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## **WAI KEE HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 610)**

### **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER, 2023**

#### **Financial Performance Highlights**

Revenue	<b>HK\$12,712 million</b>
Loss attributable to owners of the Company	<b>HK\$1,590 million</b>
Basic loss per share	<b>HK200.49 cents</b>
Equity attributable to owners of the Company per share	<b>HK\$10.21</b>

## RESULTS

The board of directors (the “Board”) of Wai Kee Holdings Limited (the “Company”) announces the audited results of the Company and its subsidiaries (the “Group”) for the year ended 31st December, 2023 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2023

	<i>Notes</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from goods and services	2	<b>12,711,557</b>	12,630,123
Cost of sales		<b>(11,250,287)</b>	(11,494,834)
Gross profit		<b>1,461,270</b>	1,135,289
Other income	4	<b>147,376</b>	148,430
Other gains and losses	5	<b>(221,480)</b>	(77,256)
Selling and distribution costs		<b>(94,550)</b>	(84,247)
Administrative expenses		<b>(645,393)</b>	(570,161)
Finance costs	6	<b>(107,866)</b>	(74,282)
Share of results of associates		<b>(1,760,701)</b>	(215,342)
Share of results of joint ventures		<b>(3,955)</b>	35,585
(Loss) profit before tax	7	<b>(1,225,299)</b>	298,016
Income tax expense	8	<b>(173,551)</b>	(122,043)
<b>(Loss) profit for the year</b>		<b>(1,398,850)</b>	175,973
(Loss) profit for the year attributable to:			
Owners of the Company		<b>(1,590,096)</b>	(6,762)
Non-controlling interests		<b>191,246</b>	182,735
		<b>(1,398,850)</b>	175,973
		<i>HK cents</i>	<i>HK cents</i>
<b>Loss per share</b>	10		
– Basic		<b>(200.49)</b>	(0.85)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST DECEMBER, 2023**

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) profit for the year	<u>(1,398,850)</u>	<u>175,973</u>
<b>Other comprehensive (expense) income</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences arising on translation of foreign operations	(11,093)	(36,871)
Fair value (losses) gains on hedging instruments designated in cash flow hedges	(29,577)	48,777
Exchange differences arising on translation of an associate	(266,928)	(640,046)
Exchange differences arising on translation of joint ventures	-	120
Share of cash flow hedging reserve of an associate	4,625	(3,613)
Other comprehensive expense for the year	<u>(302,973)</u>	<u>(631,633)</u>
<b>Total comprehensive expense for the year</b>	<u><u>(1,701,823)</u></u>	<u><u>(455,660)</u></u>
Total comprehensive (expense) income for the year attributable to:		
Owners of the Company	(1,887,748)	(620,380)
Non-controlling interests	185,925	164,720
	<u><u>(1,701,823)</u></u>	<u><u>(455,660)</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31ST DECEMBER, 2023**

	<i>Notes</i>	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		450,927	473,546
Right-of-use assets		121,034	150,125
Intangible assets		313,829	332,527
Goodwill		29,838	29,838
Interests in associates		7,005,866	9,029,210
Loan to an associate		-	2,700
Interests in joint ventures		58,149	62,189
Financial assets at fair value through profit or loss ("FVTPL")		874,123	197,523
Other financial asset at amortised cost		29,799	32,507
Derivative financial instruments		30,621	60,198
		<b>8,914,186</b>	<b>10,370,363</b>
<b>Current assets</b>			
Inventories		490,354	129,840
Debtors, deposits and prepayments	<i>11</i>	1,046,733	854,517
Contract assets	<i>12</i>	3,646,488	2,949,620
Loan to an associate		2,331	-
Amounts due from associates		13,813	14,001
Amount due from a joint venture		647	663
Amounts due from other partners of joint operations		28,950	23,885
Tax recoverable		40,408	21,489
Financial assets at FVTPL		388,152	527,161
Cash held on behalf of customers		9,369	33,753
Pledged bank deposits		73,912	113,696
Time deposits with original maturity of not less than three months		35,697	235,101
Bank balances and cash		1,664,534	2,318,005
		<b>7,441,388</b>	<b>7,221,731</b>
<b>Current liabilities</b>			
Creditors and accrued charges	<i>13</i>	4,445,888	4,076,677
Contract liabilities		555,144	512,747
Amounts due to associates		24,061	22,595
Amounts due to other partners of joint operations		32,545	9,063
Amounts due to non-controlling shareholders		1,363	1,363
Lease liabilities		59,373	43,278
Tax liabilities		202,092	231,470
Bank loans		381,471	391,253
		<b>5,701,937</b>	<b>5,288,446</b>
<b>Net current assets</b>		<b>1,739,451</b>	<b>1,933,285</b>
<b>Total assets less current liabilities</b>		<b>10,653,637</b>	<b>12,303,648</b>

	2023 HK\$'000	2022 HK\$'000
<b>Non-current liabilities</b>		
Provision for rehabilitation costs	31,909	35,149
Deferred tax liabilities	5,750	5,750
Obligations in excess of interests in associates	14,886	15,445
Amount due to an associate	1,035	1,420
Lease liabilities	70,236	102,363
Bank loans	977,500	1,113,500
Other creditors	355,116	23,000
Bonds	96,835	127,358
	<u>1,553,267</u>	<u>1,423,985</u>
<b>Net assets</b>	<u>9,100,370</u>	<u>10,879,663</u>
<b>Capital and reserves</b>		
Share capital	79,312	79,312
Share premium and reserves	8,019,007	9,904,848
	<u>8,098,319</u>	<u>9,984,160</u>
Equity attributable to owners of the Company	8,098,319	9,984,160
Non-controlling interests	1,002,051	895,503
	<u>9,100,370</u>	<u>10,879,663</u>

Notes:

## 1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) AND CHANGES IN OTHER ACCOUNTING POLICY

### New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1st January, 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform - Pillar Two Model Rules

Except as described below, the application of the new and amendments to HKFRSs 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.

