

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 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 2023

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 2023 and the consolidated statement of financial position of the Group as at 31 December 2023 together with comparative figures in 2022 as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
	Notes	2023 HK\$'000	2022 HK\$'000
<b>REVENUE</b>	4	<b>2,122,397</b>	1,805,843
Cost of construction		<u>(1,781,841)</u>	<u>(1,516,399)</u>
Gross profit		<b>340,556</b>	289,444
Other income and gains	4	<b>17,665</b>	17,864
Administrative expenses		<b>(204,616)</b>	(179,759)
Impairment of trade receivables		–	(9,458)
Impairment of contract assets		<b>(10,265)</b>	–
Finance costs	5	<u><b>(800)</b></u>	<u>(1,894)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>142,540</b>	116,197
Income tax expense	7	<u><b>(22,074)</b></u>	<u>(20,173)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>120,466</b></u>	<u>96,024</u>
Profit attributable to:			
Equity holders of the Company		<u><b>120,466</b></u>	<u>96,024</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic and diluted		<u><b>HK8.03 cents</b></u>	<u>HK6.40 cents</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	HK\$'000	HK\$'000
<b>PROFIT FOR THE YEAR</b>	<b>120,466</b>	96,024
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of leasehold land	<u>6,080</u>	<u>6,806</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>6,080</b>	6,806
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>126,546</b>	102,830
Attributable to:		
Equity holders of the Company	<u>126,546</u>	<u>102,830</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2023	31 December 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		286,607	255,591
Right-of-use assets		193,335	196,069
Investment in an associate		121	121
Deposits		–	9,962
		<hr/>	<hr/>
Total non-current assets		480,063	461,743
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Trade receivables	10	297,575	274,974
Contract assets		368,086	293,749
Prepayments, deposits and other receivables		36,003	37,179
Due from a fellow subsidiary		1,722	–
Tax recoverable		6,768	247
Cash and cash equivalents		566,535	457,769
		<hr/>	<hr/>
Total current assets		1,276,689	1,063,918
		<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>			
Trade and retention monies payables	11	242,093	176,507
Other payables and accruals		740,317	647,509
Tax payable		10,730	13,078
		<hr/>	<hr/>
Total current liabilities		993,140	837,094
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>283,549</b>	<b>226,824</b>
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>763,612</b>	<b>688,567</b>
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		33,406	35,407
		<hr/>	<hr/>
Total non-current liabilities		33,406	35,407
		<hr/>	<hr/>
Net assets		730,206	653,160
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to holders of the Company</b>			
Issued capital		150,000	150,000
Reserves		580,206	503,160
		<hr/>	<hr/>
Total equity		730,206	653,160
		<hr/> <hr/>	<hr/> <hr/>

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 (the "HKICPA") 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contract</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 HKFRSs has had no significant impact on these financial statements.

### **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 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 2023

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>			
Sales to external customers	1,760,987	361,410	2,122,397
Intersegment sales	–	108,656	108,656
Other revenue	15,833	1,803	17,636
	<u>1,776,820</u>	<u>471,869</u>	<u>2,248,689</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(108,656)
Other revenue			<u>(17,636)</u>
Revenue			<u><u>2,122,397</u></u>
<b>Segment results</b>	<b>107,864</b>	<b>40,045</b>	<b>147,909</b>
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(20,777)
Interest income			16,208
Finance costs			<u>(800)</u>
Profit before tax			<u><u>142,540</u></u>
<b>Segment assets</b>	<b>1,383,797</b>	<b>371,615</b>	<b>1,755,412</b>
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,340</u>
Total assets			<u><u>1,756,752</u></u>
<b>Segment liabilities</b>	<b>747,411</b>	<b>261,584</b>	<b>1,008,995</b>
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>17,551</u>
Total liabilities			<u><u>1,026,546</u></u>
<b>Other segment information:</b>			
Investment in an associate	121	–	121
Depreciation of property, plant and equipment	54,444	12,062	66,506
Depreciation of right-of-use assets	8,814	–	8,814
Impairment of contract assets	10,265	–	10,265
Capital expenditure*	<u>89,117</u>	<u>15,862</u>	<u>104,979</u>

