

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

The Construction Industry Council (the "Council") was established as a statutory body on 1 February 2007 in Hong Kong under the Construction Industry Council Ordinance. The Council acts as an industry coordinating body. Its principal functions are to forge consensus on long-term strategic issues, convey the industry's needs and aspirations to Government, as well as provide a communication channel for Government to solicit advice on all construction-related matters. In order to propagate improvements across the entire industry, the Council is empowered to formulate codes of conduct, administer registration and rating schemes, steer forward research and manpower development, facilitate adoption of construction standards, promote good practices and compile performance indicators.

The address of the registered office of the Council is located at 38/F., COS Centre, 56 Tsun Yip Street, Kwun Tong, Kowloon, Hong Kong.

The Group's consolidated financial statements are presented in Hong Kong dollar, which is the same as the functional currency of the Council and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures in these consolidated financial statements.

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

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature – dependent Electricity ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ⁴

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

² Effective for annual periods beginning on or after 1 January 2025

³ Effective for annual periods beginning on or after 1 January 2026

⁴ Effective for annual periods beginning on or after 1 January 2027

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

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

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

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

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

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

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA under the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The material accounting policy information are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Council and entities controlled by the Council and its subsidiaries.

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

Revenue from contracts with customers

The Group recognises revenue when a performance obligation is satisfied, i.e. when “control” of the services underlying the particular performance obligation is transferred to the customer.

A contract liability represents the Group’s obligation to deliver services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method.

Levy income

Levy income is accounted for on an accrual basis and is recognised when the assessment of the value of construction works by the Group are complete.

Government grants

Government grants that are receivable as compensation for expenses or losses already incurred are recognised in profit or loss in the period in which they become receivables.

Property, plant and equipment and construction in progress

Property, plant and equipment held for use in the provision of services or for administrative purposes are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Construction in progress represented the expenditure made for construction of property, plant and equipment for provision of services or administrative purpose. Construction in progress is carried at cost less any recognised impairment loss. Such items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

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

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Depreciation is calculated using the straight-line method over their estimated useful lives as follows:

Leasehold land and building	Less than 1 year – 50 years
Motor vehicles	5 years
Computer equipment	2 – 5 years
Renovation and building facilities	Less than 1 year to 5 years
Furniture and fixtures	10 years
Facilities, tools, machinery and workshop equipment	5 years
Other equipment	10 years

Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying asset.

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of the tangible assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include: (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Employee benefits

Salaries, gratuities, paid annual leave, contributions to defined contribution retirement plans are accrued in the year in which the associated services are rendered by employees.

Leases

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and subsequently at cost less any accumulated depreciation, and impairment losses. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group presents right-of-use assets in property, plant and equipment, the same line item within which the corresponding underlying assets would be presented if they were owned.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using.

Payments associated with short-term leases (i.e., leases with a lease term of 12 months or less) and low value leases are recognised on a straight-line basis as an expense in the profit or loss.

Financial instruments

Financial assets and financial liabilities are initially measured at fair value except for receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15.

Financial assets

Classification and subsequent measurement of financial assets

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

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

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

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

All other financial assets are subsequently measured at fair value through profit or loss.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gains or losses will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated fund.

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Impairment of financial assets

The Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment under HKFRS 9 (including deposits, other receivables, bank balances and debt instruments at amortised cost).

The Group has elected to measure loss allowances for levy receivables using a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets subject to ECL, the Group measures the loss allowance equal to 12m ECL.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

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

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of ECL

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

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the nature of financial instruments and past-due status.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of deposits and other receivables, where the corresponding adjustment is recognised through a loss allowance account.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities (including accounts and other payables and Construction Innovation and Technology Fund ("CITF")) are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gains or losses previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to accumulated fund.