## ***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”***

The Group has applied the amendments for the first time in the current year. HKAS 1 “Presentation of Financial Statements” is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 “Making Materiality Judgements” (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies.

### **Changes in other accounting policy**

#### ***Change in accounting policy as a result of application of the HKICPA guidance on the accounting implications of the abolition of the Mandatory Provident Fund (“MPF”) - Long Service Payment (“LSP”) offsetting mechanism in Hong Kong***

The Group has several subsidiaries operating in Hong Kong which are obliged to pay LSP to employees under certain circumstances. Meanwhile, the Group makes mandatory MPF contributions to the trustee who administers the assets held in a trust solely for the retirement benefits of each individual employee. Offsetting of LSP against an employee’s accrued retirement benefits derived from employers’ MPF contributions was allowed under the Employment Ordinance (Cap. 57).

In June 2022, the Government of the Hong Kong Special Administrative Region gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”) which abolishes the use of the accrued benefits derived from employers’ mandatory MPF contributions to offset severance payment and LSP (the “Abolition”). The Abolition will officially take effect on 1st May, 2025 (the “Transition Date”). In addition, under the Amendment Ordinance, the last month’s salary immediately preceding the Transition Date (instead of the date of termination of employment) is used to calculate the portion of LSP in respect of the employment period before the Transition Date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” which provides guidance for the accounting for the offsetting mechanism and the impact arising from abolition of the MPF-LSP offsetting mechanism in Hong Kong. In light of this, the Group has implemented the guidance published by the HKICPA in connection with the LSP obligation retrospectively so as to provide more reliable and more relevant information about the effects of the offsetting mechanism and the Abolition.

The application of amendments in the current year has had no material impact on the consolidated financial statements.

## Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>2</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to HKAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1st January, 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2025.

### ***Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)***

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 “Financial Instruments: Presentation”.
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if an entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1st January, 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1st January, 2024, with early application permitted. If an entity applies the 2020 Amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group’s outstanding liabilities at 31st December, 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group’s liabilities.

## 2. REVENUE FROM GOODS AND SERVICES

### Disaggregation of revenue from contracts with customers

Year ended 31st December, 2023

	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>
<b>Type of goods and services</b>				
Construction contracts	12,246,812	-	-	12,246,812
Sewage treatment plant operation	51,333	-	-	51,333
Steam fuel plant operation	161,171	-	-	161,171
Sale of construction materials	-	195,350	-	195,350
Sale of quarry products	-	-	56,891	56,891
<b>Total</b>	<b>12,459,316</b>	<b>195,350</b>	<b>56,891</b>	<b>12,711,557</b>
<b>Geographical markets</b>				
Hong Kong	12,242,448	195,350	56,891	12,494,689
Other regions in the People's Republic of China (the "PRC")	216,868	-	-	216,868
<b>Total</b>	<b>12,459,316</b>	<b>195,350</b>	<b>56,891</b>	<b>12,711,557</b>
<b>Timing of revenue recognition</b>				
At a point in time	-	195,350	56,891	252,241
Over time	12,459,316	-	-	12,459,316
<b>Total</b>	<b>12,459,316</b>	<b>195,350</b>	<b>56,891</b>	<b>12,711,557</b>

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>
<b>Revenue from contracts with customers</b>			
Construction, sewage treatment and steam fuel	12,507,050	(47,734)	12,459,316
Construction materials	591,223	(395,873)	195,350
Quarrying	196,583	(139,692)	56,891
	<b>13,294,856</b>	<b>(583,299)</b>	<b>12,711,557</b>

Year ended 31st December, 2022

	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>
<b>Type of goods and services</b>				
Construction contracts	12,183,180	-	-	12,183,180
Sewage treatment plant operation	51,819	-	-	51,819
Steam fuel plant operation	127,939	-	-	127,939
Sale of construction materials	-	184,532	-	184,532
Sale of quarry products	-	-	82,653	82,653
<b>Total</b>	<u>12,362,938</u>	<u>184,532</u>	<u>82,653</u>	<u>12,630,123</u>
<b>Geographical markets</b>				
Hong Kong	12,160,759	184,532	82,653	12,427,944
The PRC	202,179	-	-	202,179
<b>Total</b>	<u>12,362,938</u>	<u>184,532</u>	<u>82,653</u>	<u>12,630,123</u>
<b>Timing of revenue recognition</b>				
At a point in time	-	184,532	82,653	267,185
Over time	12,362,938	-	-	12,362,938
<b>Total</b>	<u>12,362,938</u>	<u>184,532</u>	<u>82,653</u>	<u>12,630,123</u>

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>
<b>Revenue from contracts with customers</b>			
Construction, sewage treatment and steam fuel	12,422,558	(59,620)	12,362,938
Construction materials	472,854	(288,322)	184,532
Quarrying	204,770	(122,117)	82,653
	<u>13,100,182</u>	<u>(470,059)</u>	<u>12,630,123</u>

