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SFK Construction Holdings Limited

新福港建設集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1447)

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

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

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025 — unaudited

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2025	2024
	<i>Note</i>	\$'000	\$'000
Revenue	3	2,319,015	1,986,173
Direct costs		<u>(2,265,949)</u>	<u>(1,945,035)</u>
Gross profit		53,066	41,138
Other revenue		1,033	1,883
Other net gain		344	10,747
Administrative expenses		<u>(34,705)</u>	<u>(34,750)</u>
Profit from operations		19,738	19,018
Finance costs		<u>(9,884)</u>	<u>(7,366)</u>
Profit before taxation	4	9,854	11,652
Income tax	5	<u>(1,833)</u>	<u>288</u>
Profit for the period		<u>8,021</u>	<u>11,940</u>
Attributable to:			
Equity shareholders of the Company		8,294	11,762
Non-controlling interests		<u>(273)</u>	<u>178</u>
Profit for the period		<u>8,021</u>	<u>11,940</u>
Earnings per share — Basic/Diluted	6	<u>2.07 cents</u>	<u>2.94 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025 — unaudited

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
Profit for the period	8,021	11,940
Other comprehensive income for the period (after tax)		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	<u>—</u>	<u>—</u>
Total comprehensive income for the period	<u>8,021</u>	<u>11,940</u>
Attributable to:		
Equity shareholders of the Company	8,294	11,762
Non-controlling interests	<u>(273)</u>	<u>178</u>
Total comprehensive income for the period	<u>8,021</u>	<u>11,940</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025 — unaudited

(Expressed in Hong Kong dollars)

		30 June 2025 \$'000	31 December 2024 \$'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	7	32,014	39,857
Goodwill		1,209	1,209
Deferred tax assets		24,666	24,598
		57,889	65,664
Current assets			
Contract assets		1,305,101	1,092,468
Trade receivables, other receivables and prepayments	8	215,827	289,100
Current tax recoverable		173	452
Cash and cash equivalents	9	192,709	194,970
		1,713,810	1,576,990
Current liabilities			
Contract liabilities		115,261	62,888
Trade and other payables	10	832,653	880,212
Bank loans		440,000	300,000
Lease liabilities		11,255	17,535
Current tax payable		1,677	280
		1,400,846	1,260,915
Net current assets		312,964	316,075
Total assets less current liabilities		370,853	381,739

	30 June 2025 \$'000	31 December 2024 \$'000
<i>Note</i>		
Non-current liabilities		
Lease liabilities	5,424	8,556
Deferred tax liabilities	2,279	2,054
	<u>7,703</u>	<u>10,610</u>
NET ASSETS	<u>363,150</u>	<u>371,129</u>
CAPITAL AND RESERVES		
Share capital	40,000	40,000
Reserves	323,208	330,914
Total equity attributable to equity shareholders of the Company	363,208	370,914
Non-controlling interests	<u>(58)</u>	<u>215</u>
TOTAL EQUITY	<u>363,150</u>	<u>371,129</u>

NOTES TO THE ANNOUNCEMENT

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GENERAL INFORMATION AND BASIS OF PREPARATION

SFK Construction Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”) are principally engaged in construction and maintenance projects, housing and property management services and electrical and mechanical engineering services in Hong Kong. The Company was incorporated in Bermuda on 17 October 2007 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended).

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 December 2015.

The interim results set out in this announcement do not constitute the Group’s interim financial report for the six months ended 30 June 2025 but are extracted from the interim financial report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial* reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRS Accounting Standards (“HKFRSs”).

The unaudited consolidated interim financial report has been approved for issue by the Board of Directors of the Company on 25 August 2025.

2 APPLICATION OF AMENDMENTS TO HKFRSs

The HKICPA has issued the following amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to the Classification and Measurement of Financial Instruments — Amendments to HKFRS 9 and HKFRS 7

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are general building, civil engineering and the provision of other services.