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

Investment properties

Investment property is a property held either to earn rentals or for capital appreciation or for both, but not held for use in the production or supply of goods or services or for administrative purposes. Investment property is stated at cost less subsequent accumulated depreciation and any accumulated impairment loss. Depreciation is charged so as to write off the cost of investment property net of expected residual value over the estimated useful life using the straight-line method. The useful life, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

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4. LEVY INCOME

	2024 HK\$	2023 HK\$
Private sector	940,897,819	639,126,247
Public sector	887,171,192	618,206,829
Others (Note)	240,727,465	153,854,897
Penalty on overdue levy	8,813,262	3,172,185
Surcharge	20,394,990	17,056,421
	2,098,004,728	1,431,416,579

Note: Others include levy income on construction operations relating to the port and airport development, Mass Transit Railway, etc.

In accordance with the provisions of section 32 of the Construction Industry Council Ordinance, a levy is imposed at the rate of 0.5% on the value of all construction operations undertaken or carried out in Hong Kong, for which the tender has been submitted on or after 30 July 2018, and with a total value exceeding HK\$3,000,000* (see below).

In addition, in accordance with the provisions of section 23 of the Construction Workers Registration Ordinance, a levy is imposed at the rate of 0.03% on the value of all construction operations undertaken or carried out in Hong Kong, for which the tender has been submitted or a construction contract has been entered or the construction operations have begun on or after 30 July 2018 and with a total value exceeding HK\$3,000,000# (see below).

* Any construction operations which have commenced or been tendered before 30 July 2018, the levy threshold is HK\$1,000,000. The levy rate for these operations was 0.5%, effective on 20 August 2012 while it was 0.4% before 20 August 2012 and 0.25% before 10 January 2000.

Any construction operations which have commenced or been tendered between 24 February 2005 and 29 July 2018, the levy threshold is HK\$1,000,000.

5. WORKERS REGISTRATION FEE INCOME

Workers registration fees are collected from construction workers who are applying for registration which normally has a validity period of 60 months in accordance with the Construction Workers Registration (Fees) Regulation (Cap 583 (B)). Workers registration fee income is recognised over time and the advances received relating to future periods are treated as contract liabilities (Note 22). Revenue is recognised on a time proportion basis based on the output method.

6. COURSE FEES AND RELATED INCOME AND TRADE TESTING INCOME

Course fees and related income is recognised over time. Trade testing income is recognised at a point in time. All these incomes represent contracts with customers and were derived from Hong Kong.

(i) Course fees and related income

The Group provides construction training courses to trainees. Such courses are recognised as a performance obligation satisfied over time as the trainee simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Revenue is recognised over the period of training based on the output method.

All courses are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(ii) Trade testing income

The Group provides trade testing services to construction industry practitioners. Such services are recognised at a point of time upon the completion of the testing.

All trade testing services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

7. INVESTMENT AND INTEREST INCOME

	2024 HK\$	2023 HK\$
Interest on bank deposits	103,038,129	80,374,952
Interest on debt instruments at amortised cost	5,507,537	5,596,969
Dividend from equity instruments at FVTOCI	339,612	339,612
	108,885,278	86,311,533

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8. OTHER INCOME

	2024 HK\$	2023 HK\$
Reimbursement of trainees' allowance (Note 1)	102,192,855	153,968,531
Registration fee income from sub-contractors (Note 2)	3,298,069	3,437,808
Income from conferences and workshops	600,750	1,706,017
Income from short-term rental of devices	221,033	638,617
Reimbursement of promotion expenses (Note 1)	11,478,751	11,554,929
Other miscellaneous income	9,003,391	15,095,860
License income (Note 3)	72,957,022	1,571,331
Foreign exchange gain, net	–	213,691
	199,751,871	188,186,784

Note 1:

Reimbursement of trainees' allowance and reimbursement of promotion expenses represented the receivable from the Government in respect of the allowances paid by the Group to the trainees for several approved training schemes and promotion expenses paid by the Group which are regarded as government grants.

Note 2:

Registration fees are collected from sub-contractors who are applying for registration which normally has a validity period of 36 or 60 months on and after 1 July 2017. Registration fee income is recognised over time and the advances received relating to future periods are treated as contract liabilities (Note 22). Revenue is recognised on a time proportion basis based on the output method.