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

### 3. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2022

	Foundation construction and ancillary services HK\$'000	Drilling and site investigation HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to external customers	1,453,320	352,523	1,805,843
Intersegment sales	–	172,253	172,253
Other revenue	13,014	4,850	17,864
	<u>1,466,334</u>	<u>529,626</u>	<u>1,995,960</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(172,253)
Other revenue			<u>(17,864)</u>
Revenue			<u><u>1,805,843</u></u>
<b>Segment results</b>	80,799	47,190	127,989
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(12,531)
Interest income			2,633
Finance costs			<u>(1,894)</u>
Profit before tax			<u><u>116,197</u></u>
<b>Segment assets</b>	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>
<b>Segment liabilities</b>	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>
<b>Other segment information:</b>			
Investment in an associate	121	–	121
Depreciation of property, plant and equipment	51,557	11,293	62,850
Depreciation of right-of-use assets	8,541	–	8,541
Impairment of trade receivables	9,458	–	9,458
Capital expenditure*	<u>44,010</u>	<u>15,550</u>	<u>59,560</u>

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

### 3. OPERATING SEGMENT INFORMATION *(continued)*

#### *Geographical information*

(a) Revenue from external customers

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>2,122,397</b>	1,805,843

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

(b) Non-current assets

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>480,063</b>	461,743

The non-current asset information above is based on the locations of the assets.

#### *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:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Customer A	<b>1,033,314</b>	468,268
Customer B	<b>275,277</b>	341,308
Customer C	<b>*</b>	259,388

\* *Less than 10%*

#### 4. REVENUE, OTHER INCOME AND GAINS

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Revenue from contract with customers</i>		
Construction services	<u>2,122,397</u>	<u>1,805,843</u>

#### Revenue from contracts with customers

Disaggregated revenue information

For the year ended 31 December 2023

#### Segments

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Type of services</b>			
Construction services	<u>1,760,987</u>	<u>361,410</u>	<u>2,122,397</u>
<b>Geographical markets</b>			
Hong Kong	<u>1,760,987</u>	<u>361,410</u>	<u>2,122,397</u>
Total revenue from contracts with customers	<u>1,760,987</u>	<u>361,410</u>	<u>2,122,397</u>
<b>Timing of revenue recognition</b>			
Services transferred over time	<u>1,760,987</u>	<u>361,410</u>	<u>2,122,397</u>
<b>Revenue from contracts with customers</b>			
External customers	1,760,987	361,410	2,122,397
Intersegment sales	–	108,656	108,656
Other revenue	<u>15,833</u>	<u>1,803</u>	<u>17,636</u>
	1,776,820	471,869	2,248,689
Elimination of intersegment sales	–	(108,656)	(108,656)
Other revenue	<u>(15,833)</u>	<u>(1,803)</u>	<u>(17,636)</u>
Total revenue from contracts with customers	<u>1,760,987</u>	<u>361,410</u>	<u>2,122,397</u>

#### 4. REVENUE, OTHER INCOME AND GAINS (continued)

For the year ended 31 December 2022

##### Segments

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Type of services</b>			
Construction services	1,453,320	352,523	1,805,843
<b>Geographical markets</b>			
Hong Kong	1,453,320	352,523	1,805,843
Total revenue from contracts with customers	1,453,320	352,523	1,805,843
<b>Timing of revenue recognition</b>			
Services transferred over time	1,453,320	352,523	1,805,843
<b>Revenue from contracts with customers</b>			
External customers	1,453,320	352,523	1,805,843
Intersegment sales	–	172,253	172,253
Other revenue	13,014	4,850	17,864
	1,466,334	529,626	1,995,960
Elimination of intersegment sales	–	(172,253)	(172,253)
Other revenue	(13,014)	(4,850)	(17,864)
Total revenue from contracts with customers	1,453,320	352,523	1,805,843
<b>Other income and gains</b>			
	<b>2023</b>	2022	
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	
Bank interest income	<b>16,208</b>	2,633	
Government subsidies*	–	15,211	
Gain on disposal of items of property, plant and equipment	–	20	
Foreign exchange differences, net	<b>746</b>	–	
Others	<b>711</b>	–	
	<b>17,665</b>	17,864	