Revenue mainly represents the revenue derived from general building and civil engineering.

Further details regarding the Group's principal activities are disclosed below.

(b) Segment reporting

The Group manages its businesses by segments, and has presented the following three reportable segments.

- General building : this segment provides engineering services of substructure or superstructure of building structures and maintenance, repairs, alterations services and additions to building structures
- Civil engineering : this segment provides engineering services of infrastructure facilities and maintenance, repairs, alterations services to infrastructure facilities
- Others : this segment mainly provides housing management services, fresh water and flush water maintenance services, sewage water sampling services, electrical and mechanical engineering services and consultancy services

	General building \$'000	Civil engineering \$'000	Others \$'000	Total \$'000
For the six months ended 30 June 2025				
Reportable segment revenue (recognised over time)	<u>1,733,045</u>	<u>519,382</u>	<u>66,588</u>	<u>2,319,015</u>
Reportable segment profit	<u>38,076</u>	<u>9,001</u>	<u>5,944</u>	<u>53,021</u>
Other revenue and other net gain				1,242
Depreciation				(2,366)
Finance costs				(9,710)
Unallocated head office and corporate expenses				<u>(32,333)</u>
Consolidated profit before taxation				<u>9,854</u>
Depreciation for the period	<u>6,922</u>	<u>2,022</u>	<u>637</u>	<u>9,581</u>
As at 30 June 2025				
Reportable segment assets	<u>1,306,751</u>	<u>212,489</u>	<u>20,670</u>	<u>1,539,910</u>
Deferred tax assets				24,666
Current tax recoverable				173
Unallocated head office and corporate assets				<u>206,950</u>
Consolidated total assets				<u>1,771,699</u>
Additions to non-current segment assets during the period	<u>3,672</u>	<u>744</u>	<u>95</u>	<u>4,511</u>
Reportable segment liabilities	<u>688,836</u>	<u>175,926</u>	<u>10,832</u>	<u>875,594</u>
Current tax payable				2,279
Deferred tax liabilities				1,677
Unallocated head office and corporate liabilities				<u>529,000</u>
Consolidated total liabilities				<u>1,408,550</u>

	General building \$'000	Civil engineering \$'000	Others \$'000	Total \$'000
For the six months ended 30 June 2024				
Reportable segment revenue (recognised over time)	<u>1,603,763</u>	<u>301,725</u>	<u>80,685</u>	<u>1,986,173</u>
Reportable segment profit	<u>32,757</u>	<u>6,294</u>	<u>13,012</u>	52,063
Other revenue and other net gain				1,492
Depreciation				(2,619)
Finance costs				(7,159)
Unallocated head office and corporate expenses				<u>(32,125)</u>
Consolidated profit before taxation				<u>11,652</u>
Depreciation for the period	<u>5,603</u>	<u>1,978</u>	<u>556</u>	<u>8,137</u>
As at 31 December 2024				
Reportable segment assets	<u>1,177,214</u>	<u>206,917</u>	<u>22,610</u>	1,406,741
Deferred tax assets				24,598
Current tax recoverable				452
Unallocated head office and corporate assets				<u>210,863</u>
Consolidated total assets				<u>1,642,654</u>
Additions to non-current segment assets during the year	<u>15,747</u>	<u>1,187</u>	<u>1,164</u>	<u>18,098</u>
Reportable segment liabilities	<u>658,566</u>	<u>216,392</u>	<u>8,444</u>	883,402
Current tax payable				280
Deferred tax liabilities				2,504
Unallocated head office and corporate liabilities				<u>385,789</u>
Consolidated total liabilities				<u>1,271,525</u>