Note 3:

Licence fee income is recognised over time. It represents the fee received from contractors or their subcontractors for the use of quarter managed by the Company as accommodation for imported labour. Revenue is recognised over the license period based on the output method.

All licence are with periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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9. STAFF COSTS

	2024 HK\$	2023 HK\$
Salaries, wages and other benefits	606,744,251	523,486,420
Contributions to defined contribution retirement plan	24,586,746	22,826,633
	631,330,997	546,313,053

10. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses included:

	2024 HK\$	2023 HK\$
Auditor's remuneration	808,724	696,086
Impairment on property, plant and equipment	44,376,300	–
Net losses on disposal of property, plant and equipment	982,040	143,525
Foreign exchange loss, net	1,615,558	–

11. RELIEF MEASURES FOR COVID-19

	2024 HK\$	2023 HK\$
Allowance paid and other expense incurred to support workers under the Construction Industry Caring Campaign – Fight against Novel Coronavirus	–	8,565,593
Other COVID-19 relief measures	–	1,461,586
	–	10,027,179

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12. DEPRECIATION

	2024 HK\$	2023 HK\$
Depreciation charges:		
- owned assets	228,846,039	209,755,467
- right-of-use assets	9,149,557	8,708,795
	237,995,596	218,464,262

13. PROPERTY, PLANT AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

	Leasehold land and building (note1) HK\$	Motor vehicles HK\$	Computer equipment HK\$	Renovation and building facilities HK\$	Furniture and fixtures HK\$	Facilities, tools, machinery and workshop equipment HK\$	Other equipment HK\$	Total property, plant and equipment HK\$	Construction in progress HK\$	Total HK\$
Cost										
At 1 January 2023	604,312,919	1,421,288	181,927,963	1,082,086,941	9,729,447	131,789,489	43,044,858	2,054,312,905	70,209,642	2,124,522,547
Additions	3,595,863	159,000	29,822,052	91,287,626	326,100	35,712,607	2,641,852	163,545,100	1,784,116	165,329,216
Disposals	-	-	(2,474,109)	(79,292)	-	(1,609,389)	(242,892)	(4,405,682)	-	(4,405,682)
At 31 December 2023	607,908,782	1,580,288	209,275,906	1,173,295,275	10,055,547	165,892,707	45,443,818	2,213,452,323	71,993,758	2,285,446,081
Additions	12,352,511	508,534	18,439,537	45,272,373	13,500	10,484,415	5,307,570	92,378,440	83,622,942	176,001,382
Disposals	(19,063,476)	-	(8,418,250)	(5,305,287)	(8,600)	(2,309,246)	(9,052,540)	(44,157,399)	-	(44,157,399)
Transfer	-	-	5,472,780	7,962,961	-	1,178,000	3,106,575	17,720,316	(17,720,316)	-
At 31 December 2024	601,197,817	2,088,822	224,769,973	1,221,225,322	10,060,447	175,245,876	44,805,423	2,279,393,680	137,896,384	2,417,290,064
Accumulated depreciation and impairment										
At 1 January 2023	151,929,059	809,233	118,258,827	667,938,491	5,414,900	106,261,529	22,332,259	1,072,944,298	-	1,072,944,298
Charge for the year	23,558,510	200,268	23,475,942	150,591,813	902,647	14,773,665	4,961,417	218,464,262	-	218,464,262
Written off on disposals	-	-	(2,374,109)	(79,292)	-	(1,609,389)	(175,085)	(4,237,875)	-	(4,237,875)
At 31 December 2023	175,487,569	1,009,501	139,360,660	818,451,012	6,317,547	119,425,805	27,118,591	1,287,170,685	-	1,287,170,685
Charge for the year	23,996,249	237,382	40,888,580	158,784,137	674,090	8,278,112	5,137,046	237,995,596	-	237,995,596
Written off on disposals	(19,063,476)	-	(8,418,250)	(4,280,716)	(6,307)	(2,258,646)	(8,971,180)	(42,998,575)	-	(42,998,575)
Impairment (note 2)	-	-	-	-	-	-	-	-	44,376,300	44,376,300
At 31 December 2024	180,420,342	1,246,883	171,830,990	972,954,433	6,985,330	125,445,271	23,284,457	1,482,167,706	44,376,300	1,526,544,006
Carrying amounts										
At 31 December 2024	420,777,475	841,939	52,938,983	248,270,889	3,075,117	49,800,605	21,520,966	797,225,974	93,520,084	890,746,058
At 31 December 2023	432,421,213	570,787	69,915,246	354,844,263	3,738,000	46,466,902	18,325,227	926,281,638	71,993,758	998,275,396