\* 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:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Implicit interest on other payable	<b>800</b>	1,894

## 6. PROFIT BEFORE TAX

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

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Cost of construction	<b>1,781,841</b>	1,516,399
Depreciation of property, plant and equipment	<b>66,506</b>	62,850
Depreciation of right-of-use assets	<b>8,814</b>	8,541
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	<b>429,727</b>	351,838
Pension scheme contributions	<b>17,237</b>	15,404
	<b>446,964</b>	367,242
Auditor's remuneration	<b>1,418</b>	1,442
Lease payments not included in the measurement of lease liabilities	<b>6,138</b>	3,366
Loss/(gain) on disposal of items of property, plant and equipment	<b>152</b>	(20)
Loss/(gain) on foreign exchange differences, net	<b>(746)</b>	1,180
Impairment of trade receivables	–	9,458
Impairment of contract assets	<b>10,265</b>	–

## 7. INCOME TAX

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	<b>24,606</b>	24,393
Overprovision in prior years	<b>(531)</b>	(70)
Deferred	<b>(2,001)</b>	(4,150)
	<hr/>	<hr/>
Total tax charge for the year	<b>22,074</b>	20,173
	<hr/> <hr/>	<hr/> <hr/>

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 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\$120,466,000 (2022: HK\$96,024,000) and the number of ordinary shares 1,500,000,000 (2022: 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 2023 and 2022.

## 9. DIVIDENDS

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed final dividend of HK2.0 cents (2022: HK2.0 cents) per ordinary share	<b>30,000</b>	30,000
Proposed special dividend of HK2.0 cents (2022: HK1.3 cents) per ordinary share	<b>30,000</b>	19,500
	<hr/>	<hr/>
	<b>60,000</b>	49,500
	<hr/> <hr/>	<hr/> <hr/>

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

## 10. TRADE RECEIVABLES

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	<b>297,575</b>	274,974

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 2023, the Group has certain concentration risk that may arise from the exposure to the largest customer and five largest customers, which accounted for 36% and 75% (2022: 26% and 80%) of the Group's total trade receivable balances, 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:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current to 30 days	<b>234,871</b>	202,436
31 to 60 days	<b>15,953</b>	48,402
61 to 90 days	<b>12,637</b>	4,542
Over 90 days	<b>34,114</b>	19,594
	<b>297,575</b>	274,974

## 11. TRADE AND RETENTION MONIES PAYABLES

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	<b>200,067</b>	131,001
Retention monies payable	<b>42,026</b>	45,506
	<u>242,093</u>	<u>176,507</u>
	<b><u>242,093</u></b>	<b><u>176,507</u></b>

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:

	<b>2023</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
Current to 30 days	<b>180,129</b>	115,156
31 to 60 days	<b>13,136</b>	12,598
61 to 90 days	<b>1,164</b>	110
Over 90 days	<b>5,638</b>	3,137
	<u>200,067</u>	<u>131,001</u>
Retention monies payable	<b>42,026</b>	45,506
	<u>242,093</u>	<u>176,507</u>
	<b><u>242,093</u></b>	<b><u>176,507</u></b>

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 2023, the Group had 17 and 47 projects in progress with contract sum of approximately HK\$3,857 million and HK\$744 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:

	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Foundation Division	<b>1,760,987</b>	1,453,320
Drilling Division	<b>361,410</b>	352,523
	<b>2,122,397</b>	1,805,843

