Capital Limited <i>(note 5)</i>	Corporate	91,134,000	—	11.49
Chow Tai Fook (Holding) Limited <i>(note 6)</i>	Corporate	91,134,000	—	11.49
Chow Tai Fook Enterprises Limited <i>(note 7)</i>	Corporate	91,134,000	—	11.49
Century Acquisition Limited <i>(note 8)</i>	Corporate	91,134,000	—	11.49
CTF Services Limited <i>(note 9)</i>	Corporate	91,134,000	—	11.49
CTFS Management Limited <i>(note 10)</i>	Corporate	91,134,000	—	11.49
CTF Financial Holdings Limited <i>(note 11)</i>	Corporate	91,134,000	—	11.49
Vast Earn Group Limited <i>(note 12)</i>	Beneficial owner	91,134,000	—	11.49

SUBSTANTIAL SHAREHOLDERS' INTERESTS (Cont'd)

Notes:

1. Long position in the shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds).
2. Mr. Zen Wei Pao, William is a party to an agreement (another party to which is Mr. Zen Wei Peu, Derek, an Executive Director, who has a personal interest in 270,880,078 shares) that is subject to section 317(1)(b) of the SFO. Each party to the agreement is thereby deemed to be interested in shares held by the other. Accordingly, for the purpose of section 317(1)(b) of the SFO, Mr. Zen Wei Pao, William is deemed to be interested in a total of 501,162,921 shares, representing 63.19% of shares in issue of the Company, as at 31st December, 2025.
3. Cheng Yu Tung Family (Holdings) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
4. Cheng Yu Tung Family (Holdings II) Limited is deemed to be interested in the shares through its interests in more than one-third of the issued share capital of Chow Tai Fook Capital Limited.
5. Chow Tai Fook Capital Limited is deemed to be interested in the shares through its interests in its subsidiary, namely Chow Tai Fook (Holding) Limited.
6. Chow Tai Fook (Holding) Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Chow Tai Fook Enterprises Limited.
7. Chow Tai Fook Enterprises Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Century Acquisition Limited.
8. Century Acquisition Limited is deemed to be interested in the shares through its interests in its subsidiary, namely CTF Services Limited.
9. CTF Services Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely CTFS Management Limited.
10. CTFS Management Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely CTF Financial Holdings Limited.
11. CTF Financial Holdings Limited is deemed to be interested in the shares through its interests in its wholly owned subsidiary, namely Vast Earn Group Limited.
12. Vast Earn Group Limited is a wholly owned subsidiary of CTF Financial Holdings Limited.

Save as disclosed above, no other person (other than Directors of the Company) has an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

DISCLOSURES PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

On 21st March, 2025, Trend Pacific Limited, a wholly owned subsidiary of the Company, as borrower, the Company as guarantor and five independent third party licensed banks in Hong Kong, one of which also acts as agent for the lending syndicate and as security agent for the secured parties entered into a facility agreement (the "Facility Agreement") in respect of HK\$570 million term loan facility (the "2025 Facility") with final maturity date falling 48 months (or 60 months if the extension option under the Facility Agreement is effected) from the utilisation date of the 2025 Facility. Throughout the life of the 2025 Facility, (i) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek and such other person(s) nominated by either or both of them should collectively represent a majority of the Executive Directors; (ii) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek collectively own (directly or indirectly) at least 40% of the beneficial shareholding interest in the issued share capital of the Company; and (iii) Mr. Zen Wei Pao, William and Mr. Zen Wei Peu, Derek collectively maintain to be the largest beneficial shareholder of the Company.

Save as disclosed above, as at 31st December, 2025, the Company did not have other disclosure obligations under Rules 13.18 and 13.21 of the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Upon enquiry by the Company, save as disclosed below, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published interim report:

Name of Director	Details of changes
Wan Siu Kau, Samuel	Mr. Wan has been appointed as a non-executive director of Lion Rock Group Limited (Stock Code: 1127) with effect from 27th February, 2026.
Tsang Wing Yee	Ms. Tsang has been appointed as an independent non-executive director of C&D Newin Paper & Pulp Corporation Limited (Stock Code: 731) with effect from 6th March, 2026.

CONNECTED TRANSACTIONS

Connected Transaction

Horizontal Pipe Pile Sub-Contract (the “HPP Sub-Contract”) with Vibro (H.K.) Limited (“Vibro HK”)

On 26th May, 2025, Titan Foundation Limited (“Titan”, a wholly owned subsidiary of Build King and a non-wholly owned subsidiary of the Company) was awarded the works under the HPP Sub-Contract by Vibro HK, for a contract sum before variation and re-measurement of approximately HK\$11.15 million.

Vibro HK, being a subsidiary of CTF Services Limited (“CTFS”, a substantial shareholder of the Company), is an associate of CTFS, and therefore a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the entering into of the HPP Sub-Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the HPP Sub-Contract is more than 0.1% but all less than 5%, the HPP Sub-Contract and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempted from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the HPP Sub-Contract were disclosed in the announcement of the Company dated 26th May, 2025.

Continuing Connected Transactions

(a) Framework Agreements with Quon Hing Concrete Company Limited

(i) Sale Framework Agreement

On 14th November, 2024, the Company and Quon Hing Concrete Company Limited (“Quon Hing”, which is owned as to 50% by CTFS, being a substantial shareholder of the Company, and is therefore a connected person of the Company) entered into a sale framework agreement (the “2025 Sale Framework Agreement”) in relation to the sale of ready mixed concrete (“Concrete”) by the Group to Quon Hing during the term of the 2025 Sale Framework Agreement.

The 2025 Sale Framework Agreement has an initial term of three years from 1st January, 2025, unless terminated earlier in accordance with the terms and conditions thereunder. Notwithstanding the above, the 2025 Sale Framework Agreement may be terminated at any time by the written agreement of the Company and Quon Hing. The parties also agreed that, if the total consideration in respect of the transactions is expected to exceed, within a short period of time, an amount which will probably trigger the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules, the parties will, and will procure their subsidiaries to, put a halt to all the transactions until such independent shareholders' approval is obtained.

CONNECTED TRANSACTIONS (Cont'd)

Continuing Connected Transactions (Cont'd)

(a) Framework Agreements with Quon Hing Concrete Company Limited (Cont'd)

(i) Sale Framework Agreement (Cont'd)

Annual Caps

The 2025 Sale Framework Agreement provides for the annual caps for the sale of Concrete by the Group to Quon Hing for the financial years ending 31st December, 2025, 31st December, 2026 and 31st December, 2027 at HK\$22 million, HK\$22 million and HK\$21 million, respectively.

For the financial year ended 31st December, 2025, the aggregate value of the sale of Concrete was approximately HK\$3,416,000.

The continuing connected transaction contemplated under the 2025 Sale Framework Agreement was disclosed by the Company in its announcement dated 14th November, 2024. As all applicable percentage ratios (as defined in the Listing Rules) in respect of the highest annual cap for the transactions contemplated under the 2025 Sale Framework Agreement are more than 0.1% but less than 5%, the 2025 Sale Framework Agreement is subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(ii) Purchase Framework Agreement

On 9th June, 2023, the Company and Quon Hing entered into a framework agreement in relation to the purchase of Concrete by the Group from Quon Hing (the "2023 Purchase Framework Agreement") during the term of the 2023 Purchase Framework Agreement.

The 2023 Purchase Framework Agreement has an initial term of three (3) years from 1st January, 2023, unless terminated earlier in accordance with the terms and conditions thereunder. Notwithstanding the above, the 2023 Purchase Framework Agreement may be terminated at any time by the written agreement of the Company and Quon Hing. The parties also agreed that, if the total consideration in respect of the transactions is expected to exceed, within a short period of time, an amount which will probably trigger the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules, each of the parties will, and will procure its subsidiary(ies) (in the case of the Company) to, put a halt to all the transactions until such independent shareholders' approval is obtained.

CONNECTED TRANSACTIONS (Cont'd)

Continuing Connected Transactions (Cont'd)

(a) Framework Agreements with Quon Hing Concrete Company Limited (Cont'd)

(ii) Purchase Framework Agreement (Cont'd)

Annual Caps

The 2023 Purchase Framework Agreement provides for the annual caps for the purchases of Concrete by the Group from Quon Hing for the financial years ending 31st December, 2023, 31st December, 2024 and 31st December, 2025 at HK\$30 million, HK\$40 million and HK\$40 million, respectively.

For the financial year ended 31st December, 2025, the aggregate value of the purchase of Concrete from Quon Hing was approximately HK\$1,156,000.

The continuing connected transaction contemplated under the 2023 Purchase Framework Agreement was disclosed by the Company in its announcement dated 9th June, 2023. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the highest annual cap for the transactions are more than 0.1% but less than 5%, the 2023 Purchase Framework Agreement is subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

In light of the expiry of the term of the 2023 Purchase Framework Agreement on 31st December, 2025 and to ensure compliance with Chapter 14A of the Listing Rules, on 24th October, 2025, the Company and Quon Hing entered into a new purchase framework agreement (the "2026 Purchase Framework Agreement") in relation to the purchase of Concrete by the Group from Quon Hing during the term of the 2026 Purchase Framework Agreement.

The 2026 Purchase Framework Agreement has an initial term of three (3) years from 1st January, 2026, unless terminated earlier in accordance with the terms and conditions thereunder. Notwithstanding the above, the 2026 Purchase Framework Agreement may be terminated at any time by the written agreement of the Company and Quon Hing. The parties also agreed that, if the total consideration in respect of the transactions is expected to exceed, within a short period of time, an amount which will probably trigger the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules, each of the parties will, and will procure its subsidiary(ies) (in the case of the Company) to, put a halt to all the transactions until such independent shareholders' approval is obtained.

Annual Caps

The 2026 Purchase Framework Agreement provides for the annual caps for the purchases of Concrete by the Group from Quon Hing for the financial years ending 31st December, 2026, 31st December, 2027 and 31st December, 2028 at HK\$20 million, HK\$20 million and HK\$20 million, respectively.

The continuing connected transaction contemplated under the 2026 Purchase Framework Agreement was disclosed by the Company in its announcement dated 24th October, 2025. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the highest annual cap for the transactions are more than 0.1% but less than 5%, the 2026 Purchase Framework Agreement is subject to the reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS (Cont'd)

Continuing Connected Transactions (Cont'd)

(b) *Business Services Agreements entered into between (i) Build King and NWD and (ii) Build King and CTFS*

On 4th July, 2025, Build King entered into a business services agreement with NWD (the "NWD Services Agreement") and a business services agreement with CTFS (the "CTFS Services Agreement") (collectively "Business Services Agreements" and "Business Services Agreement" means either of those agreements) respectively, which set out the framework for the provision of building services or foundation services by the members of Build King and its subsidiaries ("Build King Group") to the members of NWD and its subsidiaries ("NWD Group") or (as the case may be) CTFS and its 30% controlled companies (as defined in the Listing Rules) and their respective subsidiaries ("CTFS Group") from 1st January, 2025 to 31st December, 2027.

CTFS is a substantial shareholder (and therefore a connected person) of the Company. Chow Tai Fook Enterprises Limited, the holding company of CTFS, is a controlling shareholder of NWD. Accordingly, NWD being an associate of the Company's substantial shareholder is a connected person of the Company under the Listing Rules. As such, the transactions between the members of the Group (including Build King Group) and the members of NWD Group or CTFS Group constitute continuing connected transactions of the Company under the Listing Rules.

Each Business Services Agreement has an initial term of three years starting from 1st January, 2025 unless terminated earlier in accordance with the terms and conditions thereunder. Subject to re-compliance with the requirements of the applicable Listing Rules and other applicable laws and regulations at the relevant time or, alternatively, any waivers obtained from the strict compliance with such requirements, upon expiration of the initial term or subsequent renewal term, each Business Services Agreement is automatically renewed for a successive period of three years thereafter (or such other period permitted under the Listing Rules) unless a party under that Business Services Agreement gives a 30 days' prior written notice to the other party to terminate that Business Services Agreement. Notwithstanding the above, the NWD Services Agreement may be terminated at any time by the written agreement of Build King and NWD, and the CTFS Services Agreement may be terminated at any time by the written agreement of Build King and CTFS.

Annual Caps

The annual caps under the NWD Services Agreement and the CTFS Services Agreement for each financial year are as follows:

	Financial year ending 31st December,		
	2025	2026	2027
	<i>Annual cap (HK\$ million)</i>		
For the NWD Services Agreement	124	877	2,810
For the CTFS Services Agreement	108	163	150

For the financial year ended 31st December, 2025, there were no transactions conducted between Build King Group and NWD Group under the NWD Services Agreement or between Build King Group and CTFS Group under the CTFS Services Agreement.

CONNECTED TRANSACTIONS (Cont'd)

Continuing Connected Transactions (Cont'd)

(b) Business Services Agreements entered into between (i) Build King and NWD and (ii) Build King and CTFS (Cont'd)

Annual Caps (Cont'd)

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the annual caps for the transactions under each Business Services Agreement exceed 5%, both Business Services Agreements are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The continuing connected transactions contemplated under each Business Services Agreement were disclosed by the Company in its announcement dated 4th July, 2025 and approved by independent shareholders at the special general meeting of the Company held on 28th July, 2025.

The continuing connected transactions mentioned above has been reviewed by the Independent Non-executive Directors of the Company who have confirmed that the transactions has been entered into:

- (a) in the ordinary and usual course of business of the Company;
- (b) on normal commercial terms; and
- (c) on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company has engaged the auditor of the Company to report the continuing connected transactions of the Group in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules.

The related party transactions disclosed in note 50 to the consolidated financial statement also include transactions that constitute connected transactions or continuing connected transactions, and the Company has complied with the requirements under Chapter 14A of the Listing Rules.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31st December, 2025.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is available to the Company and within the knowledge of the Directors of the Company, the Company has maintained the prescribed public float under the Listing Rules.

Directors' Report

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

DONATIONS

During the year, the Group made charitable and other donations amounting to approximately HK\$1,768,000.

EMPLOYEES AND REMUNERATION POLICIES

At 31st December, 2025, the Group had 3,711 employees (2024: 3,922 employees), of which 3,317 (2024: 3,588) were located in Hong Kong, 385 (2024: 325) were located in the PRC and 9 (2024: 9) were located in Philippines. For the year ended 31st December, 2025, the Group's total staff costs were HK\$2,223 million (2024: HK\$1,925 million).

Competitive remuneration packages are structured to commensurate with individual responsibilities, qualification, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as the performance of the individual.

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

AUDITOR

The consolidated financial statements have been audited by Messrs. Deloitte Touche Tohmatsu, and they shall retire as auditor of the Company upon the expiration of its current term of office with effect from the conclusion of the forthcoming annual general meeting. A resolution for the re-appointment or appointment of auditor of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board

ZEN Wei Peu, Derek

Chairman

Hong Kong, 26th March, 2026

Corporate Governance Report

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining a high standard of corporate governance as it believes that good corporate governance practices are fundamental to the effective operation of a company and can enhance shareholders' value as well as safeguard shareholders' interests. The Company places strong emphasis on a quality Board, accountability, sound risk management and internal control, appropriate risk-assessment, monitoring procedures and transparency to all shareholders and stakeholders.

Throughout the year of 2025, the Company has complied with the code provisions in Part 2 of Corporate Governance Code (the "Code") set out in Appendix C1 of the Listing Rules except for code provision C.2.1 of the Code.

Pursuant to code provision C.2.1 of the Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zen Wei Peu, Derek has been both the Chairman and Chief Executive Officer of the Company since 21st June, 2025. In addition to his responsibilities as Chairman overseeing the function of the Board and formulating overall strategies and policies of the Company, Mr. Zen has taken up the management of the Group's business and overall operation. However, the daily operation of the Company has been delegated to the divisional heads, who are responsible for the different aspects of the business.

CORE VALUE

The Company has long had a "Positive Thinking, Active Participation" management philosophy, which has successfully guided the business for decades. In turn, the Company has identified a set of core values, namely proactivity, innovation, professionalism, integrity and sustainability, to support this philosophy, and have infused these values into all aspects of its business operation. It is the role of good governance to ensure these values are upheld across the Company, and within the corporate governance function itself.

THE BOARD

The Company recognises the importance of a highly effective Board in the long-term success of the Group. In particular, we prioritise balanced and diverse board composition; independent and objective thinking; proficient and informed Directors; efficient and effective roles, committees and delegation; and prudent policies and processes including risk management.

Role of the Board

The primary role of the Board is to protect and enhance shareholders' long-term value. It assumes the responsibility for providing effective and responsible leadership and control of the Group, and directing and supervising the Group's affairs in pursuit of the Group's strategic objectives.

The Board approves and monitors Group's strategies and policies, evaluates the performance of the Group and supervises the management. In addition, the Board reserved for its decisions all major matters of the Company, including approval and monitoring of budgets, risk management (including climate risk management) and internal control, dividend payout, material transaction (in particular those may involve conflict of interests), preparation and release of financial information, appointment of Directors, Environmental, Social and Governance ("ESG") reporting and monitoring progress around ESG material topics, and other significant financial and operational matters.

Corporate Governance Report

THE BOARD (Cont'd)

Role of the Board (Cont'd)

The Board also ensures that the good corporate governance policies and practices are implemented within the Group, and is responsible for performing the corporate governance duties including the following:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to monitor the conduct and the performance of the Directors, senior management and employees; and
- to review the Company's compliance with the Code and disclosures in the Corporate Governance Report.

The Internal Audit team has also carried out a compliance review on the Code and reported to the Board that the Group has properly followed the requirements of the Code.

The above mentioned policies and practices have been promulgated across the Group in the form of Employees' Handbooks and internal memoranda. Senior management is responsible for implementation, and effectiveness is reviewed on a regular basis by internal audit.

Chairman and Chief Executive Officer

The Chairman and the Chief Executive Officer is Mr. Zen Wei Peu, Derek.

The division of responsibilities between the chairman and chief executive has been clearly established and set out in writing.

The role of the Chairman is to oversee the functioning of the Board and ensure the establishment of strategic direction of the Group. The Chairman provides leadership for the Board and ensures that the Company establishes sound corporate governance practices and procedures. He also encourages all the Directors to make a full and active contribution to the affairs of the Board.

The Chief Executive Officer is responsible for implementing the Board's approved strategies and policies, and supervising the day-to-day operations.

There is no separation of the role of the Chairman and the Chief Executive Officer in the Company. Mr. Zen Wei Peu, Derek provides leadership for the Board and takes up the management of the Group's business and overall operation. However, the daily operation of the Company has been delegated to the divisional heads, who are responsible for the different aspects of the business.

The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group's business, given that there are a strong and independent element on the Board and a clear division of responsibility in running the business of the Group. The Board believes that the structure outlined above is beneficial to the Company and its business.

Corporate Governance Report

THE BOARD (Cont'd)

Board Composition

During the year and up to date of this report, the Board comprises the following Directors:

Board of Directors	
Executive Directors	Independent Non-executive Directors
Zen Wei Pao, William <i>(note 1)</i>	Wong Che Ming, Steve
Zen Wei Peu, Derek <i>(Chairman and Chief Executive Officer)</i>	Wan Siu Kau, Samuel
Chiu Wai Yee, Anriena <i>(Company Secretary)</i>	Wong Man Chung, Francis
Zen Chung Hei, Hayley <i>(note 2)</i>	Tsang Wing Yee

Notes:

- 1: Mr. Zen Wei Pao, William has resigned as an Executive Director with effect from 21st June, 2025.
- 2: Mr. Zen Chung Hei, Hayley has been appointed as an Executive Director with effect from 12th August, 2025. Mr. Zen obtained the legal advice regarding his appointment on 7th August, 2025 and he confirmed that he had understood his obligations as a Director of the Company.

With the expertise contributed by each of the Directors, the Board has a wide spectrum of valuable business experience, knowledge and professionalism for its efficient and effective functioning. Each of the Directors has committed to make sufficient time available to discharge their Board duties. Biographical details of the Directors are set out in the “Directors and Senior Management” section of this annual report. A list of Directors and their respective roles and functions are maintained on the websites of the Company and the Stock Exchange.

The Group has several mechanisms in place to encourage independent and objective thinking by its Directors and the Board as a whole. Firstly, Independent Non-executive Directors are well-represented on the Board, with at least three in number, at least one third of the Board, and at least one with accounting or related financial management expertise. Secondly, the Chairman encourages open discussion amongst Directors, and solicits independent perspectives from the Independent Non-executive Directors in particular. Thirdly, at least once per year, the Chairman has a separate meeting with the Independent Non-executive Directors to ensure their voices are being heard effectively. Finally, all Board members individually have access to the Company Secretary and senior management, and independent professional advice would be sought through the Company Secretary. The Board has reviewed the implementation and effectiveness of such mechanisms for the year ended 31st December, 2025.

There are no financial, business or family relationships among the members of the Board, except that the Chairman, Mr. Zen Wei Peu, Derek, is the uncle of Mr. Zen Chung Hei, Hayley.

Corporate Governance Report

THE BOARD (Cont'd)

Board Diversity Policy

The Board has adopted a Board Diversity Policy. The policy aims to set out the approach to achieve diversity on the Board to ensure that the Board has the balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and/or length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee has been delegated with the responsibility for implementing, monitoring and reviewing of the Board Diversity Policy. Any revisions to the Board Diversity Policy as recommended by the Nomination Committee would be submitted to Board for consideration and approval. The Board has reviewed the implementation and effectiveness of the Policy for the year ended 31st December, 2025.

As at the date of this report, more than one-fourth of our Directors is female. The Board is committed to maintain the female representation amongst the Board members at no less than such level.

As at 31st December, 2025, the ratio of female to male in the workforce (excluding Directors) of the Company was 27:73. We expect to increase female representation amongst senior management over time primarily through succession planning. We also aspire to increase female representation amongst our workforce - a significant challenge, as the market in which we operate (construction and quarrying in particular) traditionally attracts a predominantly male workforce. We will continue to take opportunities to increase the proportion of females amongst our staff, as and when suitable candidates are identified.

Appointment and Re-election

Pursuant to the Bye-laws, the Board may appoint a Director either to fill a causal vacancy or as an addition to the Board from time to time during the year following the recommendation from the Nomination Committee. Any Director appointed by the Board to fill a causal vacancy or as an addition to the existing Board shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at such meeting. On this basis, Mr. Zen Chung Hei, Hayley, who was appointed by the Board as an Executive Director on 12th August, 2025, will retire from office, and being eligible, offer himself for re-election at the forthcoming annual general meeting. In addition, at each annual general meeting, at least one-third of the Directors for the time being shall retire from office by rotation and are eligible for re-election. Miss Chiu Wai Yee, Anriena, Dr. Wong Che Ming, Steve and Ms. Tsang Wing Yee will retire from office by rotation at the forthcoming annual general meeting. Miss Chiu Wai Yee, Anriena and Ms. Tsang Wing Yee, being eligible, will offer themselves for re-election at the forthcoming annual general meeting. Dr. Wong Che Ming, Steve will not offer himself for re-election and will retire from the Board with effect from the conclusion of the forthcoming annual general meeting.

Non-executive Directors

Each Non-executive Director (including Independent Non-executive Director) of the Company has entered into a letter of appointment with the Company for a specific term not more than three years, subject to re-election at the general meeting.

Corporate Governance Report

THE BOARD (Cont'd)

Independence of Independent Non-executive Directors

The Group values the independent judgement of the Board, through balanced composition of members. The Chairman actively encourages open discussion and seeks independent views from the Independent Non-executive Directors in particular, in Board meetings and in a separate meeting with Independent Non-executive Directors held at least annually.

The Company received confirmation of independence from each of the Independent Non-executive Directors in respect of the year ended 31st December, 2025, pursuant to Rule 3.13 of the Listing Rules. Thus, the Board considers all the Independent Non-executive Directors to be independent.

Board Meetings

The Board meets regularly at least four times each year and additional meetings are arranged if and when required. The Directors play an active role in participating the Company's meetings through contribution of their professional opinions and active participation in discussion. During the year, the attendance records of individual Director at the Board meetings, meetings of three Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, the annual general meeting held on 21st May, 2025 and a special general meeting held on 28th July, 2025 are set out below:

Name of Director	Meetings attended/held					
	Board Meeting	Audit Committee Meeting	Nomination Committee Meeting	Remuneration Committee Meeting	Annual General Meeting held on 21st May, 2025	Special General Meeting held on 28th July, 2025
Executive Directors						
Zen Wei Pao, William (<i>resigned on 21st June, 2025</i>)	3/3	—	1/1	1/1	1	—
Zen Wei Peu, Derek	7/7	—	3/3	2/2	1	1
Chiu Wai Yee, Anriena	7/7	—	—	—	1	1
Zen Chung Hei, Hayley (<i>appointed on 12th August, 2025</i>)	3/3	—	—	—	—	—
Independent Non-executive Directors						
Wong Che Ming, Steve	7/7	3/3	3/3	2/2	1	1
Wan Siu Kau, Samuel	7/7	3/3	3/3	2/2	1	1
Wong Man Chung, Francis	7/7	3/3	3/3	2/2	1	1
Tsang Wing Yee	7/7	3/3	3/3	2/2	1	1

Note: "—" Not applicable

THE BOARD (Cont'd)

Board Meetings (Cont'd)

Notice of a regular Board meeting is given to all Directors at least 14 days before each meeting, and all Directors are given the opportunity to include matters in the agenda for discussion at the Board meetings. The agenda and meeting materials are normally sent to all Directors at least three days before the regular Board meetings (and so far as practicable for such other Board meetings) to ensure that they have sufficient time and attention to the affairs of the Company.

In order to have an effective Board, all Directors are provided with information on activities and developments in and the financial performance of the Group's business on a monthly basis to keep them apprised of the latest developments of the Group. They have full access to information on the Group and are able to invite management and professional advisers, where appropriate, to attend Board meetings.

All Directors have direct access to the Company Secretary who is responsible for advising the Board on corporate governance and compliance issues. The Company Secretary is also responsible for taking the minutes of the Board and Board Committees' meetings. Such minutes are open for inspection by Directors.

Each Director is required to make disclosure of his/her interests or potential conflict of interests, if any, in any proposed transactions or issues discussed by the Directors at the Board and Board Committees' meetings. Any Director shall not vote on any resolution of the Board and Board Committees approving any contract or arrangement or any other proposal in which he/she (or his/her associates) is materially interested nor shall he/she be counted in the quorum present at the meeting.

Directors' Induction and Continuous Professional Development

Directors should keep abreast of their collective responsibilities. Briefing of the Group's business, strategy and operations, and financial condition is given to newly appointed Director and a comprehensive induction package including the statutory and regulatory obligations of a director of a listed company is also provided. The Group also provides seminars and trainings to develop and refresh the Directors' knowledge and skills. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

Corporate Governance Report

THE BOARD (Cont'd)

Directors' Induction and Continuous Professional Development (Cont'd)

All Directors are requested to provide the Company with their respective training records pursuant to the Code. Trainings received by each of the existing Directors during the year are summarized as follows:

Name of Director	Type of continuous professional development
Executive Directors	
Zen Wei Peu, Derek	A,B
Chiu Wai Yee, Anriena [#]	A,B
Zen Chung Hei, Hayley	A,B
Independent Non-executive Directors	
Wong Che Ming, Steve	A,B
Wan Siu Kau, Samuel	B
Wong Man Chung, Francis	A,B
Tsang Wing Yee	A,B

Notes:

- A: attending seminars and/or conferences and/or forum
B: reading newspapers, journals and updates relating to the economy, general business, accounting, laws, rules and regulations, etc.
#: The Company Secretary has undertaken over 15 hours of professional training during the year.

BOARD COMMITTEES

The Board has delegated authority to three Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, to oversee particular aspects of the Company's affairs. The updated terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee are available on the websites of the Company and the Stock Exchange.

Audit Committee

Composition

The Audit Committee was formed in 1998 and currently comprises four members, namely Mr. Wong Man Chung, Francis (Chairman of the Audit Committee), Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel and Ms. Tsang Wing Yee, all of whom are Independent Non-executive Directors.

BOARD COMMITTEES (Cont'd)

Audit Committee (Cont'd)

Role and Function

The main responsibilities of the Audit Committee are to review the consolidated financial statements and the external auditor's reports, and to monitor the integrity of the consolidated financial statements. It also assists the Board to oversee financial reporting system, risk management, internal control systems and internal and external audit functions. The Committee meets at least twice a year with the Company's external auditor to discuss the audit process and accounting issues.

Summary of Work Done

The following is a summary of major work performed by the Audit Committee during the year ended 31st December, 2025 and up to the date of this report:

- Approval of remuneration and terms of engagement of the external auditor;
- Review of the annual results of the Group for the years ended 31st December, 2024 and 2025, and the interim results of the Group for the six months ended 30th June, 2025;
- Review of the Group's financial information, financial reporting procedures, risk management, internal control systems, and financial and accounting policies and practices;
- Review of external auditor's independence and objectivity and the effectiveness of the audit process, and review of policy on engaging the external auditor to provide non-audit services;
- Review of the audit plan for the financial year ended 31st December, 2025;
- Review of internal/external auditor's significant findings and recommendations, and monitoring of the subsequent implementation;
- Recommendation to the Board to re-appoint or appoint the external auditor at the 2025 and 2026 annual general meetings;
- Review of the effectiveness of the internal audit function of the Company;
- Review of the 2026 internal audit plan;
- Review of the findings in the internal control reports;
- Review of reporting mechanism for employees to raise concerns about possible improprieties in financial reporting, internal control or other matters related to the Company;
- Review of the Whistleblowing Policy;
- Review of the continuing connected transactions of the Company; and
- Meetings with the external auditor, in the absence of Executive Directors and management.

