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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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “Board”) of Chinney Kin Wing Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023 and the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 together with comparative figures in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 June	
		2023	2022
	Notes	(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE	4	1,021,491	851,928
Cost of construction		(873,179)	(724,505)
Gross profit		148,312	127,423
Other income and gains	4	6,543	9,735
Administrative expenses		(102,071)	(82,621)
Allowance for impairment losses on trade receivables and contract assets		–	(9,458)
Finance costs	6	(492)	(1,097)
PROFIT BEFORE TAX	5	52,292	43,982
Income tax expense	7	(8,562)	(8,461)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		43,730	35,521
Profit and total comprehensive income attributable to: Equity holders of the Company		43,730	35,521
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		HK 2.92 cents	HK 2.37 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	10	291,205	255,591
Right-of-use assets		191,663	196,069
Investment in an associate		121	121
Deposits		871	9,962
		483,860	461,743
CURRENT ASSETS			
Trade receivables	11	189,634	274,974
Contract assets		349,425	293,749
Prepayments, deposits and other receivables		31,867	37,179
Tax recoverable		–	247
Cash and cash equivalents		521,379	457,769
		1,092,305	1,063,918
CURRENT LIABILITIES			
Trade and retention monies payables	12	169,984	176,507
Other payables and accruals		652,491	647,509
Dividend payable		49,500	–
Tax payable		24,014	13,078
		895,989	837,094
NET CURRENT ASSETS		196,316	226,824
TOTAL ASSETS LESS CURRENT LIABILITIES		680,176	688,567
NON-CURRENT LIABILITIES			
Deferred tax liabilities		32,786	35,407
		32,786	35,407
Net assets		647,390	653,160
EQUITY			
Equity attributable to holders of the Company			
Issued capital		150,000	150,000
Reserves		497,390	503,160
		647,390	653,160
Total equity		647,390	653,160

NOTES:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the Company’s head office and principal place of business 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 period under review, 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

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange (the “Listing Rules”).

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, except for leasehold land which has been measured at fair value. The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA for the first time for the current period’s financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of these new and revised accounting standards does not have material impact of the performance and financial position of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, 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 operating profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income, 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)*

Six months ended 30 June 2023

	Foundation construction and ancillary services (Unaudited) <i>HK\$'000</i>	Drilling and site investigation (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	887,998	133,493	1,021,491
Intersegment sales	–	69,870	69,870
Other revenue	6,011	532	6,543
	<u>894,009</u>	<u>203,895</u>	<u>1,097,904</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(69,870)
Other revenue			<u>(6,543)</u>
Revenue			<u><u>1,021,491</u></u>
Segment results	43,785	17,568	61,353
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(14,498)
Interest income			5,929
Finance costs			<u>(492)</u>
Profit before tax			<u><u>52,292</u></u>
As at 30 June 2023			
	Foundation construction and ancillary services (Unaudited) <i>HK\$'000</i>	Drilling and site investigation (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment assets	1,253,094	272,886	1,525,980
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>50,185</u>
Total assets			<u><u>1,576,165</u></u>
Segment liabilities	655,288	212,114	867,402
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>61,373</u>
Total liabilities			<u><u>928,775</u></u>

3. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2022

	Foundation construction and ancillary services (Unaudited) <i>HK\$'000</i>	Drilling and site investigation (Unaudited) <i>HK\$'000</i>	Total (Unaudited) <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	702,898	149,030	851,928
Intersegment sales	–	92,893	92,893
Other revenue	7,841	1,894	9,735
	<u>710,739</u>	<u>243,817</u>	<u>954,556</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(92,893)
Other revenue			<u>(9,735)</u>
Revenue			<u><u>851,928</u></u>
Segment results	33,030	17,972	51,002
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(5,942)
Interest income			19
Finance costs			<u>(1,097)</u>
Profit before tax			<u><u>43,982</u></u>
As at 31 December 2022			
	Foundation construction and ancillary services (Audited) <i>HK\$'000</i>	Drilling and site investigation (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
Segment assets	1,252,486	271,952	1,524,438
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,223</u>
Total assets			<u><u>1,525,661</u></u>
Segment liabilities	646,761	216,904	863,665
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>8,836</u>
Total liabilities			<u><u>872,501</u></u>