The Group's revenue for the year under review was HK\$2,122.4 million (2022: HK\$1,805.8 million), representing an increase of 17.5% from that of previous year. The increase of revenue was mainly due to the increased contribution from the Foundation Division from previous year of HK\$1,453.3 million to the reporting year of HK\$1,761.0 million, representing an increase of HK\$307.7 million or 21.2%. The increased revenue was due to the satisfactory progress of certain sizeable foundation contracts, particularly those from the public sector which contributed a dominant portion of our foundation revenue. In respect of our Drilling Division, the revenue contribution also increased from previous year of HK\$352.5 million to the reporting year of HK\$361.4 million, representing a moderate increase of HK\$8.9 million or 2.5%. The increased revenue of the Drilling Division was mainly due to the zooming of the site investigation as well as the down-the-hole market in the second half of 2023 and ascertained with our higher production quantities during that period.

#### *Gross profit and gross profit margin*

The Group's total gross profit for the reporting year was HK\$340.6 million (2022: HK\$289.4 million), representing an increase of HK\$51.2 million or 17.7% from that of previous year. The group's overall gross profit margin however, was maintained at 16.0% in both years. The increase of total gross profit was attributed from the increase of the Group's contract revenue in the year under review. On the other hand, the stabilisation of gross profit margin in both years was due to the increased tender opportunities in the foundation market, which had allowed our group for the marking up of reasonable profit margin in the tender stage by reflecting the complexities and difficulties of the foundation construction. With the professionalism of our project management teams, any technical complexities encountered at sites had been foreseen and resolved in advance. In addition, the Group had persistently implemented stringent project cost control by ensuring minimum construction cost incurred in return for desired construction qualities achieved. These combined effects, together with enhanced contributions from DrilTech by acting as main contractors in certain sizeable site investigation contracts, had resulted in the overall improvement in our gross profit as well as the maintenance of our gross profit margin accordingly.

### ***Other income and gains***

The Group recorded other income and gains in the reporting year of HK\$17.7 million, representing a slightly decrease of HK\$0.2 million or 1.1% as compared with previous year of HK\$17.9 million. In 2022, the Foundation Division and Drilling Division received subsidies from the Employment Support Scheme of the Hong Kong Government of HK\$10.4 million and HK\$4.8 million respectively and no such subsidies were received by the Group in the year under review. However, with strong cash position and higher deposit interest rates during the reporting year, the Foundation Division and Drilling Division earned bank interest income of HK\$14.4 million and HK\$1.8 million as compared with previous corresponding year of HK\$2.6 million and HK\$0.1 million respectively. The Group will continue to closely monitor the cashflow position and maximise the bank interest income earned therefrom.

### ***Administrative expenses***

The Group's administrative expenses in the reporting year was HK\$204.6 million, representing an increase of HK\$24.8 million or 13.8% as compared with the previous corresponding year of HK\$179.8 million. The increase of administrative expenses was mainly due to the increase of staff costs of HK\$18.5 million in the reporting year in recruiting and retaining competitive personnel as well as performance bonus to the directors in rewarding for their contribution to the Group. In addition, lease payments of HK\$2.8 million were incurred in the reporting year for the hiring of additional depot land for storage as well as maintenance in upkeeping of our fleet of machineries and other facilities. Nonetheless, the Group will persistently to adopt stringent control policies to monitor the extent of administrative expenses.

### ***Net profit***

The Group's net profit in the reporting year was HK\$120.5 million, representing an increase of 25.5% or HK\$24.5 million, as compared with the previous corresponding year of HK\$96.0 million. The increase of net profit was mainly attributed to the increased gross profit of HK\$51.2 million which being generated from the construction projects in the reporting year. The increased contribution, however was partly set-off by the increase of administrative expenses of HK\$24.8 million in the year under review.

## **FINANCIAL REVIEW**

### ***Liquidity and financial resources***

As at 31 December 2023, the Group had unpledged cash and bank balances of HK\$566.5 million as compared with that of HK\$457.8 million at 31 December 2022. The increase of cash and bank balances of HK\$108.7 million, after the payment of 2022 final and special dividend of HK\$49.5 million, capital payment of HK\$105.0 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 attributed to the net cash inflow of certain sizeable foundation and site investigation contracts in the reporting year. The Group had 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 2023, the Group provided corporate guarantees and counter indemnities to certain banks and an insurance company for an aggregate amount of HK\$230.6 million (2022: HK\$270.5 million) for the issue of performance bonds in its ordinary course of business.