BOARD COMMITTEES (Cont'd)

Nomination Committee

Composition

The Nomination Committee was set up in 2012 and currently comprises five members, namely Mr. Zen Wei Peu, Derek (Chairman of the Nomination Committee), Dr. Wong Che Ming, Steve, Mr. Wan Siu Kau, Samuel, Mr. Wong Man Chung, Francis and Ms. Tsang Wing Yee. Except for Mr. Zen Wei Peu, Derek, being an Executive Director, all other members are Independent Non-executive Directors.

Role and Function

The Nomination Committee was established to ensure that there are deliberative, considered and transparent procedures for the appointment of the Directors. The duties of this Committee include reviewing the structure, size and composition (including but not limited to gender, age, cultural background, educational background, skills, knowledge, professional experience and/or length of service) of the Board at least annually, assist the Board in maintaining a board skills matrix and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of individuals nominated for directorships based on merit against objective criteria and with due regard for the benefits of diversity on the Board. The Nomination Committee also reviews and assesses regularly each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his/her responsibilities effectively and support the regular evaluation of the Board's performance.

Recognising the other demands placed on Directors, the Nomination Committee has reviewed the capacity of each Director to carry out their duties, and is satisfied with their level, effectiveness and contributions.

Summary of Work Done

The following is a summary of the work performed by the Nomination Committee during the year ended 31st December, 2025 and up to the date of this report:

- Review of the structure, size and composition (including but not limited to gender, age, cultural background, educational background, skills, knowledge, professional experience and/or length of service) of the Board;
- Review of its constitution and terms of reference;
- Assessment of the independence of the Independent Non-executive Directors;
- Recommendation to the Board on the appointment of the nominated Executive Director;
- Review of the Nomination Policy and the Board Diversity Policy (collectively the "Policies");
- Review of the measurable objectives for implementing the Policies; and
- Determination of the rotation of the Directors for the annual general meeting to be held in May 2026.

BOARD COMMITTEES (Cont'd)

Nomination Committee (Cont'd)

Nomination Policy

The Company has a Nomination Policy for the nomination of Directors. The policy aims to set out the approach to guide the Nomination Committee in relation to the identification and selection of individuals suitably qualified to become Directors and the making of recommendation to the Board on the individuals nominated for directorships and the re-election of Directors.

The Board values the experience of the Directors and senior management of the Company, but also recognises the risks inherent in increasing tenures and age. As such, the Nomination Committee will increasingly focus on succession planning over the coming years in order to secure a pipeline of talent for staffing, management and governance sufficient for the long-term sustainability of the Company.

Nomination Procedures

Appointments of new Directors are first considered by the Nomination Committee. In considering the appointment of a Director, the Committee applies criteria such as relevant experience, professional and educational background, reputation for integrity and independence as well as the diversity on the Board as mentioned in the Board Diversity Policy, including but not limited to gender, age, cultural background, educational background, professional experience, skills, knowledge and length of service.

For the retiring Directors to be re-elected at annual general meeting, other than the consideration of selection criteria and the diversity on the Board mentioned above, the Committee will evaluate their overall contribution and service to the Company.

The recommendations of this Committee are then put to the Board for consideration and approval. Thereafter, any Director appointed by the Board is subject to re-election at the next following annual general meeting of the Company.

During the year, the Board approved the appointment of Mr. Zen Chung Hei, Hayley as an Executive Director with effect from 12th August, 2025, who will retire from office and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

BOARD COMMITTEES (Cont'd)

Remuneration Committee

Composition

The Remuneration Committee was formed in 2005 and currently comprises five members, namely Mr. Wan Siu Kau, Samuel (Chairman of the Remuneration Committee), Dr. Wong Che Ming, Steve, Mr. Wong Man Chung, Francis, Ms. Tsang Wing Yee and Mr. Zen Wei Peu, Derek. Except for Mr. Zen Wei Peu, Derek, being an Executive Director, all other members are Independent Non-executive Directors.

Role and Function

The Remuneration Committee has been established to ensure that there are formal and transparent procedures to assist the Board in determining the remuneration policy of the Company and structuring the remuneration of all Executive Directors and senior management. This Committee is responsible for making recommendation to the Board on the remuneration policy of the Company and structuring for all Executive Directors' and senior management's remuneration, and reviewing and approving the management's remuneration proposal with reference to the Board's corporate goals and objectives. It also determines, with delegated responsibility, remuneration packages of individual Executive Directors and senior management, and makes recommendations on remuneration of Non-executive Directors (including Independent Non-executive Directors). The Remuneration Committee is also responsible for reviewing and/or approving matters relating to share schemes in accordance with the Listing Rules.

Summary of Work Done

The following is a summary of the work performed by the Remuneration Committee during the year ended 31st December, 2025 and up to the date of this report:

- Review and approval of the Company's remuneration policy for 2025 and 2026;
- Approval of year end bonus of Executive Directors for 2024 and 2025;
- Approval of emoluments of Executive Directors (where Mr. Zen Wei Pao, William (who resigned on 21st June, 2025) and Mr. Zen Wei Peu, Derek abstained from voting in determining their own remuneration) and senior management;
- Approval of 2025 and 2026 salary adjustment;
- Recommendations on remuneration of Independent Non-executive Directors; and
- Recommendation on the remuneration of the newly appointed Executive Director.

Corporate Governance Report

BOARD COMMITTEES (Cont'd)

Remuneration Committee (Cont'd)

Remuneration policy

The remuneration of a Director is determined with reference to his/her duties and responsibilities with the Company and the prevailing market situation. The competitive remuneration packages of Executive Directors and senior management are determined by the Remuneration Committee, structured to commensurate with individual responsibilities, qualification, experience and performance. In addition, discretionary bonuses may be paid depending upon the financial performance of the Group as well as the performance of the individual. The remuneration of Non-Executive Directors and Independent Non-Executive Directors are recommended by the Remuneration Committee and determined by the Board. In all cases, no individual determines his/her own remuneration. Details of the emoluments of Directors for the year ended 31st December, 2025 are set out in note 12 to the consolidated financial statements of this annual report.

The emoluments paid to senior management of the Group for the year ended 31st December, 2025 were within the following bands:

	Number of Senior Management
Up to HK\$2,000,000	7
HK\$2,000,001 to HK\$3,000,000	3
HK\$3,000,001 to HK\$4,000,000	2
HK\$4,000,001 to HK\$5,000,000	3
HK\$5,000,001 to HK\$6,000,000	3
HK\$6,000,001 to HK\$7,000,000	3
HK\$7,000,001 to HK\$8,000,000	2

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as its own code of conduct regarding Directors' Securities Transactions. All Directors have confirmed, following specific enquiry, that they have complied with the Model Code throughout the year ended 31st December, 2025.

The Company has also adopted a code of conduct governing securities transactions by employees who are likely to be in possession of unpublished inside information in relation to the Group.

Formal notifications are sent by the Company to all Directors and relevant employees reminding them that they should not deal in the securities of the Company during the "black out period" specified in the Model Code.

Corporate Governance Report

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities, with the support from the Finance and Accounting Department, to prepare the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors, having made appropriate enquiries, are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements on a going concern basis.

The Directors are aware of the requirements under the applicable Listing Rules and statutory regulations with regard to the timely and proper disclosure of inside information, announcements and financial disclosures and authorizes their publication as and when required.

EXTERNAL AUDITOR'S REMUNERATION AND REPORTING RESPONSIBILITIES

Messrs. Deloitte Touche Tohmatsu has been re-appointed as the Company's external auditor at the annual general meeting of 2025 until the conclusion of the next annual general meeting. The Audit Committee recognises the long tenure of the external auditor, and is satisfied the auditor maintains the independence and objectivity required to exercise its duties faithfully.

The fees paid/payable to external auditor for audit and non-audit services for the year ended 31st December, 2025 are as follows:

Type of services	Fee paid/ payable HK\$
Audit	4,844,000
Non-audit services	
Interim review	1,428,000
Other services (<i>note</i>)	1,501,000
Total	7,773,000

Note: Other services comprise of consulting services and tax compliance services.

The statement of the Company's external auditor, Messrs. Deloitte Touche Tohmatsu, regarding its reporting responsibilities is set out in the Independent Auditor's Report on pages 100 to 105 forming part of this annual report.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain sound and effective risk management and internal control systems for each department and function to safeguard the Company's assets and shareholders' interest.

The Company's enterprise risk management system is based on the Committee of Sponsoring Organizations of the Treadway Commission's "Internal Control – Integrated Framework" as revised in 2013 (the "Framework"). The Framework features 17 principles across the 5 components, all of which must be present, functioning and operating in an integrated manner in order to effectively reduce risk to an acceptable level. The Framework requires judgement in designing, implementing and conducting internal control, and in assessing its effectiveness. There is no one-size-fits-all approach in designing a risk management and internal control system.

The Company's internal control system comprises a well-defined organizational structure and comprehensive policies and standards. Responsibilities of each business and operational unit are clearly defined to ensure effective authority delegation and proper segregation of duties.

The Company's risk management and internal control assessment is carried out at least once per year. The Internal Audit team will work with line management to review their respective operations. All major findings, risks, and changes will be followed up and highlighted in the final report.

For example, one key component of the Framework featured in the report is risk assessment, including fraud. The Company's risk assessment will be conducted by both the responsible line management and the Internal Audit team. The major risks will be identified and classified into 9-box matrix by their impact ranging from severe/critical to limited/minor, and probability from low to high. Risk management plans and their latest status will be followed up and documented for future reference.

Firstly, the Internal Audit team tailors the individual assessment based on previous results. Secondly, the responsible line management for each major unit should take this opportunity to review how to control the operation and how to deal with the major risks. Thirdly, the Internal Audit team will analyze and clarify the information gathered with the responsible line management, if necessary, walk-through exercises and substantive tests may be conducted. Finally, the results of assessment will be prepared and distributed to all Executive Directors, Audit Committee, and external auditor, for their information.

The Audit Committee, which was delegated by the Board, has reviewed and evaluated, via the Internal Audit team, the effectiveness of the Group's risk management including ESG risks and internal control systems put in place by management covering all material controls, including financial, operational and compliance controls as well as risk management functions of the Company and its subsidiaries for the year ended 31st December, 2025. In addition, the Audit Committee has also considered the qualified opinion and basis of qualified opinion that the auditor of the Company has included in their "Independent Auditor's Report". For the reasons described in greater detail in "The Board's and the Audit Committee's Views on the Basis for Qualified Opinion on the Audited Consolidated Financial Statements" in this annual report, the subject matter of the qualified opinion is not indicative of the existence of any internal control failings or weakness.

Management confirmed that the risk management and internal control systems of the Company and its subsidiaries was effective and adequate. The Company will continue to maintain the adequacy of resources for these key functions in the future.

RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

During the year, the Internal Audit team conducts, at least once per year, systematic reviews of the Group's risk management and internal control systems by using a risk-based audit approach and reviews the effectiveness of the Group's systems of risk management and internal control in order to provide reasonable, but not absolute, assurance of the effectiveness of the systems. The Internal Audit team had carried out its mission by:

- identifying and prioritizing potential business risks;
- performing risk-based assessments;
- evaluating effectiveness and compliance with internal policies and procedures;
- analyzing causes for errors and irregularities found;
- recommending good internal controls to prevent unintentional mistakes, discourage fraudulent acts, and promote operational efficiency and ethical standards;
- performing follow up procedures on corrective actions;
- appraising the soundness and adequacy of various departments' ongoing maintenance of internal controls;
- providing consulting and advisory services on control and related matters;
- conducting independent investigation of situations raised by whistleblowers, if any; and
- maintaining open communication with the Chairman, Audit Committee and auditee management, and external auditor.

Such systematic and joint-effort approach, by both the experienced Internal Audit team and the respective line management, will be fine-tuned every year to ensure the best results can be reached. In addition to the yearly risk management and internal control review, ad hoc tasks will be arranged to address certain concerns separately, whenever necessary, for example, discloseable and connected transactions, Anti-Money Laundering and Counter-Financing of Terrorism, etc. In 2025, there was no situation being raised by whistleblowers.

The Internal Audit team reports directly to the Audit Committee and has free access to review all aspects of the Group's activities and controlling systems. The Internal Audit team reports audit findings together with recommendations to the Audit Committee on a timely basis upon completion of the relevant audit review. All critical audit findings and control weaknesses are summarized and presented to the Audit Committee on a semi-annual basis, which in turn reports to the Board.

Corporate Governance Report

CONSTITUTIONAL DOCUMENTS

The Company did not make any change to its constitutional documents in 2025.

SHAREHOLDERS' RIGHTS

The Board and management shall ensure shareholders' rights and all shareholders are treated equitably and fairly. Pursuant to the Bye-laws, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. In addition, shareholders holding not less than one-twentieth of the total voting rights or not less than 100 shareholders may submit a written request to the Company stating the resolution intended to be proceeded at the annual general meeting.

Any vote of shareholders at a general meeting must be taken by poll (other than procedural matters). Voting results are posted on the websites of the Company and the Stock Exchange on the day of the general meeting.

Detailed procedures for the shareholders to convene a special general meeting, putting forward proposals at a general meeting and proposing a person for election as a Director are also available on the website of the Company.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to maintain effective communications with the shareholders and investors. To this end, the Company maintains an open dialogue with the shareholders and investors through the Company's financial reports, press releases and general meetings that may be convened, as well as making available all the disclosures submitted to the Stock Exchange to provide regular and timely public disclosures on the Company's operating performance and corporate developments.

The Board has established a shareholders' communication policy setting out various channels of communication, with the objective of enabling the shareholders to assess the Company's overall performance, exercise their rights in an informed manner and engage actively with the Company.

The Company regards its shareholders' meeting as an important means of communication with the shareholders in which the shareholders will be able to have an open dialogue with the Board. The Board members, in particular, the chairmen of the Board Committees and appropriate management executives are available to answer questions of the Group's business at the annual general meetings. External auditor also attends the Company's annual general meetings and addresses queries from the shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

COMMUNICATION WITH SHAREHOLDERS (Cont'd)

The Company also endeavours to maintain effective communication with all shareholders through other channels such as publication of annual and interim reports, announcements and circulars so as to provide extensive information on the Group's activities, business strategies and developments, and financial position. Such information is also available on the websites of the Company and the Stock Exchange.

Shareholders are also provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, to enable them to make any queries or comments on the Company at any time.

The Board has reviewed the implementation and effectiveness of the shareholders' communication policy during the year ended 31st December, 2025. As there are various channels of communication available for the shareholders, the Board considered that the shareholders' communication policy was effective.

DIVIDEND POLICY

The Company has adopted a Dividend Policy. It aims to provide shareholders with stable and sustainable returns.

In proposing any dividend payout, the Board shall take into account, inter alia, the Group's financial condition, working capital requirements and future expansion plans, actual operations and liquidity position, the Company's retained earnings, distributable reserves and cash flow situation, general economic condition and other factors that the Board considers appropriate.

Environmental, Social and Governance Report

MESSAGE FROM THE CHAIRMAN

Dear shareholders,

On behalf of the board of directors (“Board”) of Wai Kee Holdings Limited (“Wai Kee” or the “Company”), I am pleased to present our Environmental, Social and Governance (“ESG”) Report which covers our sustainability performance from 1st January, 2025 to 31st December, 2025 (“Reporting Period”).

As quarrying and the production of construction materials are Wai Kee’s major businesses, we recognise both the environmental and social impacts of our operations. Consequently, we have firmly embedded ESG concerns and sustainability principles in the management and operations of our business. Our commitment to sustainable development includes:

1. Enhancement and promotion of environmental protection in Wai Kee’s operations by implementing environmental protection measures and practices that conform to our certified Environmental Management System (“EMS”);
2. Provision of a safe and healthy workplace for our employees and the offer of fulfilling career pathways through structured training and learning programmes; and
3. Fostering strong long-term relationships with the communities in which we conduct our business.

Our Sustainability Working Group has identified key ESG management improvement opportunities towards Wai Kee’s long-term sustainable operations. The Working Group collaborates with departments across the Company, including administration and personnel, company secretarial, construction materials and quarrying, finance and accounts, management information system and internal audit. While the Board has overall responsibility for Wai Kee’s ESG reporting and decision making, our management team is responsible for monitoring and managing ESG-related issues, risks, and the efficacy of our ESG management systems.

Stakeholders play a very important role in prioritising Wai Kee’s material ESG topics. During the Reporting Period, we leveraged the findings and progress from the 2023 stakeholder engagement online survey that we conducted to better understand their expectations and needs in terms of ESG practices. Based on the feedback we received, Wai Kee prioritised and identified a set of material ESG-related issues that enhanced our ESG management.

The Board regularly reviews progress around these material topics as we continue to improve our overall ESG performance.

On behalf of the Board, I would like to express my appreciation and gratitude to the entire Wai Kee team for their efforts delivering on our sustainability commitments in 2025, while striving to help make Wai Kee a more responsible business.

Zen Wei Peu, Derek

Chairman

26th March, 2026

Environmental, Social and Governance Report

ABOUT THIS REPORT

This ESG Report provides an overview of the Company, our stakeholder engagement, and our management approach to the material issues that impact our business, employees, customers, and value chain partners.

Our ESG Report and Annual Report cover operations within Wai Kee, however the property development and investment, toll road, investment and asset management businesses operated by Road King Infrastructure Limited, and construction, sewage treatment and steam fuel businesses operated by Build King Holdings Limited (“Build King”) are outside its scope. Our direct business operations in Wai Kee concentrate on quarrying and construction materials.

This ESG Report was prepared with reference to the Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX ESG Code”) and Part D Climate-related Disclosures of the HKEX ESG Code referencing the International Financial Reporting Standards S2 Climate-related Disclosures (“IFRS S2”) issued by the International Sustainability Standards Board (“ISSB”) which covers the four pillars of governance, strategy, risk management, and metrics and targets. Under “comply or explain”, materiality and progress statuses are disclosed through narrative explanations. A summary of our key performance data is shared under the heading of “PERFORMANCE DATA SUMMARY 2025”. The content indices are included under the heading of “HKEX CONTENT INDEX” at the end of the ESG Report as a tool to help readers more easily locate relevant information across it and to demonstrate compliance with the HKEX ESG Code.

Stakeholder Engagement

Understanding the expectations and needs of our stakeholders is fundamental to the development of our ESG strategy, as it plays a critical role in helping us identify and prioritise current and emerging risks and opportunities across our business and the communities in which we operate. We conduct comprehensive materiality assessments with internal and external stakeholders every three years to determine the importance and relevance of a range of ESG issues to Wai Kee.

In 2023, Wai Kee conducted a comprehensive stakeholder engagement online survey involving 73 participants, of whom 43 were from internal and 30 were from external (“2023 Stakeholder Engagement Survey”). Participants comprised key groups for our business: employees, customers, consultants, subcontractors, suppliers, advisers, legal and professional service providers and bankers. The stakeholders were identified based on their expertise, working relationships with our company, and willingness to participate. They were selected because they represent key groups that we would typically interact with while running our business. As a result of the 2023 Stakeholder Engagement Survey, the top three sustainability aspects on which the Company should place a greater focus were:

- (1) Health and Safety, including promoting workplace health, safety and wellbeing
- (2) Product Responsibility
- (3) Critical Incident Risk Responsiveness

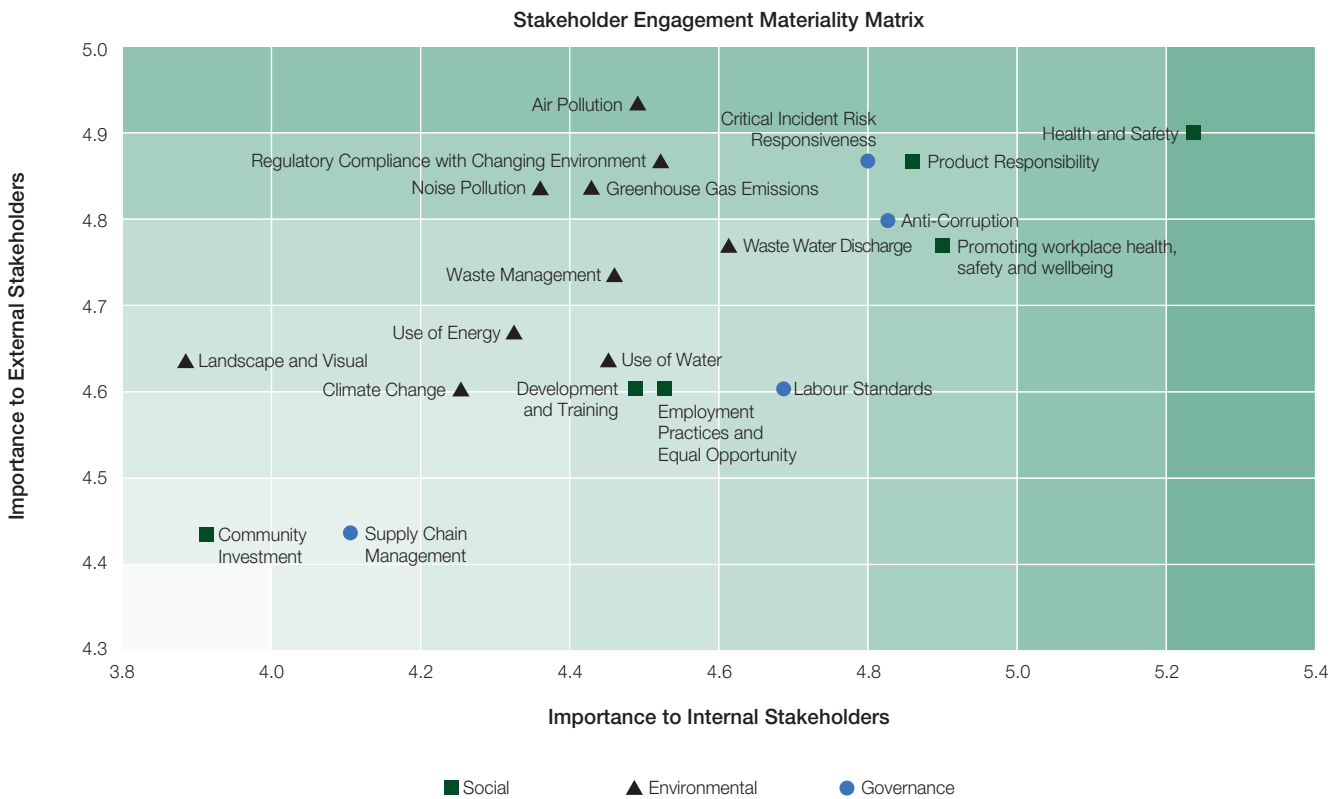
In 2025, Wai Kee continued to focus on and make progress across these priorities by leveraging the results of the 2023 Stakeholder Engagement Survey.

Environmental, Social and Governance Report

Material ESG Topics

The focal objective of stakeholder engagement was to systematically identify a range of the important and relevant ESG issues pertaining to our environmental and social performance and which affect the Company’s overall sustainability in material terms. As part of our 2023 Materiality Assessment, we evaluated 20 ESG issues - comprising 10 environmental issues, 6 social issues and 4 governance issues. Stakeholders were invited to assess the significance of each issue using a structured 6-point rating scale. The above process emerged into an output of top material ESG topics presented in the “Stakeholder Engagement Materiality Matrix” as shown in the chart below.

Each of these ESG topics is further discussed at length in the body of this ESG Report. Each section covers definition, progress, initiatives, and/or metrics.



Environmental, Social and Governance Report

ENVIRONMENTAL

Wai Kee aims to efficiently use finite resources and minimise the environmental impact of our operations. Consequently, we are constantly seeking ways to improve our environmental performance, especially the usage of fuel, electricity, and water in the production of our construction materials such as aggregates and concrete. We regularly monitor our resource management performance through analysis of consumption and waste. Where highly unusual activities are identified, remedial measures are then immediately identified and implemented.

At a minimum, we operate in full compliance with licences and regulations issued by Hong Kong's Environmental Protection Department ("EPD"). However, our efforts go beyond regulatory requirements; our Environmental Policies¹, implemented since 2011, outline our approach to minimising adverse impacts and highlight all relevant contractual obligations and statutory requirements, in collaboration with key stakeholders.

Wai Kee encourages its employees to adopt resource-saving measures in their day-to-day work. We ensure that every employee is appraised of and takes an active role in complying with all relevant environmental legislation. Internal education is maintained through the provision of information sessions, training, and the availability of resources in sustainable development, including but not limited to information on relevant laws and regulations for air pollution control, water pollution control, noise control and waste management. These policies are also displayed on bulletin boards in our main office and site offices, with details also outlined in staff training sessions.

We further monitor our impact on the environment through our certified EMS which meets ISO 14001:2015 requirements². Wherever possible, we identify and address any significant environmental aspects that we can quickly and effectively influence. Significant risks are assessed and reviewed to ensure that we respond to them promptly, with appropriate mitigating actions, where applicable.

The following section elaborates on Wai Kee's approach and performance on various environmental disclosures, including air pollution, regulatory compliance with changing environment, use of water and wastewater discharge, greenhouse gas emissions, waste management, use of energy, noise pollution, landscaping and visual and climate change.

¹ Separate environmental policies have been launched for Faith Oriental Investment Limited (the operator of Lam Tei Quarry), Excel Concrete Limited (the operator of three concrete production lines at Lam Tei Quarry) and Excel Asphalt Limited (the operator of an asphalt plant at Lam Tei Quarry).

² Management system certificates have been issued by Fugro Certificate Services Limited for Faith Oriental Investment Limited, Excel Concrete Limited and Excel Asphalt Limited.

Environmental, Social and Governance Report

ENVIRONMENTAL (Cont'd)

Wai Kee ensures compliance with Hong Kong environmental laws and ordinances such as:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong)
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong)
- Water Pollution Control Ordinance (Cap. 358 of the Laws of Hong Kong)
- Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong)
- Environmental Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong)
- Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611 of the Laws of Hong Kong)

Air Pollution

The generation of respirable suspended particles and nitrogen oxides at our production sites, as well as from the transportation of materials during quarrying activities and concrete production, is unavoidable in our business operations. Nevertheless, Wai Kee continues to demonstrate that consistent management has been applied for the control of emissions.

The total emissions of nitrogen oxides, sulphur oxides, and particulate matters decreased by 24.89% from 11,259.47 kg in 2024 to 8,456.80 kg in 2025. It was attributable to the decrease in mileage travelled by mixer trucks for the decrease in production volume of concrete in 2025.

Types of Emissions	2025	2024	2023	Change from 2024-2025
Nitrogen oxides (kg)	7,877.04	10,488.63	9,461.61	-24.90%
Sulphur oxides (kg)	10.18	12.83	12.53	-20.65%
Particulate matters (kg)	569.58	758.01	684.34	-24.86%
Total Emissions (kg)	8,456.80	11,259.47	10,158.48	-24.89%

Air pollution is a material topic for Wai Kee and we strive to conduct strict and regular monitoring of exhaust gases generated from our vehicles such as mixer trucks. This means that the concentration of ambient respirable suspended particulates is tested at least once every six days. We also employ external environmental consultants to undertake regular inspections and reports on various environmental aspects of our production site, including air quality. All testing for our plants and machinery, including stationary machinery and non-road mobile machinery, have come in below the Air Pollution Control Ordinance Emission Limits, as stated in the Specified Process Licences issued by the EPD.

ENVIRONMENTAL (Cont'd)

Air Pollution (Cont'd)

When it comes to our vehicle fleet, we have given due consideration to the environmental performance of vehicles before purchase and give preference to vehicles that comply with international environmental standards (e.g. the European Emissions Standards). In 2025, Wai Kee procured four new environmental-friendly 10 m³ mixer trucks complying with Euro 6 emission standards that outperform the prevailing statutory emission standards to moderate the impact brought by the increase in the mileage travelled by mixer trucks. In addition, we also perform regular inspection and maintenance of our vehicles to minimise emissions.

Our regular efforts to minimise particulate matters at our production site include managing our construction dust through processes including:

- Installation of dust suppression water sprayers for stockpiles and whenever the plants are in operation;
- Maintenance of excess soil deposits or mud that accumulate along haul roads and inside the plant;
- Hard paving all haul roads which are also sprayed at least once every two hours;
- Installation of effective vehicle cleaning facilities to thoroughly wash muddy materials from the vehicle before leaving the site;
- Trucks carrying crushed and screened products are covered with tarpaulin sheets before leaving the premises; and
- Daily use of water tank trucks and street washing vehicles support dust suppression both in public and site areas.

Should any testing indicate an excess in emission limits (a rare occurrence) we perform an inspection, revisit our maintenance procedures then redo the test until the air quality meets acceptable standards.

The target for total emissions in 2025 was no more than 15,000 kgCO₂e per HK\$1 million in turnover. The actual figure recorded was 6,388.8 kgCO₂e per HK\$1 million in turnover, well within the target.

ENVIRONMENTAL (Cont'd)

Regulatory Compliance with Changing Environment

Wai Kee understands the impact of ESG on our business and operating model, aligns with stakeholders' expectations and has integrated a materiality assessment and reporting process. As a market operator in the construction related industry, we have established an Integrated Management System to ensure the implementation and continual improvement of EMS and adherence to fulfill all statutory environmental requirements, ISO 14001 and other relevant requirements.