4. REVENUE, OTHER INCOME AND GAINS

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

	Six months ended 30 June		
	2023	2022	
	(Unaudited)	(Unaudited)	
	HK\$'000	HK\$'000	
<i>Revenue from contracts with customers</i>			
Construction services	1,021,491	851,928	
Revenue from contracts with customers			
Disaggregate revenue information			
Six months ended 30 June 2023			
Segments			
	Foundation construction and ancillary services (Unaudited) HK\$'000	Drilling and site investigation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Type of services			
Construction services	887,998	133,493	1,021,491
Geographical market			
Hong Kong	887,998	133,493	1,021,491
Timing of revenue recognition			
Services transferred over time	887,998	133,493	1,021,491
Revenue from contracts with customers			
External customers	887,998	133,493	1,021,491
Intersegment sales	–	69,870	69,870
Other revenue	6,011	532	6,543
Segment revenue			
Elimination of intersegment sales	–	(69,870)	(69,870)
Other revenue	(6,011)	(532)	(6,543)
Revenue from contracts with customers	887,998	133,493	1,021,491

4. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

Disaggregate revenue information (continued)

Six months ended 30 June 2022

Segments

	Foundation construction and ancillary services (Unaudited) HK\$'000	Drilling and site investigation (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Type of services			
Construction services	702,898	149,030	851,928
Geographical market			
Hong Kong	702,898	149,030	851,928
Timing of revenue recognition			
Services transferred over time	702,898	149,030	851,928
Revenue from contracts with customers			
External customers	702,898	149,030	851,928
Intersegment sales	–	92,893	92,893
Other revenue	7,841	1,894	9,735
Segment revenue			
Elimination of intersegment sales	–	(92,893)	(92,893)
Other revenue	(7,841)	(1,894)	(9,735)
Revenue from contracts with customers	702,898	149,030	851,928

OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Bank interest income	5,929	19
Government subsidies*	–	9,716
Exchange gain	411	–
Others	203	–
	6,543	9,735

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

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	33,732	31,050
Depreciation of right-of-use assets	4,406	4,271
Employee benefit expense (including directors' remuneration)	235,341	177,215
Lease payments not included in the measurement of lease liabilities	2,431	1,628
Loss on disposal of items of property, plant and equipment	152	–
Impairment of trade receivables	–	5,533
Impairment of contract assets	–	3,925
Foreign exchange differences, net	(411)	1,147
	<u> </u>	<u> </u>

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Implicit interest on other payable	492	1,097
	<u> </u>	<u> </u>

7. INCOME TAX

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the period	11,183	13,111
Over provision in prior years	–	(10)
Deferred	(2,621)	(4,640)
	<u> </u>	<u> </u>
Total tax charge for the period	8,562	8,461
	<u> </u>	<u> </u>

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates 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 the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$43,730,000 (2022: HK\$35,521,000) and the number of ordinary shares of 1,500,000,000 (2022: 1,500,000,000) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2023 and 2022.

9. DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

The final dividend of HK2.0 cents per ordinary share and a special dividend of HK1.3 cents per ordinary share for the year ended 31 December 2022 were approved by the Company's shareholders at the annual general meeting of the Company held on 2 June 2023 and paid on 5 July 2023.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired property, plant and equipment with a cost of HK\$72,870,000 (2022: HK\$29,905,000).

11. TRADE RECEIVABLES

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Trade receivables	199,092	284,432
Less: Impairment	(9,458)	(9,458)
	<u>189,634</u>	<u>274,974</u>

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 30 June 2023, the Group had certain concentration risk that may arise from the exposure to the largest customer and five largest customers, which accounted for 29% and 93% (31 December 2022: 26% and 80%) of the Group's total trade receivable balances, respectively.

11. TRADE RECEIVABLES (continued)

The 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:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Current to 30 days	108,672	202,436
31 to 60 days	51,344	48,402
61 to 90 days	2,386	4,542
Over 90 days	27,232	19,594
	189,634	274,974

12. TRADE AND RETENTION MONIES PAYABLES

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Trade payables	128,083	131,001
Retention monies payable	41,901	45,506
	169,984	176,507

The 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:

	30 June 2023 (Unaudited) HK\$'000	31 December 2022 (Audited) HK\$'000
Trade payables		
Current to 30 days	104,670	115,156
31 to 60 days	20,854	12,598
61 to 90 days	–	110
Over 90 days	2,559	3,137
	128,083	131,001
Retention monies payable	41,901	45,506
	169,984	176,507

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.

RESULTS

The Board is pleased to announce that the Group recorded a turnover of HK\$1,021.5 million for the six months ended 30 June 2023 (2022: HK\$851.9 million) and achieved a profit of HK\$43.7 million (2022: HK\$35.5 million).