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Note 1: Included in leasehold land and building are office premises carried at historical cost of HK\$1, which is leased out to earn rental income. The market value estimated by the Council as at 31 December 2024 is HK\$40,200,000 (31 December 2023: HK\$38,500,000), the determination of which was supported by market evidence. The gross rental income earned for the year was HK\$912,000 (2023: HK\$912,000) and was included in the other miscellaneous income.

Note 2: Impairment was recognised for certain construction in progress due to the suspension of the construction of a training facility. The recoverable amounts of these construction in progress have been determined based on their value in use. The Group estimates the value in use of these construction in progress using a cash flow projection with zero cash inflow. The relevant assets were impaired to their recoverable amount of nil and the impairment of HK\$44,376,300 has been recognised in profit or loss during the year.

14. DEBT INSTRUMENTS AT AMORTISED COST

	2024 HK\$	2023 HK\$
Debt instruments, with fixed interest rate of 1.65% to 4.65% (2023: 1.65% to 4.65%) per annum and maturity date in 2025 to 2027 (2023: 2025 to 2027)	254,531,440	258,352,870

Analysis

	2024 HK\$	2023 HK\$
Current assets	84,149,733	–
Non-current assets	170,381,707	258,352,870
	254,531,440	258,352,870

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15. EQUITY INSTRUMENTS AT FVTOCI

	2024 HK\$	2023 HK\$
Equity securities listed on the Stock Exchange of Hong Kong, at fair value	7,025,567	7,855,154

Note:

The above listed equity investments represent ordinary shares of entities listed in Stock Exchange of Hong Kong. These investments are not held for trading, instead, they are held for long-term strategic purposes. The Council members have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

On disposal of these equity investments, any related balance within the investment revaluation reserve is reclassified to accumulated fund.

16. LEVY RECEIVABLES

	2024 HK\$	2023 HK\$
Levy receivables	163,606,263	112,126,544
Less: loss allowance	(52,963,173)	(9,086,950)
	110,643,090	103,039,594

All levy receivables are expected to be recovered within one year.

The average credit period on levy receivables granted to the contractors is 28 days (2023: 28 days) after the date of the notice of assessment.

No penalty is imposed on the contractor for the specified period of 28 days. Thereafter, penalty is imposed at 5% of the unpaid amount. If the amount of the levy or surcharge, including any penalty imposed remains unpaid within three months after the expiry of the specified period, a further penalty of 5% of the unpaid amount will be imposed on the outstanding balance. The Group would provide fully for all long outstanding receivables, having considered, inter alia, the likelihood of recoverability based on historical experience.

As at 31 December 2024, included in the Group's levy receivables balances are receivables with a carrying amount of HK\$8,002,401 (2023: HK\$17,812,176) which were past due at the end of the reporting period for which the Group had not provided for any impairment loss as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Impairment of levy receivables

Impairment losses on levy receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against levy receivables directly.

The movement in the loss allowance for levy receivables is as follows:

	HK\$
At 1 January 2023	8,733,841
Reversal of impairment losses	(2,065,335)
Impairment losses recognised	2,418,444
At 31 December 2023	9,086,950
Reversal of impairment losses	(2,226,758)
Impairment losses recognised	46,102,981
At 31 December 2024	52,963,173

At 31 December 2024, levy receivables of HK\$9,819,221 (2023: HK\$6,860,193) were individually determined to be impaired and full impairment loss were recognised in the allowance account. The individually impaired receivables related to contractors that were either under liquidation or in financial difficulties and the Group assessed that the full amount of the receivables to be irrecoverable.