Wai Kee is committed to:

- Providing professional engineering services in construction in an environmentally friendly manner and striving towards continual improvement in managing pollution prevention in every aspect of our business activities;
- Cooperating with clients and community groups, continuously minimising nuisance to the public and complying with all relevant contractual requirements;
- Reducing the amount of waste generated at source and increasing the amount of waste material that is recovered, recycled or reused;
- Ensuring all employees take an active role in compliance with all relevant environmental legislation, including but not limited to, all requirements imposed on air, water, noise and waste;
- Ensuring all subcontractors manage their work in compliance with the environmental policy and exercise controls on their employees to ensure this is achieved; and
- Providing information, training and resources in sustainable development, including the conservation of natural resources, optimisation of energy efficiency, development of green procurement and technologies, protection of biodiversity and ecosystems, etc..

Use of Water and Wastewater Discharge

Wai Kee recognises the critical role of water in its operations as well as our responsibility to ensure that we minimise our impact on the water quality of the communities that we operate in. To promote the preservation of our waterways, we encourage reduced water usage and responsible wastewater discharge across all our operations.

Company-wide water consumption is primarily used for dust suppression and washing facilities, machinery and vehicles. Where there is an excess of water accumulation on-site during the rainy season, we work with a licensed collector to collect it for recycling as outlined below.

ENVIRONMENTAL (Cont'd)

Use of Water and Wastewater Discharge (Cont'd)

To minimise the volume of wastewater that we discharge into the surrounding environment, all washing water is collected, stored, and recycled instead of being directly discharged outside our operations. Regular efforts to limit wastewater discharge include:

- Reducing water consumption and maximising the reuse of surface run-off water within the site;
- Recycling and reuse of water used for washing vehicles, cleaning drum mixers, in-wheel washing facilities, and dust suppression activities;
- Ensuring that silt and grit deposits are removed regularly from our facilities; and
- Operating a water treatment plant to properly settle and filter run-off water.

Total water consumption in 2025 was 169,398 m³, down from 194,528 m³ in 2024. This reduction is attributed to a decrease in concrete production.

The target for water consumption intensity in 2025 was no more than 500 m³ per HK\$1 million in turnover. The actual figure recorded was 309.7 m³ per HK\$1 million in turnover, well within the target.

Greenhouse Gas Emissions

To reduce greenhouse gas (“GHG”) emissions created by our operations, we monitor the carbon content of the procured raw materials that we use in production and use alternative by-products where suitable. For example, where practicable, we use ground granulated blast furnace slag (“GGBS”), an eco-friendly cementitious option. GHG emissions from concrete manufacturing have been significantly reduced as GGBS can substitute a specified portion of Ordinary Portland Cement (“OPC”), which generates substantially higher GHG emissions than GGBS during its manufacture.

In 2025, we produced over 60,000 m³ (2024: 55,000 m³) of GGBS concrete, resulting in an estimated reduction of 11,676.6 tonnes (2024: 10,703.6 tonnes) of CO₂ emissions; an increase of nearly 1,000 tonnes reduction of CO₂ emissions compared to 2024. This reflects a year-on-year improvement in our efforts to reduce carbon emissions.

Compared to OPC, the popularity of using GGBS instead is still low today. This will therefore help to reduce GHG emissions in the future. In 2025, the applications of GGBS concrete not only covered civil engineering but also building projects. We will continue to promote the use of GGBS for both in the future.

ENVIRONMENTAL (Cont'd)

Greenhouse Gas Emissions (Cont'd)

A number of our concrete products are certified under the Construction Industry Council Carbon Labelling Scheme, under which the life cycle carbon footprint of a concrete product is measured and benchmarked to help users identify products with a low-carbon profile. Currently, five of our concrete products achieved the highest rating of Platinum and three concrete products achieved the second highest rating of Gold. To ensure that we continue to comply with regulations and meet our environmental commitments, Wai Kee continues to invest in its employee development, with five carbon auditors employed at Wai Kee in 2025.

Wai Kee's Scope 1 emissions are calculated from direct fuel consumption across its construction sites and manufacturing facilities. This includes diesel and petrol/gasoline used in heavy machinery, vehicles, and onsite generators, as well as natural gas and other fuels consumed in materials production processes. Emissions are quantified using activity data (litres of fuel consumed, hours of equipment operation) multiplied by internationally recognised emission factors, ensuring consistency with the GHG Protocol.

Scope 2 emissions are derived from purchased electricity used in Wai Kee's offices, construction sites, and manufacturing plants. The methodology applies location-based emission factors aligned with Hong Kong's grid intensity to calculate indirect emissions from electricity consumption.

Wai Kee's Scope 3 emissions reporting is limited to selected categories relevant to its operations. For Category 1 (Purchased goods and services), the company currently accounts for upstream emissions associated with water consumption, reflecting the indirect impacts of sourcing and supplying water used across sites and facilities. Category 5 (Waste generated in operations) is assessed by quantifying waste streams from quarrying and construction materials operations and applying disposal-specific emission factors for different waste management methods. Category 6 (Business travel) covers emissions from employee travel related to project management, client engagement, and corporate functions, calculated using distance-based activity data and transport-mode emission factors. Category 7 (Employee commuting) captures emissions arising from daily commuting by employees between their residences and work locations, estimated using workforce headcount data, average commuting distances, and mode-specific emission factors derived from industry benchmarks and prevailing market data.

Wai Kee presently reports on selected Scope 3 categories that are most relevant to its operations. Wai Kee considers this targeted approach suitable for its current reporting needs and will continue to observe market practice and regulatory guidance to evaluate whether further Scope 3 expansion would be warranted in the future.

For additional information on Wai Kee's overall GHG emission performance, please refer to the "Use of Energy" section.

Environmental, Social and Governance Report

ENVIRONMENTAL (Cont'd)

Waste Management

Wai Kee provides our employees with waste management guidance and instructions to encourage waste reduction and ensure proper disposal. For instance, recyclable materials such as metal, paper and plastic are sorted on-site and delivered to an appropriate recycling outlet for processing. Waste disposal processes are embedded in pre-existing systems such as the Trip-Ticket System for construction waste. The Trip-Ticket System is a recording system for the orderly disposal by truck of construction waste to relevant disposal facilities. The implementation of the system has ensured a certain level of accountability between the project proponent, the engineer/architect and the contractor. Moreover, it facilitates the recording of waste as it arrives at the landfill or public filling area and also minimises the potential for cross-contamination with other waste which the vehicle operator may otherwise possibly pick-up and route to the disposal facility.

In 2025, we built on progress made in 2024 by continuing to adhere to and monitor our hazardous and non-hazardous waste disposal practices. Hazardous waste is continually segregated through stockpiling, stored at a secure area with clearly labelled containers to avoid contamination and eventually collected by a licensed collector for proper disposal. The amount of hazardous waste generated in 2025 increased by 18.18% to 1.3 tonnes, the increase of which was attributed to the higher usage of the relevant machinery due to the increase in aggregates production at Lam Tei Quarry. Furthermore, with the implementation of more frequent waste collection measures at the concrete batching plants, the amount of non-hazardous waste handled increased by 9.24% in 2025. With the strengthened recycling measures of wastewater, the amount of wastewater decreased by 4.75%.

Waste	2025	2024	2023	Change from 2024-2025
Wastewater (tonnes)	4,410	4,630	5,005	-4.75%
Hazardous waste (tonnes)	1.3	1.1	2.1	18.18%
Non-hazardous waste (tonnes)	51,649	47,279	52,700	9.24%

The targets for hazardous and non-hazardous waste in 2025 were set at no more than 0.015 tonnes and 120 tonnes per HK\$1 million in turnover, respectively. The actual figures recorded were 0.0024 tonnes and 94.4 tonnes per HK\$1 million in turnover, both well within the targets.

ENVIRONMENTAL (Cont'd)

Use of Energy

Wai Kee recognises our responsibility around energy management and the need to minimise our environmental impact across our operations. To promote energy efficiency, we monitor our current and future energy usage trends through our EMS to identify targets and actions that reduce our energy consumption.

One example is the use of energy-efficient machinery such as the Euro 5 standard diesel machinery, while we conduct daily inspections and maintenance of machinery to ensure optimal performance. To promote energy efficiency, daily deliveries are also planned in advance so as to reduce the number of trips required, thereby cutting down both on fuel and vehicle wear and tear. Furthermore, to facilitate energy saving, Wai Kee is planning to install solar panels for its new concrete batching plants which are under progress in Lam Tei Quarry. In addition, the plants will be equipped with wastewater treatment system to strengthen wastewater management. We will continue to work out the other alternatives to keep minimising the use of energy.

In 2025, diesel consumption decreased by 40.03% while electricity consumption decreased by 25.16%. Correspondingly, the overall GHG emission for 2025 decreased by 34.57%. This reduction includes a 39.56% decline in Scope 1 emissions, primarily attributed by diesel consumption, and a 25.16% decrease in Scope 2 emissions, attributed by electricity consumption.

The decrease in diesel and electricity consumption was mainly due to the reduction of concrete and asphalt production at Lam Tei Quarry.

Due to the replacement of a diesel vehicle by a petrol vehicle for operation use, petrol consumption increased by 1.05% to 11,215 litres in 2025.

We will keep exploring and considering other alternatives to apply energy saving measures in our operations.

Environmental, Social and Governance Report

ENVIRONMENTAL (Cont'd)

Use of Energy (Cont'd)

Total Resources Consumption	2025	2024	2023	Change from 2024-2025
Electricity (kWh)	3,741,233	4,998,796	6,644,594	-25.16%
Diesel (litres)	788,385	1,314,557	1,716,607	-40.03%
Petrol (litres)	11,215	11,098	10,603	1.05%
Water (m ³)	169,398	194,528	205,739	-12.92%

Greenhouse Gas Emissions	2025	2024	2023	Change from 2024-2025
Scope 1 (kgCO ₂ e)	2,109,776	3,490,573	4,540,759	-39.56%
Scope 2 (kgCO ₂ e)	1,384,256	1,849,555	2,458,500	-25.16%
Total Scope 1 and Scope 2 emissions (kgCO ₂ e)	3,494,032	5,340,128	6,999,259	-34.57%
Scope 3 * (kgCO ₂ e)	158,090	N/A	N/A	N/A

* newly added in 2025

The target for electricity consumption intensity in 2025 was no more than 20,000 kWh per HK\$1 million in turnover. The actual figure recorded was 6,840.8 kWh per HK\$1 million in turnover, well within the target.

Noise Pollution

We recognise that our quarrying and production of construction materials generate noise and may be heard by neighbouring communities. To mitigate any noise nuisance during production activities, we have:

- Positioned all noisy activities and machinery as far away as possible from local residents;
- Purchased equipment that generates lower noise;
- Fully enclosed noise sources, such as concrete mixers, conveyors, and rock crusher; and
- Regularly maintain our plants and machinery to keep them running smoothly.

ENVIRONMENTAL (Cont'd)

Landscaping and Visual

Operating a quarry often involves removing trees and plant life as digging commences, potentially leading to a loss in biodiversity and an increase in soil erosion around the quarry site. As a legal and contractual requirement to combat this issue – as well as our own ethical position – we deliver landscape rehabilitation that focuses on stabilising the physical condition of eroded or degraded land, mitigating the visual impact of quarry scars, and re-establishing ecologically suitable tree cover.

Before making any decision to remove trees at our quarrying and concrete manufacturing site, Wai Kee conducts an environmental impact analysis based on criteria including the existing site condition, legal requirements, proposed designs and construction methods, and potential environmental constraints. Based on this analysis, we plant trees, use screening around the production site and reduce light pollution wherever needed.

In 2025, under the direction of an ecologist, we planted 350 trees across approximately 400 m² through hydroseeding.

Climate Change

Wai Kee recognises the challenges that climate change brings to our operations and supply chains. Proactive climate risk management also helps strengthen our competitiveness and drives sustainable innovation.

In line with the HKEX ESG Code, we focus on transparent climate disclosures, including Scope 1, Scope 2 and selected Scope 3 emissions. Wai Kee is committed to the low-carbon transition through close collaboration with stakeholders. This ESG Report sets out our approaches to climate governance, strategy, risk management, and metrics and targets.

(I) Climate Governance

Climate governance ensures that Wai Kee is well positioned to take responsibility for climate-related risks and to integrate appropriate risk management measures into business decision-making. This approach embeds climate considerations across all business units, from project execution and supply chain management to long-term strategic planning.

At present, the Board oversees climate-related matters and ensures alignment with Wai Kee's strategic objectives. The Chairman and an Executive Director actively participate in overseeing and guiding the implementation of the climate strategy at the operational level, supported by the Sustainability Working Group. This governance structure ensures that climate-related priorities are effectively translated into day-to-day management decisions and operational practices.

In 2025, targeted climate awareness and capability-building workshops were conducted for senior leadership to strengthen their understanding of the potential impacts of climate-related physical risks on Wai Kee's quarrying and construction materials operations, including implications at the departmental level. The workshops also examined the potential financial consequences of key climate-related risks and opportunities, thereby supporting more informed decision-making and stronger integration of climate considerations into risk management processes.

ENVIRONMENTAL (Cont'd)

Climate Change (Cont'd)

(II) *Climate Strategy*

This section describes how climate-related risks and opportunities are considered in Wai Kee's business planning and decision-making processes. It outlines our approach to climate risk assessment, including the key assumptions and scenarios adopted, the potential impacts on our operations and our financial performance over the short, medium, and long term horizons, and how the company is strengthening its resilience to manage these risks. Through this approach, we aim to manage climate-related challenges and support long-term business sustainability.

Across short to long term horizons, climate-related physical risks such as severe typhoons, flooding, and extreme heat events, which have shown increasing frequency and impact in certain operating regions, may affect construction site operations and our supply chains. These insights underscore the urgency of embedding climate considerations into Wai Kee's strategic project planning and risk management frameworks.

1. *Climate-related risks and opportunities*

In 2025, Wai Kee completed its first climate change risk assessment, covering core subsidiaries and key suppliers across Hong Kong. We assessed our climate-related risks and opportunities with reference to the requirements of IFRS S2 relating to strategy and resilience, considering the potential impacts of both climate-related physical and transition risks on our business operations and activities:

- (1) Physical risks: Acute risks relevant to quarrying and construction materials operations include extreme heat, flooding, landslides and typhoons; chronic risks include sea-level rise.
- (2) Transition risks: These include policy and legal shifts, technological change, market dynamics, and reputation risks.

2. *Business model and value chain*

Climate change may present a range of physical and transition risks and opportunities that could affect Wai Kee's operations, value chain, and financial performance over different time horizons. Physical risks such as extreme weather may disrupt construction activities and logistics, while transition risks such as evolving regulations and changing customer expectations may influence construction materials selection, project requirements and operational practices. The table below summarises the key risks and opportunities identified, their potential impacts and time horizons: short-term (2025–2029), medium-term (2030–2049) and long-term (2050 onwards), as well as possible response measures we may consider as part of our ongoing monitoring of climate-related developments.

Environmental, Social and Governance Report

ENVIRONMENTAL (Cont'd)

Climate Change (Cont'd)

(II) Climate Strategy (Cont'd)

2. Business model and value chain (Cont'd)

Risk	Potential Impacts on Business Model and Value Chain	Time Horizon
Physical Risks		
Extreme Heat	<ul style="list-style-type: none"> Increased risk of heat-related illnesses among workers; reduced labour productivity. Increased energy costs. Capital expenditure for cooling infrastructure and facility retrofitting. 	Medium – Long Term
Flooding	<ul style="list-style-type: none"> Risk of temporary logistics and supply chain disruption from local flooding. Increased repair expenses, higher insurance premiums, revenue impacts from business disruption. Potential capital expenditure for site protection and relocation. 	Medium – Long Term
Typhoons and Typhoon-related Extreme Weather	<ul style="list-style-type: none"> Typhoons and typhoon-related extreme weather, causing structural damage, flooding and site inaccessibility, danger to personnel safety, operational disruption. Higher insurance premiums and supply chain costs. Sustained high exposure costs, contingency expenses. 	Short – Medium Term
Transition Risks		
Emissions Regulations/ Carbon Pricing Mechanisms	<ul style="list-style-type: none"> Higher costs due to carbon pricing mechanisms, such as carbon taxes, emissions trading systems, or border carbon adjustment mechanisms. 	Medium – Long Term
Environmental Liability Lawsuits and Non-compliance Penalties	<ul style="list-style-type: none"> Risk of facing claims for contributing to local pollution or climate damage. Fines for failing to comply with waste disposal/hazardous material regulations, failing to meet new climate regulations, etc.. 	Short – Medium Term
Low-carbon Technology Transition	<ul style="list-style-type: none"> High upfront costs associated with adopting low-carbon technologies such as energy-efficient equipment and renewable energy. Risk of asset impairment for obsolete technologies. Renewable energy adoption will enhance resilience to energy price volatility. 	Short – Medium Term
Shifts in Customer Preference and Stakeholder Expectations	<ul style="list-style-type: none"> Failure to adapt to customer/investor preference for lower-carbon products and practices may result in contract losses, reputational damage, and restricted access to financing. Proactive compliance with sustainability standards enhances competitiveness and positions the company as a preferred partner. 	Short – Medium Term

Wai Kee has considered how identified climate-related risks and opportunities could reasonably be expected to affect its business model, value chain and strategic decision-making. It has also assessed the resulting current and anticipated financial implications across key financial dimensions over the short, medium and long term.

ENVIRONMENTAL (Cont'd)

Climate Change (Cont'd)

(II) *Climate Strategy (Cont'd)*

3. *Strategy and decision-making*

Climate considerations are currently incorporated into operational risk awareness and regulatory compliance monitoring. Wai Kee continues to evaluate potential climate-related risks and opportunities as part of its broader business planning processes.

In response to identified physical risks, Wai Kee implements site-based adaptation measures such as heat management protocols, enhanced drainage and site elevation planning, emergency response arrangements and supply-chain coordination during severe weather. Transition risks are addressed through strengthened emissions monitoring, ongoing evaluation of carbon-related regulatory implications, enhancements to EMS, and selective adoption of energy-efficient equipment and lower-carbon materials where operationally appropriate. These measures enable Wai Kee to incorporate climate considerations into business planning and operations in a proportionate and practical manner.

4. *Financial position, financial performance, and cash flows*

Based on the evaluation of the financial impacts of climate-related risks and opportunities on the business, including across key financial dimensions such as cash flows, financial performance, financial position, asset carrying values, and access to finance, no material impacts were identified. There is no foreseeable requirement for material adjustments to asset or liability carrying amounts, and Wai Kee's access to financing and cost of capital remain unaffected by the assessed risks.

Physical risks, including extreme heat, flooding, landslides, typhoons and sea level rise, did not result in material cost implications during the Reporting Period. Existing design standards, site selection practices, and mitigation measures are considered adequate under current conditions.

Regulatory and transition risks did not result in additional operating costs or liabilities during the Reporting Period. Wai Kee remains compliant with applicable regulations and continues to monitor potential policy developments. Investments in selected low-carbon equipment were undertaken during the Reporting Period; these have not resulted in higher operating costs and are not expected to give rise to significant additional capital or operating expenditure in the near term. Market-related transition risks have been managed through adjustments to product offerings, with no material financial impact identified.

Overall, Wai Kee has considered climate-related matters in the preparation of its financial statements in accordance with applicable financial reporting requirements. Based on the assessment performed, no material impacts were identified that would require separate recognition, measurement adjustments, or additional line-item disclosure in the financial statements for the Reporting Period.

ENVIRONMENTAL (Cont'd)

Climate Change (Cont'd)

(II) *Climate Strategy (Cont'd)*

4. *Financial position, financial performance, and cash flows (Cont'd)*

In terms of anticipated financial effects, Wai Kee conducted a qualitative assessment of the potential future financial implications of identified climate-related risks and opportunities. Wai Kee considers its current analytical capabilities appropriate for present climate risk assessment needs and will evaluate potential enhancements as its processes evolve and where such improvements are deemed beneficial.

As described in the table above, the qualitative assessment identified certain potential exposures over the medium to long term; however, these did not result in material financial impacts requiring recognition, measurement adjustments, or additional disclosure in the financial statements for the Reporting Period. Wai Kee monitors climate-related risks, regulatory developments and market conditions as part of its ongoing risk management and financial reporting processes.

Wai Kee has assessed the potential impacts of climate-related physical and transition risks across short-, medium- and long-term horizons. Based on the current risk profile and mitigation measures in place, management considers Wai Kee's quarrying and construction materials operations to remain operationally resilient under foreseeable climate conditions. Wai Kee considers its existing climate risk management approach suitable for current operational and data conditions and will review potential methodological refinements considering regulatory developments, physical risk considerations and stakeholder expectations.

5. *Climate resilience*

Our climate projections are based on GHG emission pathway assumptions modelled using scenarios from the Intergovernmental Panel on Climate Change Sixth Assessment Report. The SSP2-4.5 and SSP5-8.5 pathways were applied to assess risks over short term (2025–2029), medium term (2030–2049) and long term (2050 onwards) horizons, focusing on hazards relevant to quarrying and construction materials operations, including extreme heat, flooding, landslides, typhoons and sea-level rise.

Building on these scientific pathways, we applied the scenarios to Wai Kee's operational footprint, including the Lam Tei Quarry, construction materials facilities, and supplier locations across Hong Kong, Kowloon, the New Territories and Zhuhai. Across both scenarios, the overall climate-related impacts on Wai Kee's core operations are assessed to be manageable. Extreme heat considerations may periodically affect quarrying and construction materials operation activities; flooding and sea-level-rise risks may become more relevant towards 2050 for selected low-lying sites and suppliers; rainfall-related landslide susceptibility remains generally low with isolated areas requiring vigilance; and regional typhoon trends indicate a modest increase in intensity, frequency and potential severity. In line with applicable Hong Kong regulatory requirements and government guidance, Wai Kee has preparedness measures, integrating climate considerations into supplier management and operational readiness. Overall, the scenario analysis provides a forward-looking view indicating that risk levels remain manageable, while supporting proportionate and policy-aligned risk management over time.

ENVIRONMENTAL (Cont'd)

Climate Change (Cont'd)

(III) *Climate Risk Management*

Wai Kee recognises the importance of managing climate-related risks across its operations and projects. Accordingly, climate related risks have been integrated into Wai Kee's Enterprise Risk Management framework. Climate-related topics are systematically identified, assessed, prioritised, and monitored using the same methodology applied to other enterprise risks. They are treated as cross-functional risks because they may affect multiple business functions and operations. Wai Kee will continue supporting the systematic consideration and integration of climate risk management into its overall business strategy.

(IV) *Climate Metrics and Targets*

In accordance with HKEX climate-related disclosure requirements and IFRS S2, Wai Kee reports on climate-related metrics most relevant to its operations, with GHG emissions as the primary indicator of its climate impact. These disclosures, detailed in the Greenhouse Gas Emissions section of this ESG report and aligned with the GHG Protocol Corporate Standard, provide transparency on Wai Kee's environmental footprint and establish a baseline for monitoring progress against future performance.

Wai Kee proactively manages climate transition risks by monitoring regulatory developments and market trends, relying on its existing risk assessment methodology, which is considered fit for purpose, while exploring enhancements to strengthen future disclosures. For physical risks, Wai Kee has conducted a qualitative assessment of extreme weather and temperature-related hazards, with ongoing efforts to refine approaches in line with evolving data and industry standards. Wai Kee has also identified climate-related opportunities, including lower-carbon materials and operational efficiency improvements, integrating these into its sustainability framework.

In alignment with the HKEX climate-related disclosure requirements, Wai Kee has established quantitative climate-related targets focused on reducing GHG emissions and improving energy efficiency across its operations. Using 2024 as the baseline year, Wai Kee achieved a 34.57% reduction in total Scope 1 and Scope 2 GHG emissions in 2025, driven primarily by significant decreases in diesel and electricity consumption associated with lower asphalt and concrete production volumes. Scope 1 and Scope 2 emissions decreased by 39.56% and 25.16%, respectively, reflecting the effectiveness of ongoing operational efficiency measures. In addition, Wai Kee monitors resource-use performance through intensity-based metrics to ensure decarbonisation progress remains aligned with business growth. We will leverage our experience from exceeding the 2025 target to drive further energy efficiency gains, in line with our broader climate-related transition plan.

Wai Kee adopts a structured approach to setting and reviewing its climate related targets. These targets are reviewed on a three-year cycle to ensure continued relevance, alignment with the Wai Kee's strategic direction, and responsiveness to evolving regulatory and market expectations. This periodic review enables Wai Kee to assess progress, incorporate operational experience and adjust targets where appropriate.

In addition, Wai Kee's management monitors and implements environmental quantitative review on a quarterly basis as part of its regular operational management processes. These reviews support the delivery of longer-term climate objectives by driving ongoing performance management improvement across its operations.

Environmental, Social and Governance Report

SOCIAL

Wai Kee believes that excellent human resources and community engagement practices are the bedrock of sustainable corporate development. As such, we aim to be a great employer, business partner, and community member. By valuing positive communication and mutual trust between employees and the Company, as well as with our business partners, suppliers, and the communities in which we operate, we create quality products for our customers. To achieve this, we have prioritised the health and safety of our team and have done our best to maintain the highest standards of business ethics and operational practices.

Many of our policies and procedures, including our Code of Conduct, Health and Safety Policy, and adherence to quality control standards such as ISO 9001:2015 have helped to ensure that Wai Kee remains an employer of choice and a responsible business.

During the Reporting Period, we are not aware of any non-compliance with any employment, health and safety, child or forced labour, or any product and service quality laws and regulations. Nor have we been made aware of, or identified, any compliance issues regarding business fraud laws and regulations.

Health and Safety

Wai Kee is committed to providing the highest standards of health and safety working environments for all stakeholders of our operations including employees, subcontractors, customers, and the general public. To ensure a comprehensive and holistic perspective on workplace health and safety, we promote and develop our programme through discussions and consultation with employee and subcontractor representatives at all levels.

To the best of our knowledge, we operate in compliance with relevant local laws and regulations including the Hong Kong Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong), the Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong) and Occupiers Liability Ordinance (Cap. 314 of the Laws of Hong Kong).

As part of our Safety Management System (“SMS”), we provide high standards workplace housekeeping practices, safety equipment, protective measures, welfare facilities, as well as instruction, training, and supervision.

A Site Safety and Environmental Management Committee (“SSEMC”), composed of top management and project leads, has been set up to implement and review SMS measures and related policies.

In compliance with all legal and contractual requirements as well as in-house safety rules, the SSEMC’s target is to minimise the number of accidents and incidents while continually improving the Company’s SMS.

In 2025, Wai Kee retained a zero-accident record for five years in a row, against the target rate of not more than 0.21 per 100,000 man-hours worked.

SOCIAL (Cont'd)

Health and Safety (Cont'd)

Wai Kee has further implemented and maintained a range of safety control mechanisms to effectively monitor, prevent, reduce, or eliminate risks associated with site employees and subcontractors. In addition to routine site safety inspections conducted by the respective safety personnel, Wai Kee has introduced various safety inspection programmes at the corporate level. To strengthen these efforts, Wai Kee has collaborated with Build King to participate in the Cross-Site Safety and Environmental Assessment, carried out by senior safety and environmental personnel (including supervisory and managerial staff). This initiative promotes the exchange of safety knowledge and supports the continual improvement of safety performance practices.

In recognition of our efforts in 2025, we were delighted to have been awarded the Merit Award in Joyful@Healthy Workplace Best Practices Award.

Also, we gain the following recognition in 2025,

- Joyful@Healthy Workplace Charter
- Heart Caring Company
- Mental Health Friendly Supreme Organisation
- Hong Kong Green Organisation
- Energywi\$e Certificate — Excellent Level
- Wastewi\$e Certificate — Good Level

Promoting workplace health, safety and wellbeing:

We are committed to promoting workplace health, safety, and mental health awareness, fostering a supportive work environment and prioritising the well-being of its employees. We implement a variety of strategies to prioritise the health and wellbeing of our employees.

We provide comprehensive safety training to employees, covering proper procedures for using equipment, handling hazardous materials, and responding to emergencies.

We have implemented health and wellness initiatives and have taken significant steps to prioritise mental health initiatives within its workforce. Through various programmes, training, and resources, the organisation has created a supportive and inclusive environment that encourages open conversations about mental health.

We design workstations with ergonomics in mind to reduce the risk of musculoskeletal disorders. We also provide ergonomic furniture, such as adjustable chairs, to support good posture and prevent workplace injuries.

SOCIAL (Cont'd)

Product Responsibility

Products and Services Quality Assurance

Wai Kee recognises that customer satisfaction and support are essential for our growth and profitability. As we are committed to providing products and services that consistently meet customer requirements, we have adopted several international standards on quality control practices. One example, a certification on ISO 9001:2015 – Quality Management Systems for manufacturing construction materials and quarrying processes, focuses on:

- Design, production and supply of ready-mixed concrete;
- Design, production and supply of bituminous materials;
- Provision of road paving services; and
- Stone quarry for construction, production and supply of aggregates.

In addition, we have also acquired product certificates for:

- Quality Scheme for the Production and Supply of Concrete (QSPSC) 2014; and
- Quality Scheme for the Production and Supply of Aggregates for Concrete (QSPS-AC).