INTERIM DIVIDEND

The Board does not propose the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Operation Review

The Group is engaged in foundation construction and ancillary services (the “Foundation Division”), and drilling and site investigation works (the “Drilling Division”) for both public and private sectors in Hong Kong and overseas.

As at 30 June 2023, the Group had 10 and 52 projects in progress with contract sums of approximately HK\$3,440 million and HK\$834 million in the Foundation and Drilling Divisions, respectively.

Revenue

The Group’s revenue increased by 19.9% from previous year’s corresponding period of HK\$851.9 million to current reporting period of HK\$1,021.5 million, with an increase of HK\$169.6 million. The increase of revenue was primarily attributed to the contribution from the Foundation Division from last period of HK\$702.9 million to current period under review of HK\$888.0 million, with an increase of HK\$185.1 million or 26.3%. The increase of revenue in the Foundation Division was due to the actively progress of certain sizeable public works in the reporting period. However, the increased revenue contribution from the Foundation Division was partly set-off by the decrease of revenue recorded by the Drilling Division from previous period of HK\$149.0 million to current reporting period of HK\$133.5 million, representing a decrease of 10.4% or HK\$15.5 million. The decrease of revenue contribution from the Drilling Division was mainly due to the slowdown of the site investigation and down-the-hole market in the early of 2023 which to a certain extent directly decreased our production quantities.

Gross profit and gross profit margin

The Group’s total gross profit in the reporting period was HK\$148.3 million as compared with the previous corresponding period of HK\$127.4 million, represented an increase of HK\$20.9 million or 16.4%. The overall gross profit margin of the Group remained stable at 14.5% in the reporting period as compared with the previous corresponding period of 15.0%. The increase of gross profit was attributed to the increase of the Group’s revenue while the maintaining of gross profit margin was due to adequate tender opportunities in the foundation market, especially those from that of the public sector, had allowed the Group for marking up of reasonable profit margin in the tender price or the awarded contract sum by reflecting the complexities and difficulties of the foundation contracts. In addition, the Group had persistently implemented stringent project cost control and closely monitoring of the construction progress in ensuring that the tendered profit will not be deteriorated.

Administrative expenses

The Group's administrative expenses was HK\$102.1 million in the reporting period, represented an increase of HK\$19.5 million or 23.5% as compared with the previous corresponding period of HK\$82.6 million. The increase of administrative expenses was mainly attributed to the increase in staff cost of HK\$15.9 million in the reporting period in recruiting and retaining competitive personnel as well as directors' remuneration in rewarding for their contribution to the Group. Nonetheless, the Group will persistently to adopt those stringent control policies on administrative expenses.

Net profit

The Group's net profit for the reporting period was HK\$43.7 million, represented an increase of 23.1% or HK\$8.2 million when comparing with the previous corresponding period of HK\$35.5 million. The increase of net profit was mainly due to the allowance for impairment loss of HK\$9.5 million as provided in the last corresponding period while no such allowance was provided in the current period under review.

Financial Review

Liquidity and financial resources

As at 30 June 2023, the Group had unpledged cash and bank balances of HK\$521.4 million as compared to HK\$457.8 million as at 31 December 2022. The increase of cash and bank balances was primarily due to the net cash inflow from certain sizeable foundation contracts, after the capital payment of HK\$72.9 million for the acquisition of plant and machineries and part consideration payment of HK\$21.0 million for investment in an associate and the corresponding right-of-use assets during the reporting period. The Group had maintained a sound financial position and remained debt free during the period under review.

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the management closely monitors the Group's liquidity 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 30 June 2023, the Group provided corporate guarantees and counter indemnities to certain banks and an insurance company for their issue of performance bonds of an aggregate amount of HK\$267.8 million (31 December 2022: HK\$270.5 million) to the Group's customers in its ordinary course of business.

Employees and remuneration policies

As at 30 June 2023, the Group employed 618 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

Hong Kong is currently experiencing a positive upswing after enduring a challenging period due to the pandemic. The construction industry, in particular, is poised to play a crucial role in driving the city's recovery. Several favorable trends bode well for the construction sector, including robust construction output, a strong pipeline of public and private projects, and dedicated government investment. The government's commitment to long-term investment in the construction industry is evident in the 2023-24 budget policy announcements. These plans encompass the expansion of housing and infrastructure, major infrastructure projects, and financial support for the construction sector.