No geographic information has been presented as most of the Group's operating activities are carried out in Hong Kong.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
(a) Finance costs		
Interest on bank loans	9,604	7,011
Interest on lease liabilities	280	355
	9,884	7,366
(b) Staff costs		
Salaries, wages and other benefits	270,775	247,238
Contributions to defined contribution retirement plans	7,771	9,626
Less: Amount included in direct costs	(262,296)	(238,753)
	16,250	18,111
(c) Other items		
Depreciation charge		
— owned property, plant and equipment	2,305	3,297
— right-of-use assets	9,642	7,459
	11,947	10,756
Less: Amount included in direct costs	(8,384)	(7,104)
	3,563	3,652
Auditors' remuneration	538	512

5 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June	
	2025	2024
	\$'000	\$'000
Current tax — Hong Kong Profits Tax		
Provision for the period	1,677	732
Over provision in respect of prior periods	(68)	(1,062)
	<u>1,609</u>	<u>(330)</u>
Deferred tax		
Origination and reversal of temporary differences	224	42
	<u>1,833</u>	<u>(288)</u>

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$8,294,000 (30 June 2024: profit of \$11,762,000) and 400,000,000 shares (30 June 2024: 400,000,000 shares) in issue during the period.

(b) Diluted earnings per share

There were no potential dilutive shares in existence during the six months ended 30 June 2025 and 2024.

7 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired items of plant and equipment with a cost of \$3,492,000 (30 June 2024: \$1,971,000). Additions to right-of-use assets amounted to \$1,189,000 (30 June 2024: \$2,755,000) during the six months ended 30 June 2025.

8 TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2025 \$'000	31 December 2024 \$'000
Trade debtors	198,981	277,860
Deposits, prepayments and other receivables	16,846	11,240
	<u>215,827</u>	<u>289,100</u>

The ageing analysis of trade debtors based on the invoice date is as follows:

	30 June 2025 \$'000	31 December 2024 \$'000
Within 1 month	190,375	268,908
1 to 2 months	2,841	5,145
2 to 3 months	4,195	1,526
Over 3 months but within 6 months	1,570	2,281
	<u>198,981</u>	<u>277,860</u>

9 CASH AND CASH EQUIVALENTS

	30 June 2025 \$'000	31 December 2024 \$'000
Cash at bank and in hand	<u>192,709</u>	<u>194,970</u>

10 TRADE AND OTHER PAYABLES

	30 June 2025 \$'000	31 December 2024 \$'000
Trade creditors	258,783	260,311
Accruals and other payables	156,196	222,432
Amounts due to joint operation partners	1,062	1,062
Provision for construction works	1,102	3,600
Retentions payable	415,510	392,807
	<u>832,653</u>	<u>880,212</u>

The ageing analysis of trade creditors based on the invoice date is as follows:

	30 June 2025 \$'000	31 December 2024 \$'000
Within 1 month	258,583	250,478
1 to 2 months	200	9,145
2 to 3 months	–	246
Over 3 months	–	442
	<u>258,783</u>	<u>260,311</u>

11 DIVIDENDS

The Board of Directors does not recommend the payment of any interim dividend for the six months ended 30 June 2025 (30 June 2024: 3.0 cents per share).

	Six months ended 30 June 2025 \$'000	2024 \$'000
Interim dividend declared after the end of reporting period	–	12,000

The interim dividend declared after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

Final dividend of 4.0 cents per share, amounting to \$16,000,000, was declared for the year ended 31 December 2024 and paid in June 2025.

12 MATERIAL RELATED PARTY TRANSACTIONS

The Group did not enter into any material related party transactions during the six months ended 30 June 2025 and 2024.

13 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

- (a) As at 30 June 2025, approximately \$402,361,000 (31 December 2024: \$385,344,000) of performance bonds were given by financial institutions to the Group in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and their customers. The Group has provided guarantees of the above performance bonds. If the Group fails to provide satisfactory performance to their customers to whom performance bonds have been given, such customers may demand the financial institutions to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such financial institutions accordingly. The performance bonds will be released upon completion of the contract work.

At the end of the reporting period, the directors of the Company do not consider it probable that a claim will be made against the Group.