In determining the recoverability of levy receivables, the Group collectively considered any change in the credit quality of the levy receivables from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the contractor base being large and unrelated.

17. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2024 HK\$	2023 HK\$
Deposits and prepayments	15,968,100	17,529,840
Other receivables		
– Interest receivables – The Group	42,790,454	47,657,083
– Interest receivables – CITF (Note 20)	55,158,650	4,106,228
– Receivable from the Government	66,640,043	104,007,514
– Receivables from Anti-epidemic Fund applicants (Note 19)	–	77,611
– Others	18,667,447	7,237,933
	183,256,594	163,086,369
	199,224,694	180,616,209

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18. CASH AND BANK BALANCES

Cash and deposits at banks comprise cash and time deposits held by the Group for the purpose of meeting the Group's cash commitments, which time deposits as at 31 December 2024 carry interest at market rate range from 3.60% to 4.75% (2023: 3.88% to 5.42%).

	2024 HK\$	2023 HK\$
Deposits with banks		
– with original maturity less than three months		
– The Group	818,040,266	360,000,000
– CITF	–	1,752,000,000
– with original maturity over three months		
– The Group	1,954,331,575	1,601,040,000
– CITF (Note 20)	1,595,000,000	–
	4,367,371,841	3,713,040,000
Bank balances and cash		
– The Group	218,187,280	151,670,760
– Construction Industry – Anti-epidemic fund	16,055,150	15,987,781
– CITF (Note 20)	47,856,587	51,927,418
	282,099,017	219,585,959
	4,649,470,858	3,932,625,959

Deposits and bank balances totalling HK\$1,642,856,587 (2023: HK\$1,803,927,418) being CITF (Note 20) are kept at earmarked bank accounts.

19. ACCOUNTS AND OTHER PAYABLES AND ACCRUALS

	2024 HK\$	2023 HK\$
Construction Industry – Anti-epidemic Fund (Note)	16,033,101	16,065,392
Other payables and accruals	396,272,882	369,280,635
	412,305,983	385,346,027

Note:

On 11 June 2020, Development Bureau announced that the Anti-epidemic Fund would provide support to the construction industry.

The Council was commissioned by Development Bureau to be the implementation partner to handle application and disburse the subsidies of the Anti-epidemic Fund. The Council opened a designated bank account for the custody of the fund.

As at 31 December 2024, the fund balance accumulated to HK\$16,033,101 (2023: HK\$16,065,392) for which HK\$16,055,150 (2023: HK\$15,987,781) is included cash and bank balances (Note 18), and HK\$22,049 is included in other payables and accruals (2023: HK\$77,611 included in other receivables (Note 17)) respectively.

20. CONSTRUCTION INNOVATION AND TECHNOLOGY FUND

The Finance Committee of the Legislative Council approved the establishment of the CITF on 16 July 2018, with an allocation of HK\$1,000,000,000 for use over a tentative period of 5 years. On 29 June 2022, the Finance Committee of the Legislative Council had approved the injection of HK\$1,200,000,000 to the fund to support its continued operation and implementation of the enhancement measure launched on 1 January 2022. Subsequent to the injection in 2022, the fund is intended to be opened for applications for a further 5 years from 2023 onwards subject to availability of the funding. CITF is to encourage wider adoption of innovative construction methods and technology in the construction industry with a view to promoting productivity, uplifting built quality, improving site safety and enhancing environmental performance of the construction industry. The Council was commissioned by the Development Bureau of the Government of Hong Kong Special Administrative Region to be the implementation partner. The Council maintains a designated bank account for the CITF.

