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CHINNEY KIN WING HOLDINGS LIMITED

建業建榮控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1556)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “Board”) of Chinney Kin Wing Holdings Limited (the “Company”) is pleased to announce the consolidated statement of profit or loss and the consolidated statement of comprehensive income of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2021 and the consolidated statement of financial position of the Group as at 31 December 2021 together with comparative figures in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December	
		2021 HK\$'000	2020 HK\$'000
REVENUE	4	2,042,378	1,553,331
Cost of construction		<u>(1,785,252)</u>	<u>(1,347,469)</u>
Gross profit		257,126	205,862
Other income and gains	4	246	33,754
Administrative expenses		(172,399)	(154,375)
Finance costs	5	<u>(3,212)</u>	<u>(236)</u>
PROFIT BEFORE TAX	6	81,761	85,005
Income tax expense	7	<u>(15,068)</u>	<u>(7,825)</u>
PROFIT FOR THE YEAR		<u>66,693</u>	<u>77,180</u>
Profit attributable to:			
Equity holders of the Company		<u>66,693</u>	<u>77,180</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		<u>HK 4.45 cents</u>	<u>HK 5.15 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
PROFIT FOR THE YEAR	66,693	77,180
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of leasehold land	<u>21,294</u>	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>21,294</u>	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	87,987	77,180
Attributable to: Equity holders of the Company	<u>87,987</u>	<u>77,180</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2021 <i>HK\$'000</i>	31 December 2020 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		261,589	253,683
Right-of-use assets		197,804	185,068
Investment in an associate		121	121
Deposits		5,527	–
		465,041	438,872
CURRENT ASSETS			
Trade receivables	10	191,808	265,436
Contract assets		332,293	333,001
Prepayments, deposits and other receivables		35,325	23,210
Due from a fellow subsidiary		1,790	1,790
Tax recoverable		1,764	4,270
Cash and cash equivalents		186,028	80,587
		749,008	708,294
CURRENT LIABILITIES			
Trade and retention monies payables	11	214,544	213,509
Other payables and accruals		344,497	301,249
Tax payable		1,296	4,986
Lease liabilities		–	866
		560,337	520,610
NET CURRENT ASSETS		188,671	187,684
TOTAL ASSETS LESS CURRENT LIABILITIES		653,712	626,556
NON-CURRENT LIABILITIES			
Other payable		41,325	81,431
Deferred tax liabilities		39,557	37,782
		80,882	119,213
Net assets		572,830	507,343
EQUITY			
Equity attributable to holders of the Company			
Issued capital		150,000	150,000
Reserves		422,830	357,343
		572,830	507,343
		572,830	507,343

NOTES:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda on 29 May 2015. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 2308, 23/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in foundation construction and drilling and site investigation works for both public and private sectors in Hong Kong and overseas.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

The adoption of these revised HKFRSs does not have significant impact on the Group's consolidated financial statements.

3. OPERATING SEGMENT INFORMATION

The Group is organised into business units based on their services and has two reportable operating segments as follows:

- Foundation construction and ancillary services (the “Foundation Division”); and
- Drilling and site investigation (the “Drilling Division”).

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income and finance costs as well as unallocated corporate gains and expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2021

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	1,718,935	323,443	2,042,378
Intersegment sales	–	179,605	179,605
Other revenue	35	211	246
	<u>1,718,970</u>	<u>503,259</u>	<u>2,222,229</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(179,605)
Other revenue			(246)
Revenue			<u>2,042,378</u>
Segment results	59,259	39,156	98,415
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(13,477)
Interest income			35
Finance costs			(3,212)
Profit before tax			<u>81,761</u>
Segment assets	995,713	216,882	1,212,595
<i>Reconciliation:</i>			
Corporate and other unallocated assets			1,454
Total assets			<u>1,214,049</u>
Segment liabilities	479,647	153,539	633,186
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			8,033
Total liabilities			<u>641,219</u>
Other segment information:			
Investment in an associate	121	–	121
Depreciation of property, plant and equipment	49,712	10,407	60,119
Depreciation of right-of-use assets	8,558	–	8,558
Capital expenditure*	60,301	12,460	72,761

