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**BUILD KING HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00240)**

**2021 ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS FOR THE  
PURCHASE OF CONCRETE EXCEEDED**

The board of directors (“**Board**”) of Build King Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) refer to the framework agreement (the “**2021 Framework Agreement**”) dated 11 November 2020 between the Company and Wai Kee Holdings Limited (“**Wai Kee**”) that was approved by independent shareholders of the Company on 30 December 2020. Pursuant to the 2021 Framework Agreement, the Company and/or its subsidiaries (as buyer(s)) would enter into individual contracts with Wai Kee and/or its subsidiaries (as seller(s)) for sale and purchase of ready mixed concrete (“**Concrete**” and such transactions being “**Concrete CCT**”) from 1 January 2021 to 31 December 2023. The Concrete CCT constitute continuing connected transactions of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and are subject, in respect of the year ended 31 December 2021 (“**FY2021**”), to an annual cap of HK\$160 million (the “**2021 Annual Cap**”).

During the course of preparing the annual results announcement of the Group for FY2021, the Company noted that total amount of the Concrete CCT for FY2021 to be disclosed in the Company’s annual report (the “**2021 Transactions**”) was approximately HK\$199.5 million, exceeding the 2021 Annual Cap by approximately HK\$39.5 million (the “**Excess Amount**”). As at 31 December 2021, all applicable percentage ratios under the Listing Rules in respect of Concrete CCT contributing to the Excess Amount are less than 5%.

As at 31 December 2021, the Group operated over 50 project sites. Due to the nature of Concrete which cannot be stored, Concrete orders are made and delivered the same day and multiple orders can be made by any one project site on the same day for different types of work. As a result, there can be a large number of orders of varying volumes in any one month. The amount of Concrete of the required specification that is delivered to each project site would normally need to be verified against each order and invoice, confirmed by the site quantity surveyor and approved by site management before it would be input by site administration into the procurement system.

The late discovery of the 2021 Annual Cap having been exceeded was due to the fact that the 12 months data of Concrete CCT generated from the Group's procurement system (which would typically involve around two to three months lag relative to the date on which the report is generated due to the time required for verification, approval and data input into the procurement system as described above) did not capture the effect of a significant increase during the last quarter of 2021 of Concrete orders. That significant increase in Concrete orders in FY2021 were attributable to (i) 3 new projects contracted after the 2021 Framework Agreement which, unlike a more typical project that requires Concrete after around 12 months, had substantial Concrete demand towards the last quarter of FY2021 and (ii) one project that was a joint venture of the Company (such that its Concrete orders would not constitute Concrete CCT) became a subsidiary of the Company in December 2021 during which month its Concrete orders accounted for approximately 16.7% of the Excess Amount.

The independent non-executive directors of the Company have reviewed and confirmed that the 2021 Transactions were conducted: (i) in the ordinary and usual course of business of the Group, (ii) on normal commercial terms, and (iii) in accordance with the terms of the 2021 Framework Agreement (except that the 2021 Transaction Amount have exceeded the 2021 Annual Cap) that are fair and reasonable and in the interest of the Company's shareholders as a whole.

Apart from having identified the Concrete CCT have exceeded the 2021 Annual Cap, the auditors of the Company have confirmed that nothing has come to their attention that causes them to believe the 2021 Transactions: (i) have not been approved by the Board and (ii) were not entered into, in all material respects, in accordance with the 2021 Framework Agreement.

Having made enquiries and reviewed the reasons for the late discovery of the Concrete CCT having exceeded the 2021 Annual Cap without additional independent shareholders approval as required by the Listing Rules, the Board (after discussion with management) has required the implementation of additional measures to enhance the internal tracking system in relation to the Concrete CCT for the purposes of monitoring compliance with the continuing connected transactions requirements under Chapter 14A of the Listing Rules. These measures include the following:

- (i) each project site is to deliver, by the end of each year, an annual forecast of Concrete requirements for the next year, with updates (and forward forecast to year end of the next year) in April and August of the next year and undertake special reporting for any material increase of Concrete requirements that is less typical of civil or building project cycle;
- (ii) the on site goods delivery verification, approval and recording in procurement system should be streamlined to reduce time lag between delivery of Concrete and input into procurement system;
- (iii) the Group's finance department is to ascertain the forecast Concrete demand for the financial year of any project joint venture that is to become a subsidiary of the Company during the year and any new projects awarded to the Group during the year; and
- (iv) the Group's finance department is to require Wai Kee to provide its record of monthly Concrete order and delivery data of the Group's projects so that it can monitor volume pending project site verification, approval and recording process described above.

The Company intends in due course to enter into a new framework agreement with revised annual caps for the Concrete CCT for the years ending 31 December 2022 and 31 December 2023 to provide for increases in demand by the Group's project for Concrete based on the larger number of construction and building projects on hand and under tender/discussions.

By Order of the Board  
**Build King Holdings Limited**  
**Chang Kam Chuen, Desmond**  
*Company Secretary*

Hong Kong, 1 April 2022

*As at the date hereof, the Board comprises four executive Directors, namely Mr. Zen Wei Peu, Derek, Mr. Chang Kam Chuen, Desmond, Mr. Lui Yau Chun, Paul and Mr. Tsui Wai Tim, two non-executive Directors, namely Mr. David Howard Gem and Mr. Chan Chi Hung, Anthony, and four independent non-executive Directors, namely Mr. Ho Tai Wai, David, Mrs. Ling Lee Ching Man, Eleanor, Mr. Lo Yiu Ching, Dantes and Ms. Ng Cheuk Hei, Shirley.*