Our cement adheres to the British Standard (BS) EN 197-1, (Type CEM I), our pulverised-fuel ash adheres to BS3892: Part 1:1997 and the General Specification for Civil Engineering Works, while our GGBS adheres to BS EN 15167-1 and the General Specification for Civil Engineering Works.

Furthermore, we have set out product quality-related targets across our operations which are overseen by quality control personnel. These personnel regularly review the effectiveness of our quality management systems and seek customer feedback, including through annual customer satisfaction surveys of a representative sample of customers. They also attend to customer complaints, so that we can respond with timely and appropriate measures that also help us to improve our services.

Data Privacy and Security

Wai Kee values the confidentiality of personal and sensitive commercial data. In addition to compliance with the Personal Data (Privacy) Ordinance, we also implement internal control measures to preserve the confidentiality of our operational data, including information regarding our suppliers, business partners, customers, and ourselves. Our Code of Conduct and our terms of employment outline our requirements for strict adherence to the Company's data privacy and confidentiality policies.

Wai Kee places strong emphasis on data security and customer privacy. We have implemented relevant policies, emergency plans and technical safeguards to protect data. The Company complies with applicable data protection laws and ensures proper handling of customer information with clear notice and consent. For 2025, no material related incidents and no substantiated complaints concerning breaches of data privacy or losses of data have been identified or reported.

SOCIAL (Cont'd)

Community Investment

Wai Kee cares for our community and we believe that strong relationships with communities in Lam Tei and the other areas in which we operate are indispensable to our success. Over the years, we have developed close ties with local community groups through our Liaison Committees. Regular meetings are held to discuss the impact that our activities may have on the neighbourhood. Where concerning issues are identified and surfaced, they are promptly resolved, often to the mutual satisfaction of Wai Kee and the community.

To amplify our impact, we also encourage our employees to participate in these meaningful community events. In 2025, the Company and its employees participated in the following events:

- Walk for Millions
- Skip Lunch Day
- Mooncakes for Charity
- Corporate and Employee Contribution Programme
- Dress Casual Day
- Greening for the Chest 2024/2025 – Planting for Charity
- Green Low Carbon Day 2025
- Hong Kong Red Cross “Support \$75 for Humanity” Fundraising Campaign
- Hong Kong Red Cross “Pass-it-on Campaign 2025” Charity Sale Program
- Hong Kong Red Cross “Tai Po Fire Emergency Appeal”
- Orbis “World Sight Day”
- Hong Kong Workers’ Health Centre

In recognition of our efforts in 2025, we were delighted to have been awarded the:

- Silver Award for Corporate and Employee Contribution Programme 2024/2025
- 2nd Highest Donation Award of Donation Drive for Employee Contribution Programme 2024/2025
- 5th Top Fund-raiser Award for Employee Contribution Programme 2024/2025

Environmental, Social and Governance Report

SOCIAL (Cont'd)

Development and Training

Wai Kee encourages personal and professional development through structured training and development programmes. A wide range of training formats are available for all our employees, including workshops, talks, seminars, peer learning, and on-the-job coaching.

Wai Kee's philosophy on training and facilitation retains the same core values whether in-person or in an online session: we believe that authentic and transparent coaching promotes open, two-way conversations between the employees and their supervisors regarding their development plans. As a result, Wai Kee offered an average of 7.86 hours of training to each employee in 2025, a 17.3% increase from 2024 where average training per employee was at 6.70 hours.

In 2025, we remained committed to maximising our employees' potential and enhancing their capabilities by continuing to subsidise and authorise education leave to support appropriate external professional training.

	2025	2024	2023
Training and Development			
<i>Average Training Hours per employee</i>	7.86	6.70	6.50
by Gender:			
Female	6.30	5.00	5.00
Male	9.42	8.40	8.00
by Professional Profile:			
Managerial	4.87	3.20	3.05
Supervisory	9.80	8.70	8.50
General	11.02	9.50	9.25
Operational	10.54	10.00	10.00
<i>Percentage of Employees Trained</i>			
by Gender:			
Female	85%	85%	85%
Male	93%	90%	90%
by Professional Profile:			
Managerial	95%	95%	92%
Supervisory	95%	95%	95%
General	95%	95%	95%
Operational	100%	100%	100%

SOCIAL (Cont'd)

Employment Practices and Equal Opportunity

Our employees are key to Wai Kee's success. Through our compliance with company and labour policies, we strive to create an appropriate work-life balance while ensuring that all employees have a psychologically and physically safe work environment.

We aim to create a harmonious working environment for all employees by:

- Providing competitive remuneration packages that are commensurate with individual responsibilities, qualifications, experience, and performance;
- Engaging in meritocratic hiring practices to provide equal opportunities across diversity segments such as age, gender, nationality, disability, religion, family and marital status;
- Adhering to fair human resource policies and practices regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity hiring, diversity, anti-discrimination and other employee welfare; and
- Strictly implementing a no discrimination policy. Wai Kee maintains a zero-tolerance stance towards any form of discrimination, harassment, or unfair treatment in the workplace. All employees are encouraged to report any witnessed or suspected discriminatory practices to management.

Environmental, Social and Governance Report

GOVERNANCE

Supply Chain Management

Wai Kee believes that an effective supply chain involves ensuring sound and ethical business practices and creating inclusive relationships with our suppliers and business partners. We believe it is important for us to work with suppliers and partners who share our values. We would not be the business we are today without their continued loyalty and collaborative spirit.

As suppliers have a direct impact on our own sustainability performance, we have incorporated responsible procurement and supplier relations practices in our procurement activities. Our supplier selection process considers the environmental and social performance of suppliers, such as their choice of raw materials, use of natural resources, product health and safety, employment practices and occupational safety measures. We also monitor their performance periodically and encourage our suppliers and contractors to implement environmental and social measures as best they can.

Additionally, where the option is available, we support the local economy by purchasing products and services locally, as much as possible. In 2025, our supply chain network included 213 local suppliers and 15 suppliers outside Hong Kong. This means that 93% of our vendors are local suppliers.

Wai Kee places importance on structured supplier management in line with ISO 9001:2015 Clause 8.4, supported by formal evaluation and control procedures. The process aims to maintain consistent quality, operational reliability and supply chain stability, with clear roles and responsibilities across management, production and technical teams. The supplier lifecycle covers pre-qualification, assessment, ongoing monitoring and regular reviews.

As part of our commitment to supply chain sustainability, Wai Kee has engaged key suppliers on ESG practices by distributing a structured ESG assessment questionnaire to evaluate their environmental, social, and governance performance. The assessment enables us to better understand suppliers' ESG awareness, compliance status and risk management capabilities, and to identify potential ESG-related risks within the supply chain.

Based on the assessment results, local suppliers generally maintain appropriate ESG compliance and risk management measures to address climate-related risks, workplace safety and environmental requirements. Many suppliers have adopted more sustainable materials and adopted internal ESG targets and initiatives to reduce emissions, demonstrating alignment with Wai Kee's sustainability expectations.

These ESG assessments support Wai Kee in enhancing supply chain resilience, strengthening responsible procurement practices, and improving supplier engagement and selection. By engaging suppliers on ESG matters, Wai Kee mitigates potential operational and reputational risks, promotes continuous improvement across the supply chain, and supports long-term sustainable development.

Critical Incident Risk Responsiveness

Critical incidents encompass unexpected issues and high-impact events such as fatal accidents, cyber-attacks, product discrepancy, production system failures and natural disasters that can disrupt our business operations, resulting in, inter alia, loss of revenue and customer trust, as well as reputation damage. To mitigate the associated risks of critical incidents and ensure its business continuity, Wai Kee adopts a proactive incident management approach by enhancing level of preparedness over occurrence. Wai Kee goes through planning, organizing, training, evaluating, and taking corrective action on a continuous basis in incident management.

Environmental, Social and Governance Report

GOVERNANCE (Cont'd)

Anti-Corruption

Wai Kee believes that compliance and integrity start with everyone, a belief that we reinforce among our employees by providing relevant tools, resources and training that ensure everyone acts responsibly. We uphold a high standard of business ethics and prohibit any form of bribery or corrupt practices within the company. Our Code of Conduct requires us to demonstrate consistency between our words and actions by adhering to the standards and policies set out by the Company.

Wai Kee has a zero-tolerance approach to corruption, bribery, extortion, money-laundering, and any other kind of business fraud. One example is our policy that addresses gifts or money offered from suppliers or customers. Employees must declare the offering and receipt of gifts or bribes from other parties, including Lai-sees and festival gifts offered during holidays.

Additionally, employees are restricted from conducting business activities that directly compete with the operations of the Company, while employees are requested to report any potential conflicts of interest throughout the year.

We have also implemented internal whistle-blowing procedures and a whistle-blowing channel for the reporting of any violation(s).

All employees, including Directors, have received e-integrity training to enhance their ethical awareness and knowledge of the anti-corruption laws and best practices as set out by Wai Kee. In 2025, no legal cases regarding corrupt practices or violations of the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) were brought against Wai Kee or its employees.

Labour Standards

Wai Kee has a stringent and strict set of policies to safeguard its workforce against child and forced labour practices. Through the use of established processes and control checkpoints, our personnel department is vigilant in ensuring that our operations comply with all labour laws and regulations in the regions we operate. Given our internal processes and the nature of our business, the potential for forced or child labour in our operations is extremely low. Regardless, we strictly prohibit any child or forced labour and comply with all applicable local laws and regulations. This is similarly applied to relevant laws for youth employment or student work, such as internships.

We adhere to the guidance of and remain in compliance with the Employment of Children Regulations under the Hong Kong Employment Ordinance (Cap. 57 of the Laws of Hong Kong), Crimes Ordinance (Cap. 200 of the Laws of Hong Kong) and Immigration Ordinance (Cap. 115 of the Laws of Hong Kong).

Wai Kee expects its business partners to uphold similar standards.

GOVERNANCE (Cont'd)

Labour Standards (Cont'd)

Anti-Child Labour

Control mechanisms are embedded in our hiring procedures whereby applicants are required to submit valid identification issued by an official authority to verify their age before starting employment. A copy of the identification is kept on file for all employees during the entire period of employment.

To ensure the safety of young workers employed under youth employment or student work, they will not be:

- Placed under work conditions where they are required to perform physically strenuous work or work that involves hazardous waste;
- Perform any work that is dangerous, jeopardises their mental or psychological well-being, impairs their intellectual, moral, and social development; and
- Allowed to work overtime or on night shift.

Where any instance of child labour is discovered, Wai Kee will take measures to ensure the child ceases work immediately and the child is provided appropriate compensation for the loss of employment.

Anti-Forced Labour

Wai Kee believes that freedom of workers must not be restricted and must always be protected. If employees are forced to work under threat of penalty, employees can report the issue to the personnel department or the management. In response, Wai Kee will take appropriate disciplinary actions.

Wai Kee strictly prohibits the use of forced labour and expects the same of its business partners. Any violation discovered among our business partners will result in the termination of the business relationship.

No incidences of child or forced labour have been identified or reported during the Reporting Period.

Environmental, Social and Governance Report

PERFORMANCE DATA SUMMARY 2025

Environment	2025	2024	2023
Total Resources Consumption			
Electricity (kWh)	3,741,233	4,998,796	6,644,594
Diesel (litres)	788,385	1,314,557	1,716,607
Petrol (litres)	11,215	11,098	10,603
Water (m ³)	169,398	194,528	205,739
Types of Emissions			
Nitrogen oxides (kg)	7,877.04	10,488.63	9,461.61
Sulphur oxides (kg)	10.18	12.83	12.53
Particulate matters (kg)	569.58	758.01	684.34
Greenhouse Gas Emissions			
Scope 1 (kgCO ₂ e)	2,109,776	3,490,573	4,540,759
Scope 2 (kgCO ₂ e)	1,384,256	1,849,555	2,458,500
Total Scope 1 and Scope 2 emissions (kgCO ₂ e)	3,494,032	5,340,128	6,999,259
Scope 3 * (kgCO ₂ e)	158,090	N/A	N/A
Waste			
Wastewater (tonnes)	4,410	4,630	5,005
Hazardous waste (tonnes)	1.3	1.1	2.1
Non-hazardous waste (tonnes)	51,649	47,279	52,700

* newly added in 2025

Environmental, Social and Governance Report

PERFORMANCE DATA SUMMARY 2025 (Cont'd)

Employment	2025	2024	2023
Total Workforce	124	138	135
by Age:			
<30	5	6	7
30-39	15	16	18
40-49	28	32	26
≥50	76	84	84
by Gender:			
Female	33	38	38
Male	91	100	97
by Professional Profile:			
Director	2	3	3
Managerial	21	25	25
Supervisory	19	21	21
General	23	29	25
Operational	59	60	61
by Employment Type:			
Full-time	123	138	135
Part-time	1	0	0
by Geographical Region:			
Hong Kong	120	132	129
PRC	4	6	6

Environmental, Social and Governance Report

PERFORMANCE DATA SUMMARY 2025 (Cont'd)

Employment	2025	2024	2023
Employee Turnover			
by Age:			
<30	2 (36%)	1 (15%)	5 (71%)
30-39	4 (26%)	2 (12%)	5 (24%)
40-49	7 (23%)	4 (14%)	6 (24%)
≥50	13 (16%)	6 (7%)	13 (15%)
by Gender:			
Female	7 (20%)	3 (8%)	12 (30%)
Male	19 (20%)	10 (10%)	17 (17%)
by Geographical Region:			
Hong Kong	24 (19%)	13 (10%)	23 (18%)
PRC	2 (40%)	0 (0%)	6 (75%)
Overall:	26 (20%)	13 (10%)	29 (21%)
Occupational Health and Safety			
Work-related injuries	0	0	0
Work-related fatalities	0	0	0
Accident Frequency Rate (per 100,000 man-hours)	0	0	0
Accident Frequency Rate (per 1,000 workers)	0	0	0
Lost days due to injury	0	0	0

Environmental, Social and Governance Report

PERFORMANCE DATA SUMMARY 2025 (Cont'd)

Employment	2025	2024	2023
<i>Training and Development</i>			
Average Training Hours per employee	7.86	6.70	6.50
by Gender:			
Female	6.30	5.00	5.00
Male	9.42	8.40	8.00
by Professional Profile:			
Managerial	4.87	3.20	3.05
Supervisory	9.80	8.70	8.50
General	11.02	9.50	9.25
Operational	10.54	10.00	10.00
<i>Percentage of Employees Trained</i>			
by Gender:			
Female	85%	85%	85%
Male	93%	90%	90%
by Professional Profile:			
Managerial	95%	95%	92%
Supervisory	95%	95%	95%
General	95%	95%	95%
Operational	100%	100%	100%

Environmental, Social and Governance Report

HKEX CONTENT INDEX

HKEX – Aspects and KPIs	Reporting Location	Explanation/Remarks (where relevant)
Aspect A1 Emissions: General Disclosure	ENVIRONMENTAL	
KPI A1.1	ENVIRONMENTAL Air pollution	Types of emission: Wai Kee tracked and measured Nitrogen Oxides (NOx), Sulphur Oxides (SOx), and Particulate Matters (pm).
KPI A1.3	Performance Data Summary 2025	Total amount of hazardous waste produced is 1.3 tonnes, representing an 18.18% increase from 2024.
KPI A1.4		Total amount of non-hazardous waste produced is 51,649 tonnes, representing a 9.24% increase from 2024.
KPI A1.5		Emission target: Total emissions no more than 15,000 kgCO ₂ e per HK\$1 million in turnover.
KPI A1.6		Hazardous and non-hazardous waste targets: Hazardous waste no more than 0.015 tonnes per HK\$1 million in turnover. Non-hazardous waste no more than 120 tonnes per HK\$1 million in turnover.

Environmental, Social and Governance Report

HKEX CONTENT INDEX (Cont'd)

HKEX – Aspects and KPIs	Reporting Location	Explanation/Remarks (where relevant)
Aspect A2 Use of Resources: General Disclosure	ENVIRONMENTAL	
KPI A2.1	Performance Data Summary 2025	Energy consumption for 2025 includes electricity (kWh), diesel (L), petrol (L).
KPI A2.2		Water consumption in total is 169,398 m ³ and intensity is 309.7 m ³ per HK\$1 million in turnover in 2025.
KPI A2.3	ENVIRONMENTAL Use of Energy	Energy efficiency target: Electricity consumption intensity no more than 20,000 kWh per HK\$1 million in turnover.
KPI A2.4	ENVIRONMENTAL Use of Water and Wastewater Discharge	Water efficiency target: Water consumption intensity no more than 500 m ³ per HK\$1 million in turnover.
KPI A2.5	–	Packaging materials: This is currently not considered a material issue.
Aspect A3 The Environment and Natural Resources: General Disclosure		
KPI A3.1	ENVIRONMENTAL Landscaping and Visual	Operating a quarry often involves removing trees and plant life as digging commences, leading to a loss in biodiversity and an increase in soil erosion around the quarry site. Landscape rehabilitation is delivered by re-establishing ecologically suitable tree cover. In 2025, under the direction of an ecologist, 350 trees across approximately 400 m ² were planted through hydroseeding.

Environmental, Social and Governance Report

HKEX CONTENT INDEX (Cont'd)

HKEX – Aspects and KPIs	Reporting Location	Explanation/Remarks (where relevant)
Aspect B1 Employment: General Disclosure	SOCIAL Employment	
KPI B1.1	Performance Data Summary 2025	
KPI B1.2		
Aspect B2 Health and Safety: General Disclosure	SOCIAL Health and Safety	
KPI B2.1	Performance Data Summary 2025	Wai Kee does not have any recorded work-related injury or illness in 2025.
KPI B2.2		In 2025, there were no lost days due to injury.
KPI B2.3	SOCIAL Health and Safety	Wai Kee implemented and maintained a number of safety control mechanisms in order to effectively monitor, prevent, reduce or remove the risks associated with site work employees and sub-contractors. In addition to the routine site safety inspection conducted by respective site safety personnel, Wai Kee introduced different safety inspection programmes on the corporate level.

Environmental, Social and Governance Report

HKEX CONTENT INDEX (Cont'd)

HKEX – Aspects and KPIs	Reporting Location	Explanation/Remarks (where relevant)
Aspect B3 Development and Training: General Disclosure	SOCIAL Development and Training	
KPI B3.1	Performance Data Summary 2025	
KPI B3.2		
Aspect B4 Labour Standards: General Disclosure	GOVERNANCE Labour Standards	
KPI B4.1		Wai Kee has stringent anti-child and anti-forced labour policies for its own hiring practices. Wai Kee expects the same standards from its partners.
KPI B4.2		
Aspect B5 Supply Chain Management: General Disclosure	GOVERNANCE Supply Chain Management	
KPI B5.1		
KPI B5.2		
KPI B5.3		
KPI B5.4		As suppliers have a direct impact on our own sustainability performance, we have incorporated responsible procurement and supplier relations practices in our procurement activities.

Environmental, Social and Governance Report

HKEX CONTENT INDEX (Cont'd)

HKEX – Aspects and KPIs	Reporting Location	Explanation/Remarks (where relevant)
Aspect B6 Product Responsibility: General Disclosure	SOCIAL Product Responsibility	
KPI B6.1		
KPI B6.2		
KPI B6.3		
KPI B6.4		Wai Kee adopted several international standards on quality control practices. We are certified with ISO 9001:2015 – Quality Management Systems for construction materials manufacturing and quarrying processes.
KPI B6.5		In addition to compliance with the Personal Data (Privacy) Ordinance, we also implement internal control measures to preserve the confidentiality of our operational data, including information regarding our suppliers, business partners, customers, and ourselves.
Aspect B7 Anti-Corruption: General Disclosure	GOVERNANCE Anti-Corruption	
KPI B7.1		In 2025, there were no concluded legal cases regarding corrupt practices brought against Wai Kee and its employees.
KPI B7.2		Wai Kee implemented internal whistle-blowing procedures and a whistle-blowing channel for the reporting of violation(s).
KPI B7.3		In 2025, all employees (including Directors) were provided with e-integrity training to enhance their ethical awareness and knowledge on anti-corruption laws and best practices.
Aspect B8 Community Investment: General Disclosure	SOCIAL Community Investment	
KPI B8.1		
KPI B8.2		

Environmental, Social and Governance Report

HKEX CONTENT INDEX (Cont'd)

Part D: Climate-related Disclosures

Cross Reference	Reporting Location	Explanation/Remarks (where relevant)
Governance		
Paragraph 19 (a) – (b)	ENVIRONMENTAL Climate Governance	
Strategy		
Climate-related risks and opportunities		
Paragraph 20 (a) – (d)	ENVIRONMENTAL Climate Strategy	
Business model and value chain		
Paragraph 21 (a) – (b)	ENVIRONMENTAL Climate Strategy	
Strategy and decision-making		
Paragraph 22 (a) – (b)	ENVIRONMENTAL Climate Strategy	
Paragraph 23		
Financial position, financial performance and cash flows		
Paragraph 24 (a) – (b)	ENVIRONMENTAL Climate Strategy	Quantitative financial assessment was not performed during the Reporting Period. We will assess the feasibility of performing quantitative analysis in future reports if warranted by exposure levels or reporting expectations.
Paragraph 25 (a) – (b)		
Climate resilience		
Paragraph 26 (a) – (b)	ENVIRONMENTAL Climate resilience	
Risk Management		
Paragraph 27 (a) – (c)	ENVIRONMENTAL Climate Risk Management	

Environmental, Social and Governance Report

HKEX CONTENT INDEX (Cont'd)

Part D: Climate-related Disclosures

Cross Reference	Reporting Location	Explanation/Remarks (where relevant)
Metrics and Targets		
Greenhouse gas emissions		
Paragraph 28 (a) – (c)	ENVIRONMENTAL Climate Metrics and Targets	
Paragraph 29 (a) – (d)		
Climate-related transition risks		
Paragraph 30	ENVIRONMENTAL Climate Metrics and Targets	Wai Kee has conducted a qualitative assessment of climate-related transition risks. No quantitative assessment of climate-related transition risks was undertaken in the Reporting Period. We will monitor these risks and assess the feasibility of performing quantitative assessment in future reports.
Climate-related physical risks		
Paragraph 31	ENVIRONMENTAL Climate Metrics and Targets	Wai Kee has conducted a qualitative assessment of climate-related physical risks. No quantitative assessment of climate-related physical risks and transition risks was undertaken in the Reporting Period. We will monitor these risks and assess the feasibility of performing quantitative assessment in future reports.
Climate-related opportunities		
Paragraph 32	ENVIRONMENTAL Climate Metrics and Targets	Wai Kee has identified climate related opportunities and will disclose relevant quantitative assessment in future reports where appropriate.
Capital deployment		
Paragraph 33	ENVIRONMENTAL Climate Metrics and Targets	No dedicated climate-specific capital expenditure was allocated in the Reporting Period.

Environmental, Social and Governance Report

HKEX CONTENT INDEX (Cont'd)

Part D: Climate-related Disclosures

Cross Reference	Reporting Location	Explanation/Remarks (where relevant)
Internal carbon prices		
Paragraph 34 (a) – (b)	ENVIRONMENTAL Climate Metrics and Targets	Wai Kee does not apply a carbon price in decision-making.
Remuneration		
Paragraph 35	ENVIRONMENTAL Climate Metrics and Targets	Climate-related performance metrics are not currently linked to the remuneration policy of Wai Kee.
Industry-based metrics		
Paragraph 36	ENVIRONMENTAL Climate Metrics and Targets	Industry metrics align with IFRS S2 and international frameworks, covering intensity and operational performance to improve comparability and transparency.
Climate-related targets		
Paragraph 37 (a) – (h)	ENVIRONMENTAL Climate Metrics and Targets	
Paragraph 38 (a) – (d)		The target and methodology were not validated by a third party.
Paragraph 39		
Paragraph 40 (a) – (e)		There is currently no plan for Wai Kee to use carbon credits to offset our greenhouse gas emissions.
Applicability of cross-industry metrics and industry-based metrics		
Paragraph 41	ENVIRONMENTAL Climate Metrics and Targets	



TO THE SHAREHOLDERS OF WAI KEE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of Wai Kee Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 106 to 214, which comprise the consolidated statement of financial position as at 31st December, 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st December, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR QUALIFIED OPINION

The carrying amount of the Group’s interest in Road King Infrastructure Limited (“Road King”), an associate listed in Hong Kong accounted for by using the equity method, amounted to HK\$869,086,000 (net of accumulated impairment loss of HK\$1,510,000,000) as at 31st December, 2025. The Group recognised its share of the loss of Road King and its subsidiaries (collectively referred to as “Road King Group”) amounting to HK\$2,662,998,000 based on the audited consolidated financial statements of Road King Group for the year ended 31st December, 2025 prepared by the management of Road King Group on a going concern basis in accordance with HKFRS Accounting Standards as issued by the HKICPA. In addition, the Group did not make any impairment adjustment to the carrying amount of its interest in Road King for the year ended 31st December, 2025, after the directors of the Company assessed and determined the recoverable amount of the Group’s interest in Road King to be the value in use, which was the present value of the estimated future cash flows expected to be generated by Road King, based on financial budgets of the Road King Group covering a five-year period and the adjustments made by the management of the Group, the details of which are set out in note 22 to the consolidated financial statements of the Group.

Independent Auditor's Report

BASIS FOR QUALIFIED OPINION (Cont'd)

In view of the uncertainties as set out in note 22 to the consolidated financial statements of the Group, there is insufficient information available to the directors of the Company to assess the significant assumptions and estimations underlying (a) the going concern assessment of Road King Group, as a basis to determine the financial information of Road King Group for the purpose of equity accounting, and (b) the Group's estimation of the present value of the future cash flows expected to be generated by Road King Group for the purpose of impairment assessment. Accordingly, we were unable to assess the equity accounting and the impairment of the Group's interest in Road King.

In view of the above-mentioned scope limitation, we were therefore unable to obtain sufficient appropriate evidence we considered necessary to assess (a) the amount of loss that should be shared from Road King Group for the year ended 31st December, 2025 and (b) the impairment on the Group's interest in Road King for the year ended 31st December, 2025. There were no other satisfactory procedures that we could adopt to satisfy ourselves that the Group's interest in Road King as at 31st December, 2025, share of the loss of Road King Group and impairment on the Group's interest in Road King for the year ended 31st December, 2025 are free from material misstatements. In addition, we were also unable to determine whether the disclosures in the consolidated financial statements of the Group related to interest in Road King, share of loss of Road King and impairment assessment of interest in Road King were sufficient and appropriate. Had we been able to obtain sufficient appropriate evidence to complete our review of the equity accounting and impairment assessment of the Group's interest in Road King, matters might have come to our attention indicating that adjustments might be necessary to the consolidated financial statements of the Group.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis of Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p><i>Revenue recognition from construction contracts</i></p> <p>We identified the revenue recognition from construction contracts as a key audit matter due to the significance of the amount to the consolidated financial statements as a whole and estimation uncertainty involved.</p> <p>As set out in note 5 to the consolidated financial statements, management estimates the contract sum and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. The management recognises revenue on the basis of direct measurement of the value of construction work transferred to the customer to date. Management regularly reviews and revises the estimation of contract sum for each construction contract, the contract progresses and certifications issued by the independent quantity surveyors.</p> <p>As disclosed in note 6 to the consolidated financial statements, the revenue recognised from construction contracts in Hong Kong was HK\$13,558,794,000, which represents 97% of total revenue of the Group.</p>	<p>Our procedures in relation to the recognition of the revenue from construction contracts included:</p> <ul style="list-style-type: none">• Obtaining an understanding on relevant internal controls in place over the revenue recognition from construction contracts;• Interviewing the project managers for the progress of construction contracts, on a selection of samples;• Comparing the revenue recognised with the certifications issued by independent quantity surveyors and reviewing supporting documents for any reconciling items, on a selection of samples; and• Assessing management's estimates in contract value with reference to the supporting evidence such as contracts with customers and other correspondences, on a selection of samples.

Independent Auditor's Report

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we were unable to obtain sufficient appropriate evidence about the carrying amount of the Group's interest in Road King as at 31st December, 2025, share of the loss of Road King Group and impairment on the Group's interest in Road King for the year ended 31st December, 2025. Accordingly, we are unable to conclude whether or not the other information in the directors' report is materially misstated with respect to this matter.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is LI Man Kei (practising certificate number: P04412).