* Capital expenditure represents additions to property, plant and equipment.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2020

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	1,349,994	203,337	1,553,331
Intersegment sales	–	97,843	97,843
Other revenue	26,395	7,359	33,754
	<u>1,376,389</u>	<u>308,539</u>	<u>1,684,928</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(97,843)
Other revenue			<u>(33,754)</u>
Revenue			<u><u>1,553,331</u></u>
Segment results	51,517	47,819	99,336
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(14,141)
Interest income			46
Finance costs			<u>(236)</u>
Profit before tax			<u><u>85,005</u></u>
Segment assets	938,773	196,678	1,135,451
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>11,715</u>
Total assets			<u><u>1,147,166</u></u>
Segment liabilities	481,451	151,594	633,045
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>6,778</u>
Total liabilities			<u><u>639,823</u></u>
Other segment information:			
Investment in an associate	121	–	121
Depreciation of property, plant and equipment	49,018	10,471	59,489
Depreciation of right-of-use assets	8,916	–	8,916
Capital expenditure*	234,562	7,585	242,147
	<u><u>234,562</u></u>	<u><u>7,585</u></u>	<u><u>242,147</u></u>

* Capital expenditure represents additions to property, plant and equipment and right-of-use assets of leasehold land pursuant to the acquisition of an associate.

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	2,042,378	1,551,887
Singapore	–	1,444
	<u>2,042,378</u>	<u>1,553,331</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	<u>464,920</u>	<u>438,751</u>

The non-current asset information above is based on the locations of the assets and excludes investment in an associate.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	298,094	266,530
Customer B	224,856	*
Customer C	224,359	*
Customer D	*	253,228
Customer E	*	217,000
	<u> </u>	<u> </u>

* *Less than 10%*

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<i>Revenue from contract with customers</i>		
Construction services	<u>2,042,378</u>	<u>1,553,331</u>

Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2021

Segments

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of services			
Construction services	<u>1,718,935</u>	<u>323,443</u>	<u>2,042,378</u>
Geographical markets			
Hong Kong	<u>1,718,935</u>	<u>323,443</u>	<u>2,042,378</u>
Total revenue from contracts with customers	<u>1,718,935</u>	<u>323,443</u>	<u>2,042,378</u>
Timing of revenue recognition			
Services transferred over time	<u>1,718,935</u>	<u>323,443</u>	<u>2,042,378</u>
Revenue from contracts with customers			
External customers	1,718,935	323,443	2,042,378
Intersegment sales	–	179,605	179,605
Other revenue	<u>35</u>	<u>211</u>	<u>246</u>
	<u>1,718,970</u>	<u>503,259</u>	<u>2,222,229</u>
Elimination of intersegment sales	–	(179,605)	(179,605)
Other revenue	<u>(35)</u>	<u>(211)</u>	<u>(246)</u>
Total revenue from contracts with customers	<u>1,718,935</u>	<u>323,443</u>	<u>2,042,378</u>

4. REVENUE, OTHER INCOME AND GAINS (continued)

For the year ended 31 December 2020

Segments

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of services			
Construction services	1,349,994	203,337	1,553,331
Geographical markets			
Hong Kong	1,349,994	201,893	1,551,887
Singapore	–	1,444	1,444
Total revenue from contracts with customers	1,349,994	203,337	1,553,331
Timing of revenue recognition			
Services transferred over time	1,349,994	203,337	1,553,331
Revenue from contracts with customers			
External customers	1,349,994	203,337	1,553,331
Intersegment sales	–	97,843	97,843
Other revenue	26,395	7,359	33,754
	1,376,389	308,539	1,684,928
Elimination of intersegment sales	–	(97,843)	(97,843)
Other revenue	(26,395)	(7,359)	(33,754)
Total revenue from contracts with customers	1,349,994	203,337	1,553,331
Other income and gains			
	2021	2020	
	<i>HK\$'000</i>	<i>HK\$'000</i>	
Bank interest income	35	46	
Government subsidies*	–	33,708	
Others	211	–	
	246	33,754	