### 3. 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 Infrastructure Limited (“Road King”), an associate of the Group

### 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, 2023

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	12,507,050	(47,734)	12,459,316	276,203
Construction materials	591,223	(395,873)	195,350	65,034
Quarrying	196,583	(139,692)	56,891	12,303
Property development and investment, toll road, investment and asset management	-	-	-	(1,763,718)
Total	<u>13,294,856</u>	<u>(583,299)</u>	<u>12,711,557</u>	<u>(1,410,178)</u>

#### Year ended 31st December, 2022

	Segment revenue			Segment profit (loss) HK\$'000
	Gross HK\$'000	Inter-segment elimination HK\$'000	External HK\$'000	
Construction, sewage treatment and steam fuel	12,422,558	(59,620)	12,362,938	246,431
Construction materials	472,854	(288,322)	184,532	22,524
Quarrying	204,770	(122,117)	82,653	35,919
Property development and investment, toll road, investment and asset management	-	-	-	(220,545)
Total	<u>13,100,182</u>	<u>(470,059)</u>	<u>12,630,123</u>	<u>84,329</u>

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.

## Reconciliation of total segment (loss) profit to loss attributable to owners of the Company

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Total segment (loss) profit	<b>(1,410,178)</b>	84,329
Unallocated items		
Other income	<b>64,572</b>	45,315
Other gains and losses	<b>(102,389)</b>	(36,679)
Administrative expenses	<b>(66,941)</b>	(76,366)
Finance costs	<b>(77,050)</b>	(52,689)
Share of results of associates	<b>1,797</b>	5,309
Share of results of joint ventures	<b>93</b>	24,019
Loss attributable to owners of the Company	<b><u>(1,590,096)</u></b>	<b><u>(6,762)</u></b>

### 4. OTHER INCOME

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income mainly includes:		
Dividend income from financial asset at FVTPL	<b>937</b>	1,935
Employment Support Scheme	-	25,995
Government subsidy for project in the PRC	<b>228</b>	760
Government subsidy for Hong Kong operations	<b>1,043</b>	1,330
Interest on financial asset at FVTPL	<b>19,087</b>	36,574
Interest on other receivables	<b>6,731</b>	12,005
Interest on bank deposits	<b>30,545</b>	11,302
Interest on loan to an associate	<b>64</b>	71
Interest on other financial asset at amortised cost	<b>753</b>	829
Interest on interest rate swap contracts, net	<b>28,016</b>	5,063
Operation fee income	<b>52,479</b>	41,540
Rental income from land and buildings	<b>430</b>	562
Rental income from plant and machinery	<b>615</b>	3,012
Service income from an associate	<b>60</b>	60

### 5. OTHER GAINS AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss on change in fair value of financial assets at FVTPL, net	<b>(221,958)</b>	(92,246)
Impairment loss on an other debtor	<b>(24,597)</b>	-
Allowance for credit losses	<b>(3,960)</b>	-
Gain on change in fair value of bonds	<b>20,723</b>	-
Gain on disposal of property, plant and equipment, net	<b>8,246</b>	6,661
Net gain on lease modification	<b>66</b>	734
Loss on disposal of partial interest in an associate	-	(539)
Remeasurement gain on interest previously held in a joint venture	-	6,138
Discharge of amount due to a non-controlling shareholder	-	1,996
	<b><u>(221,480)</u></b>	<b><u>(77,256)</u></b>

## 6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank loans	101,220	60,973
Interest on lease liabilities	4,834	1,886
Interest on other borrowings	1,092	978
Imputed interest on non-current amount due to an associate	720	698
Imputed interest on bonds	-	6,065
Imputed interest on payable for extraction right	-	2,582
Imputed interest on provision for rehabilitation costs	-	1,100
	<u>107,866</u>	<u>74,282</u>

## 7. (LOSS) PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	4,415	4,142
Amortisation of intangible assets ( <i>note</i> )	15,048	112,637
Depreciation of property, plant and equipment ( <i>note</i> )	71,849	131,534
Depreciation of right-of-use assets	59,790	39,833
Exchange loss, net	20,052	48,354
Share of income tax expense of associates (included in share of results of associates)	76,274	284,739
Staff costs	<u>1,802,243</u>	<u>1,652,489</u>

*Note:* Included in amortisation of intangible assets and depreciation of property, plant and equipment, HK\$1,223,000 (2022: HK\$22,701,000) and HK\$41,000 (2022: HK\$29,481,000) were capitalised in inventories respectively.

## 8. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax		
Hong Kong	168,014	129,908
The PRC	4,702	3,356
	<u>172,716</u>	<u>133,264</u>
Under (over) provision in prior years		
Hong Kong	416	(1,690)
The PRC	419	3,187
	<u>835</u>	<u>1,497</u>
Deferred tax		
Credit for the year	-	(12,718)
	<u>173,551</u>	<u>122,043</u>

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.

In July 2023, a subsidiary of the Company received tax assessments for the year of assessment 2016/17 and 2017/18 from the Inland Revenue Department in which a certain deductible item in relation to the operation of that subsidiary was disallowed.

The directors of the Company believe that, based on the advice of tax representative, the tax case can be successfully defended on the basis that the expenditure was incurred in the production of assessable profits and therefore no additional tax provision will be required.