As a result, construction activity is on the rise, especially with the commencement of infrastructure projects related to the Northern Metropolis Development Strategy, notably in Kwu Tung. Furthermore, the Environmental Impact Assessment (EIA) process for the reclamation of the Kau Yi Chau artificial island is scheduled to begin next year, with reclamation set for 2025. Moreover, tender prices in Hong Kong have been gradually increasing over the past few years, rising at an annual rate of approximately three to five percent. Assuming stable market conditions, tender prices are projected to rise by four percent in 2023.

Despite these positive developments, the construction industry is not immune to the challenges posed by the global economic climate. Rising inflation and interest rates, geopolitical tensions, environmental concerns, and labour shortages in Hong Kong are ongoing challenges that could impact the industry's growth. Additionally, the private sector's tender flow for foundation piling businesses has been sluggish in 2023, while government tenders have witnessed an increase, leading to a balancing effect. Nevertheless, intense competition within the industry persists.

Leveraging the diverse expertise and strengths of its subsidiary companies, the Group harnesses their capabilities to enhance overall competency and secure tenders across various fields. For instance, DrilTech, accredited with the Koden Test under The Hong Kong Laboratory Accreditation Scheme (HOKLAS), has successfully expanded its laboratory testing business, gaining a competitive advantage. Despite a slowdown in the site investigation market earlier this year, DrilTech managed to secure several tenders, including the ground investigation tender for Route 11 (Section between Yuen Long and North Lantau) and other major roads.

The Group actively explores new growth opportunities through its subsidiary, Everest Engineering Company Limited, in areas such as site formation, civil works, and roads and drainage works, with the aim of diversifying its revenue streams.

To address the challenges posed by an aging workforce and the waning interest of the younger generation in our industry, the Group established the Chinney Kin Wing Academy. This Academy focuses on enhancing staff competence through comprehensive training, knowledge sharing, and skill development. By fostering a sense of belonging among colleagues, the Academy inspires them to contribute to the construction industry and make a positive impact on the community. Furthermore, the Academy not only provides department heads with specialised training to cultivate their leadership acumen and optimise operational efficiencies across all departments within the Group, but the Group also invests in advanced technologies and the professional development of its Information Technology workforce. These strategic initiatives aim to boost productivity, streamline operations, and enhance project efficiency.

With a firm dedication to social responsibility, the Group actively strives to optimise its Environmental, Social, and Governance (ESG) policy. Our endeavours are primarily directed towards implementing initiatives that not only benefit our staff but also address relevant social issues. In line with this commitment, the Group has plans to establish scholarships for educational institutions and extend support to Non-Governmental Organisations (NGOs), further reinforcing our ongoing dedication to social responsibility.

As one of the leading player in the foundation industry, the Group maintains a watchful and prudent approach, consistently monitoring market dynamics. Supported by a strong reputation in the industry, we bolster our competitive advantage through continuous investments in cutting-edge equipment, state-of-the-art facilities, and talent development initiatives. By staying attuned to market trends and maintaining a proactive stance, we ensure our position at the forefront of the industry.

The Group remains committed to expanding its presence in both the private and public foundation sectors, actively seeking growth opportunities. Additionally, we explore avenues for long-term sustainable growth and diversify our income streams.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to our management team and staff for their unwavering dedication and significant contributions, especially during the challenging times we faced in the aftermath of the epidemic. I am also immensely grateful to our esteemed business partners and shareholders for their invaluable support. As we forge ahead, our primary objective is to strengthen our fundamentals and foster sustainable business growth for the long term. We remain steadfast in our commitment to this goal and eagerly anticipate continuing our journey with the unwavering support of our stakeholders.

CORPORATE GOVERNANCE

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of 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 six months ended 30 June 2023.

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 as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2023.

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. Regular meetings have been held by the Audit Committee of the Company since its establishment and it meets at least twice each year to review and oversee the Group’s financial reporting process and internal control. The Company’s interim results for the six months ended 30 June 2023 have not been audited, but have been reviewed by the Audit Committee.

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 six months ended 30 June 2023.

By Order of the Board
Yuen-Keung Chan
Chairman

Hong Kong, 28 August 2023

At the date of this announcement, the Board comprises of nine directors, of which six are executive directors, namely Mr. Yuen-Keung Chan, Mr. James Sing-Wai Wong, Mr. Wing-Sang Yu, Mr. Philip Bing-Lun Lam, Mr. Hon-Man Wai and Mr. Hoi-Fan Lam; 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*