As at 31 December 2024, the fund balance accumulated to HK\$1,698,015,237 (2023: HK\$1,808,033,646) of which HK\$1,642,856,587 (2023: HK\$1,803,927,418) and HK\$55,158,650 (2023: HK\$4,106,228) are included in cash and bank balances (Note 18) and interest receivables (Note 17) respectively. The unutilised amount has to be returned to the Development Bureau.

21. LEASE LIABILITIES

The Group leases a number of properties in Hong Kong and the People's Republic of China with fixed periodic payments over the lease terms.

The Group also leases certain items of equipment with fixed payments over the lease terms.

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Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

Right-of-use assets	Leasehold land and building HK\$	Other equipment HK\$	Total HK\$
At 1 January 2023	12,057,128	2,757,283	14,814,411
Additions	3,595,863	–	3,595,863
Depreciation	(6,967,354)	(1,741,441)	(8,708,795)
At 31 December 2023	8,685,637	1,015,842	9,701,479
Additions	12,352,511	4,371,741	16,724,252
Depreciation	(7,405,093)	(1,744,464)	(9,149,557)
At 31 December 2024	13,633,055	3,643,119	17,276,174

Future lease payments are due as follows:

	Minimum lease payments HK\$	Interest HK\$	Present value HK\$
2024			
Not later than one year	7,347,195	326,476	7,020,719
Later than one year and not later than five years	11,520,393	209,277	11,311,116
	18,867,588	535,753	18,331,835
	Minimum lease payments HK\$	Interest HK\$	Present value HK\$
2023			
Not later than one year	6,400,385	117,764	6,282,621
Later than one year and not later than five years	2,797,794	56,614	2,741,180
	9,198,179	174,378	9,023,801

For both years, the Group leases various offices for its operations lease contracts are entered into fixed term of 12 months to 36 months.

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Movement of lease liabilities

	2024 HK\$	2023 HK\$
At 1 January	9,023,801	13,254,847
Additions	16,711,722	3,445,863
Interest expenses	231,695	225,533
Interest element of lease payment	(231,695)	(225,533)
Capital element of lease payment	(7,403,688)	(7,676,909)
At 31 December	18,331,835	9,023,801

The present value of future lease payments is analysed as:

	2024 HK\$	2023 HK\$
Current liabilities	7,020,719	6,282,621
Non-current liabilities	11,311,116	2,741,180
	18,331,835	9,023,801

Leases – other disclosures

	2024 HK\$	2023 HK\$
Low value lease expense	1,305,740	1,848,035
Interest expenses	231,695	225,533

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22. CONTRACT LIABILITIES

	2024 HK\$	2023 HK\$
Course fees and related income	5,517,097	4,496,378
Workers registration fees	9,875,570	2,198,527
Registration fees from sub-contractors	4,812,667	5,358,556
	20,205,334	12,053,461
Current	11,027,799	8,173,273
Non-current	9,177,535	3,880,188
	20,205,334	12,053,461

Contract liabilities, that are not expected to be settled within the Group's normal operating cycle, are classified as non-current based on the Group's earliest obligation to transfer services to the customers.

The following table shows how much of the revenue recognised in the current year relates to brought-forward contract liabilities.

	Course fees and related income HK\$	Workers registration fees HK\$	Registration fees from sub- contractors HK\$	Total HK\$
At 1 January 2023	3,961,619	1,959,360	5,094,615	11,015,594
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(3,961,619)	(1,694,213)	(2,791,287)	(8,447,119)
Increase in contract liabilities as a result of receipt in advance during the year	4,496,378	1,933,380	3,055,228	9,484,986
At 31 December 2023	4,496,378	2,198,527	5,358,556	12,053,461
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(4,496,378)	(1,941,297)	(3,298,069)	(9,735,744)
Increase in contract liabilities as a result of receipt in advance during the year	5,517,097	9,618,340	2,752,180	17,887,617
At 31 December 2024	5,517,097	9,875,570	4,812,667	20,205,334

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

(a) Course fee and related income

When the Group receives course fees before the construction training course commences, it gives rise to contract liabilities at cash receipt, until the amount is recognised as course fees and related income. The Group typically receives the full amount of the construction training course fees before the course commences.