## 9. DIVIDEND

Dividend paid and recognised as distribution during the year:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
2022 final dividend – Nil (2022: 2021 final dividend – HK11 cents per share)	<u>-</u>	<u>87,244</u>

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2023 (2022: nil).

## 10. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	<u><b>(1,590,096)</b></u>	<u>(6,762)</u>
	<b>2023</b>	2022
Number of ordinary shares for the purpose of basic loss per share	<u><b>793,124,034</b></u>	<u>793,124,034</u>

The Company has no potential ordinary shares in issue during both years. Accordingly, no diluted loss per share information is presented.

## 11. DEBTORS, DEPOSITS AND PREPAYMENTS

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade debtors – contracts with customers	<b>655,474</b>	456,757
<i>Less:</i> Allowance for credit losses	<b>(3,960)</b>	(623)
	<b>651,514</b>	456,134
Bills receivables	<b>3,735</b>	19,295
Other debtors	<b>255,034</b>	248,668
Deposits	<b>123,627</b>	108,403
Prepayments	<b>12,823</b>	22,017
	<u><b>1,046,733</b></u>	<u>854,517</u>

At 1st January, 2022, trade receivables (net of allowance for credit losses) from contracts with customers amounted to HK\$438,057,000.

At 31st December, 2022, the Group's trade debtors included an amount of HK\$450,000 due from a related company which is an associate of a substantial shareholder of the Company.

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:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade debtors		
0 to 60 days	<b>616,889</b>	414,014
61 to 90 days	<b>1,905</b>	4,957
Over 90 days	<b>32,720</b>	37,163
	<b>651,514</b>	456,134

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.

## 12. CONTRACT ASSETS

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Analysed as current:		
Unbilled revenue of construction contracts	<b>2,918,783</b>	2,220,778
Retention receivables of construction contracts	<b>727,705</b>	728,842
	<b>3,646,488</b>	2,949,620
Retention receivables of construction contracts		
Due within one year	<b>310,406</b>	105,903
Due after one year	<b>417,299</b>	622,939
	<b>727,705</b>	728,842

At 1st January, 2022, contract assets amounted to HK\$2,883,915,000.

At 31st December, 2023, the Group's unbilled revenue of construction contracts included an amount of HK\$24,648,000 (2022: HK\$24,648,000) receivable from related companies which are subsidiaries 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.

### 13. CREDITORS AND ACCRUED CHARGES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade creditors (aged analysis based on the invoice date):		
0 to 60 days	363,964	486,112
61 to 90 days	62,782	102,396
Over 90 days	14,639	29,844
	<u>441,385</u>	<u>618,352</u>
Retention payables	972,682	879,476
Accrued project costs	2,737,107	2,289,636
Other creditors and accrued charges	294,714	289,213
	<u>4,445,888</u>	<u>4,076,677</u>
Retention payables		
Due within one year	342,930	145,317
Due after one year	629,752	734,159
	<u>972,682</u>	<u>879,476</u>

At 31st December, 2023, the Group's trade creditors included HK\$376,000 (2022: nil) due to a related company which is an associate of a substantial shareholder of the Company.

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.

### DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31st December, 2023 (2022: nil).

### CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting to be held on Tuesday, 21st May, 2024, the register of members of the Company will be closed from Thursday, 16th May, 2024 to Tuesday, 21st May, 2024, 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 Secretaries Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:00 p.m. on Tuesday, 14th May, 2024.

## **BUSINESS REVIEW**

For the year ended 31st December, 2023, the Group recorded revenue of HK\$12,712 million (2022: HK\$12,630 million) and an audited consolidated loss attributable to owners of the Company of HK\$1,590 million (2022: HK\$7 million).

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

For the year ended 31st December, 2023, the Group shared a loss of HK\$1,764 million (2022: HK\$221 million) from Road King, an associate of the Group. As of the date of this announcement, 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 Group and Road King had entered into a participation agreement in November 2021 pursuant to which Road King granted participation rights to the Group which allow the Group to enjoy a pro rata portion of 32.5% of the economic interest attributable to Road King’s 70% interest (or 22.75% attributable interest) in a property development project with the parcel of land located in Guangzhou, the PRC. At 31st December, 2023, the fair value of the participation rights was HK\$138 million (2022: HK\$196 million). For the year ended 31st December, 2023, the Group recorded loss on change in fair value on the participation rights of HK\$43 million (2022: nil) and exchange loss on the participation rights of HK\$5 million (2022: HK\$17 million).

For the year ended 31st December, 2023, Road King recorded an audited loss attributable to its owners of HK\$3,962 million (2022: HK\$495 million).

Road King achieved total property sales (including joint venture and associate projects) of RMB26,555 million in Mainland China in 2023. The property sales comprised contracted sales of RMB25,585 million and outstanding subscribed sales of RMB970 million, representing a decrease of approximately 36% as compared to 2022. The Yangtze River Delta Region and Bohai Rim Region are the major sales regions.

To reserve cash for loan repayment purposes, Road King had been less active in land auctions during the year. Road King acquired only two parcels of residential land in Mainland China throughout the year with a total gross floor area of approximately 90,000 sqm, in which Road King accounts for 51% equity interest. As of 31st December, 2023, Road King had a total land reserve of approximately 3.57 million sqm, of which 1.07 million sqm were pre-sold but yet to be delivered.

In 2023, Hong Kong saw weak economic performance, sluggish real estate market and unsatisfactory property sales. Road King’s three projects in Hong Kong recorded total sales of HK\$1,218 million for the year.