- (b) The subsidiaries of the Group are defendants in a number of claims, lawsuits and potential claims relating to employee's compensation cases and personal injuries claims. The directors of the Company considered that the possibility of any economic outflow in settling the legal claims is remote as these claims are all well covered by insurance. Accordingly, no provision for the contingent liabilities in respect of these litigations is necessary, after due consideration of each case.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in construction and maintenance projects in Hong Kong under our brand “SFK (新福港)”. In addition, the Group provides other services, which comprise mainly housing and property management services (such as the provision of cleaning services and security management services), fresh water and flush water maintenance services, sewage water sampling services, electrical and mechanical engineering services and building information modeling (“BIM”) services to real estates in Hong Kong.

BUSINESS REVIEW

Our overall revenue for the Period amounted to HK\$2,319.02 million as compared with that of HK\$1,986.17 million for the corresponding period last year, representing an increase of approximately 16.76%. The result was mainly due to the combined effect of a mix of projects from our general building works and civil engineering works undertaken during the Period, with the major projects being outlined in the following sections.

As at 30 June 2025, we had a total of 10 projects for general building works and 24 projects for civil engineering works on hand. The total original contract sum of these projects amounted to approximately HK\$19 billion (31 December 2024: HK\$18 billion). The outstanding value (defined as the difference between revenue recognised and the original contract sum) of our projects on hand as at 30 June 2025 was approximately HK\$10.8 billion (31 December 2024: HK\$12.7 billion). The following table sets forth the particulars of some of the sizeable construction and maintenance projects for general building works and civil engineering works awarded and undertaken by us as a main contractor and remained ongoing as at 30 June 2025:

Project type	Business segment	Scope of works	Original contract completion date	Original contract sum (approximate HK\$'million)	Revenue recognised during the six months ended 30 June 2025 (approximate HK\$'million)
Electrical and Mechanical Works for Sewage Treatment Facilities of the Drainage Services Department	Civil engineering works	Electrical and Mechanical works for sewage treatment facilities in Shek Wu Hui Effluent Polishing Plant (Main Works Stage 1)	May 2024*	557.6	130.5

Project type	Business segment	Scope of works	Original contract completion date	Original contract sum (approximate HK\$'million)	Revenue recognised during the six months ended 30 June 2025 (approximate HK\$'million)
Infrastructure Works for Non-public Housing Facilities of the Hong Kong Housing Authority	General building works	Non-public Housing Facilities — Transport Infrastructure Works, Water Feature Park and Landscaped Walk	December 2024*	1,497.0	123.8
Maintenance and Overhaul of Electrical and Mechanical Installations managed by the Drainage Services Department	Civil engineering works — maintenance project	Maintenance and Overhaul of Electrical and Mechanical Installations at Sewage Treatment and Flood Protection Facilities in Hong Kong Island, Kowloon and Part of the New Territories (2022–2025)	July 2025	267.0	28.2
Construction managed by the Hong Kong Housing Authority	General building works	Construction of public housing developments of Kai Tak Sites 2B5 and 2B6	January 2026	2,624.0	319.3
Site Formation Works for the Civil Engineering and Development Department	Civil engineering works	Site formation works at Queen's Hill extension, Fanling	March 2026	262.2	69.3
Maintenance of properties managed by the Housing Authority	General building works — maintenance project	Maintenance, improvement and vacant flat refurbishment works for Tai Po, North and Shatin	December 2026	366.3	60.5
Construction managed by the Hong Kong Housing Authority	General building works	Construction of Public Housing Development at North West Kowloon Reclamation Site (East)	January 2027	2,407.0	388.4
Design and Construction managed by the Hong Kong Housing Authority	General building works	Design and Construction of Public Housing Development at Kwu Tung North Area 19 Phase 2	May 2027	4,620.0	415.4