* The Government subsidies represented mainly grants from the Employment Support Scheme of the Hong Kong Government. There are no unfulfilled conditions or contingencies relating to these subsidies.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on lease liabilities	4	208
Interest on bank borrowings	130	28
Implicit interest on other payable	3,078	–
	<u>3,212</u>	<u>236</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of construction	1,785,252	1,347,469
Depreciation of property, plant and equipment	60,119	59,489
Depreciation of right-of-use assets	8,558	8,916
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	345,055	340,786
Pension scheme contributions	15,179	15,336
	<u>360,234</u>	<u>356,122</u>
Auditor's remuneration	1,425	1,325
Lease payments not included in the measurement of lease liabilities	3,727	2,327
Loss on disposal of items of property, plant and equipment	2,090	–
Foreign exchange differences, net	787	859
	<u>787</u>	<u>859</u>

7. INCOME TAX

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	13,364	11,843
Under/(over) provision in prior years	(71)	232
Current – Elsewhere		
Overprovision in prior years	–	(266)
Deferred	1,775	(3,984)
	<hr/>	<hr/>
Total tax charge for the year	15,068	7,825
	<hr/> <hr/>	<hr/> <hr/>

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the jurisdictions in which the Group operates.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$66,693,000 (2020: HK\$77,180,000) and the number of ordinary shares 1,500,000,000 (2020: 1,500,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2021 and 2020.

9. DIVIDEND

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed final dividend of HK1.5 cents (2020: HK 1.5 cents) per ordinary share	22,500	22,500
	<hr/> <hr/>	<hr/> <hr/>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

10. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade receivables	191,808	265,436

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing. At 31 December 2021, the Group has certain concentration risk that may arise from the exposure to the largest customer and five largest customers, which accounted for 34% and 74% (2020: 24% and 66%) of the Group's total receivables balance, respectively.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current to 30 days	131,567	212,363
31 to 60 days	51,089	41,066
61 to 90 days	7,553	2,353
Over 90 days	1,599	9,654
	191,808	265,436

11. TRADE AND RETENTION MONIES PAYABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	170,917	167,375
Retention monies payable	43,627	46,134
	<u>214,544</u>	<u>213,509</u>

An ageing analysis of the trade and retention monies payables as at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
Current to 30 days	125,755	163,626
31 to 60 days	29,236	1,485
61 to 90 days	12,188	82
Over 90 days	3,738	2,182
	<u>170,917</u>	<u>167,375</u>
Retention monies payable	43,627	46,134
	<u>214,544</u>	<u>213,509</u>

The trade and retention monies payables are non-interest-bearing. Trade payables are normally settled on 30-day terms. Retention monies payable had repayment terms ranging from one to two years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

As at 31 December 2021, the Group had 16 and 48 projects in progress with contract sum of approximately HK\$3,380 million and HK\$762 million in the Foundation Division and Drilling Division respectively.

Revenue

Set out below is the breakdown of revenue of the Group during the current and previous year:

	2021	2020
	<i>HK\$'000</i>	<i>HK'000</i>
Foundation Division	1,718,935	1,349,994
Drilling Division	323,443	203,337
	2,042,378	1,553,331

The Group's revenue for the year under review was HK\$2,042.4 million (2020: HK\$1,553.3 million), representing an increase of 31.5% from the previous year. The increase of revenue of HK\$489.1 million in the reporting year was attributable to continuing progress on sizeable foundation contracts as well as contributions from drilling and site investigation contracts.