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26th March, 2026

Consolidated Statement of Profit or Loss

For the year ended 31st December, 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue from goods and services	6	13,941,166	14,479,915
Cost of sales		(12,661,988)	(13,158,425)
Gross profit		1,279,178	1,321,490
Other income	8	127,695	136,893
Other gains and losses	9	(105,924)	(46,353)
Impairment loss on interest in an associate	22	–	(1,510,000)
Selling and distribution costs		(71,246)	(97,263)
Administrative expenses		(696,816)	(676,084)
Finance costs	10	(43,890)	(89,613)
Share of results of associates		(2,661,426)	(1,833,879)
Share of results of joint ventures		(2,182)	(47,255)
Loss before tax	11	(2,174,611)	(2,842,064)
Income tax expense	14	(72,533)	(67,652)
Loss for the year		(2,247,144)	(2,909,716)
(Loss) profit for the year attributable to:			
Owners of the Company		(2,432,985)	(3,085,591)
Non-controlling interests		185,841	175,875
		(2,247,144)	(2,909,716)
		HK\$	HK\$
Loss per share	16		
– Basic		(3.07)	(3.89)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December, 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(2,247,144)	(2,909,716)
Other comprehensive income (expense)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	8,326	(12,864)
Fair value losses on hedging instruments designated in cash flow hedges	(6,012)	(24,609)
Exchange differences arising on translation of an associate	39,244	(327,765)
Share of cash flow hedging reserve of an associate	(49)	(1,353)
Other comprehensive income (expense) for the year	41,509	(366,591)
Total comprehensive expense for the year	(2,205,635)	(3,276,307)
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(2,395,713)	(3,446,103)
Non-controlling interests	190,078	169,796
	(2,205,635)	(3,276,307)

Consolidated Statement of Financial Position

At 31st December, 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	17	530,482	471,138
Right-of-use assets	18	69,590	81,408
Intangible assets	19	200,455	216,839
Goodwill	20	29,838	29,838
Interests in associates	22	909,514	3,353,602
Interests in joint ventures	23	1,313	3,181
Financial assets at fair value through profit or loss ("FVTPL")	25	328,559	328,559
		2,069,751	4,484,565
Current assets			
Inventories	26	159,079	145,079
Debtors, deposits and prepayments	27	860,748	1,159,976
Contract assets	28	3,522,425	4,005,624
Amounts due from associates	29	20,836	68,801
Amount due from a joint venture	29	545	312
Amounts due from other partners of joint operations	29	59,528	46,284
Tax recoverable		4,175	8,270
Financial assets at FVTPL	25	154,310	652,981
Derivative financial instruments	30	–	6,012
Cash held on behalf of customers	31	12,975	8,403
Pledged bank deposits	32	122,880	80,507
Time deposits with original maturity of not less than three months	32	557	1,343
Bank balances and cash	32	2,796,970	1,973,858
		7,715,028	8,157,450
Current liabilities			
Creditors and accrued charges	33	3,962,328	4,619,521
Contract liabilities	34	1,377,000	966,170
Amounts due to associates	35	26,598	25,267
Amounts due to other partners of joint operations	35	9,020	3,855
Amounts due to non-controlling shareholders	35	1,363	1,363
Lease liabilities	36	55,703	63,302
Tax liabilities		79,904	56,232
Bank loans	37	88,344	1,053,196
		5,600,260	6,788,906
Net current assets		2,114,768	1,368,544
Total assets less current liabilities		4,184,519	5,853,109

Consolidated Statement of Financial Position

At 31st December, 2025

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Deferred tax liabilities	39	5,750	8,665
Obligations in excess of interests in associates	22	11,499	14,207
Obligations in excess of interests in joint ventures	23	767	453
Amount due to an associate	40	–	671
Lease liabilities	36	9,250	20,261
Bank loans	37	470,000	–
Other creditors	41	2,420	1,345
Bonds	42	57,583	55,636
		557,269	101,238
Net assets		3,627,250	5,751,871
Capital and reserves			
Share capital	43	79,312	79,312
Share premium and reserves		2,355,382	4,564,406
Equity attributable to owners of the Company		2,434,694	4,643,718
Non-controlling interests	44	1,192,556	1,108,153
Total equity		3,627,250	5,751,871

The consolidated financial statements on pages 106 to 214 were approved and authorised for issue by the Board of Directors on 26th March, 2026 and are signed on its behalf by:

Zen Wei Peu, Derek
Chairman

Chiu Wai Yee, Anriena
Executive Director

Consolidated Statement of Changes in Equity

For the year ended 31st December, 2025

	Equity attributable to owners of the Company									Total equity HK\$'000
	Share capital HK\$'000 (note 43)	Share premium HK\$'000	Translation reserve HK\$'000 (note 44)	Special reserve HK\$'000 (note a)	Assets revaluation reserve HK\$'000	Other reserve HK\$'000 (note b)	Retained profits HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000 (note 44)	
At 1st January, 2024	79,312	731,906	1,935	(29,530)	2,319	436,564	6,875,813	8,098,319	1,002,051	9,100,370
(Loss) profit for the year	-	-	-	-	-	-	(3,085,591)	(3,085,591)	175,875	(2,909,716)
Other comprehensive expense for the year	-	-	(334,550)	-	-	(25,962)	-	(360,512)	(6,079)	(366,591)
Total comprehensive (expense) income for the year	-	-	(334,550)	-	-	(25,962)	(3,085,591)	(3,446,103)	169,796	(3,276,307)
Sub-total	79,312	731,906	(332,615)	(29,530)	2,319	410,602	3,790,222	4,652,216	1,171,847	5,824,063
Reduction of capital of non-controlling interests of an associate's subsidiaries	-	-	-	-	-	-	(8,498)	(8,498)	-	(8,498)
Release upon an associate's disposal of its subsidiaries	-	-	(174,923)	-	-	-	174,923	-	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(6,775)	(6,775)
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	(56,919)	(56,919)
At 31st December, 2024	79,312	731,906	(507,538)	(29,530)	2,319	410,602	3,956,647	4,643,718	1,108,153	5,751,871
(Loss) profit for the year	-	-	-	-	-	-	(2,432,985)	(2,432,985)	185,841	(2,247,144)
Other comprehensive income (expense) for the year	-	-	43,333	-	-	(6,061)	-	37,272	4,237	41,509
Total comprehensive income (expense) for the year	-	-	43,333	-	-	(6,061)	(2,432,985)	(2,395,713)	190,078	(2,205,635)
Sub-total	79,312	731,906	(464,205)	(29,530)	2,319	404,541	1,523,662	2,248,005	1,298,231	3,546,236
Share of an associate's uncalled redemption rights of sale loan transferred to equity	-	-	-	-	-	178,082	-	178,082	-	178,082
Reduction of capital of non-controlling interests of an associate's subsidiaries	-	-	-	-	-	-	(1,251)	(1,251)	-	(1,251)
Release upon an associate's disposal of interest in joint ventures	-	-	(13,462)	-	-	-	13,462	-	-	-
Acquisition of additional interest in a subsidiary (note 52)	-	-	-	-	-	9,858	-	9,858	(15,123)	(5,265)
Distributions to non-controlling shareholders	-	-	-	-	-	-	-	-	(90,552)	(90,552)
At 31st December, 2025	79,312	731,906	(477,667)	(29,530)	2,319	592,481	1,535,873	2,434,694	1,192,556	3,627,250

Notes:

- (a) The special reserve represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the group reorganisation in 1992.
- (b) The other reserve represents (i) the difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received which is recognised directly in equity and attributed to owners of the Company regarding the changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries; (ii) the share of other reserve of an associate of the Group; (iii) the hedging reserve; and (iv) the capital contribution paid on behalf of the non-controlling interests.

Consolidated Statement of Cash Flows

For the year ended 31st December, 2025

	2025 HK\$'000	2024 HK\$'000
Operating activities		
Loss before tax	(2,174,611)	(2,842,064)
Adjustments for:		
Finance costs	43,890	89,613
Share of results of associates	2,661,426	1,833,879
Share of results of joint ventures	2,182	47,255
Dividend income from financial asset at FVTPL	(1,259)	(1,189)
Interest on financial asset at FVTPL	(3,511)	(18,836)
Interest on other receivables	(288)	(1,447)
Interest on bank deposits	(26,991)	(27,696)
Interest on loan to an associate	–	(61)
Interest on other financial asset at amortised cost	–	(676)
Interest on interest rate swap contracts	(5,308)	(27,309)
Loss (gain) on change in fair value of bonds	14,197	(14,617)
Gain on disposal of a subsidiary	–	(16,960)
Gain on disposal of an associate	(4,020)	–
Gain on disposal of property, plant and equipment, net	(1,282)	(4,747)
Loss on change in fair value of financial assets at FVTPL, net	101,196	26,609
Gain on lease modification, net	(207)	–
Bad debts written off	–	3,500
(Reversal) recognition of allowance for credit losses	(3,960)	130
Amortisation of intangible assets	24,135	58,692
Depreciation of property, plant and equipment	77,529	67,076
Depreciation of right-of-use assets	56,410	56,675
Impairment loss on interest in an associate	–	1,510,000
Impairment loss on interest in a joint venture	–	6,691
Impairment loss on other debtors	–	13,018
Remeasurement gain on interests in joint operations	–	(4,760)
Written down to net realisable value of inventory	–	37,489
Waive of interest on bonds	–	(4,532)
Operating cash flows before movements in working capital	759,528	785,733
Decrease in other financial asset at amortised cost	–	3,036
Increase in inventories	(18,131)	(56,009)
Decrease in debtors, deposits and prepayments	67,433	45,313
Decrease (increase) in contract assets	483,199	(280,349)
(Increase) decrease in financial assets at FVTPL	(1,771)	134,720
Decrease in creditors and accrued charges	(643,583)	(49,685)
Increase in contract liabilities	410,830	366,660
Increase in amounts due from other partners of joint operations	(13,244)	(11,743)
Increase (decrease) in amounts due to other partners of joint operations	5,165	(28,690)

Consolidated Statement of Cash Flows

For the year ended 31st December, 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Cash from operations		1,049,426	908,986
Dividends received from financial asset at FVTPL		1,259	1,189
Interest received from financial asset at FVTPL		3,511	18,836
Income taxes paid, net		(47,681)	(187,990)
Net cash from operating activities		1,006,515	741,021
Investing activities			
Interest received		32,299	55,742
Distributions received from joint ventures		–	1,475
Proceeds from disposal of property, plant and equipment		3,660	11,214
Purchase of property, plant and equipment		(120,529)	(105,528)
Payments for right-of-use assets		–	(8)
Net cash inflow (outflow) arising on disposal of a subsidiary	<i>54</i>	132,449	(67,751)
Net cash inflow on acquisition of a business	<i>53</i>	–	69,859
Receipt for participation rights of a property development project		103,594	12,513
Redemption of shareholder loan to an associate with redemption right	<i>25(d)</i>	400,000	–
Net cash inflow arising upon completion of the unwinding		–	30,849
Repayment of other debtors		–	53,005
Loan repayment from an associate		–	2,331
Repayments from (advances to) associates		47,965	(23)
(Advances to) repayments from a joint venture		(214)	317
Placement of time deposits with original maturity of not less than three months		(557)	(765)
Withdrawal of time deposits with original maturity of not less than three months		1,372	35,100
Placement of pledged bank deposits		(42,373)	(6,595)
Net cash from investing activities		557,666	91,735
Financing activities			
Interest paid on bank loans and other borrowings		(40,858)	(85,072)
Interest paid on lease liabilities		(2,271)	(3,800)
Distribution to non-controlling shareholders		(90,552)	(56,919)
Acquisition of additional interest in a subsidiary		(5,265)	–
(Repayments to) advances from associates		(101)	101
New bank loans raised		670,370	117,854
Repayments of bank loans		(1,167,664)	(414,863)
Repayments of bonds		(12,250)	(22,050)
Repayments of lease liabilities		(62,421)	(63,478)
Repayments of other creditors		(23,000)	–
Net cash used in financing activities		(734,012)	(528,227)

Consolidated Statement of Cash Flows

For the year ended 31st December, 2025

	2025 HK\$'000	2024 HK\$'000
Net increase in cash and cash equivalents	830,169	304,529
Cash and cash equivalents at the beginning of the year	1,973,858	1,664,534
Effect of foreign exchange rate changes, net	(7,057)	4,795
Cash and cash equivalents at the end of the year	2,796,970	1,973,858
Analysis of the balance of cash and cash equivalents		
Bank balances and cash	2,796,970	1,973,858

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” to the annual report.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, principal associates and principal joint ventures are set out in notes 55, 22 and 23 respectively.

The consolidated financial statements are presented in Hong Kong dollar, which is the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1st January, 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1st January, 2026.

³ Effective for annual periods beginning on or after 1st January, 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Cont'd)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (Cont'd)

Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments to HKFRS 9 “Financial Instruments” (“HKFRS 9”) clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 “Financial Instruments: Disclosures” (“HKFRS 7”) in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1st January, 2026, with early application permitted. The application of the amendments is not expected to have material impact on the financial position and performance of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Cont'd)

New and amendments to HKFRS Accounting Standards in issue but not yet effective (Cont'd)

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS 18”), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 “Presentation of Financial Statements” (“HKAS 1”). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7. Minor amendments to HKAS 7 “Statement of Cash Flows” and HKAS 33 “Earnings per Share” are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1st January, 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRS Accounting standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out in note 4.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment” (“HKFRS 2”), leasing transactions that are accounted for in accordance with HKFRS 16 “Leases” (“HKFRS 16”), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” (“HKAS 2”) or value in use in HKAS 36 “Impairment of Assets” (“HKAS 36”).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equal the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. MATERIAL ACCOUNTING POLICY INFORMATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Basis of consolidation (Cont'd)

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Business combinations or asset acquisitions

Optional concentration test

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Business combinations or asset acquisitions (Cont'd)

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

The identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the “Conceptual Framework for Financial Reporting 2018” issued in June 2018 (the “Conceptual Framework”) except for transactions and events within the scope of HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” (“HKAS 37”) or HK(IFRIC) - Int 21 “Levies” (“HK(IFRIC) - Int 21”), in which the Group applies HKAS 37 or HK(IFRIC) - Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair values, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income Taxes” and HKAS 19 “Employee Benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 at the acquisition date;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for (a) which the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Business combinations or asset acquisitions (Cont'd)

Business combinations (Cont'd)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGUs") (or groups of CGUs) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU (or group of CGUs) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the CGU is less than the carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro rata basis based on the carrying amount of each asset in the unit (or group of CGUs).

The Group's accounting policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Investments in associates and joint ventures (Cont'd)

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the associate's and the joint venture's accounting policies to those of the Group. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Investments in associates and joint ventures (Cont'd)

Changes in the Group's interests in associates and joint ventures

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the HKFRS Accounting Standards applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the consolidated financial statements only to the extent of the other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator, the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Revenue from contracts with customers (Cont'd)

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Contract assets on construction contracts represent the Group's right to consideration for work completed and not billed as the rights are conditional on the Group's future performance in satisfying the respective performance obligations. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

The contract liabilities on construction contracts represent the Group's obligation to transfer project works to customers for which the Group has received consideration (or an amount of consideration is due) from the customers.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Revenue from contracts with customers (Cont'd)

Variable consideration

For contracts that contain variable consideration (variation order of construction work), the Group estimates the amount of consideration to which it will be entitled using either (i) the expected value method or (ii) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than property under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Sales proceeds of items that are produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the asset is functioning properly), and the related costs of producing those items are recognised in the profit or loss. The cost of those items are measured in accordance with the measurement requirements of HKAS 2. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Property, plant and equipment (Cont'd)

Depreciation is recognised so as to write off the cost of assets other than property under construction less their residual values over their estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and accumulated impairment losses. Amortisation of intangible assets with finite useful lives is recognised on units of production method to reflect the expected pattern of production of the expected future economic benefits embodied in an intangible asset or on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Service concession arrangements

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The intangible asset is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Inventories include leasehold lands held for sale. The carrying amount of leasehold lands is measured at cost less any accumulated impairment losses. The residual values are determined as the estimated disposal value of the leasehold land.

Properties under development

Properties under development which are intended to be sold upon completion of development are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right of use assets, properties under development are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of related development expenditure incurred. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Cost necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development are transferred to properties for sale upon completion.

Service concession arrangements

A service concession arrangement is an arrangement whereby a government or other public sector body contracts with a private operator to develop (or upgrade), operate and maintain infrastructure assets. The grantor controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls significant residual interest in the assets at the end of the term of the arrangement.

The Group, as an operator, recognises a financial asset if it has an unconditional contractual right to receive cash from or at the direction of the grantor for the construction services. The Group measures the financial asset at fair value on its initial recognition. At the end of each reporting period subsequent to initial recognition, the financial asset is carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on financial assets below).

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition (see accounting policy on intangible assets above).

The Group recognises and measures revenue for the services in relation to the operation of the plant under a service concession arrangement in accordance with HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15").

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the net cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

When assessing whether a contract is onerous or loss-making, the Group includes costs that relate directly to the contract, consisting of both the incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a designated and effective hedging instrument.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or fair value through other comprehensive income ("FVTOCI") as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Classification and subsequent measurement of financial assets (Cont'd)

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the “other gains and losses” line item.

Dividends and interest earned on these financial assets are included in the “other income” line item in profit or loss.

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade debtors, other debtors and deposits, bills receivables, amounts due from associates, a joint venture and other partners of joint operations, cash held on behalf of customers, pledged bank deposits, time deposits with original maturity of not less than three months and bank balances) and other item (contract assets) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Cont'd)

The Group always recognises lifetime ECL for trade debtors and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Cont'd)

(i) Significant increase in credit risk (Cont'd)

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past-due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (Cont'd)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past-due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- past-due status;
- nature, size and industry of debtor; and
- external credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade debtors, contract assets and amounts due from other partners of joint operations where the corresponding adjustment is recognised through a loss allowance account.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities including creditors, amounts due to associates, other partners of joint operations and non-controlling shareholders, bank loans, bonds and other creditors are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

For changes made to the hedged risk, hedged item or hedging instrument required by interest rate benchmark reform, the Group amends the formal designation of a hedging relationship to reflect the changes by the end of the reporting period during which the relevant changes were made. Such an amendment to the formal designation of the hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of other reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses' line item.

When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the interest rate benchmark reform, the amount accumulated in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. Furthermore, if the Group expects that some or all of the loss accumulated in the other reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Financial instruments (Cont'd)

Financial liabilities and equity (Cont'd)

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

Non-lease components are separated from lease component on the basis of their relative stand-alone prices and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of office premises and plant and machinery that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Leases (Cont'd)

The Group as a lessee (Cont'd)

Lease modifications (Cont'd)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollar) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate or a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Settlements of monetary items which formed part of net investment in foreign operations without changes in the Group's ownership interests is not considered as partial disposals.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Taxation (Cont'd)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Employee benefits

Retirement benefit costs

Payments to the defined contribution retirement benefit plans, including state-managed retirement schemes and Mandatory Provident Fund Schemes ("MPF Schemes"), are recognised as expenses when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Share-based payments

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share option reserve).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

Impairment on property, plant and equipment, right-of-use assets and intangible assets other than goodwill (Cont'd)

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to other assets on a pro rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measureable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are required to make judgments, estimates and assumptions about the amounts recognised in the consolidated financial statements that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment of interest in Road King

In determining whether the Group's interest in Road King is impaired, the management of the Group has to exercise significant judgement and to estimate the recoverable amount of the Group's interest in Road King. Changes in the key assumptions, including the discount rate and expected changes in revenues and costs in the discounted cash flow projections, and the timing and terms of the plans and measures of the Road King Group to address issues arising from its suspension of interest payments of senior notes and offshore bank borrowings could materially affect the recoverable amount.

The management of the Group considered there was indication for impairment for the Group's interest in Road King and prepared discounted cash flow projections and engaged an independent qualified professional valuer to conduct impairment assessment on the recoverable amount of the Group's interest in Road King as at 31st December, 2025.

At 31st December, 2025, the carrying amount of the Group's interest in Road King is HK\$869,086,000 (2024: HK\$3,316,058,000). Impairment assessment of the carrying amount of the Group's interest in Road King is performed by comparing the recoverable amount of the Group's interest in Road King, which is the higher of fair value less costs of disposal and value in use, to its carrying amount at 31st December, 2025. Details of the recoverable amount calculation are disclosed in note 22.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Income tax

At 31st December, 2025, no deferred tax asset has been recognised in the Group's consolidated statement of financial position in relation to unused tax losses of HK\$1,447,187,000 (2024: HK\$1,337,310,000) (see note 39) due to unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment, which includes the persistent effects of climate change, higher interest rates and inflation, energy security concerns, cyberattacks, elections in major economies, and international conflicts and tensions, may progress and evolve. In case where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which will be recognised in profit or loss in the period in which such a reversal or further recognition takes place.

Measurement of contract sum of construction contracts

The management recognises revenue on the basis of direct measurement of the value of construction work transferred to the customer to date. Management estimates the contract sum and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction contracts as well as the financial impact of scope changes, claims, disputes and liquidation damages. The management's estimate of the revenue requires significant judgement and has a significant impact on the amount of the revenue recognised. The Group has the qualified surveyors to periodically measure the value of the construction work completed for each construction projects periodically. The construction works performed by the Group would also be certified by the independent quantity surveyors periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract sum prepared for each construction contract, the contract progresses and the certificates issued by the independent quantity surveyors. As disclosed in note 6 to the consolidated financial statements, the revenue recognised from construction contracts was HK\$13,558,794,000 (2024: HK\$14,108,668,000).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

6. REVENUE FROM GOODS AND SERVICES

(a) Disaggregation of revenue from contracts with customers

Year ended 31st December, 2025

	Construction, sewage treatment and steam fuel HK\$'000	Construction materials HK\$'000	Quarrying HK\$'000	Consolidated HK\$'000
Type of goods and services				
Construction contracts	13,558,794	–	–	13,558,794
Sewage treatment plant operation	24,449	–	–	24,449
Steam fuel plant operation	216,273	–	–	216,273
Sale of construction materials	–	86,471	–	86,471
Sale of quarry products	–	–	55,179	55,179
Total	13,799,516	86,471	55,179	13,941,166
Geographical markets				
Hong Kong	13,558,794	86,471	55,179	13,700,444
Other regions in the People's Republic of China (the "PRC")	240,722	–	–	240,722
Total	13,799,516	86,471	55,179	13,941,166
Timing of revenue recognition				
At a point in time	–	86,471	55,179	141,650
Over time	13,799,516	–	–	13,799,516
Total	13,799,516	86,471	55,179	13,941,166

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

	Segment revenue HK\$'000	Inter- segment elimination HK\$'000	Consolidated HK\$'000
Revenue from contracts with customers			
Construction, sewage treatment and steam fuel	13,842,704	(43,188)	13,799,516
Construction materials	417,780	(331,309)	86,471
Quarrying	154,809	(99,630)	55,179
	14,415,293	(474,127)	13,941,166

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

6. REVENUE FROM GOODS AND SERVICES (Cont'd)

(a) Disaggregation of revenue from contracts with customers (Cont'd)

Year ended 31st December, 2024

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

6. REVENUE FROM GOODS AND SERVICES (Cont'd)

(b) Performance obligations for contracts with customers

Construction service

The Group provides construction services to customers. Such services are recognised as a performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for these construction services based on the value of completed construction work using output method.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed because the rights are conditioned on the Group's future performance in achieving specified milestones or the value of construction work has to be agreed with the customers. The contract assets are transferred to trade receivables when the rights become unconditional. The Group typically transfers the contract assets to trade receivables when the Group issued invoice to the customers based on the value of work certified by the independent quantity surveyors.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction services. The relevant amount of contract asset is reclassified to trade receivables when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed upon specifications and such assurance cannot be purchased separately.

Sewage treatment and steam fuel plant services

For steam fuel plant operation, the Group acts as principal and is primarily responsible for providing the steam fuel services for the public in the PRC. For sewage treatment plant operation, the Group act as an operator to operate the sewage treatment for the public in the PRC. The operations simultaneously receive and consume the benefit provided by the Group's performance as the Group performs. The Group recognises the fees received or receivable from the customers based on their usage, which is agreed upfront, as its revenue over time and all related sewage treatment and steam fuel costs as its cost of services.

Sales of construction materials and quarry products

The Group sells the construction materials and quarry products produced in Hong Kong to the customers in Hong Kong. Revenue is recognised when control of the goods has been transferred, being at the point when the goods have been delivered to the customers' specified locations. The normal credit term is 30 to 60 days upon delivery. Sales-related warranties associated with the construction materials and quarry products cannot be purchased separately and they serve as assurance that the products sold comply with agreed upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 consistent with its previous accounting treatment.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

6. REVENUE FROM GOODS AND SERVICES (Cont'd)

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

For construction contracts, the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at 31st December, 2025 amounting to HK\$30,283,000,000 (2024: HK\$31,267,000,000). Management expects that all the remaining performance obligations will be recognised as revenue over the next 5 years (2024: 6 years) from the end of the reporting period.

All sewage treatment and steam fuel plant service income and the sales transactions of construction materials and quarry products are for period less than one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided. This is also the basis upon which the Group is organised. No operating segments have been aggregated in arriving at the reportable segments of the Group. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are summarised as follows:

Construction, sewage treatment and steam fuel

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

Construction materials

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

Quarrying

- production and sale of quarry products

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

- strategic investment in Road King, an associate of the Group

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

7. SEGMENT INFORMATION (Cont'd)

Segment revenue and results

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

Year ended 31st December, 2025

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	13,842,704	(43,188)	13,799,516	264,079
Construction materials	417,780	(331,309)	86,471	64,095
Quarrying	154,809	(99,630)	55,179	65,295
Property development and investment, toll road, investment and asset management	-	-	-	(2,662,998)
Total	14,415,293	(474,127)	13,941,166	(2,269,529)

Year ended 31st December, 2024

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

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

7. SEGMENT INFORMATION (Cont'd)

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Total segment loss	(2,269,529)	(1,486,750)
Unallocated items		
Other income	18,367	65,122
Other gains and losses	(88,850)	(15,680)
Impairment loss on interest in an associate	–	(1,510,000)
Administrative expenses	(54,755)	(69,051)
Finance costs	(36,388)	(70,857)
Share of results of associates	(1,830)	583
Share of results of joint ventures	–	1,042
Loss attributable to owners of the Company	(2,432,985)	(3,085,591)

Segment assets and liabilities

As the Group's chief operating decision maker reviews the Group's assets and liabilities on a consolidated basis, no assets or liabilities are allocated to the reportable and operating segments. Therefore, no analysis of segment assets and liabilities is presented.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

7. SEGMENT INFORMATION (Cont'd)

Other segment information

Amounts included in the measure of segment profit (loss):

Year ended 31st December, 2025

	Construction, sewage treatment and steam fuel	Construction materials	Quarrying	Property development and investment, toll road, investment and asset management	Segment total	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of intangible assets	(24,135)	-	-	-	(24,135)	-	(24,135)
Depreciation of property, plant and equipment (note)	(74,087)	(3,182)	(37)	-	(77,306)	(260)	(77,566)
Depreciation of right-of-use assets	(27,559)	(11,802)	(13,746)	-	(53,107)	(3,303)	(56,410)
Gain (loss) on disposal of property, plant and equipment	141	1,148	(7)	-	1,282	-	1,282
Interest income	21,960	24	957	-	22,941	13,157	36,098
Finance costs	(6,168)	(616)	(718)	-	(7,502)	(36,388)	(43,890)
Share of results of associates	3,402	-	-	(2,662,998)	(2,659,596)	(1,830)	(2,661,426)
Share of results of joint ventures	(2,182)	-	-	-	(2,182)	-	(2,182)
Income tax (expense) credit	(73,101)	-	568	-	(72,533)	-	(72,533)

Year ended 31st December, 2024

	Construction, sewage treatment and steam fuel	Construction materials	Quarrying	Property development and investment, toll road, investment and asset management	Segment total	Unallocated	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amortisation of intangible assets	(58,692)	-	-	-	(58,692)	-	(58,692)
Depreciation of property, plant and equipment (note)	(63,700)	(3,087)	(51)	-	(66,838)	(274)	(67,112)
Depreciation of right-of-use assets	(31,352)	(10,012)	(11,662)	-	(53,026)	(3,649)	(56,675)
Gain on disposal of property, plant and equipment	4,326	381	-	-	4,707	40	4,747
Interest income	17,181	109	144	-	17,434	58,591	76,025
Finance costs	(16,491)	(1,045)	(1,220)	-	(18,756)	(70,857)	(89,613)
Share of results of associates	615	-	-	(1,835,077)	(1,834,462)	583	(1,833,879)
Share of results of joint ventures	(48,297)	-	-	-	(48,297)	1,042	(47,255)
Income tax expense	(67,652)	-	-	-	(67,652)	-	(67,652)

Note: Included in depreciation of property, plant and equipment in quarrying segment, HK\$37,000 (2024: HK\$36,000) were capitalised in inventories.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

7. SEGMENT INFORMATION (Cont'd)

Geographical information

The Group's operations are mainly located in Hong Kong (country of domicile) and the PRC.

The Group's revenue from external customers by geographical location of the customers and information about its non-current assets (note) by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets (note)	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong	13,700,444	14,264,689	1,200,569	3,626,282
The PRC	240,722	215,226	540,623	529,724
	13,941,166	14,479,915	1,741,192	4,156,006

Note: Non-current assets include all non-current assets except financial instruments.