Project type	Business segment	Scope of works	Original contract completion date	Original contract sum (approximate HK\$'million)	Revenue recognised during the six months ended 30 June 2025 (approximate HK\$'million)
Construction managed by the Hong Kong Housing Authority	General building works	Construction of Public Housing Development at Kai Tak Sites 2B3 and 2B4	July 2027	2,494.0	80.2
Construction managed by the Hong Kong Housing Authority	General building works	Construction of Public Housing Development at Wah Lok Path, Pok Fu Lam South	September 2027	640.0	24.4
Maintenance of properties managed by the Housing Authority	General building works — maintenance project	Maintenance, improvement and vacant flat refurbishment works for Wong Tai Sin, Tsing Yi and Tsuen Wan	September 2027	309.8	40.7
Maintenance of properties managed by the Housing Authority	General building works — maintenance project	Maintenance, improvement and vacant flat refurbishment works for Tuen Mun and Yuen Long	March 2028	567.5	14.0
Management and maintenance of roads in Sha Tin, Sai Kung and Islands Districts for the Highways Department	Civil engineering works — maintenance projects	Management and maintenance of roads in Sha Tin, Sai Kung and Islands Districts excluding Expressways and High Speed Roads	March 2029	1,077.4	97.8
Management and maintenance of roads in Kowloon East for the Highways Department	Civil engineering works — maintenance projects	Management and maintenance of roads in Kowloon East excluding Expressways and High Speed Roads	March 2029	789.4	107.9

* The actual contract completion date was postponed and the project was still ongoing as at 30 June 2025.

Major projects completed during the six months ended 30 June 2025

Completed projects refer to the projects for which we have received the completion certificates from the respective customers or the terms of year of the contracts expired. Details of the major projects completed by the Group as a main contractor during the six months ended 30 June 2025 are as follow:

Project type	Business segment	Scope of works	Original contract period	Original contract sum (approximate HK\$'million)	Revenue recognised during the six months ended 30 June 2025 (approximate HK\$'million)
Maintenance of properties managed by the Architectural Services Department	General building works — maintenance project	Alterations, additions, maintenance and repair of buildings and lands and other properties in Hong Kong Island Western, Southern and Lantau Islands for which Architectural Services Department (Property Services Branch) is responsible	April 2021 to March 2025	830.4	63.9
Maintenance of properties managed by the Architectural Services Department	General building works — maintenance project	Alterations, additions, maintenance and repair of buildings and lands and other properties in Tuen Mun and Yuen Long for which Architectural Services Department (Property Services Branch) is responsible	April 2021 to March 2025	784.8	89.8
Maintenance of properties managed by the Housing Authority	General building works — maintenance project	Maintenance, improvement and vacant flat refurbishment for properties managed by the Housing Authority in Tuen Mun and Yuen Long	April 2022 to March 2025	477.7	74.7

A majority of our revenue is generated from our general building and civil engineering business. During the Period, the revenue attributable to our general building and civil engineering business amounted to HK\$1,733.05 million and HK\$519.38 million (30 June 2024: HK\$1,603.76 million and HK\$301.73 million), respectively, representing approximately 74.73% and 22.40% (30 June 2024: 80.75% and 15.19%), respectively, of the total revenue of the Group for the Period.

During the Period, other than general building and civil engineering business, we also provided other services which comprised mainly housing and property management services (such as the provision of cleaning services and security management services), fresh water and flush water maintenance services, sewage water sampling services, electrical and mechanical engineering services and BIM services to real estates in Hong Kong. Revenue attributable to these other services amounted to approximately 2.87% of the total revenue of the Group for the Period (30 June 2024: 4.06%).