(b) Workers registration fees

The workers registration fees normally have a validity period of 60 months in accordance with the Construction Workers Registration (Fees) Regulation (Cap 583 (B)). When the Group receives the registration fees from the construction workers, it gives rise to contract liabilities at cash receipt, until the amount is recognised as registration fee income over the period.

(c) Registration fees from sub-contractors

The registration fees from sub-contractors normally have a validity period of 60 months under the Registered Specialist Trade Contractors Scheme. When the Group receives the registration fees from the sub-contractors, it gives rise to contract liabilities at cash receipt, until the amount is recognised as registration fee income over the period.

23. TAXATION

Pursuant to section 28 of the Construction Industry Council Ordinance, the Council is exempted from taxation under the Inland Revenue Ordinance.

Zero Carbon Building, a wholly owned subsidiary of the Council, is exempted from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance.

Hong Kong Institute of Construction, a wholly owned subsidiary of the Council, is exempted from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance.

Construction Sector Imported Labour Quarters Limited, a wholly owned subsidiary of the Council, had applied for exemption from Hong Kong Profits Tax under section 88 of the Inland Revenue Ordinance, the ratification process is in progress.

24. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of capital fund. The Council members of the Group review the capital structure periodically. As part of this review, the Group will balance its overall capital structure through obtaining finances from available sources.

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25. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK\$	2023 HK\$
Financial assets		
Financial assets at amortised costs (including cash and bank balances)	5,206,625,031	4,460,727,154
Equity instrument at FVTOCI	7,025,567	7,855,154
Financial liabilities		
Financial liabilities at amortised cost	1,856,491,113	1,913,150,589

(b) Financial risk management objectives and policies

The Group's financial instruments include equity and debt instruments, deposits, levy and other receivables, cash and bank balances and accounts and other payables. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk and equity price risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall strategy remains unchanged from prior year.

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise credit risk, the Group has policies in place for the determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on levy receivables to ensure that adequate impairment losses are made. Levy receivables are assessed generally by using a provision matrix and the Group also actively monitors the outstanding amounts owed by each contractor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. In this regard, the Council members consider that the Group's credit risk is significantly reduced.

For deposits and other receivables, the Group performs impairment assessment under 12m ECL model. The credit risk on deposits and other receivables are limited because the counterparties are entities with good repayment history and credit ratings and/or exposure at default is low. In this regard, the Council members consider that the Group's credit risk is significantly reduced.

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For the year ended 31 December 2024

The Group only invests in debt securities with low credit risk. The Group's debt instruments at amortised cost are bonds issued by corporations that are graded by the top credit rating among rating agencies. Therefore, these investments are considered to be low credit risk investments and the loss allowance is assessed on 12m ECL basis.

The Group's bank balances are deposited with banks with high credit ratings and therefore the credit risk of these bank balances is low and the loss allowance is assessed on 12m ECL basis.

The Council members consider that no additional provision for the above items has to be made as it is immaterial.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit rating and the investments in the debt instruments at amortised cost, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group managed liquidity risk by continuously monitoring forecast and actual cash flows.

The following table details the remaining contractual maturities at the end of the reporting period of the non-derivative financial liabilities, which are based on the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Weighted Average Interest rate	Carrying amounts HK\$	Total contractual undiscounted cash flows HK\$	Within 1 year or on demand HK\$	More than 1 year but less than 5 years HK\$
2024					
Accounts and other payables	–	158,475,876	158,475,876	158,475,876	–
Construction Innovation and Technology Fund	–	1,698,015,237	1,698,015,237	1,698,015,237	–
Lease liabilities	2.2%	18,331,835	18,867,588	7,347,195	11,520,393
		1,874,822,948	1,875,358,701	1,863,838,308	11,520,393
2023					
Accounts and other payables	–	105,116,943	105,116,943	105,116,943	–
Construction Innovation and Technology Fund	–	1,808,033,646	1,808,033,646	1,808,033,646	–
Lease liabilities	2.2%	9,023,801	9,198,179	6,400,385	2,797,794
		1,922,174,390	1,922,348,768	1,919,550,974	2,797,794

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Interest rate risk

The Group is exposed to fair value interest rate risk in relation to debt instruments at amortised cost. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the Council members will consider hedging significant interest rate exposure should the need arise.