Information about customers

Revenue from two customers (2024: three customers) of the construction, sewage treatment and steam fuel segment located in Hong Kong of the corresponding years contributing over 10% of the Group's revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Customer A	7,534,518	6,858,504
Customer B	N/A ¹	1,531,089
Customer C	N/A ¹	1,477,353
Customer D	1,576,417	N/A ¹

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

8. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Other income mainly includes:		
Dividend income from financial asset at FVTPL	1,259	1,189
Government subsidy for projects in the PRC	567	1,564
Government subsidy for Hong Kong operations	–	2,012
Interest on financial asset at FVTPL	3,511	18,836
Interest on other receivables	288	1,447
Interest on bank deposits	26,991	27,696
Interest on loan to an associate	–	61
Interest on other financial asset at amortised cost	–	676
Interest on interest rate swap contracts	5,308	27,309
Operation fee income	37,299	39,646
Rental income from land and buildings	186	236
Rental income from plant and machinery	462	615
Service income from an associate	60	60

9. OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Bad debt written off	–	(3,500)
Gain on disposal of a subsidiary (note 54)	–	16,960
Gain on disposal of an associate	4,020	–
Gain on disposal of property, plant and equipment, net	1,282	4,747
Gain on lease modification, net	207	–
Impairment loss on interest in a joint venture	–	(6,691)
Impairment loss on other debtors	–	(13,018)
(Loss) gain on change in fair value of bonds	(14,197)	14,617
Loss on change in fair value of financial assets at FVTPL, net	(101,196)	(26,609)
Remeasurement gain on interests in joint operations	–	4,760
Reversal (recognition) of allowance for credit losses	3,960	(130)
Written down to net realisable value of inventory	–	(37,489)
	(105,924)	(46,353)

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

10. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank loans	40,292	83,929
Interest on lease liabilities	2,271	3,800
Interest on other borrowings	566	1,143
Imputed interest on non-current amount due to an associate	761	741
	43,890	89,613

11. LOSS BEFORE TAX

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Auditor's remuneration	5,034	4,918
Amortisation of intangible assets	24,135	58,692
Depreciation of property, plant and equipment (<i>note</i>)	77,566	67,112
Depreciation of right-of-use assets	56,410	56,675
Exchange (gain) loss, net	(28,048)	19,597
Share of income tax credit of associates (included in share of results of associates)	(4,877)	(14,365)
Staff costs		
Directors' remuneration (<i>note 12</i>)	30,321	37,383
Retirement benefits scheme contributions, excluding amounts included in directors' remuneration and net of forfeited contributions of HK\$2,546,000 (2024: HK\$1,609,000)	78,726	77,209
Other staff costs	2,113,645	1,810,112
	2,222,692	1,924,704

Note: Included in depreciation of property, plant and equipment, HK\$37,000 (2024: HK\$36,000) were capitalised in inventories.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION

The remuneration paid or payable to each of the eight (2024: nine) directors including the Chief Executive Officer were as follows:

Year ended 31st December, 2025

	Fee HK\$'000	Salary and other benefits HK\$'000	Performance related incentive payments HK\$'000	Retirement benefits scheme contributions HK\$'000	Total HK\$'000
Executive directors:					
Zen Wei Pao, William (<i>note a</i>)	–	8,337	–	475	8,812
Zen Wei Peu, Derek	–	9,722	5,230	951	15,903
Chiu Wai Yee, Anriena	–	2,731	–	248	2,979
Zen Chung Hei, Hayley (<i>note b</i>)	697	–	–	–	697
	697	20,790	5,230	1,674	28,391
Independent non-executive directors:					
Wong Che Ming, Steve	473	–	–	–	473
Wan Siu Kau, Samuel	492	–	–	–	492
Wong Man Chung, Francis	492	–	–	–	492
Tsang Wing Yee	473	–	–	–	473
	1,930	–	–	–	1,930
	2,627	20,790	5,230	1,674	30,321

Notes:

- (a) Mr. Zen Wei Pao, William has resigned as an executive director of the Company with effect from 21st June, 2025.
- (b) Mr. Zen Chung Hei, Hayley has been appointed as an executive director of the Company with effect from 12th August, 2025.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (Cont'd)

Year ended 31st December, 2024

	Fee <i>HK\$'000</i>	Salary and other benefits <i>HK\$'000</i>	Performance related incentive payments <i>HK\$'000</i>	Retirement benefits scheme contributions <i>HK\$'000</i>	Total <i>HK\$'000</i>
Executive directors:					
Zen Wei Pao, William	–	10,598	4,988	1,040	16,626
Zen Wei Peu, Derek	–	9,575	4,967	942	15,484
Chiu Wai Yee, Anriena	–	2,509	103	248	2,860
	–	22,682	10,058	2,230	34,970
Non-executive directors:					
Cheng Chi Ming, Brian (<i>note</i>)	340	–	–	–	340
Ho Gilbert Chi Hang (<i>note</i>)	340	–	–	–	340
	680	–	–	–	680
Independent non-executive directors:					
Wong Che Ming, Steve	473	–	–	–	473
Wan Siu Kau, Samuel	492	–	–	–	492
Wong Man Chung, Francis	492	–	–	–	492
Tsang Wing Yee	276	–	–	–	276
	1,733	–	–	–	1,733
	2,413	22,682	10,058	2,230	37,383

Note: Mr. Cheng Chi Ming, Brian and Mr. Ho Gilbert Chi Hang had resigned as non-executive directors of the Company with effect from 26th June, 2024.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S REMUNERATION (Cont'd)

Mr. Zen Wei Peu, Derek is the Chairman and the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive Officer.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' emoluments shown above were for their services as directors of the Company.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

The performance related incentive payments are determined by reference to the profit of the Group or individual performance of the directors for the year.

There was no arrangement under which a director waived or agreed to waive any remuneration and no payment of inducement fee and compensation for loss of office as director during the current and prior years.

13. EMPLOYEES' EMOLUMENTS

Details of the emoluments of the five highest paid individuals included two directors (2024: two directors) set out in note 12. The emoluments of the remaining three (2024: three) highest paid individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salary and other benefits	7,963	8,738
Performance related incentive payments	12,094	14,881
Retirement benefits scheme contributions	742	833
	20,799	24,452

The emoluments were within the following bands:

	Number of employees	
	2025	2024
HK\$6,000,001 to HK\$6,500,000	1	–
HK\$7,000,001 to HK\$7,500,000	2	–
HK\$7,500,001 to HK\$8,000,000	–	1
HK\$8,000,001 to HK\$8,500,000	–	2

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

14. INCOME TAX EXPENSE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
Hong Kong	66,902	71,738
The PRC	7,071	14,684
Others	566	–
	74,539	86,422
Under (over) provision in prior years		
Hong Kong	1,477	(11,492)
The PRC	(568)	182
	909	(11,310)
Deferred tax (<i>note 39</i>)		
Credit for the year	(2,915)	(7,460)
	72,533	67,652

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate for the PRC subsidiaries is 25% for both years.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

14. INCOME TAX EXPENSE (Cont'd)

Income tax expense can be reconciled to the loss before tax as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(2,174,611)	(2,842,064)
Income tax credit at the applicable rate of 16.5% (2024: 16.5%)	(358,811)	(468,940)
Tax effect of expenses not deductible for tax purpose	30,186	305,080
Tax effect of income not taxable for tax purpose	(23,961)	(41,014)
Under (over) provision in prior years	909	(11,310)
Tax effect of tax losses not recognised	42,937	42,509
Tax effect of utilisation of tax losses previously not recognised	(57,714)	(71,801)
Tax effect of share of results of associates	439,135	302,590
Tax effect of share of results of joint ventures	360	7,797
Effect of different rates for subsidiaries operating in other jurisdictions	2,146	1,678
Others	(2,654)	1,063
Income tax expense	72,533	67,652

15. DIVIDEND

The board of directors of the Company (the "Board") does not recommend the payment of a final dividend for the year ended 31st December, 2025 (2024: nil).

16. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	(2,432,985)	(3,085,591)
	2025	2024
Number of ordinary shares for the purpose of basic loss per share	793,124,034	793,124,034

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Property under construction HK\$'000	Buildings HK\$'000	Leasehold improvements HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Vessels HK\$'000	Total HK\$'000
COSTS								
At 1st January, 2024	-	170,348	20,645	779,281	72,262	66,721	422,622	1,531,879
Exchange realignment	-	(5,195)	-	(8,151)	(288)	(167)	-	(13,801)
Additions	57,540	402	1,807	28,009	3,225	4,695	9,850	105,528
Transfer	(57,540)	141	-	57,399	-	-	-	-
Disposals	-	-	(530)	(23,246)	(50)	(2,783)	-	(26,609)
At 31st December, 2024	-	165,696	21,922	833,292	75,149	68,466	432,472	1,596,997
Exchange realignment	-	7,841	-	14,799	440	276	-	23,356
Additions	58,408	16,653	-	25,984	2,669	5,184	11,631	120,529
Disposals	-	(761)	-	(46,414)	(7,400)	(4,717)	-	(59,292)
At 31st December, 2025	58,408	189,429	21,922	827,661	70,858	69,209	444,103	1,681,590
DEPRECIATION AND IMPAIRMENT								
At 1st January, 2024	-	24,898	17,449	524,503	59,128	50,106	404,868	1,080,952
Exchange realignment	-	(405)	-	(1,440)	(129)	(89)	-	(2,063)
Provided for the year	-	6,692	1,808	44,805	9,164	3,454	1,189	67,112
Eliminated on disposals	-	-	(530)	(17,794)	(45)	(1,773)	-	(20,142)
At 31st December, 2024	-	31,185	18,727	550,074	68,118	51,698	406,057	1,125,859
Exchange realignment	-	951	-	3,015	482	149	-	4,597
Provided for the year	-	7,296	1,999	58,468	263	3,476	6,064	77,566
Eliminated on disposals	-	(95)	-	(46,200)	(7,096)	(3,523)	-	(56,914)
At 31st December, 2025	-	39,337	20,726	565,357	61,767	51,800	412,121	1,151,108
CARRYING VALUES								
At 31st December, 2025	58,408	150,092	1,196	262,304	9,091	17,409	31,982	530,482
At 31st December, 2024	-	134,511	3,195	283,218	7,031	16,768	26,415	471,138

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For the year ended 31st December, 2025

17. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The above items of property, plant and equipment (other than property under construction) are depreciated on a straight-line basis and after taking into account of their estimated residual value at the following rates per annum:

Buildings	4% - 16%
Leasehold improvements	33 $\frac{1}{3}$ % or over the terms of the relevant leases, whichever is shorter
Plant and machinery	10% - 25%
Furniture, fixtures and equipment	20% - 33 $\frac{1}{3}$ %
Motor vehicles	16 $\frac{2}{3}$ % - 25%
Vessels	10% - 50%

The buildings are located in Hong Kong and the PRC.

18. RIGHT-OF-USE ASSETS

	Leasehold lands <i>HK\$'000</i>	Leased properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st December, 2025			
Carrying values	11,476	58,114	69,590
At 31st December, 2024			
Carrying values	11,198	70,210	81,408
For the year ended 31st December, 2025			
Depreciation charge	296	56,114	56,410
For the year ended 31st December, 2024			
Depreciation charge	281	56,394	56,675

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For the year ended 31st December, 2025

18. RIGHT-OF-USE ASSETS (Cont'd)

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Expense relating to short-term leases		
– Leased properties	82,323	6,746
– Hire charges for plant and machinery	258,891	323,279
Total cash outflow for leases	405,906	397,303
Additions to right-of-use assets	44,131	17,440

For both years, the Group leases offices premises and site areas for its operations. Lease contracts are entered into for fixed term of 1 year to 3 years (2024: 1 year to 3 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

At 31st December, 2025 and 2024, the Group has obtained the land use right certificates for all leasehold lands in the PRC.

During the year ended 31st December, 2022, Faith Oriental Investment Limited (“Faith Oriental”), a wholly owned subsidiary of the Company, and the Government of the Hong Kong Special Administrative Region (the “HKSAR”) entered into an agreement which is supplemental to a contract entered into with the Government of the HKSAR in 2015 as detailed in note 19(b). Pursuant to the agreement, the operations of crushing, concrete batching and asphalt plants can be maintained in an identified area within a quarry site until 31st December, 2025, with a total consideration of HK\$77,200,000 by 5 equal semi-annual instalments with the first instalment paid in November 2023. During the year ended 31st December, 2025, Faith Oriental and the Government of the HKSAR entered into another supplemental agreement to further extend the contract period to 30th September, 2026 with a total consideration of HK\$32,850,000 by 2 equal semi-annual instalments.

At 30th June, 2025, the Company entered into an agreement with the Government of the HKSAR for “Underground Quarrying at Lam Tei, Tuen Mun” at a contract sum payable of HK\$1,008,000,000. As the lease commencement date remains uncertain, no right-of-use asset, lease liability or other assets has been recognised in the Group’s financial statements at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

19. INTANGIBLE ASSETS

	Construction licenses HK\$'000 (note a)	Extraction right of rock reserve HK\$'000 (note b)	Rehabilitation costs for quarry site HK\$'000 (note b)	Service concession arrangements HK\$'000 (notes c and d)	Customer contract HK\$'000 (note e)	Total HK\$'000
COSTS						
At 1st January, 2024	47,858	535,728	26,889	317,543	95,378	1,023,396
Exchange realignment	-	-	-	(10,457)	-	(10,457)
Acquisition of a business	-	-	-	-	62,881	62,881
Disposal of a subsidiary	-	-	-	(135,047)	-	(135,047)
Written off	-	-	-	-	(95,378)	(95,378)
At 31st December, 2024	47,858	535,728	26,889	172,039	62,881	845,395
Exchange realignment	-	-	-	8,813	-	8,813
At 31st December, 2025	47,858	535,728	26,889	180,852	62,881	854,208
AMORTISATION AND IMPAIRMENT						
At 1st January, 2024	-	535,728	26,889	51,572	95,378	709,567
Exchange realignment	-	-	-	(1,690)	-	(1,690)
Charge for the year	-	-	-	13,478	45,214	58,692
Eliminated on disposal of a subsidiary	-	-	-	(42,635)	-	(42,635)
Elimination of written off	-	-	-	-	(95,378)	(95,378)
At 31st December, 2024	-	535,728	26,889	20,725	45,214	628,556
Exchange realignment	-	-	-	1,062	-	1,062
Charge for the year	-	-	-	6,468	17,667	24,135
At 31st December, 2025	-	535,728	26,889	28,255	62,881	653,753
CARRYING VALUES						
At 31st December, 2025	47,858	-	-	152,597	-	200,455
At 31st December, 2024	47,858	-	-	151,314	17,667	216,839

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

19. INTANGIBLE ASSETS (Cont'd)

Notes:

- (a) The amount represents the fair value of the construction licenses (with indefinite useful lives) held by Build King Construction Limited ("BKCL") of approximately HK\$32,858,000 and Integral E&M Contracting Limited ("IEC"), of approximately HK\$15,000,000.

The construction licenses are granted by the Works Branch, Development Bureau of the HKSAR to BKCL and IEC. Through those construction licenses BKCL is eligible to undertake government construction contracts of all five categories of public works, namely port works, site formation, road and drainage, water works and buildings with no limitation in contract sum. IEC is an approved supplier of materials and specialist contractor for public works in three categories, air-conditioning installation, electrical installation and fire service installation with no limitation in contract sum. The construction licenses basically have no legal life but are renewable every year as long as BKCL and IEC are able to comply with certain provisions and requirements set out by the Works Branch, Development Bureau of the HKSAR throughout the relevant period.

Various studies including sensitivity analysis and market trends have been carried out by the management of the Group, which supports that the construction licenses have no foreseeable limit to the period over which the construction licenses are expected to generate net cash inflow for the Group. As a result, the construction licenses are considered by the management of the Group as having indefinite useful lives because they are expected to contribute net cash inflow indefinitely. The construction licenses will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that they may be impaired. Particulars regarding the impairment testing on construction licenses are disclosed in note 21.

- (b) The amounts represent the carrying amounts of the extraction right of rock reserve and the rehabilitation costs to be incurred in a quarry site in Hong Kong acquired by Faith Oriental under the contract entered into with the Government of the HKSAR during the year ended 31st December, 2015, which were fully amortised.
- (c) Tianjin Wai Kee Earth Investment Co., Ltd. ("Tianjin Wai Kee Earth"), a subsidiary of the Company, entered into a service concession arrangement with the local government in 2018 whereby Tianjin Wai Kee Earth is required to build the infrastructure of a steam fuel supply plant and is granted an exclusive operating right for provision of steam fuel supply services to the industrial users in Yanchi Industrial Park at Gaotai District, Zhangye City, Gansu Province of the PRC for a term of 30 years. The construction of the steam fuel supply plant comprising construction works and equipment acquisition and installation had been completed and put into operation in 2019.

Tianjin Wai Kee Earth in 2020 entered into another service concession arrangement with local government whereby Tianjin Wai Kee Earth is required to build the infrastructure of a steam fuel supply plant and is granted an exclusive operating right for provision of steam fuel supply to industrial users in Circular Economy Industrial Park at Bei He Wan, Jinta County, Gansu Province of the PRC for a term of 30 years.

Pursuant to the service concession arrangement contracts, Tianjin Wai Kee Earth is responsible for the construction of steam fuel supply plant and entitled to operate the steam fuel supply plant upon completion for a specified concession period by charging users of the public service, which amounts are contingent on the extent that the public uses the service. At the end of the operating period, Tianjin Wai Kee Earth is required to transfer the steam fuel supply plant to the local government. As such, the arrangements are accounted for as a service concession arrangement and the right to charge the users of the public service is recognised as an intangible asset. The Group estimates the fair value of the intangible asset to be equal to the construction costs plus certain margin. Amortisation of the intangible asset is provided for over the operation period of 30 years on a straight-line basis.

Notes to the Consolidated Financial Statements

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19. INTANGIBLE ASSETS (Cont'd)

Notes: (Cont'd)

- (d) Wuxi Qianhui Sewage Treatment Co., Ltd. ("Wuxi Qianhui"), a subsidiary of the Company, entered into a service concession arrangement with the local government whereby Wuxi Qianhui was required to build the infrastructure of a sewage treatment plant phase II and was granted an exclusive operating right for provision of sewage treatment services to the industrial and domestic users in Qian Qiao Zhen, Hui Shan District, Wuxi City, Jiang Su Province of the PRC for a term of 30 years.

Pursuant to the service concession arrangement contract, Wuxi Qianhui was responsible for the construction of sewage treatment plant phase II and entitled to operate the sewage treatment plant phase II upon completion for a specified concession period by charging users of the public service, which amounts were contingent on the extent that the public uses the service. At the end of the operating period, Wuxi Qianhui was required to transfer the sewage treatment plant phase II to the local government. As such, the arrangement was accounted for as a service concession arrangement and the right to charge the users of the public service was recognised as an intangible asset. The Group estimated the fair value of the intangible asset to be equal to the construction costs plus certain margin. Amortisation of the intangible asset was provided for over the operation period of 30 years on a straight-line basis.

On 18th November, 2024, the Group entered into a sale and purchase agreement to dispose of its 75.6% equity interest in Wuxi Qianhui to an independent third party. Upon the completion of the disposal on 31st December, 2024, Wuxi Qianhui ceased to be a subsidiary but became a 20% owned associate of the Group. For transaction details, please refer to note 54.

- (e) During the year end 31st December, 2024, the Group recognised an intangible asset amounting HK\$62,881,000 in respect of underlying construction contracts held by joint operations upon the acquisition of joint operation partner's interests in the joint operations. The intangible assets were amortised over the remaining duration of the respective construction contracts which reflect the pattern in which the intangible asset's future economic benefits were expected to be consumed. The intangible assets have been fully amortised in 2025.

During the year ended 31st December, 2021, the Group recognised an intangible asset amounting HK\$95,378,000 in respect of an underlying construction contract held by a joint operation upon the acquisition of joint operation partner's interest in the joint operation. The intangible asset was amortised over the remaining duration of the respective construction contract which reflects the pattern in which the intangible asset's future economic benefits were expected to be consumed. During the year ended 31st December, 2024, the intangible asset was written off.

20. GOODWILL

The amount represents goodwill arising on the reverse acquisition of Build King Holdings Limited ("Build King") and its subsidiaries in 2004. Particulars regarding the impairment testing on goodwill are disclosed in note 21.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

21. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purpose of impairment testing of goodwill arising on the reverse acquisition of Build King and its subsidiaries in 2004 as set out in note 20, goodwill has been allocated to the group of underlying CGUs which represents Build King and its subsidiaries in existence at the time of reverse acquisition of Build King and its subsidiaries in 2004 and is included in construction, sewage treatment and steam fuel segment.

For the purpose of impairment testing, intangible assets with indefinite useful lives as set out in note 19(a) have been allocated to two CGUs, BKCL and IEC, which are included in construction, sewage treatment and steam fuel segment.

The recoverable amounts of the above groups of CGUs have been determined on the basis of value in use calculations and are based on certain key assumptions. All value in use calculations use cash flow projections based on latest financial budgets approved by the Group's management covering a period of 5 years, a pre-tax discount rate of 10% (2024: 10%) and a growth rate of 0% (2024: 0%). Cash flow projections during the budget period for the CGUs are based on the expected gross margins during the budget period. Budgeted gross margins have been determined based on past performance and management's expectations for the market development.

At the end of the reporting period, the management of the Group determined that any reasonably possible change in key assumption would not cause the CGUs' carrying amounts exceeding their recoverable amounts and no impairment of any of its CGUs containing goodwill and intangible assets with indefinite useful lives is required.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

22. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Cost of investments in associates		
Listed in Hong Kong (<i>note a</i>)	2,029,297	2,029,297
Unlisted	47,333	47,349
	2,076,630	2,076,646
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	331,385	2,772,749
Less: Impairment loss	(1,510,000)	(1,510,000)
	898,015	3,339,395
Represented by:		
Interests in associates	909,514	3,353,602
Obligations in excess of interests in associates (<i>note b</i>)	(11,499)	(14,207)
	898,015	3,339,395
Fair value of listed investments (<i>note c</i>)	220,182	380,314

Notes:

- (a) Included in the cost of investments in the associate listed in Hong Kong, there is goodwill of HK\$30,964,000 (2024: HK\$30,964,000) arising on acquisition of additional interest in the associate during the year ended 31st December, 2007.
- (b) The Group has contractual obligations to share the net liabilities of certain associates.
- (c) The fair value of the listed investments is determined based on the quoted market bid price.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

22. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES (Cont'd)

Details of the Group's principal associates at 31st December, 2025 and 2024 are as follows:

Name of associate	Form of business structure	Place of incorporation/ operation	Effective interest held by the Company		Proportion of voting rights held by the Group		Principal activities
			2025 %	2024 %	2025 %	2024 %	
Genetron Engineering Company Limited	Incorporated	Hong Kong	17.50 <i>(note a)</i>	17.50 <i>(note a)</i>	30.00	30.00	Civil engineering
Hong Kong Landfill Restoration Group Limited	Incorporated	Hong Kong	20.12 <i>(note a)</i>	20.12 <i>(note a)</i>	34.50	34.50	Civil engineering
Rainbow Triumph Limited <i>(note 25(a))</i>	Incorporated	British Virgin Islands	N/A	11.67 <i>(note a)</i>	N/A	20.00	Investment holding
Road King Infrastructure Limited <i>(note b)</i>	Incorporated	Bermuda	44.52	44.52	44.52	44.52	Property development, development, operation and management of toll roads, and investment and asset management
Wuxi Qianhui Sewage Treatment Co., Ltd.	Incorporated	The PRC	11.67 <i>(note a)</i>	11.67 <i>(note a)</i>	20.00	20.00	Sewage Treatment

Notes:

- (a) The Company holds the effective interest in the associate through Build King.
- (b) The shares of Road King are listed on the Main Board of the Stock Exchange.

The above table lists the associates of the Group which, in the opinion of the directors, principally affect the results for the year or constitute a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

At 31st December, 2025, the carrying amount of the Group's interest in Road King accounted for by using the equity method amounted to HK\$869,086,000 (2024: HK\$3,316,058,000) (net of accumulated impairment loss of HK\$1,510,000,000). For the year ended 31st December, 2025, the Group recognised (a) its share of the loss of Road King and its subsidiaries (the "Road King Group") amounting to HK\$2,662,998,000 (2024: HK\$1,835,077,000) based on the audited consolidated financial statements of Road King Group for the year ended 31st December, 2025 prepared by the management of Road King Group on a going concern basis in accordance with HKFRS Accounting Standards as issued by the HKICPA; and (b) no impairment adjustment to the carrying amount of its interest in Road King for the year ended 31st December, 2025 (2024: impairment loss of HK\$1,510,000,000 on the carrying amount of its interest in Road King) after conducting an impairment assessment on the Group's interest in Road King, which requires an estimation of recoverable amount of the Group's interest in Road King.

Notes to the Consolidated Financial Statements

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22. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES (Cont'd)

Road King Group decided to suspend payment of all principal and interest on Road King Group's senior notes, offshore bank loans and perpetual capital securities in August 2025. The management of Road King Group confirmed to the Company that the suspended payment has triggered events of default under certain financing arrangements and may lead to certain creditors of Road King Group demanding accelerated repayment of Road King Group's offshore bank loans and senior notes and/or taking enforcement actions pursuant to the relevant terms, and in October 2025, certain creditors of Road King Group have exercised such rights, accelerating repayment of a portion of Road King Group's offshore bank and other borrowings and taking enforcement actions.

The management of Road King Group has confirmed to the Company that when assessing the going concern assumptions of Road King Group for the preparation of the consolidated financial statements of Road King Group for the year ended 31st December, 2025, they have taken into account the plans and measures formulated by Road King Group (including restructuring proposal initiated by Road King Group) in connection with the above-mentioned suspension of payments and their status.

The management of the Group conducted impairment assessment with the assistance of an independent qualified professional valuer engaged by the Group on the entire carrying amount of its interest in Road King (including goodwill) as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its entire carrying amount. In determining the value in use of the investment, the Group estimated the present value of the future cash flows expected to be generated by Road King based on financial budgets of the Road King Group covering a five-year period prepared on the assumption that it can achieve the plans and measures referred to above within the forecast period and taking into account the adjustments made by the management of the Group. The key assumptions in the calculations included the estimated fair value of specific assets expected to be realized within a forecasted period, the estimated concession or revised repayment schedule of the borrowings and discount rate of 9.2% (2024: 9.9%) estimated by using the weighted average cost of capital method to discount the cash flow projections.

The management of Road King Group has confirmed that the restructuring proposal has not been agreed with the relevant creditors of Road King Group as at the date of approval of the consolidated financial statements, material uncertainties exist as to whether Road King Group can continue as a going concern. Given these uncertainties, there is insufficient information (inherent in view of the uncertainties described) available to the directors of the Company to assess the significant assumptions and estimations underlying (a) the going concern assessment of Road King Group, as a basis to determine the financial information of Road King Group for the purpose of equity accounting; and (b) the Group's estimation of the present value of the future cash flows expected to be generated by Road King, for the purposes of its impairment assessment.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

22. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES (Cont'd)

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate, Road King, is set out below. Road King is engaged in property development, development, operation and management of toll roads, and investment and asset management. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRS Accounting Standards.

All associates are accounted for using the equity method in the Group's consolidated financial statements.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current assets	26,695,728	34,576,424
Non-current assets	18,456,576	22,936,711
Current liabilities	(27,108,964)	(22,262,165)
Non-current liabilities	(3,010,522)	(14,350,791)
Net assets	15,032,818	20,900,179
Equity attributable to owners of the associate	5,319,167	10,815,447
Perpetual capital securities	7,669,178	7,123,442
Non-controlling interests	2,044,473	2,961,290
Total equity	15,032,818	20,900,179
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	2,077,369	3,061,579
Current financial liabilities (excluding trade and other payables and provisions)	(17,285,408)	(10,085,290)
Non-current financial liabilities (excluding trade and other payables and provisions)	(2,016,973)	(13,314,706)

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For the year ended 31st December, 2025

22. INTERESTS IN ASSOCIATES/OBLIGATIONS IN EXCESS OF INTERESTS IN ASSOCIATES (Cont'd)

Summarised financial information of material associate (Cont'd)

	2025 HK\$'000	2024 HK\$'000
Revenue	5,321,879	5,536,911
Loss for the year	(5,302,164)	(3,308,309)
Other comprehensive income (expense) for the year	80,027	(895,114)
Total comprehensive expense for the year	(5,222,137)	(4,203,423)
The above loss for the year includes the following income (expenses):		
Interest income	16,724	78,477
Depreciation	(36,220)	(24,627)
Finance costs	(599,248)	(736,331)
Income tax credit	10,955	32,266

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net assets attributable to owners of the associate	5,319,167	10,815,447
Proportion of the Group's equity interest in the associate	44.52%	44.52%
Goodwill	2,368,093	4,815,037
Impairment loss	30,964	30,964
Others	(1,510,000)	(1,510,000)
	(19,971)	(19,943)
Carrying amount of the Group's interest in the associate	869,086	3,316,058

Aggregate information of associates that are not individually material

	2025 HK\$'000	2024 HK\$'000
The Group's share of profit and total comprehensive income	1,572	1,198

There is no unrecognised share of losses of associates for both years.

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23. INTERESTS IN JOINT VENTURES/OBLIGATIONS IN EXCESS OF INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Cost of investments in unlisted joint ventures	40,956	40,956
Less: Impairment loss	(40,956)	(40,956)
	-	-
Share of post-acquisition profits and other comprehensive income, net of dividends received	546	2,728
	546	2,728
Represented by:		
Interest in joint ventures	1,313	3,181
Obligations in excess of interests in joint ventures	(767)	(453)
	546	2,728

At 31st December, 2025, the Group has contractual obligations to share the net liabilities of a joint venture amounting to HK\$767,000 (2024: HK\$453,000).

Details of the Group's principal joint ventures at 31st December, 2025 and 2024 are as follows:

Name of joint venture	Form of business structure	Place of incorporation/operation	Effective interest held by the Company		Proportion of voting rights held by the Group		Principal activities
			2025 %	2024 %	2025 %	2024 %	
Sunny Harvest Corporation Limited	Incorporated	Hong Kong	29.17 <i>(note)</i>	29.17 <i>(note)</i>	50.00	50.00	Provision of transportation services
德州恒源熱力有限公司 ("Dezhou Heng Yuan")	Incorporated	The PRC	28.58 <i>(note)</i>	28.58 <i>(note)</i>	50.00	50.00	Central heating

Note: The Company holds the effective interest in the joint venture through Build King. Under the joint venture agreement, the entity is jointly controlled by Build King and the other joint venture partner. Therefore, the entity is classified as a joint venture.