Gross profit and gross profit margin

The Group's total gross profit for the reporting year was HK\$257.1 million (2020: HK\$205.9 million), representing an increase of 24.9% from the previous year. The group's gross profit margin, however, decreased from previous year of 13.3% to current reporting year of 12.6%. The increase of total gross profit was attributed to the increased revenue in the reporting year while the decreased gross profit margin was mainly due to the significant price increase of direct material cost and the upkeeping of high index level of labour wages in the construction industry. In addition, extra resources had been allocated in complying with the stringent contract requirements as well as meeting of the tightened construction period. The slimmed gross profit was because of intensive competition amongst market players in the foundation market, with a certain degree of further deterioration expected in the near term.

Administrative expenses

The Group's administrative expenses in the reporting year was HK\$172.4 million, representing an increase of HK\$18.0 million or 11.7% as compared with the previous corresponding year of HK\$154.4 million. The increase of administrative expenses was generally in line with the increase of the group's revenue in the reporting year, with increased payment of HK\$6.4 million of employee benefit expense for rewarding the talented staff as well as increased expenditure of HK\$5.1 million in upkeeping the efficiencies of the machinery fleets in the year under review. Nevertheless, the Group will continue to adopt a stringent and persistent control of administrative overheads in the coming years.

Net profit

The Group's net profit in the reporting year was HK\$66.7 million, representing a decrease of 13.6% or HK\$10.5 million, compared to the previous year's amount of HK\$77.2 million. The decrease of net profit was mainly due to the absence of Government subsidies of HK\$33.7 million as granted in previous year and the increase of administrative expenses as well as income tax expense in the year under review. The loss of subsidies was partly set-off by the increase of the Group's gross profit from projects in the reporting year.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2021, the Group had unpledged cash and bank balances of HK\$186.0 million as compared with that of HK\$80.6 million at 31 December 2020. The increase of cash and bank balances of HK\$105.4 million, after the payment of 2020 final dividend of HK\$22.5 million, capital payment of HK\$72.8 million in acquisition of new fleet machineries as well as partial consideration of HK\$42.0 million for investment in an associate and the corresponding right-of-use assets, was mainly due to the net cash inflow of certain sizeable foundation contracts in the reporting year. The Group maintained a sound financial position and remained debt free during the year under review.

Funding and treasury policy

The Group has a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the board of directors closely monitors the Group's position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Contingent liabilities

As at 31 December 2021, the Group provided corporate guarantees and counter indemnities to certain banks and an insurance company for an aggregate amount of HK\$253.7 million (2020: HK\$288.9 million) for the issue of performance bonds in its ordinary course of business.

Employees and remuneration policies

As at 31 December 2021, the Group employed 581 staff in Hong Kong. The Group is proud of the professional foundation and drilling contracting team formed by these colleagues. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

OUTLOOK AND FUTURE PLANS

Amid gradual economic recovery from the COVID-19 pandemic in Hong Kong in the second half of 2021, our Group is dedicated to enhancing our competitive strength and maintaining a strong position in the foundation industry. However, the recent Omicron outbreak and the implementation of the COVID-19 quarantine policies have affected a portion of our working manpower and such impact will in a certain extent be reflected in our 2022 overall performance. Nevertheless, our management will take all necessary precautionary measures by reviewing the day-to-day progress of the COVID-19 and adjusting our operating procedures in minimising the hazardous conditions to our staff as well as their financial impact to the Group.

While property developers remained active in launching new projects from 2021 onwards, there are also a number of upcoming infrastructure projects in the public sector. We believe this highly favourable combination of factors will contribute to a substantial growth drive for us. In addition, the set-up of our self-owned depot has enhanced the Group's plant maintenance and engineering works as well as the optimisation of the overall project management and production efficiencies. The Group will invest continuously in creating greater value and foster strong relationship with our diverse clientele.

In spite of this, challenges remain ahead for the foundation industry. Keen competition amongst the market players still persist by bidding for tenders at competitive prices, together with the increasing direct material cost and labour wages are likely leading to extra construction costs and slimmer profit margins. Against this challenging and dynamic backdrop, the Group will remain prudent and vigilant by exercising great flexibility in adjusting our operations strategy and shifting our focus to bidding for more large-scale and complex projects. Our professional expertise at different levels strives to manage complex foundation projects and offer technical and cost-effective solutions to our clients. The Group has also been implementing various strategic improvements: from increasing cost control measures on projects to strengthening project management teams, and from optimising design capabilities and flexibility to increasing production efficiency.