Award of Contract after the Reporting Period

The Group has been awarded and undertaken the following contract for general building works after the reporting period and the table below sets forth the particulars of the project:

Project type	Business segment	Scope of works	Contract period	Original contract sum (approximate HK\$ million)
Design and Construction managed by the Hong Kong Housing Authority	General building works	Design and Construction of Public Housing Development at Cheung Muk Tau Sites 1 and 2, Ma On Shan	4 August 2025 to 17 February 2030	4,694.0

FINANCIAL REVIEW

Revenue

Our overall revenue increased by approximately HK\$332.85 million, or approximately 16.76%, from HK\$1,986.17 million for the six months ended 30 June 2024 to HK\$2,319.02 million for the six months ended 30 June 2025. The increase in our revenue was mainly due to the combined effect of the increase in revenue from general building business of HK\$129.29 million and the increase in revenue from civil engineering business of HK\$217.65 million for the reasons set out below.

Revenue from general building business increased by approximately HK\$129.29 million, or approximately 8.06%, from HK\$1,603.76 million for the six months ended 30 June 2024 to HK\$1,733.05 million for the six months ended 30 June 2025. The increase in revenue from general building business was mainly due to the increase in revenue between periods in accordance with the work progress of certain general building contracts, including mainly the construction of public housing development at North West Kowloon Reclamation Site for the Housing Authority, and the design and construction of public housing development at Kwu Tung North for the Housing Authority.

Revenue from civil engineering business increased by approximately HK\$217.65 million, or approximately 72.13%, from HK\$301.73 million for the six months ended 30 June 2024 to HK\$519.38 million for the six months ended 30 June 2025. The increase in revenue from civil engineering business was mainly due to the increase in revenue between periods in accordance with the work progress of certain civil engineering maintenance contracts, including mainly the management and maintenance of roads in Shatin, Sai Kung and Islands Districts, and in Kowloon East respectively for the Highways Department. In addition, there was an increase in revenue between periods in accordance with the work progress of certain civil engineering works contracts, including mainly the electrical and mechanical works for sewage treatment facilities in Shek Wu Hui Effluent Polishing Plant for the Drainage Services Department.

Revenue from other services (which mainly comprised housing and property management services, fresh water and seawater maintenance services, sewage water sampling services, electrical and mechanical engineering services and BIM services) for the six months ended 30 June 2025 amounted to HK\$66.59 million (30 June 2024: HK\$80.68 million), representing 2.87% (30 June 2024: 4.06%) of the total revenue of the Group. Revenue from other services decreased between the periods mainly due to the decrease in revenue from housing and property management services.

Our business remains to be primarily focusing in the Hong Kong market during the Period.

Gross profit and gross profit margin

Our overall gross profit increased by HK\$11.93 million, or approximately 29.00%, from HK\$41.14 million for the six months ended 30 June 2024 to HK\$53.07 million for the six months ended 30 June 2025. The increase in our gross profit was a combined effect of increased revenue and higher gross profit margin.

Our overall gross profit margin increased from 2.07% for the six months ended 30 June 2024 to 2.29% for the six months ended 30 June 2025. The increase in overall gross profit margin was mainly due to increase in gross margin from certain general building works due to more effective cost control.

Other revenue

Our other revenue for the six months ended 30 June 2025 amounted to HK\$1.03 million, compared to that of HK\$1.88 million for the six months ended 30 June 2024. Other revenue mainly consisted of interest income and other sundry income. The decrease in other revenue between periods was mainly due to the decrease in interest income.

Other net gain

Our other net gain for the six months ended 30 June 2025 amounted to HK\$0.34 million, compared to that of HK\$10.75 million for the six months ended 30 June 2024. Other net gain mainly comprised gain on disposal of property, plant and equipment and exchange differences. Last year's balance included a one-off HK\$10.43 million gain on disposal of a wholly-owned subsidiary company to a third party at a consideration of HK\$9.5 million.

Administrative expenses

Administrative expenses mainly consisted of staff costs and rental charges. Our administrative expenses for the six months ended 30 June 2025 amounted to HK\$34.70 million, compared to that of HK\$34.75 million for the six months ended 30 June 2024. Administrative expenses remained stable between the periods.