Road King’s toll concession right of Tangjin Expressway project expired on 19th April, 2023 after which Road King no longer receives its cash distribution. Road King’s expressway projects in Mainland China (other than Tangjin Expressway project) generated in 2023 total revenue of RMB2,229 million, representing a 4% increase over last year and recorded a 18% increase over last year in average daily traffic volume. Taking into account the contribution of Tangjin Expressway project, all of Road King’s expressway projects in Mainland China generated in 2023 total revenue of RMB2,429 million, representing a 13% decrease over last year while the average daily traffic volume recorded a 20% increase over last year. The greater increase in average daily traffic volume was mainly due to the retaliatory growth of domestic tourism and the consequential surge in the traffic volume of passenger vehicles following the cancellation of COVID-19 pandemic prevention and control. However, due to the slow growth of the international economy, the traffic volume of cargo vehicles decreased, resulting in the inconsistency between the growth of traffic volume and the growth of toll revenue.

The overall toll revenue of the expressway projects in Indonesia for 2023 increased by 58% to RMB1,477 million as compared with last year (excluding the impact of the Semarang-Batang Expressway (the “SB Expressway”) newly acquired in December 2022, toll revenue of the previous expressway projects in Indonesia increased by 10% as compared with last year). However, as the high international energy prices and the lower fuel subsidies from the government inhibited the growth of traffic flow, the average daily traffic volume dropped by 2% to 89,900 vehicles.

In 2023, the total traffic volume of Road King's expressway projects in Mainland China and Indonesia was 118 million vehicles. The average daily traffic volume was approximately 362,300 vehicles, representing an increase of 14% as compared to last year. The toll revenue for the year was RMB3,906 million, representing an increase of 5% as compared to last year, while the profit of the toll road segment amounted to HK\$563 million. Apart from the expiration of the toll concession right of Tangjin Expressway project, the decrease in profit compared with last year was mainly due to the increase in interest costs for the year as Road King had an additional loan for partial financing the acquisition of the SB Expressway.

On 17th November, 2023, Road King entered into a sale and purchase agreement with Cornerstone Holdings Limited, an investment holding company wholly owned by China Merchants Expressway Network & Technology Holdings Co., Ltd., to sell all its interests in the toll road business in Mainland China, at a consideration of RMB4,411.8 million. The transaction is expected to be completed by the first half of 2024. Road King estimates that the disposal will generate a gain after income tax of approximately HK\$1,500 million (approximately HK\$1,100 million attributable to Road King for its 75% equity interest), which will be reflected in the Road King's financial statements for 2024.

In 2023, the property development projects of investment and asset management segment (including joint venture and associate projects) achieved property sales of approximately RMB702 million. After restructuring and rectification, the business scale of the remaining original businesses, which mainly comprised property fund investment as well as cultural and tourist businesses, has been significantly reduced and investment in new businesses has been ceased. Going forward, Road King will continue to review the operation of its remaining businesses and take appropriate action in due course.

Throughout the years, Road King's property business has been operated under a well-established model, a well-functioned management system, a seasoned and dedicated operation team and a sound market position. Going forward, Road King will continue its pragmatic approach and strive to ensure property delivery and enhance its control on cash flow. To establish Road King as a more widely recognised and reliable developer in the market, Road King will continue to optimise market-oriented products and promote its brand name.

Road King has been accumulating overseas operating experience after expanding its expressway business in Indonesia. Road King has successfully acquired four expressways in Indonesia up to the present. In 2024, Road King will continue to optimise its toll road business and continue to look for toll road projects with reasonable investment returns in the Asia-Pacific region.

### **Construction, Sewage Treatment and Steam Fuel**

For the year ended 31st December, 2023, the Group shared a profit of HK\$276 million (2022: HK\$246 million) from Build King. As of the date of this announcement, the Group holds 58.33% interest in Build King.

For the year ended 31st December, 2023, Build King recorded revenue of HK\$12,507 million (2022: HK\$12,423 million) and an audited profit attributable to its owners of HK\$474 million (2022: HK\$434 million), an increase of 9% as compared with that of 2022.

The gross profit of Build King increased to HK\$1,307 million for the year ended 31st December, 2023, compared to HK\$981 million a year ago. The increase was mainly attributable to profit from one of its civil projects towards the finalisation of the final account. The increase in profit attributable to its owners was mainly attributable to the increase in gross profit of HK\$326 million, which has been partly offset by (i) the increase in administrative expenses of HK\$108 million, (ii) the increase in fair value losses of its financial assets of HK\$67 million, (iii) the increase in taxation charge of HK\$51 million, and (iv) the non-recurrence of wage subsidies of HK\$23 million received from the Government under the Employment Support Scheme announced on 18th March, 2022, which subsidies were one-off and intended for supporting the livelihood of employees affected by the fifth wave of the COVID-19 pandemic.

During the year, Build King continued to suffer a setback in its investment in financial assets due to unfavorable market conditions.

Total revenue from construction contracts of Build King amounted to HK\$12.3 billion for the year ended 31st December, 2023 (2022: HK\$12.2 billion). As of the date of the announcement, Build King had total contracts on hands of HK\$28.6 billion, which significantly secures the revenue of Build King for the next two years.