The Group's drilling and site investigation division, DrilTech, which will be celebrating its 25th anniversary in 2022, is an excellent drilling engineering service provider in Hong Kong and Singapore. An expert in ground investigation, geotechnical and drilling engineering projects was admitted by the Development Bureau as a specialist contractor for public works in the Rock-socketed Steel H-pile in Pre-bored Hole (Group II) category. It has been contributing to a steady increase in tender requests for our foundation piling works from the private and public sectors. DrilTech will speed up its laboratory testing business under The Hong Kong Laboratory Accreditation Scheme, which generates added advantage for our business. In addition, DrilTech will continue to diversify its business by allocating more resources to expanding the service scope in marine ground investigation, instrumentation and field testing.

With the Group's strong reputation in the foundation market alongside our continuous investment in new fleet of machineries and facilities, we will continue to sharpen our competitive edge and prudently optimistic about achieving steady and sustainable development in the future. As one of the major players in the foundation industry, the Group remains committed to fostering business development and will look for appropriate opportunities to further diversify our operations and explore income streams towards long-term sustainable growth.

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK1.5 cents per share for the year ended 31 December 2021 to the shareholders of the Company whose names appear on the Company's register of members on 15 June 2022. Subject to approval by the shareholders on the forthcoming annual general meeting, the dividend cheques are expected to be despatched to the shareholders on or before 6 July 2022.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 2 June 2022. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 30 May 2022 to 2 June 2022 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on 27 May 2022.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The proposed final dividend for the year ended 31 December 2021 is subject to the approval by the shareholders of the Company at the annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 10 June 2022 to 15 June 2022 (both days inclusive), during which period no share transfers will be registered. The last day for dealing in the Company's share cum entitlements to the proposed final dividend will be 7 June 2022. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on 9 June 2022.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the management team and all of the staff members for their contributions and commitment, particularly amid difficult conditions that were exacerbated by the pandemic. Also, my gratitude must certainly be extended to all of the Group's business partners and shareholders for their unwavering support. Going forward, we will make every effort to bolster our fundamentals and strive to safeguard our steady business growth in the long run.

CORPORATE GOVERNANCE

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix 10 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"). On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2021.

Compliance with the Corporate Governance Code

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the year, except code provision A.1.1 (which has been re-numbered as C.5.1 since 1 January 2022). Board meetings of the Company were held twice during the year on a regular basis, which deviated from code provision A.1.1 of the CG code which stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. In view of the simplicity of the Group's businesses, regular board meetings have not been held quarterly during the year. The interim and annual results together with all corporate transactions happened during the year have been reviewed and discussed amongst the directors at the full board meetings held in the year.

Details of the Company's corporate governance policies and practices (including the above deviation from the code provision) will be discussed in the Company's 2021 annual report.

Audit Committee

The Audit Committee comprises all the three independent non-executive directors namely Mr. Siu-Chee Kong (Chairman of the Audit Committee), Mr. Ivan Ti-Fan Pong and Mr. Robert Che-Kwong Tsui.

The Audit Committee has reviewed the accounting principles and policies adopted by the Company and discussed with management and the external auditor the financial reporting matters of the Group for the year ended 31 December 2021.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year.

By Order of the Board
Yuen-Keung Chan
Chairman

Hong Kong, 29 March 2022

At the date of this announcement, the Board comprises of eight directors, of which five are executive directors, namely Mr. Yuen-Keung Chan, Mr. James Sing-Wai Wong, Mr. Wing-Sang Yu, Mr. Philip Bing-Lun Lam and Mr. Hin-Kwong So; and three are independent non-executive directors, namely Mr. Siu-Chee Kong, Mr. Ivan Ti-Fan Pong and Mr. Robert Che-Kwong Tsui.

* *For identification purpose only*