All joint ventures are accounted for using the equity method in the Group's consolidated financial statements.

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For the year ended 31st December, 2025

24. JOINT OPERATIONS

Details of the Group's principal joint operations at 31st December, 2025 and 2024 are as follows:

Name of joint operation	Form of business structure	Place of registration/operation	Effective interest held by the Company		Principal activities
			2025	2024	
			%	%	
Build King - Able Joint Venture	Unincorporated	Hong Kong	40.83	40.83	Building construction
Build King - CRCC Harbour Joint Venture	Unincorporated	Hong Kong	32.08	32.08	Civil engineering
Build King - Hyundai Joint Venture	Unincorporated	Hong Kong	40.83	40.83	Building construction
Build King - Kum Shing Joint Venture	Unincorporated	Hong Kong	37.91	37.91	Civil engineering
Build King - Richwell Civil Joint Venture	Unincorporated	Hong Kong	40.83	40.83	Civil engineering
Build King - Richwell Civil Joint Venture	Unincorporated	Hong Kong	36.16	36.16	Civil engineering
Build King - Richwell Civil Joint Venture	Unincorporated	Hong Kong	35.00	N/A	Civil engineering
Build King - Richwell Civil Joint Venture	Unincorporated	Hong Kong	40.83	N/A	Civil engineering
Build King - Richwell Engineering Joint Venture	Unincorporated	Hong Kong	35.00	35.00	Civil engineering
Build King - Richwell Engineering Joint Venture	Unincorporated	Hong Kong	40.83	40.83	Civil engineering
Build King - Richwell Engineering Joint Venture	Unincorporated	Hong Kong	35.00	35.00	Civil engineering
Build King - Richwell Engineering Joint Venture	Unincorporated	Hong Kong	46.66	46.66	Civil engineering
Build King - Richwell Engineering Joint Venture	Unincorporated	Hong Kong	35.00	35.00	Civil engineering
Build King - Richwell Engineering Joint Venture	Unincorporated	Hong Kong	40.83	40.83	Civil engineering
Build King - STEC Joint Venture	Unincorporated	Hong Kong	29.75	29.75	Civil engineering
Build King - STEC Joint Venture	Unincorporated	Hong Kong	35.00	35.00	Civil engineering
Build King - STHK Joint Venture	Unincorporated	Hong Kong	29.17	N/A	Civil engineering
Build King - Tung Lee Joint Venture	Unincorporated	Hong Kong	46.66	46.66	Civil engineering
Build King - Tung Lee Joint Venture	Unincorporated	Hong Kong	46.66	46.66	Civil engineering
Chun Wo - Build King Joint Venture	Unincorporated	Hong Kong	40.83	N/A	Civil engineering
CRBC - Build King Joint Venture	Unincorporated	Hong Kong	28.58	28.58	Civil engineering
CRBC - Build King Joint Venture	Unincorporated	Hong Kong	28.58	28.58	Civil engineering

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24. JOINT OPERATIONS (Cont'd)

Name of joint operation	Form of business structure	Place of registration/operation	Effective interest held by the Company		Principal activities
			2025 %	2024 %	
CRBC - Build King Joint Venture	Unincorporated	Hong Kong	14.58	14.58	Civil engineering
CWBKYH JV	Unincorporated	Hong Kong	20.42	20.42	Civil engineering
Gammon - Build King - Tung Lee Joint Venture	Unincorporated	Hong Kong	22.75	N/A	Civil engineering
Vibro - Titan Joint Venture	Unincorporated	Hong Kong	23.33	23.33	Civil engineering
Zhen Hua - Build King Joint Venture	Unincorporated	Hong Kong	28.58	28.58	Civil engineering

Note: The Company holds the effective interest in the above joint operations above through Build King. Under the joint arrangement agreement, the entity is jointly controlled by Build King and the other partners of the joint arrangement. Therefore, the entity is classified as a joint operation.

The above table lists the joint operations of the Group which, in the opinion of the directors, principally affect the results for the year or constitute a substantial portion of the net assets of the Group. To give details of other joint operations would, in the opinion of the directors, result in particulars of excessive length.

25. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Financial assets mandatorily measured at FVTPL		
Listed equity securities in Hong Kong	27,405	22,292
Unlisted equity investment in Hong Kong (<i>note a</i>)	1,220	1,220
Quoted debt securities (<i>note b</i>)	64,056	185,390
Unlisted investment fund (<i>note c</i>)	62,814	45,276
Investment in a property company (<i>note d</i>)	327,339	–
Shareholder loan to an associate with redemption right (<i>note d</i>)	–	727,339
Quoted equity securities in the United States of America (the “USA”) (<i>note e</i>)	35	23
	482,869	981,540
Classified under:		
Non-current assets	328,559	328,559
Current assets	154,310	652,981
	482,869	981,540

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For the year ended 31st December, 2025

25. FINANCIAL ASSETS AT FVTPL (Cont'd)

Notes:

- (a) The unlisted equity investment represents investment in a private entity incorporated in Hong Kong. The fair value of the investment is measured with reference to the net asset value of the private entity.
- (b) The quoted debt securities represent investments in bonds and notes. They have been acquired principally for the purpose of selling in the near term, thus classified as held for trading. At 31st December, 2025, quoted debt securities amounting to HK\$48,680,000 (2024: nil) were pledged to banks for securing certain banking facilities granted to the Group.
- (c) The unlisted investment fund represents investment in equity investment fund issued by a private entity incorporated in Hong Kong. The fair value of the investment is measured with reference to the net asset value of the investment fund.
- (d) In 2023, the Group acquired 20% of the issued shares of Rainbow Triumph Limited ("RTL") at a price of HK\$15,700 and the shareholder loan due from RTL in the principal amount at face value of HK\$800,000,000 at a total consideration of HK\$800,015,700. RTL is an investment holding company incorporated in the British Virgin Islands and is a subsidiary of Road King. The Group had the right to require RTL to repay (i) up to 50% of the shareholder loan due to the Group on the first anniversary of the acquisition's completion date; and (ii) up to the balance of the shareholder loan due to the Group on 28th February, 2025, at the redemption price based on adjustments related to the market value of properties held by RTL. The fair value of the redemption right has been arrived on the basis of a valuation carried out on reporting dates by an independent and qualified property valuer not connected to the Group. The Group did not exercise the right on the first anniversary of the completion date within the timeframe as stated in the agreement.

The directors considered that the redemption right was a derivative embedded in the shareholder loan. The entire shareholder loan including principal, interest and redemption right were accounted for as financial asset at FVTPL.

On 24th January, 2025, the Group served notice to RTL to exercise the loan redemption right in respect of principal amount of HK\$400,000,000 and transfer 10% of the issued shares to Shine Precious Limited, an indirect wholly owned subsidiary of Road King. The final redemption price of HK\$400,000,000 was classified as current asset at 31st December, 2024 and was settled on 28th February, 2025. Following the completion of the loan redemption, the remaining financial assets at FVTPL of HK\$327,339,000 comprising 10% of the issued shares in RTL and the remaining shareholder loan is classified as non-current asset at 31st December, 2025 and 2024.

- (e) The quoted equity securities represent investment in equity securities issued by an entity (the "US Entity") incorporated in the USA. The US Entity is engaged in manufacture and sale of pharmaceutical products. It has been acquired principally for the purpose of selling in the near term, thus classified as held for trading. The quoted equity securities are available for trading at the USA's Over-The-Counter ("OTC") market and are revalued according to the available quoted OTC price at the end of each reporting period.

Details of fair value measurements are set out in note 46(c).

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For the year ended 31st December, 2025

26. INVENTORIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Property under development		
Freehold land in Malaysia (<i>note</i>)	53,691	49,523
Raw materials	6,836	2,619
Consumables	5,027	5,036
Uninstalled construction materials	92,521	86,676
Finished goods	1,004	1,225
	159,079	145,079

Note: The carrying amount of freehold land is stated at lower of cost and net realisable value.

Inventories of HK\$53,691,000 (2024: HK\$49,523,000) are expected to be recovered after more than 12 months.

The cost of inventories recognised as an expense during the year is HK\$923,641,000 (2024: HK\$1,532,760,000).

27. DEBTORS, DEPOSITS AND PREPAYMENTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade debtors - contracts with customers	566,782	688,228
<i>Less:</i> Allowance for credit losses	(130)	(4,090)
	566,652	684,138
Bills receivables	13,054	3,254
Other debtors	163,335	205,842
Consideration receivable from disposal of a subsidiary (<i>note 54</i>)	–	132,449
Deposits	114,749	123,266
Prepayments	2,958	11,027
	860,748	1,159,976

At 1st January, 2024, trade debtors (net of allowance for credit losses) from contracts with customers amounted to HK\$651,514,000.

At 31st December, 2025, the Group's trade debtors included an amount of HK\$3,041,000 (2024: HK\$645,000) due from a related company which is an associate of a substantial shareholder of the Company.

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For the year ended 31st December, 2025

27. DEBTORS, DEPOSITS AND PREPAYMENTS (Cont'd)

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade debtors		
0 to 60 days	486,981	612,491
61 to 90 days	7,609	2,544
Over 90 days	72,062	69,103
	566,652	684,138

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

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limit by customer. Limits and scores attributed to customers are reviewed periodically. The majority of the trade debtors that are neither past due nor impaired have good settlement history. The Group has assessed the creditworthiness and historical default rates of these customers. Trade debtors that are past due but not impaired have the good quality with reference to respective settlement history.

In determining the recoverability of a trade debt, the Group considers any change in the credit quality of the trade debtor from the date on which credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to major customer of the Group is the Government of the HKSAR. Accordingly, the directors of the Company believe that there is no further provision required.

Details of impairment assessment of trade and other receivables are set out in note 46(b).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

28. CONTRACT ASSETS

	2025 HK\$'000	2024 HK\$'000
Analysed as current:		
Unbilled revenue of construction contracts (note a)	2,538,708	3,146,849
Retention receivables of construction contracts (note b)	983,717	858,775
	3,522,425	4,005,624
Retention receivables of construction contracts		
Due within one year	385,210	325,047
Due after one year	598,507	533,728
	983,717	858,775

At 1st January, 2024, contract assets amounted to HK\$3,646,488,000.

Notes:

- (a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.
- (b) Retention receivables included in contract assets represent the Group's right to receive consideration for work performed but not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of assurance by the Group on the service quality of the construction work performed by the Group. For retention receivables in respect of construction contracts, the due dates are usually one year after the completion of the construction work.

At 31st December, 2025, the Group's contract assets included an amount of HK\$127,131,000 (2024: HK\$43,742,000) receivable from related companies which are subsidiaries and a joint operation of a substantial shareholder of the Company.

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

Details of the impairment assessment are set out in note 46(b).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

29. AMOUNTS DUE FROM ASSOCIATES, A JOINT VENTURE AND OTHER PARTNERS OF JOINT OPERATIONS

The amounts are unsecured, interest-free and repayable on demand.

30. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 HK\$'000	2024 HK\$'000
Derivative financial assets (under hedge accounting)		
Cash flow hedges		
– Interest rate swap contracts	–	6,012

During the year ended 31st December, 2021, the Group entered into certain interest rate swap contracts to minimise its exposures to forecast cash flow interest rate risk on certain bank loans.

The terms of the interest rate swap contracts have been negotiated to match the terms of the respective designated hedging items and the directors of the Company consider that the interest rate swaps were effective hedging instruments and had designated them as cash flow hedging instruments for hedge accounting purpose. At 31st December, 2024, included in bank loans as disclosed in note 37 were bank loans of HK\$680,000,000 which were under cash flow hedges. The major terms of these swap contracts at 31st December, 2024 were as follows:

Notional amount	HK\$680,000,000
Maturity date	25th March, 2025
Pay fixed rate range	0.62% to 0.73%
Receiving floating rate	One month HKD Hong Kong Interbank Offered Rate

All of the above interest rate swap contracts were designated and effective as cash flow hedges. The fair value losses of the above interest rate swap contracts amounting to HK\$6,012,000 (2024: loss of HK\$24,609,000) are recognised in other comprehensive expense and accumulated under the other reserve. The accumulated sum has been fully released upon maturity of the interest rate swap contracts on 25th March, 2025. The classification of the fair value measurement of the above derivative financial instruments at 31st December, 2024 was Level 2 under the fair value hierarchy (see note 46(c) for details).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

31. CASH HELD ON BEHALF OF CUSTOMERS

WK Securities Limited, a wholly owned subsidiary of the Company, maintains segregated accounts with authorised institutions to hold client's money arising from its normal course of business.

The Group has classified the client's money as cash held on behalf of customers under current assets of the consolidated statement of financial position and recognised the corresponding accounts payable to respective clients on the grounds that it is liable for any loss or misappropriation of client's money.

The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Securities and Futures Ordinance.

At 31st December, 2025, cash held on behalf of customers included an aggregate amount of HK\$575,000 (2024: HK\$502,000) held on behalf of certain directors of the Company and related companies. The same amount is payable to these directors of the Company and the related companies, and included in creditors and accrued charges.

32. PLEDGED BANK DEPOSITS, TIME DEPOSITS WITH ORIGINAL MATURITY OF NOT LESS THAN THREE MONTHS AND BANK BALANCES

At 31st December, 2025, bank deposits of the Group amounting to HK\$122,880,000 (2024: HK\$80,507,000) were pledged to banks for securing certain banking facilities granted to the Group. The pledged bank deposits carry interest at market rates which range from 0.001% to 3.81% (2024: 0.50% to 4.26%) per annum.

At 31st December, 2025, time deposits of HK\$557,000 (2024: HK\$1,343,000) with original maturity of not less than three months carry interest at market rates which range from 1.35% to 2.32% (2024: 1.65% to 4.26%) per annum.

At 31st December, 2025, bank balances (include time deposits of HK\$1,229,233,000 (2024: HK\$351,303,000) with original maturity of less than three months) carry interest at market rates which range from 0.001% to 3.6% (2024: 0.001% to 4.30%) per annum.

At 31st December, 2025, the Group's bank balances included carrying amounts of HK\$68,090,000 (2024: HK\$86,859,000) and HK\$49,551,000 (2024: HK\$285,359,000) which are denominated in Renminbi and United States dollar respectively that are the currencies other than the functional currencies of the relevant group entities.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

33. CREDITORS AND ACCRUED CHARGES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	253,666	672,100
61 to 90 days	116,784	91,325
Over 90 days	5,350	21,434
	375,800	784,859
Retention payables	1,354,394	1,247,804
Accrued project costs	1,979,765	2,326,826
Other creditors and accrued charges	252,369	260,032
	3,962,328	4,619,521
Retention payables		
Due within one year	546,425	603,813
Due after one year	807,969	643,991
	1,354,394	1,247,804

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

At 31st December, 2024, included in other creditors and accrued charges were other creditors of HK\$23,000,000 which were unsecured, interest bearing at 4% fixed rate per annum and variable interest with special condition as per respective loan agreements and were fully repaid during the year ended 31st December, 2025.

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

34. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Construction contracts	1,364,936	958,120
Steam fuel plant operation	12,064	8,050
	1,377,000	966,170

At 1st January, 2024, contract liabilities amounted to HK\$555,144,000.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified under current liabilities.

Revenue from construction contracts recognised during the year ended 31st December, 2025 that was included in the contract liabilities at the beginning of the year was HK\$140,604,000 (2024: HK\$187,607,000).

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

Construction contracts

In recognising the construction revenue, the Group adjusts the amount of payment received for the goods and services transferred to the customers. In certain circumstances, the adjustment will result the amount of payment received in excess of the revenue recognised to date. Such difference will be recorded as contract liabilities.

35. AMOUNTS DUE TO ASSOCIATES, OTHER PARTNERS OF JOINT OPERATIONS AND NON-CONTROLLING SHAREHOLDERS

The amounts are unsecured, interest-free and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

36. LEASE LIABILITIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Lease liabilities payable:		
Within one year	55,703	63,302
In the second year	6,303	19,450
In the third to fifth year inclusive	2,947	811
Total	64,953	83,563
Less: Amount shown under current liabilities	(55,703)	(63,302)
Amount shown under non-current liabilities	9,250	20,261

The incremental borrowing rates applied to lease liabilities range from 3.50% to 7.88% (2024: 3.50% to 7.88%).

37. BANK LOANS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
The maturity of the bank loans that based on repayment schedules of respective loan agreements is as follows:		
Within one year	47,942	1,027,568
In the second year	43,614	1,060
In the third to fifth year inclusive	466,788	24,568
Total	558,344	1,053,196
Less: Amount shown under current liabilities	(88,344)	(1,053,196)
Amount shown under non-current liabilities	470,000	–
Secured	528,344	47,678
Unsecured	30,000	1,005,518
	558,344	1,053,196

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For the year ended 31st December, 2025

37. BANK LOANS (Cont'd)

At 31st December, 2025, bank loans of HK\$88,344,000 (2024: HK\$75,696,000) contain a repayment on demand clause have been classified as current liabilities, of which HK\$40,402,000 (2024: HK\$25,628,000) are repayable after one year after the end of the reporting period.

At 31st December, 2025, all bank loans are variable-rate borrowings indexed to benchmark rate which carry interest ranging from 4.48% to 5.78% (2024: 4.25% to 6.88%) per annum, except for bank loans of RMB37,254,000 (equivalent approximately to HK\$41,516,000) (2024: RMB25,175,000 (equivalent approximately to HK\$26,688,000)) which carry fixed interest rate at 4.00% (2024: 4.80%) per annum. Interest of variable-rate bank loans is repriced every one, two, three or six months.

At 31st December, 2025, certain bank deposits and certain quoted debt securities are pledged to secure certain banking facilities granted to the Group. At 31st December, 2024, certain bank deposits were pledged to secure certain banking facilities granted to the Group.

38. PROVISION FOR REHABILITATION COSTS

	2025 HK\$'000	2024 HK\$'000
Fair value of estimated costs to be incurred at the beginning of the year	30,658	31,909
Payments during the year	(2,869)	(1,251)
Carrying amount at the end of the year	27,789	30,658
Less: Amount shown under current liabilities (included in creditors and accrued charges)	(27,789)	(30,658)
Amount shown under non-current liabilities	-	-

The provision for rehabilitation costs represents estimated total costs to be incurred for rehabilitation work to be completed in a quarry site before the expiry of the contract period in September 2026 (2024: December 2025).

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For the year ended 31st December, 2025

39. DEFERRED TAX LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Deferred tax liabilities	5,750	8,665

The deferred tax liabilities recognised by the Group represent tax effect of fair value of intangible assets arising from the acquisition of a business during the year ended 31st December, 2005 and acquisition of a business during the year ended 31st December, 2024.

	HK\$'000
At 1st January, 2024	5,750
Acquisition of a business	10,375
Credit to profit or loss (note 14)	(7,460)
At 31st December, 2024	8,665
Credit to profit or loss (note 14)	(2,915)
At 31st December, 2025	5,750

At the end of the reporting period, the Group has unused tax losses carried forward to offset future profits, the utilisation of which will expire in the following years:

	2025 HK\$'000	2024 HK\$'000
Tax losses:		
Carried forward indefinitely	1,447,187	1,337,310

No deferred tax asset has been recognised in respect of unused tax losses due to the unpredictability of future profit streams.

40. AMOUNT DUE TO AN ASSOCIATE

At 31st December, 2024, the amount was unsecured, interest-free and had an agreed repayment term which was not repayable within 12 months from 31st December, 2024 and the balance was therefore shown under non-current liabilities. The amount was carried at amortised cost using effective interest rate of 5.4% per annum.

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For the year ended 31st December, 2025

41. OTHER CREDITORS

	2025 HK\$'000	2024 HK\$'000
Deposits received	2,420	1,345

42. BONDS

On 23rd October, 2015, Elite Excellent Investments Limited (“Elite Excellent”), a wholly owned subsidiary of the Company, as the issuer executed a bond instrument for the purposes of issuing of perpetual bonds in denomination of HK\$10,000 each with a limit on the aggregate principal amount of HK\$61,250,000. On 24th August, 2016, Elite Excellent executed a supplemental deed which increased the limit on the aggregate principal amount to HK\$122,500,000. The bonds are redeemable at any time at the option of Elite Excellent. The total amount of the bonds payable on redemption shall be calculated by deduction of the absolute amount of accumulated loss after tax in respect of a quarry site in Hong Kong operated by the Group. On 2nd January, 2019, Elite Excellent executed a supplemental deed to amend the terms and conditions to change from accruing interest at the rate of 5% per annum to interest-free on the principal amount of the perpetual bonds from (and including) 1st January, 2019. At 31st December, 2025, bonds with a total principal amount of HK\$71,050,000 (2024: HK\$83,300,000) are outstanding. The effective interest rate of the bonds is 5% (2024: 5%) per annum.

	2025 HK\$'000	2024 HK\$'000
Analysed as:		
Non-current	57,583	55,636

43. SHARE CAPITAL

	Number of shares		Share capital	
	2025 '000	2024 '000	2025 HK\$'000	2024 HK\$'000
Ordinary shares of HK\$0.10 each				
Authorised:				
At the beginning and the end of the year	1,000,000	1,000,000	100,000	100,000
Issued and fully paid:				
At the beginning and the end of the year	793,124	793,124	79,312	79,312

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For the year ended 31st December, 2025

44. TRANSLATION RESERVE AND NON-CONTROLLING INTERESTS

	Translation reserve HK\$'000	Non- controlling interests HK\$'000
At 1st January, 2024	1,935	1,002,051
Profit for the year	–	175,875
Exchange differences arising on translation of foreign operations	(6,785)	(6,079)
Exchange differences arising on translation of an associate	(327,765)	–
Release upon an associate's disposal of its subsidiaries	(174,923)	–
Disposal of a subsidiary	–	(6,775)
Distributions to non-controlling shareholders	–	(56,919)
At 31st December, 2024	(507,538)	1,108,153
Profit for the year	–	185,841
Exchange differences arising on translation of foreign operations	4,089	4,237
Exchange differences arising on translation of an associate	39,244	–
Release upon an associate's disposal of interest in joint ventures	(13,462)	–
Acquisition of additional interest in a subsidiary	–	(15,123)
Distributions to non-controlling shareholders	–	(90,552)
At 31st December, 2025	(477,667)	1,192,556

45. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debts, which include lease liabilities, bank loans and bonds as disclosed in notes 36, 37 and 42, and equity attributable to owners of the Company, comprising issued capital and reserves.

The directors of the Company review the capital structure periodically. As a part of this review, the management of the Group assesses the annual budget prepared by the treasury department which reviews the planned construction projects proposed by engineering department and takes into account the provision of funding. Based on the proposed annual budget, the management of the Group considers the cost of capital and the risks associated with the capital. The directors of the Company also balance its overall capital structure through payment of dividends, issue of new shares as well as raise of new debts or the redemption of existing debts.

The Group's overall strategy remains unchanged from prior year.

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46. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at FVTPL	482,869	981,540
Derivative financial instruments:		
– designated as hedging instruments	–	6,012
Financial assets at amortised cost	3,853,255	3,191,086
	4,336,124	4,178,638
Financial liabilities		
Financial liabilities at amortised cost	4,533,271	5,668,450

(b) Financial risk management objectives and policies

The Group's major financial instruments include financial assets at FVTPL, derivative financial instruments, debtors and deposits, cash held on behalf of customers, pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and cash, creditors, bank loans, bonds and amounts due from/to associates, a joint venture, other partners of joint operations and non-controlling shareholders. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure that appropriate measures are implemented on a timely and effective manner.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk

(i) Currency risk

Certain financial assets at FVTPL, pledged bank deposits and bank balances are denominated in foreign currencies, principally denominated in Renminbi and United States dollar, which are different from the functional currency of the relevant group entities and therefore the Group is exposed to currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currencies should the needs arise.

The carrying amounts of the Group's monetary assets denominated in foreign currencies at the end of the reporting period are as follows:

	Assets	
	2025 HK\$'000	2024 HK\$'000
Renminbi	68,090	86,860
United States dollar	176,456	516,049

Sensitivity analysis

The Group is mainly exposed to the currency risks for fluctuation in exchange rates of Renminbi and United States dollar.

The following table details the Group's sensitivity to a 6% (2024: 6%) increase and decrease in Hong Kong dollar against Renminbi. 6% (2024: 6%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 6% (2024: 6%) change in foreign currency rate. A positive number below indicates a decrease in post-tax loss where Renminbi strengthens 6% (2024: 6%) against Hong Kong dollar. For a 6% (2024: 6%) weakening of Renminbi against Hong Kong dollar, there would be an equal and opposite impact on the post-tax loss.

	2025 HK\$'000	2024 HK\$'000
Impact of Renminbi	3,411	4,352

Notes to the Consolidated Financial Statements

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46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(i) *Currency risk (Cont'd)*

Sensitivity analysis (Cont'd)

In management's opinion, the sensitivity analysis above is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

As United States dollar is pegged with Hong Kong dollar, the currency risk exposure for monetary assets denominated in United States dollar is considered immaterial. Hence, no foreign currency sensitivity analysis in relation to United States dollar is disclosed.

(ii) *Interest rate risk*

The Group's exposure to cash flow interest rate risk relates primarily to bank loans (note 37) which are at variable-rate and determined by reference to the prevailing market rate. In order to keep the Group's bank loans at fixed rates, the Group entered into interest rate swap contracts to hedge against its exposures to changes in cash flows of certain bank loans. The critical terms of these interest rate swaps are the same to those of hedged bank loans. Interest rate swap contracts are designated as effective hedging instruments and hedge accounting is used (see note 30 for details). Although the Group is also exposed to fair value interest rate risk primarily in relation to fixed rate bank loans (note 37) and other creditors (note 33), the Group's policy to keep its borrowings at floating rate of interests would minimise the fair value interest rate risk.

The management monitors interest rate exposure and will consider hedging additional significant interest rate exposure should the needs arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rate risk for non-derivative instruments at the end of the reporting period.

The analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points (2024: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates on variable-rate bank loans (excluding bank loans under cash flow hedges of nil (2024: HK\$680,000,000)) had been 100 basis points (2024: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31st December, 2025 would increase/decrease by HK\$4,302,000 (2024: HK\$2,875,000). This is mainly attributable to the Group's exposure to fluctuation in interest rates on its variable-rate bank loans which are not hedged against their exposures to cash flow interest rate risk at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Market risk (Cont'd)

(iii) Other price risk

The Group is exposed to security price risk through its investments in listed and quoted equity and debt securities under financial assets at FVTPL. Management manages this exposure by maintaining a portfolio of investments with different risk profiles.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to security price risks at the end of the reporting period.

If the prices of the respective instruments had been 10% (2024: 10%) higher/lower while all other variables were held constant, the Group's post-tax loss for the year ended 31st December, 2025 would decrease/increase by HK\$7,640,000 (2024: HK\$17,343,000) as a result of the changes in fair values of the listed and quoted equity and debt securities.

The other price sensitivity analysis above represents the exposure of the listed and quoted equity and debt securities at the end of the reporting period only. It may not be representative of the exposure for the year.

Credit risk management and impairment assessment

Apart from the two (2024: two) largest trade receivables balances, the Group does not have significant risk exposure to any single counterparty at 31st December, 2025.

Trade receivables and contract assets arising from contracts with customers

At 31st December, 2025, the Group has concentration of credit risk as the two (2024: two) largest trade receivables balances account for 54% (2024: 57%) of the total trade receivables. The default risk of the two (2024: two) largest trade receivables balances should be low as these customers have good reputation and financially sound.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limit by customer. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue trade debts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk management and impairment assessment (Cont'd)

Amounts due from associates, a joint venture and other partners of joint operations

The credit risk of amounts due from associates, a joint venture and other partners of joint operations is managed through an internal process. The Group actively monitors the outstanding amount owed by each related party and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. Further, the Group closely monitors the financial performance of associates, a joint venture and other partners of joint operations which are mainly engaged in the construction service in Hong Kong. In this regard, the directors of the Company consider the Group's credit risk is significantly reduced.

Other debtors and deposits

The credit risk of other debtors and deposits is managed through an internal process. The Group closely monitors the outstanding amounts of other debtors and deposits and identifies any credit risk in a timely manner in order to reduce the risk of a credit related loss. In this regard, the directors of the Company consider the Group's credit risk is significantly reduced.