Build King operates a sewage treatment plant in Wuxi for the treatment of household and industrial wastewater, as well as steam supply plants in Gansu and Hubei for providing steam to clients in industrial parks. The total revenue generated from Build King's environmental infrastructure projects in Mainland China was HK\$217 million for the year ended 31st December, 2023 (2022: HK\$202 million). Segment loss, after the deduction of direct costs, dropped to HK\$15 million (2022: loss of HK\$24 million). The steam supply operation in 2023 fared better than the prior year as the mainland economy gradually recovered after the COVID-19 pandemic. Total output capacity for its four operating steam plants went up from an average of 62 tons per hour in 2022 to an average of 81 tons per hour in 2023, representing an increase of 31%.

During the year, Build King completed the following acquisitions to diversify its future sources of income:

- (i) On 6th October, 2022, Build King entered into an investment agreement to acquire from Shine Precious Limited, an indirect wholly owned subsidiary of Road King, a 20% interest in an urban renewal project referred to as Haitao Garden in Yantian District, Shenzhen, the PRC, for a total consideration of approximately HK\$800 million. For details, please refer to the joint announcements of the Company and Build King dated 6th October, 2022 and 23rd November, 2022 respectively and the circulars of the Company and Build King to their respective shareholders both dated 23rd December, 2022. Completion of the transaction took place on 18th January, 2023.
- (ii) On 28th April, 2023, Build King entered into the sale and purchase agreements (the "Sale and Purchase Agreements") to acquire parcels of land having an aggregate site area of 245,628 sq. ft. located at Pak Shing Kok Road in Tsuen Kwan O, New Territories, Hong Kong (the "TKO Sites") from independent third parties by way of acquisition of the entire issued share capital of and outstanding shareholder loans owing by the project companies owning the TKO Sites for an aggregate consideration of approximately HK\$369 million. Completion of the transaction took place on 28th April, 2023, and approximately HK\$36.9 million (representing 10% of the consideration) was paid by Build King to the vendors' solicitors as stakeholders on that day as the first instalment. For details, please refer to the joint announcement of the Company and Build King dated 28th April, 2023 and the circulars of the Company and Build King to their respective shareholders both dated 26th July, 2023.

The TKO Sites are currently specified for agricultural use. On 30th June, 2023, Build King applied under the Land Sharing Pilot Scheme ("LSPS") in respect of the TKO Sites for the increase in plot ratio and change of use of the sites (the "LSPS Application"). In parallel with the LSPS Application, Build King has been carrying out a title review of the TKO Sites and due diligence of the target companies owning the TKO Sites. Given the necessary continuation of the due diligence process, the parties to the Sale and Purchase Agreement entered into supplemental agreements on 2nd February, 2024 for, amongst others, extending the long stop date for the satisfaction of the two conditions subsequent relating to the title review and due diligence to 30th April, 2024. For details, please refer to the joint announcement of the Company and Build King dated 2nd February, 2024.

Since the submission of the LSPS Application, Build King and its consultants have engaged in various meetings and discussions with the Land Sharing Office of the Development Bureau for the purpose of establishing the eligibility of the LSPS Application. Despite Build King's continued efforts, Build King has recently received a letter from the Land Sharing Office stating that it was not satisfied with the eligibility of the LSPS Application and would not process further the LSPS Application. As at the date of hereof, Build King is considering the feasibility of addressing the concerns of Land Sharing Office (including the submission of any revised or new LSPS Application) before the LSPS deadline of 5th May, 2024. A further announcement will be issued as and when appropriate in relation to the Sale and Purchase Agreements.

## **Construction Materials**

For the year ended 31st December, 2023, the construction materials division recorded revenue of HK\$591 million (2022: HK\$473 million) and a net profit of HK\$65 million (2022: HK\$23 million).

The significant increase in profit for the construction materials division in comparison with that of 2022 was mainly attributable to the substantial reduction in the operating costs of the division as well as the depreciation costs of the substantially depreciated concrete batching plants and asphalt plant in the extension period of its operations in Lam Tei Quarry.

The concrete business recorded a significant improvement in profit in 2023. Such a strong improvement in profit of the concrete business was due to an increase in its sales quantities and profit margin. In 2023, the construction industry resumed at a normal pace, and the picking up of the construction works in turns pushed up the demand and prices of concrete. In addition, the order book for concrete remained stable as the substantial part of the concrete orders is from our construction flagship which smoothed out the volatility of sales turnover and achieved the stabilization of the profitability of the division.

The asphalt business recorded a moderate profit in 2023 as there was reduction in the operating costs of asphalt plant in the extended period of Lam Tei Quarry. However, the asphalt business continues to face difficulties and fierce competition as other competitors have adopted aggressive pricing strategies for securing orders.

Barring unforeseeable circumstances, the performance of the division in 2024 is expected to remain stable and in line with that of 2023.

The management continues to take prudent cost control measures and is committed to providing high quality services to our customers to strengthen competitiveness.

## **Quarrying**

For the year ended 31st December, 2023, the quarrying division recorded revenue of HK\$197 million (2022: HK\$205 million) and a net profit of HK\$12 million (2022: HK\$36 million).

The division recorded a notable reduction in profit of the quarrying division as compared with that of 2022. Even though the operating costs of the division and the depreciation costs of crushing plant were reduced in the extended period of Lam Tei Quarry in 2023, the positive impact were unable to cover the negative effect from the reduction of sales quantities of aggregates as the volume of rock imported to Lam Tei Quarry had significantly lower than expected since the second quarter of 2023. As all rock in Lam Tei Quarry has been almost excavated, the quantities of aggregates to be produced by the quarrying division depend heavily on the volume of rock imported to Lam Tei Quarry. The volume and purchase costs of rock to be imported to Lam Tei Quarry are the primary factors affecting the performance of the division in the extended period of operations in Lam Tei Quarry and the performance of the division in 2024 is relying on the volume of rock imported to Lam Tei Quarry.