Finance costs

Our finance costs for the six months ended 30 June 2025 amounted to HK\$9.88 million, compared to that of HK\$7.37 million for the six months ended 30 June 2024. The increase in finance costs was mainly attributable to the increase in average bank borrowings between the periods to finance the working capital of the ongoing projects.

Income tax

Our income tax for the six months ended 30 June 2025 was a charge of HK\$1.83 million, compared to that of a credit of HK\$0.29 million for the six months ended 30 June 2024.

Profit attributable to the equity shareholders of the Company

Based on the above factors, there was a profit attributable to the equity shareholders of the Company for the six months ended 30 June 2025 of HK\$8.29 million, compared to a profit attributable to the equity shareholders of the Company of HK\$11.76 million for the six months ended 30 June 2024.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Structure

As at 30 June 2025, the capital structure of the Group consisted of equity of HK\$363.15 million (31 December 2024: HK\$371.13 million) and bank loans of HK\$440.00 million (31 December 2024: HK\$300.00 million) as more particularly described in the paragraph headed “Borrowings” below.

Cash position and fund available

During the Period, the Group maintained a healthy liquidity position, with working capital being financed by our operating cash flows and bank borrowings. As at 30 June 2025, our cash and cash equivalents were HK\$192.71 million (31 December 2024: HK\$194.97 million).

As at 30 June 2025, the current ratio of the Group was 1.22 (31 December 2024: 1.25).

Our principal uses of cash have been, and are expected to continue to be, operational costs.

Borrowings

As at 30 June 2025, the Group had total bank loans of HK\$440.00 million (31 December 2024: approximately HK\$300.00 million), which is principally denominated in Hong Kong dollars. The balance increased compared to that of 31 December 2024, and was mainly used to finance the working capital of the ongoing projects.

As at 30 June 2025, the Group had approximately HK\$817 million (31 December 2024: HK\$874 million) of unutilised banking facilities in Hong Kong (including loans, letter of credit and letter of guaranteed facilities). All of the Group's banking facilities are subject to the fulfilment of certain covenants as are commonly found in lending arrangements with financial institutions. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group remained in compliance with its loan covenants during the Period and up to the date of this announcement.

GEARING RATIO

As at 30 June 2025, the Group's gearing ratio was 121.16% (31 December 2024: 80.83%), calculated based on the interest-bearing liabilities (bank loans) divided by the total equity as at the respective period end.

CAPITAL EXPENDITURES

The Group's capital expenditures primarily comprise purchase of plant and equipment, such as motor vehicles and equipment, which were funded, and are expected to continue to be funded, by internal resources and cash flow generated from our operation. During the Period, the Group has incurred an expense of approximately HK\$3.49 million (30 June 2024: HK\$1.97 million) on acquiring items of plant and equipment.

FOREIGN EXCHANGE EXPOSURE

The functional currency to which the Group's operations and assets and liabilities are denominated is Hong Kong dollars. The Group has cash balances that is denominated in the United States dollars, Renminbi and British Pound. Given that Hong Kong dollars are pegged with the United States dollars, there is no currency risk exposure to the United States dollars. The Board considers that the Group was not exposed to significant foreign exchange risk. The Board will review the Group's foreign exchange risk and exposure from time to time.

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no material acquisitions or disposals of subsidiaries, associates or joint ventures during the Period. There was no future plan for material investments or capital assets as at 30 June 2025.

SIGNIFICANT INVESTMENTS HELD

Except for investments in the subsidiaries and joint operations, the Group did not hold any significant investments during the Period.

FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

Save as disclosed in note 13 to the condensed consolidated financial statements, the Group had no other financial guarantees and contingent liabilities as at 30 June 2025.