The Group is exposed to cash flow interest rate risk through the impact of rate changes on interest bearing financial assets. Interest bearing financial assets are mainly cash and deposits at banks which are all short term in nature. Therefore, any future variations in interest rates will not have a significant impact on the results of the Group.

Equity price risk

The Group is exposed to equity price changes arising from equity investments at FVTOCI. All of these investments are listed on the Stock Exchange of Hong Kong.

Listed investments held in equity investments at FVTOCI portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

Equity price risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to equity price risk on listed equity interests at the reporting date.

If the prices of the equity investments at FVTOCI had been 20% higher/lower, the Group's investment revaluation reserve would increase/decrease by HK\$1,405,113 (2023: HK\$1,571,031).

Currency risk

The Group exposed to currency risk primarily through holding debt instruments at amortised cost in USD.

As USD is pegged with HKD, no sensitivity analysis has been disclosed.

(c) Fair value measurements of financial instruments

(i) Financial instruments measured at fair value

The fair values of listed equity investments at FVTOCI which are traded on active markets are determined with reference to quoted market bid prices. The Group holds listed equity investments at FVTOCI amounting to HK\$7,025,567 (2023: HK\$7,855,154), which are grouped into Level 1 in the fair value hierarchy.

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised costs are not materially different from their fair values as at 31 December 2024 and 2023.

26. CAPITAL COMMITMENTS

Capital commitments outstanding at 31 December 2024 and 2023 not provided for in the consolidated financial statements were as follows:

	2024 HK\$	2023 HK\$
Contracted for	65,122,009	109,455,164

Capital commitments relate to the acquisition of plant and equipment, renovation works and acquisition or development of computer equipment.

27. RELATED PARTY DISCLOSURES

(a) Related party transactions

As the members of the Council were being drawn from private or public construction industry sector organisations, it is inevitable that transactions will take place with organisation in which a member may have an interest. All transactions involving organisations in which members of the Group may have an interest, subsisted at the end of the year or at any time during the year, were conducted on normal commercial terms and in accordance with the Group's procurement procedures.

During the year, the Group entered into the following non-trade transactions with related party:

	2024 HK\$	2023 HK\$
Nature of transactions		
Funding support to Hong Kong Green Building Council Limited	4,715,567	4,106,931

(b) Related party balance

Balance with related parties at the end of the reporting period are as follows:

	2024 HK\$	2023 HK\$
Net amount due from Hong Kong Green Building Council Limited	383,183	87,594

Hong Kong Green Building Council Limited is a related company, in which several members of the Council are also directors of Hong Kong Green Building Council Limited.

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28. SUBSIDIARIES

Details of the Council's subsidiaries at 31 December 2024 and 2023 are as follows:

Name of subsidiaries	Place of incorporation	Effective interest held by the Council		Principal activities
		2024 Directly %	2023 Directly %	
Zero Carbon Building (Note (a))	Hong Kong	100	100	Operating and managing CIC Zero Carbon Park
Hong Kong Institute of Construction (Note (b))	Hong Kong	100	100	Provision of training courses for the construction industry
Construction Sector Imported Labour Quarters Limited	Hong Kong	100	100	Operating and managing construction sector imported labour quarters

Notes:

- (a) As at 31 December 2024, the capital fund of this subsidiary amounting to HK\$245,088,767 (2023: HK\$226,496,415) representing the accumulated contributions from the Council.
- (b) As at 31 December 2024, the capital fund of this subsidiary amounting to HK\$3,470,978,499 (2023: HK\$2,744,766,380) representing the accumulated contributions from the Council.