The market price of aggregates remained stable in 2023 and has slightly reduced in the first quarter of 2024 as there are abundant supplies of aggregates from Mainland China.

## **Property Funds**

In 2022, Lion Trade Global Limited (“Lion Trade”), which is owned 70% by a wholly owned subsidiary of the Company and 30% by a wholly owned subsidiary of Build King, disposed its entire interests held through two joint venture companies in the USA, in two residential rental properties in Houston and Stafford of Texas respectively. Following the disposal of interests in two properties in the USA, the Group have no more investment in property funds. The result of the division for the year ended 31st December, 2023 was insignificant and the amount of cash distribution received during the year was minimal.

For the year ended 31st December, 2022, Lion Trade shared profit of HK\$35 million from these two US joint venture companies. During the year ended 31st December, 2022, the Group received cash distribution of US\$27.9 million from these two US joint venture companies.

## **Fund Management Service and Securities Brokerage**

WK Fund Management Limited (“WKFML”), which secured Type 4 (Advising on Securities) and Type 9 (Asset Management) registrations, and WK Securities Limited (“WKSL”), 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.

As the existing client bases of WKFML and WKSL remain small, the division recorded a loss of HK\$5 million (2022: HK\$4 million) for the year ended 31st December, 2023.

## **Investment in equity securities and debt securities**

The Group holds certain equity securities of Emmaus Life Sciences, Inc. (“Emmaus”), a company incorporated and engaged in manufacture and sale of pharmaceutical products in the USA. The equity securities of Emmaus are available for trading at the USA’s Over-the-Counter market. At 31st December, 2023, the fair value of the equity securities of Emmaus was HK\$0.7 million (2022: HK\$2 million), of which HK\$0.4 million (2022: HK\$1 million) was invested by Build King.

The Group holds certain listed equity securities in Hong Kong. At 31st December, 2023, the fair value of the listed equity securities in Hong Kong was HK\$19 million (2022: HK\$29 million), of which (including 3,000,000 Road King Shares) HK\$7 million (2022: HK\$15 million) was invested by Build King.

The Group also utilizes its surplus fund to invest in quoted debt securities which are bonds and interest linked notes. At 31st December, 2023, the fair value of the Group’s portfolio of quoted debt securities was HK\$331 million (2022: HK\$497 million), of which HK\$10 million (2022: HK\$103 million) was invested by Build King.

During the year, Build King invested in an unlisted equity investment fund issued by a private entity incorporated in Hong Kong and unlisted convertible bond issued by Emmaus. At 31st December, 2023, the fair values of the unlisted equity investment fund and the unlisted convertible bond were HK\$29 million (2022: nil) and HK\$8 million (2022: nil) respectively.

For the year ended 31st December, 2023, 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\$94 million (2022: HK\$54 million), of which the net loss of HK\$54 million (2022: HK\$45 million) was from the investments by Build King, mainly as a result of the significant drop in the quoted prices of the debt securities, particularly those issued by the PRC property developers, at 31st December, 2023.

## FINANCIAL REVIEW

### Liquidity and Financial Resources

During the year, total borrowings decreased from HK\$1,655 million to HK\$1,478 million, which included bonds with carrying amounts of HK\$97 million (2022: HK\$127 million) carrying no interest, with the maturity profile summarised as follows:

	<b>31st December, 2023</b> <i>HK\$'million</i>	31st December, 2022 <i>HK\$'million</i>
Within one year	<b>381</b>	277
In the second year	<b>1,000</b>	250
In the third to fifth year inclusive	<b>97</b>	1,128
	<b>1,478</b>	1,655
Classified under:		
Current liabilities ( <i>note</i> )	<b>381</b>	391
Non-current liabilities	<b>1,097</b>	1,264
	<b>1,478</b>	1,655

*Note:* At 31st December, 2022, 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\$114 million had been classified as current liabilities. At 31st December, 2023, there are no bank loans repayable over one year after the end of the reporting period but contain a repayment on demand clause.

At 31st December, 2023, the Group had certain interest rate swap contracts, with an aggregate notional amount of HK\$760 million (2022: HK\$800 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, 2023, the fair value of the interest rate swaps under derivative financial assets is HK\$31 million (2022: HK\$60 million). For the year ended 31st December, 2023, the Group recorded interest income on interest rate swap contracts of HK\$28 million (2022: HK\$5 million).

At 31st December, 2023, bank loans of HK\$41 million (2022: HK\$44 million) carried interest at fixed rate.

At 31st December, 2023, total amount of the Group's time deposits, bank balances and cash was HK\$1,774 million (2022: HK\$2,667 million), of which bank deposits amounting to HK\$74 million (2022: HK\$114 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\$1,436 million (2022: HK\$2,013 million).

For the year ended 31st December, 2023, the Group recorded finance costs of HK\$108 million (2022: HK\$74 million).

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, 2023, the Group recorded net exchange loss of HK\$20 million (2022: HK\$48 million). The Group will continue to monitor its exposure to the currency risks closely.