Cash held on behalf of customers, pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and bills receivables

The credit risk of cash held on behalf of customers, pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and bills receivables is limited because the counterparties are banks or financial institutions with high credit ratings and good reputation established in the PRC and Hong Kong. The Group assessed 12-month ECL for cash held on behalf of customers, pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and bills receivables by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12-month ECL on cash held on behalf of customers, pledged bank deposits, time deposits with original maturity of not less than three months, bank balances and bills receivables is considered to be insignificant.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk management and impairment assessment (Cont'd)

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables/ contract assets	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL - not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settles in full	Lifetime ECL - not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL - not credit-impaired	Lifetime ECL - not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL - credit-impaired	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk management and impairment assessment (Cont'd)

The table below details the maximum credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
					2025 HK\$'000	2024 HK\$'000
Financial assets at amortised cost						
Amounts due from associates	29	N/A	Low risk (note 1)	12-month ECL	20,836	68,801
Amount due from a joint venture	29	N/A	Low risk (note 1)	12-month ECL	545	312
Amounts due from other partners of joint operations	29	N/A	Low risk (note 1)	12-month ECL	59,528	46,284
Other debtors and deposits	27	N/A	Low risk (note 1)	12-month ECL	259,258*	324,186*
				Loss Lifetime ECL (credit-impaired)	24,597	24,597
Trade debtors	27	N/A	Low risk (note 2)	Lifetime ECL	566,652	676,317
				Loss Lifetime ECL (credit-impaired)	130	11,911
Cash held on behalf of customers	31	A3 to A2 (2024: A3 to A1)	N/A	12-month ECL	12,975	8,403
Pledged bank deposits	32	Baa2 to Aa3 (2024: A3 to Aa3)	N/A	12-month ECL	122,880	80,507
Time deposits with original maturity of not less than three months	32	A2 to A1 (2024: A2 to A1)	N/A	12-month ECL	557	1,343

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk management and impairment assessment (Cont'd)

	Notes	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	
					2025 HK\$'000	2024 HK\$'000
Bank balances	32	Baa3 to Aa1 (2024: Baa3 to Aa1)	N/A	12-month ECL	2,792,491	1,968,967
Bills receivables	27	Baa2 to A1 (2024: Baa2 to A1)	N/A	12-month ECL	13,054	3,254
Other item						
Contract assets	28	N/A	Low risk (note 3)	Lifetime ECL	3,522,425	4,005,624

* The gross carrying amount disclosed above includes the relevant interest receivables which are presented in other debtors.

Notes:

- For the purposes of internal credit risk management, the Group uses the financial information of the associates, a joint venture and other partners of joint operations and the past-due information of other debtors to assess whether credit risk has increased significantly since initial recognition. The related companies and other partners of joint operations are considered by management to have sound financial position and do not have any past-due amounts. The balances of other debtors and deposits are not past due.
- For trade debtors, the Group has applied the simplified approach in HKFRS 9 to measure the allowance for credit losses at lifetime ECL. Except for certain trade debtors with significant balance or credit-impaired which are assessed individually, the Group determines the ECL on these items on a collective basis, grouped by internal credit rating.
- For contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the allowance for credit losses at lifetime ECL. The contract assets are assessed for ECL individually.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk management and impairment assessment (Cont'd)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers of the construction materials segment. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired). Debtors with significant balances or credit-impaired with gross amount of HK\$529,444,000 (2024: HK\$650,476,000) and HK\$130,000 (2024: HK\$11,911,000), respectively at 31st December, 2025 were assessed individually.

The major customers of the Group are certain reputable organisations and the management of the Group considered that the credit risk is insignificant after considering their historical settlement and credit quality.

Trade receivables assessed on a collective basis

Internal credit rating	Average loss rate		Gross carrying amount	
	2025 %	2024 %	2025 HK\$'000	2024 HK\$'000
Low risk	1.97	0.47	37,208	25,841

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

At 31st December, 2025, the Group's loss allowance on trade receivables of HK\$130,000 (2024: HK\$4,090,000) were assessed individually. In the opinion of the directors, no allowance for credit losses was made on trade receivables which are assessed on a collective basis as the impact is considered insignificant for both years.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach:

	Lifetime ECL (credit-impaired) HK\$'000
At 1st January, 2024	3,960
Allowance for credit losses	130
At 31st December, 2024	4,090
Reversal of allowance for credit losses	(3,960)
At 31st December, 2025	130

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Credit risk management and impairment assessment (Cont'd)

The Group writes off trade receivables when there is information indicating that the debtors of trade receivables are in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtors of trade receivables have been placed under liquidation or have entered into bankruptcy proceedings, or when the debts are over two years past due, whichever occurs earlier.

The credit risk of other debtors and deposits is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group reviews the recoverable amount of these other debtors and deposits at the end of each reporting period.

For amounts due from associates, a joint venture and other partners of joint operations, the management of the Group makes individual assessment on the recoverability of each balance based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. At 31st December, 2025, the Group has available unutilised banking facilities of HK\$1,857,302,000 (2024: HK\$1,573,421,000).

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity tables (Cont'd)

The tables include both interest and principal cash flows. To the extent that interest cash flows are at floating rates, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

At 31st December, 2025

	Weighted average effective interest rate %	Repayable on demand or not more than 3 months HK\$'000	More than 3 months but not more than 6 months HK\$'000	More than 6 months but not more than 1 year HK\$'000	More than 1 year but not more than 3 years HK\$'000	More than 3 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Financial liabilities								
Non-interest bearing	-	3,104,391	4,984	-	818,389	47,163	3,974,927	3,974,927
Fixed interest rate	4.00	43,177	-	-	-	-	43,177	41,516
Variable interest rate	5.66	55,084	6,842	13,610	176,842	346,870	599,248	516,828
		3,202,652	11,826	13,610	995,231	394,033	4,617,352	4,533,271
Lease liabilities	5.12	24,767	7,447	25,029	9,510	-	66,753	64,953

At 31st December, 2024

	Weighted average effective interest rate %	Repayable on demand or not more than 3 months HK\$'000	More than 3 months but not more than 6 months HK\$'000	More than 6 months but not more than 1 year HK\$'000	More than 1 year but not more than 3 years HK\$'000	More than 3 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
Financial liabilities								
Non-interest bearing	-	3,751,294	820	139,841	674,291	110,928	4,677,174	4,592,254
Fixed interest rate	4.80	27,969	-	-	-	-	27,969	26,688
Variable interest rate	6.75	1,045,630	230	23,163	-	-	1,069,023	1,049,508
		4,824,893	1,050	163,004	674,291	110,928	5,774,166	5,668,450
Lease liabilities	4.20	9,593	24,491	31,421	20,555	-	86,060	83,563

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

Liquidity risk (Cont'd)

Liquidity tables (Cont'd)

Bank loans with a repayment on demand clause are included in the “repayable on demand or not more than 3 months” time band in the above tables. At 31st December, 2025, the aggregate carrying amount of these bank loans amounted to HK\$88,344,000 (2024: HK\$75,696,000). Taking into account the Group’s financial position, the directors do not believe that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates as set out in respective loan agreements as detailed below:

	Not more than 3 months HK\$'000	More than 3 months but not more than 6 months HK\$'000	More than 6 months but not more than 1 year HK\$'000	More than 1 year but not more than 3 years HK\$'000	More than 3 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31st December, 2025	30,594	17,977	1,376	5,394	38,936	94,277	88,344
At 31st December, 2024	28,756	11,662	12,038	5,037	25,532	83,025	75,696

The amounts included above for variable interest rate financial liabilities are subject to change if actual interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

Fair values of the Group’s financial assets that are measured at fair value on a recurring basis

Some of the Group’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and input(s) used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

46. FINANCIAL INSTRUMENTS (Cont'd)

(c) Fair value measurements of financial instruments (Cont'd)

Fair values of the Group's financial assets that are measured at fair value on a recurring basis (Cont'd)

Financial assets	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs for fair value
	2025 HK\$'000	2024 HK\$'000				
Listed equity securities in Hong Kong	27,405	22,292	Level 1	Quoted bid price in an active market	N/A	N/A
Quoted equity securities in the USA	35	23	Level 1	Quoted bid price in the OTC market	N/A	N/A
Unlisted equity investment in Hong Kong	1,220	1,220	Level 3	Net asset value of the private entity	N/A	N/A
Quoted debt securities	64,056	185,390	Level 1	Market bid price or quoted price in an active market	N/A	N/A
Investment in a property company	327,339	–	Level 3	Net asset value of the private entity	N/A	N/A
Unlisted investment fund	62,814	45,276	Level 3	Net asset value of the investment fund	N/A	N/A
Shareholder loan to an associate with redemption right	–	727,339	Level 3	Redemption price and net asset value of the private entity	N/A	N/A
Derivative financial instruments – Interest rate swap contracts	–	6,012	Level 2	Fair value provided by counterparty (financial institution) which used discount cash flow method	N/A	N/A

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

47. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	138,454	16,703

48. OPERATING LEASE

The Group as lessor

Minimum lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	108	369
In the second to fifth year inclusive	295	107
	403	476

49. RETIREMENT BENEFITS SCHEMES

The Group has MPF Schemes and state-managed retirement benefit schemes for all eligible employees in Hong Kong and the PRC. The MPF Schemes are registered with the Mandatory Provident Fund Schemes Authority ("MPFA") in accordance with the Mandatory Provident Fund Schemes Ordinance ("MPF Schemes Ordinance").

The assets of the MPF Schemes are held separately from those of the Group under the control of independent trustees approved by the MPFA.

In addition to the mandatory contributions specified under the MPF Schemes Ordinance, the Group provides additional contributions for certain qualifying employees as specified in the rules of the Group's MPF Schemes. Employees leaving the MPF Schemes prior to the stipulated service periods may forfeit part of their benefits relating to the Group's voluntary contributions and these amounts may be applied to reduce future voluntary contributions payable by the Group.

The employees of the Company's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government. The subsidiaries are required to contribute a fixed percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The amount charged to profit or loss of HK\$80,400,000 (2024: HK\$79,439,000) represents contributions paid or payable to the retirement benefits schemes by the Group at the rates specified in the rules of the MPF Schemes reduced by the aforesaid amount of forfeited benefits in respect of the current accounting period. The amount of forfeited contributions utilised in this manner during the year was approximately HK\$2,546,000 (2024: HK\$1,609,000). At the end of the reporting period, the total amount of forfeited contributions, which arose upon employees leaving the MPF Schemes and which are available to reduce the contributions payable in future years, was nil (2024: HK\$3,000).

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

50. RELATED PARTY TRANSACTIONS

During the year, the Group entered into the following transactions with related parties:

	2025 HK\$'000	2024 HK\$'000
Associates		
Construction contract revenue	6,767	–
Purchase of construction materials	6,717	9,162
Service income	60	60
Joint operations		
Sale of construction materials	88,813	194,942
Related companies (note a)		
Construction contract revenue (note b)	342,387	43,742
Purchase of construction materials (note b)	1,156	6,138
Sale of construction materials (note b)	3,416	383

Notes:

- (a) The related companies are subsidiaries, an associate and a joint operation of a substantial shareholder of the Company.
- (b) The related party transactions of the related companies constitute connected transactions or continuing connected transactions and the Company has complied with the requirements under Chapter 14A of the Listing Rules.

The amounts due from/to related parties and the related terms are set out in the consolidated statement of financial position and notes 27, 28, 29, 31, 33, 35 and 40.

At 31st December, 2025, balances with an associate are included in contract assets of HK\$2,448,000 (2024: HK\$10,029,000).

Compensation of key management personnel

	2025 HK\$'000	2024 HK\$'000
Short-term employee benefits	109,744	125,512
Post-employment benefits	5,407	5,901
	115,151	131,413

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

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

51. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, included in the Group's consolidated statement of cash flows as financing cash flows.

	Other creditors HK\$'000 <i>(notes 33 and 41)</i>	Amounts due to associates HK\$'000 <i>(notes 35 and 40)</i>	Amounts due to non-controlling shareholders HK\$'000 <i>(note 35)</i>	Lease liabilities HK\$'000 <i>(note 36)</i>	Bank loans HK\$'000 <i>(note 37)</i>	Bonds HK\$'000 <i>(note 42)</i>	Total HK\$'000
At 1st January, 2024	355,116	25,096	1,363	129,609	1,358,971	96,835	1,966,990
New leases entered	-	-	-	17,432	-	-	17,432
Interest expenses	1,143	741	-	3,800	83,929	-	89,613
Change in fair value	-	-	-	-	-	(14,617)	(14,617)
Waive of interest on bonds	-	-	-	-	-	(4,532)	(4,532)
Disposal of a subsidiary	-	-	-	-	(5,887)	-	(5,887)
Derecognised upon completion of the Unwinding	(332,116)	-	-	-	-	-	(332,116)
Deposits received	1,345	-	-	-	-	-	1,345
Exchange realignment	-	-	-	-	(2,879)	-	(2,879)
Financing cash flows	(1,143)	101	-	(67,278)	(380,938)	(22,050)	(471,308)
At 31st December, 2024	24,345	25,938	1,363	83,563	1,053,196	55,636	1,244,041
New leases entered	-	-	-	12,553	-	-	12,553
Additions from lease modifications	-	-	-	31,578	-	-	31,578
Interest expenses	566	761	-	2,271	40,292	-	43,890
Change in fair value	-	-	-	-	-	14,197	14,197
Net gain on lease modifications	-	-	-	(320)	-	-	(320)
Deposits received	1,075	-	-	-	-	-	1,075
Exchange realignment	-	-	-	-	2,442	-	2,442
Financing cash flows	(23,566)	(101)	-	(64,692)	(537,586)	(12,250)	(638,195)
At 31st December, 2025	2,420	26,598	1,363	64,953	558,344	57,583	711,261

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

52. ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

In 2025, the Group, through Build King, entered into sale and purchase agreements to acquire of 14% equity interest in Tianjin Wai Kee Earth from an independent third party at a consideration of RMB33,000,000 (approximately HK\$36,195,000). Part of the consideration of RMB4,800,000 (approximately HK\$5,265,000) was satisfied by way of cash. The difference between the consideration and the carrying value of additional interest acquired by the Group was recognised in equity as other reserve.

53. ACQUISITION OF A BUSINESS

Year ended 31st December, 2024

During the year ended 31st December, 2024, the Group, through Build King, entered into a supplement deed with a joint venture partner and pursuant to which the Group obtains all of the rights, obligations and interests in existing joint operations at a consideration received of HK\$34,400,000 from acquisition. Upon completion of the transaction, the Group has control over all the relevant activities of the operations.

The acquisition had been accounted for as acquisition of a business using the acquisition method. Acquisition-related costs had been excluded from the cost of the above acquisition. The acquisition-related costs were insignificant and recognised as an expense within the administrative expense in the consolidated statement of profit or loss for the year ended 31st December, 2024.

Consideration received:

	<i>HK\$'000</i>
Cash	34,400

Assets and liabilities recognised at the date of acquisition were as follows:

	<i>HK\$'000</i>
Intangible assets	62,881
Debtors, deposits and prepayments	23,381
Contract assets	78,787
Bank balances and cash	35,459
Creditors and accrued charges	(176,874)
Contract liabilities	(44,366)
Amount due from the Group	5,591
Tax liabilities	(4,124)
Deferred tax liabilities	(10,375)
Net liabilities	(29,640)

The fair value and gross contractual amounts of trade debtors at the date of acquisition amounted to HK\$21,571,000. The best estimate at acquisition date of the contractual cash flows expected to be collected is full.

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For the year ended 31st December, 2025

53. ACQUISITION OF A BUSINESS (Cont'd)

Year ended 31st December, 2024 (Cont'd)

Goodwill arising on acquisition:

	<i>HK\$'000</i>
Consideration received	(34,400)
<i>Add:</i> Fair value of previously held interests in the joint operations	4,760
<i>Add:</i> Net liabilities assumed	29,640
Goodwill arising on acquisition	–

The Group's previously held interests in the joint operations were remeasured to fair value amounting to HK\$4,760,000 at the acquisition date which is a non-cash transaction.

Net cash inflow arising on acquisition:

	<i>HK\$'000</i>
Consideration received in cash	34,400
<i>Add:</i> Bank balances and cash acquired	35,459
	69,859

Impacts of acquisition on the results of the Group:

Included in the loss for the year ended 31st December, 2024, profit amounting to HK\$22,249,000 was attributable to the business operations of the acquired joint operations. Revenue for the year ended 31st December, 2024 included HK\$292,981,000 which was generated from the acquired joint operations.

Had the acquisition been completed on 1st January, 2024, revenue for the year ended 31st December, 2024 of the Group would have been HK\$14,797,695,000, and loss for the year ended 31st December, 2024 of the Group would have been HK\$2,938,625,000. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1st January, 2024, nor is it intended to be a projection of future results.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

54. DISPOSAL OF A SUBSIDIARY

On 18th November, 2024, the Group entered into a sale and purchase agreement to dispose of its 75.6% equity interest in Wuxi Qianhui held through Build King to an independent third party at a consideration of RMB124,940,000. Upon the completion of the disposal on 31st December, 2024, Wuxi Qianhui ceased to be a subsidiary but becomes a 20% owned associate of the Group. The net assets of Wuxi Qianhui at the date of disposal were as follows:

	<i>HK\$'000</i>
<i>Analysis of assets and liabilities over which control was lost:</i>	
Intangible asset	92,412
Other financial asset at amortised cost	26,763
Debtors, deposits and prepayments	32,662
Bank balances and cash	67,751
Amount due to the Group	(51,849)
Creditors and accrued charges	(2,910)
Bank loan	(5,887)
Tax liabilities	(4,968)
Net assets disposed of	153,974
<i>Consideration:</i>	
Deferred cash consideration (<i>note</i>)	132,449
<i>Gain on disposal of a subsidiary:</i>	
Consideration receivable	132,449
Net assets disposed of	(153,974)
Non-controlling interests	6,775
Fair value of interest in an associate	31,710
Gain on disposal (<i>note 9</i>)	16,960
<i>Net cash outflow arising on disposal:</i>	
Cash consideration received	–
Less: Bank balances and cash disposed of	(67,751)
Net cash outflow	(67,751)

Note: The deferred consideration is settled in cash by the purchaser under different stages in accordance to the sale and purchase agreement. The amount of approximately HK\$132,449,000 consideration receivable has been settled during 2025.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

55. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st December, 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital or registered capital *	Effective interest held by the Company		Principal activities
			2025 %	2024 %	
Build King Civil Engineering Limited	Hong Kong	HK\$75,200,000	58.33	58.33	Civil engineering
		Ordinary shares	<i>(note a)</i>	<i>(note a)</i>	
		HK\$24,000,000	58.33	58.33	
		Non-voting deferred shares	<i>(note a)</i>	<i>(note a)</i>	
Build King Construction Limited	United Kingdom/ Hong Kong	GBP16,072,500	58.33	58.33	Construction and civil engineering
			<i>(note a)</i>	<i>(note a)</i>	
Build King Holdings Limited <i>(note b)</i>	Bermuda/Hong Kong	HK\$124,187,799	58.33	58.33	Investment holding
Build King Interior & Construction Limited	Hong Kong	HK\$1,000,000	58.33	58.33	Fitting out, improvement and alteration works for buildings
			<i>(note a)</i>	<i>(note a)</i>	
Build King (Zens) Engineering Limited	Hong Kong	HK\$66,000,002	58.33	58.33	Civil engineering
		Ordinary shares	<i>(note a)</i>	<i>(note a)</i>	
		HK\$14,800,000	58.33	58.33	
		Non-voting deferred shares	<i>(note a)</i>	<i>(note a)</i>	
		HK\$5,200,000	-	-	
		Non-voting deferred shares <i>(note c)</i>			
Elite Excellent Investments Limited	British Virgin Islands/ Hong Kong	HK\$1,000,000	100	100	Provision of financial services
Excel Asphalt Limited	Hong Kong	HK\$250,000,000	100	100	Manufacturing and trading
Excel Concrete Limited	Hong Kong	HK\$150,000,000	100	100	Manufacturing, trading and delivery of concrete
Faith Oriental Investment Limited	Hong Kong	HK\$445,010,000	100	100	Investment holding, quarrying, manufacturing, trading and delivery of construction materials
Grandeur Building Material (Holdings) Limited	Hong Kong	HK\$2	100	100	Trading of construction materials
Integral E&M Contracting Limited	Hong Kong	HK\$86,520,000	58.33	58.33	Electrical and mechanical engineering
			<i>(note a)</i>	<i>(note a)</i>	
Integral E&M Engineering Limited	Hong Kong	HK\$2	58.33	58.33	Electrical and mechanical engineering
			<i>(note a)</i>	<i>(note a)</i>	
Leader Marine Contractors Limited	Hong Kong	HK\$200,000	58.33	58.33	Marine engineering and provision of transportation services
			<i>(note a)</i>	<i>(note a)</i>	

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

55. PRINCIPAL SUBSIDIARIES (Cont'd)

Name of subsidiary	Place of incorporation or registration/ operation	Issued and fully paid ordinary share capital or registered capital *	Effective interest held by the Company		Principal activities
			2025 %	2024 %	
Mega Yield International Holdings Limited	Hong Kong	HK\$105,000,000	100	100	Investment holding
Tianjin Wai Kee Earth Investment Co., Ltd. (note d)	The PRC	RMB320,000,000*	57.64 (note a)	49.47 (note a)	Steam fuel supply
Titan Foundation Limited	Hong Kong	HK\$20,000,000	58.33 (note a)	58.33 (note a)	Civil engineering
Trend Pacific Limited	Hong Kong	HK\$72,000,000	100	100	Provision of financial services
Wai Kee China Construction Company Limited	Hong Kong/The PRC	HK\$10,000,000	58.33 (note a)	58.33 (note a)	Civil engineering
Wai Kee Quarry Asia Limited	Hong Kong	HK\$2	100	100	Investment holding
Wai Kee (Zens) Holding Limited	British Virgin Islands	US\$50,000	100	100	Investment holding
WK Fund Management Limited	Hong Kong	HK\$31,000,000	100	100	Advising on securities and asset management
WK Securities Limited	Hong Kong	HK\$33,500,000	100	100	Dealing in securities and advising on securities
惠記環保工程(上海)有限公司 (note e)	The PRC	US\$800,000*	58.33 (note a)	58.33 (note a)	Environmental engineering

Notes:

- (a) The Company holds the effective interest in the subsidiary through Build King.
- (b) The shares of Build King are listed on the Main Board of the Stock Exchange.
- (c) These deferred shares, which are not held by the Group, practically carry minimal rights to dividends and no rights to receive notice of or to attend or vote at any general meeting of the company. On winding up, the holders of the deferred shares are entitled to a distribution out of the remaining assets of the company only after the distribution of substantial amounts as specified in the Articles of Association to the holders of the ordinary shares of the company.
- (d) The company is a co-operative joint venture registered in the PRC.
- (e) The company is a foreign owned enterprise registered in the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

55. PRINCIPAL SUBSIDIARIES (Cont'd)

Except for Wai Kee (Zens) Holding Limited, all subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results for the year or constitute a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Elite Excellent which has issued bonds (see note 42), none of the subsidiaries of the Company had any debt securities outstanding at the end of the year or at any time during the year.

Summarised financial information in respect of Build King that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

	2025 HK\$'000	2024 HK\$'000
Current assets	7,315,108	7,343,057
Non-current assets	1,115,784	1,132,076
Current liabilities	(5,495,072)	(5,757,280)
Non-current liabilities	(25,160)	(42,845)
Net assets	2,910,660	2,675,008
Equity attributable to owners of the Company	1,718,109	1,566,860
Non-controlling interests of Build King	1,203,433	1,095,368
Non-controlling interests of Build King's subsidiaries	(10,882)	12,780
Total equity	2,910,660	2,675,008
Revenue	13,842,704	14,368,536
Expenses, net	(13,392,784)	(13,939,511)
Profit for the year	449,920	429,025
Profit (loss) for the year attributable to:		
Owners of the Company	264,079	253,150
Non-controlling interests of Build King	188,653	180,846
Non-controlling interests of Build King's subsidiaries	(2,812)	(4,971)
	449,920	429,025

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

55. PRINCIPAL SUBSIDIARIES (Cont'd)

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Other comprehensive income (expense) for the year attributable to:		
Owners of the Company	4,089	(6,785)
Non-controlling interests of Build King	2,921	(4,847)
Non-controlling interests of Build King's subsidiaries	1,316	(1,232)
	8,326	(12,864)
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	268,168	246,365
Non-controlling interests of Build King	191,574	175,999
Non-controlling interests of Build King's subsidiaries	(1,496)	(6,203)
	458,246	416,161
Dividends paid to non-controlling shareholders of Build King	90,552	56,919
Net cash inflow (outflow) from:		
Operating activities	829,140	520,240
Investing activities	497,830	22,520
Financing activities	(263,911)	(313,343)
	1,063,059	229,417

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

56. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY

Statement of financial position

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Investment in a subsidiary	123,915	123,915
Amounts due from subsidiaries	123,107	123,102
	247,022	247,017
Current assets		
Other debtors and prepayments	396	546
Amounts due from subsidiaries	2,878,701	2,640,990
Bank balances	47,453	246,274
	2,926,550	2,887,810
Current liabilities		
Other creditors and accrued charges	122	2,847
Amounts due to subsidiaries	97,962	260,846
	98,084	263,693
Net current assets	2,828,466	2,624,117
Total assets less current liabilities	3,075,488	2,871,134
Non-current liabilities		
Amounts due to subsidiaries	404,941	301,644
Net assets	2,670,547	2,569,490
Capital and reserves		
Share capital	79,312	79,312
Share premium and reserves	2,591,235	2,490,178
Total equity	2,670,547	2,569,490

Notes to the Consolidated Financial Statements

For the year ended 31st December, 2025

56. SUMMARISED FINANCIAL INFORMATION OF THE COMPANY (Cont'd)

Statement of changes in equity

	Share capital <i>HK\$'000</i> <i>(note 43)</i>	Share premium <i>HK\$'000</i>	Contribution surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January, 2024	79,312	731,906	93,995	1,630,211	2,535,424
Profit and total comprehensive income for the year	–	–	–	34,066	34,066
At 31st December, 2024	79,312	731,906	93,995	1,664,277	2,569,490
Profit and total comprehensive income for the year	–	–	–	101,057	101,057
At 31st December, 2025	79,312	731,906	93,995	1,765,334	2,670,547

57. MAJOR NON-CASH TRANSACTIONS

During the year ended 31st December, 2025, the Group entered into new lease agreements and lease modification agreements for the use of leased properties ranging from 4 months to 3 years (2024: 1 to 3 years). On the commencement of the agreements, the Group recognised right-of-use assets and lease liabilities of HK\$44,131,000 and HK\$44,131,000 (2024: HK\$17,432,000 and HK\$17,432,000) respectively.

FINANCIAL SUMMARY

RESULTS

	Year ended 31st December,				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Revenue from goods and services	10,276,850	12,630,123	12,711,557	14,479,915	13,941,166
Profit (loss) before tax:					
Company and subsidiaries	389,937	477,773	539,357	549,070	488,997
Impairment loss on interest in an associate	–	–	–	(1,510,000)	–
Share of results of associates	458,907	(215,342)	(1,760,701)	(1,833,879)	(2,661,426)
Share of results of joint ventures	36,828	35,585	(3,955)	(47,255)	(2,182)
Profit (loss) before tax	885,672	298,016	(1,225,299)	(2,842,064)	(2,174,611)
Income tax expense	(84,964)	(122,043)	(173,551)	(67,652)	(72,533)
Profit (loss) for the year	800,708	175,973	(1,398,850)	(2,909,716)	(2,247,144)
Profit (loss) for the year attributable to:					
Owners of the Company	676,165	(6,762)	(1,590,096)	(3,085,591)	(2,432,985)
Non-controlling interests	124,543	182,735	191,246	175,875	185,841
	800,708	175,973	(1,398,850)	(2,909,716)	(2,247,144)

FINANCIAL POSITION

	At 31st December,				2025 HK\$'000
	2021 HK\$'000	2022 HK\$'000	2023 HK\$'000	2024 HK\$'000	
Total assets	18,403,505	17,592,094	16,355,574	12,642,015	9,784,779
Total liabilities	(6,938,806)	(6,712,431)	(7,255,204)	(6,890,144)	(6,157,529)
Net assets	11,464,699	10,879,663	9,100,370	5,751,871	3,627,250
Equity attributable to owners of the Company	10,675,171	9,984,160	8,098,319	4,643,718	2,434,694
Non-controlling interests	789,528	895,503	1,002,051	1,108,153	1,192,556
Total equity	11,464,699	10,879,663	9,100,370	5,751,871	3,627,250

Corporate Information

EXECUTIVE DIRECTORS

ZEN Wei Peu, Derek
(Chairman and Chief Executive Officer)
CHIU Wai Yee, Anriena
ZEN Chung Hei, Hayley

INDEPENDENT NON-EXECUTIVE DIRECTORS

WONG Che Ming, Steve
WAN Siu Kau, Samuel
WONG Man Chung, Francis
TSANG Wing Yee

AUDIT COMMITTEE

WONG Man Chung, Francis *(Chairman)*
WONG Che Ming, Steve
WAN Siu Kau, Samuel
TSANG Wing Yee

NOMINATION COMMITTEE

ZEN Wei Peu, Derek *(Chairman)*
WONG Che Ming, Steve
WAN Siu Kau, Samuel
WONG Man Chung, Francis
TSANG Wing Yee

REMUNERATION COMMITTEE

WAN Siu Kau, Samuel *(Chairman)*
WONG Che Ming, Steve
WONG Man Chung, Francis
TSANG Wing Yee
ZEN Wei Peu, Derek

COMPANY SECRETARY

CHIU Wai Yee, Anriena

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

SOLICITORS

Reed Smith Richards Butler
Conyers Dill & Pearman

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of Communications (Hong Kong) Limited
China Minsheng Banking Corp., Ltd.
China Everbright Bank Co., Ltd.

REGISTERED OFFICE

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PRINCIPAL PLACE OF BUSINESS

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

The Stock Exchange of Hong Kong Limited – 610

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