CAPITAL COMMITMENTS

As at 30 June 2025, the Group did not have any capital commitments.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, the Group had 1,044 employees in Hong Kong and total remuneration for the six months ended 30 June 2025 was approximately HK\$279 million. The Group entered into separate labour contracts with its employees in accordance with the applicable labour laws of Hong Kong. The remuneration offered to employees generally includes salaries, medical benefits and bonus. Share option may also be granted to eligible employees. In general, the Group determines salaries of its employees based on each employee's qualification, position, seniority and experience. The Directors recognise the importance of attracting and retaining staff. In order to promote employee loyalty and retention, the Group provides technical and operational on-job trainings to its employees covering various aspects of its operations including contract law, and workplace and occupational safety.

To provide incentive or rewards to eligible employees, the Company adopted a share option scheme on 19 November 2015 (the "Existing Share Option Scheme"). The Existing Share Option Scheme will expire on 19 November 2025. Upon the expiration of the Existing Share Option Scheme, no further options will be offered. Please refer to the announcement made by the Company on 23 July 2025.

FUTURE PROSPECTS

The local economy is still trying to picking up in 2025. We believe that the Hong Kong Government will take more measures to boost the economy. Together with the Government's continued commitment and efforts in land development and provision of public housing in Hong Kong, the Board remains confident of the Group's future development and will continue to build on our existing competitive strengths to achieve our long term business objectives.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICES

The Board recognises that corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value. The Company is committed to achieving and maintaining a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

The Company has adopted the applicable code provisions set out in the Corporate Governance Code (the "CG Code") under Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Board is of the opinion that the Company has complied with all the applicable code provisions, except for the deviation from code provisions C.2.1, D.2.2 and C.1.5 of the CG Code during the period.

According to provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not have a chief executive officer and such role has been assumed by the managing director of the Company. Mr. Chan Ki Chun is the chairman and the managing director of the Company. In the view that Mr. Chan has been assuming day-to-day responsibilities in operating and managing the Group since 1999, the Board believes that it is in the best interest of the Group to have Mr. Chan taking up both roles for effective management and business development. Therefore, the Board considers that the deviation from provision C.2.1 of the CG Code is appropriate in such circumstances.

According to code provision D.2.2 of the CG Code, the Company should have an internal audit function. The Company does not established a standalone internal audit department, however, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects of the Group. The Company appointed an external internal control adviser to perform periodic review of our internal control system to evaluate the effectiveness and formulate plans and recommendations for improvement of our internal control measures and policies. It is intended to review the effectiveness of the Group's material internal controls so as to provide assurance that key internal control measures are carried out appropriately and are functioning as intended.

According to provision C.1.5 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholder. Due to other business commitments, Dr. Kou Zhihui, the independent non-executive director of the Company, was not present at the annual general meeting held on 22 May 2025.

Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place. The Board will continue to review its corporate governance practices in order to enhance its corporate governance standard, to comply with regulatory requirements and to meet the growing expectations of the shareholders of the Company and investors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules. Having made specific enquiries of all the Directors, each of the Directors confirmed that he has complied with the required standard set out in the Model Code during the Period.

Pursuant to Rule B.13 of the Model Code, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Model Code as if he were a Director.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting principles and practices adopted by the Group. The financial information contained in this announcement has not been audited by the auditor of the Company, but the audit committee of the Board has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025.

INTERIM DIVIDEND

No interim dividend was proposed by the Board for the six months ended 30 June 2025 (30 June 2024: HK3.0 cents per share).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim consolidated results announcement is published on the Company's website at <http://www.sfkchl.com.hk> and the Stock Exchange's website at www.hkexnews.hk. The 2025 Interim Report will be despatched to the shareholders of the Company and available on the above websites.

By order of the Board
SFK Construction Holdings Limited
Chan Ki Chun
Chairman

Hong Kong, 25 August 2025

As at the date of this announcement, the executive directors of the Company are Mr. Chan Ki Chun, Mr. Yung Kim Man and Mr. Yeung Cho Yin, William; and the independent non-executive directors of the Company are Mr. Jim Fun Kwong, Frederick, Mr. Chan Kim Hung, Simon and Dr. Kou Zhihui.