## **Capital Structure and Gearing Ratio**

At 31st December, 2023, the equity attributable to owners of the Company amounted to HK\$8,098 million, representing HK\$10.21 per share (2022: HK\$9,984 million, representing HK\$12.59 per share).

At 31st December, 2023, the gearing ratio, representing the ratio of total borrowings to equity attributable to owners of the Company, was 18.3% (2022: 16.6%) 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 -3.6% (2022: -10.1%) as a result of total amount of time deposits, bank balances and cash exceeding total borrowings amount.

## **Pledge of Assets**

At 31st December, 2023, apart from the bank deposits pledged to secure certain banking facilities granted to the Group, a share of a subsidiary of the Company and the quoted debt securities with an aggregate carrying amount of HK\$309 million (2022: HK\$497 million) were also pledged to secure certain banking facilities granted to the Group.

## **Capital Commitments and Contingent Liabilities**

At 31st December, 2023, the Group committed capital expenditure contracted for but not provided in the Group's consolidated financial statements of HK\$32 million (2022: HK\$57 million) in respect of acquisition of property, plant and equipment. At 31st December, 2023 and 2022, the Group had no contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICIES**

At 31st December, 2023, the Group had 3,736 employees (2022: 3,529 employees), of which 3,426 (2022: 3,222) were located in Hong Kong, 303 (2022: 307) were located in the PRC and 7 (2022: nil) were located in Philippines. For the year ended 31st December, 2023, the Group's total staff costs were HK\$1,802 million (2022: HK\$1,652 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 of the Company with reference to salaries paid by comparable companies, their responsibilities, employment conditions and prevailing market conditions.

## **FUTURE OUTLOOK**

Despite the tight financial condition and there is concern that the speed of new projects being rolled out for tenders might be adversely affected, it is anticipated that the Government will continue to invest in the infrastructure and create more lands through site formation and reclamation. The business environment in the construction industry of Hong Kong is now facing challenge as more Mainland China construction companies are participating in the construction market, there will be a huge pressure on the tender price and profit margin. For the construction division, it is expected to be busy with new tenders throughout 2024 and with the satisfactory results of current on-going successful projects, the performance of the construction division in 2024 would be maintained but would not be outperformed as 2023. For 2024 onwards, it would be not easy for the division as business environment in the construction industry becomes tough for all contractors.

For construction materials division, with substantial reduction in the operating costs in the extension period of Lam Tei Quarry, it is anticipated that the performance of the construction materials division in 2024 remains positive. However, the performance for the quarrying division in 2024 will all depend on the volume of rock imported to Lam Tei Quarry for further processing as the site formation works at Lam Tei Quarry was substantially completed.

For other investments made by the Group, the Group will monitor closely their performance and review the investment strategy periodically. The Group will take a conservative approach in making new investment decisions.

## **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, 2023.

## **CORPORATE GOVERNANCE CODE**

The Company has complied with the code provisions of Part 2 of the Corporate Governance Code (the "Code") set out in Appendix C1 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") throughout the year ended 31st December, 2023, except for code provision B.2.4(b) of the Code.

Pursuant to code provision B.2.4(b) of the Code, if all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting for the financial year commencing on or after 1st January, 2023.

As mentioned in the Interim Report 2023 of the Company, Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau and Mr. Francis Wong Man Chung have served the Board for more than nine years. Given that the Company did not appoint a new independent non-executive director at the annual general meeting held on 24th May, 2023, there is a deviation from the requirement under code provision B.2.4(b) of the Code.

With the appointment of Ms. Tsang Wing Yee as an independent non-executive director of the Company on 27th October, 2023, the Company has met the requirement of code provision B.2.4(b) of the Code. Ms. Tsang Wing Yee will retire from office and, being eligible, will offer herself for re-election at the forthcoming annual general meeting of the Company.

## **AUDIT COMMITTEE**

The Audit Committee of the Company has conducted a meeting with the management and external auditor to review the accounting policies adopted by the Group, the Group's consolidated financial statements for the year ended 31st December, 2023, the general scope of audit work conducted by the external auditor and assessment of the Group's internal controls.

## **ANNUAL GENERAL MEETING**

The Annual General Meeting of the Company will be held at Academy Room I-II, 1st Floor, InterContinental Grand Stanford Hong Kong, 70 Mody Road, Tsimshatsui East, Kowloon, Hong Kong on Tuesday, 21st May, 2024 at 3:30 p.m. and the Notice of the Annual General Meeting will be published and despatched to the shareholders in the manner as required by the Listing Rules.

## **PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT**

This announcement is published on the Company's website ([www.waikee.com](http://www.waikee.com)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Annual Report 2023 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange, and despatched to the shareholders in due course.

## **APPRECIATION**

The Board would like to take this opportunity to extend its heartiest thanks to our shareholders, business partners, directors and our loyal and dedicated staff.

By Order of the Board  
**Wai Kee Holdings Limited**  
**William Zen Wei Pao**  
*Chairman*

Hong Kong, 20th March, 2024

At the date of this announcement, the Board comprises three executive directors, namely Mr. William Zen Wei Pao, Mr. Derek Zen Wei Peu and Miss Anriena Chiu Wai Yee, two non-executive directors, namely Mr. Brian Cheng Chi Ming and Mr. Ho Gilbert Chi Hang, and four independent non-executive directors, namely Dr. Steve Wong Che Ming, Mr. Samuel Wan Siu Kau, Mr. Francis Wong Man Chung and Ms. Tsang Wing Yee.