### ***Employees and remuneration policies***

As at 31 December 2023, the Group employed 674 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**

The industry outlook is generally positive due to the government's ongoing infrastructure investment and the increase in the supply of public housing, which will all benefit the development of Hong Kong's construction sector and present new opportunities for the Group. The launch of more projects in the Northern Metropolis and the release of additional land to address housing needs have all contributed to a rise in demand and opportunities for our services.

In the past year, the Group has been awarded a number of foundation contracts, which come with short construction lead times and demanding requirements. This places significant pressure on the allocation of manpower and machinery. However, we remain steadfast in our commitment to delivering quality results. Upon the completion of these projects, we anticipate achieving a higher level of excellence in project management, teamwork, and technical expertise.

However, the shortage of professional and skilled labour continues to pose challenges to Hong Kong's construction industry. This has led to persistently high staff and labour expenses, putting strain on our profit margins. To address this issue, the Group has made significant investments in talent development. In 2022, we established the Chinney Kin Wing Academy with the aim of nurturing the next generation of talent for the foundation industry. The Academy provides comprehensive training for new recruits, facilitates the sharing of industry knowledge, and promotes skill development among existing staff under the guidance of department heads, aligning with our mission to prioritise people and pass on foundation operational knowledge.

Furthermore, technology development will play a crucial role in ensuring worker safety. The Group is committed to developing advanced technologies for enhanced site monitoring and safety operations, as well as meeting stringent safety standards. With our expertise and capabilities in this area, we believe more tender projects will be secured in the coming years.

Our subsidiary, DrilTech (accredited with the Koden Test under The Hong Kong Laboratory Accreditation Scheme (HOKLAS)) continue to contribute significantly to our business results. Despite the slowdown in the site investigation market in early 2023, DrilTech successfully secured several sizable site investigation tenders by acting as main contractor. As one of the leading drilling specialist contractor, DrilTech has managed these tenders with good progress and is expected to yield promising income returns in the upcoming year. The strategic expansion of DrilTech's laboratory testing licenses, covering site investigation, instrumentation, marine ground investigation, directional coring, and field testing, has hence proven to be fruitful.

Everest Engineering Company Limited actively explores growth opportunities in site formation, civil works, roads, and drainage projects. By obtaining various licenses, the company can undertake a wider range of projects, effectively diversifying our revenue streams. In 2023, the Group had been awarded the Site Formation license under Development Bureau and will certainly be value added to the tender opportunities for the mega projects coming ahead.

Additionally, the Group has set up an ESG committee comprising senior management to address various ESG initiatives. The committee holds monthly meetings to discuss key responsibilities, including the submission of carbon emission data reports from relevant operations, ensuring employee welfare and benefits, promoting social engagement through community activities, and prioritising safety management to reduce work-related injuries and fatalities. By adopting this holistic approach, the Group endeavours to align its operations with ESG principles, actively contributing to a sustainable future while providing utmost value to our esteemed shareholders.

Looking ahead, the Group remains cautiously optimistic about the prospects of the foundation industry in Hong Kong, driven by long-term land and housing development. We will actively explore new opportunities in our core businesses and seek diversification to balance risks and opportunities, ensuring satisfactory long-term returns for our valued shareholders.

In the new financial year, the Group will dedicate extra efforts in advancing our innovation technology and office automation capabilities, aiming to enhance productivity and efficiency by reducing manual tasks and optimising time management practices. Leveraging our experience, expertise, and solid leadership, we will forge ahead in all our business interests while actively seeking opportunities to reinforce our market position and foster sustainable growth.

## **PROPOSED DIVIDENDS**

The Board recommends the payment of a final dividend of HK2.0 cents per share and a special dividend of HK2.0 cents per share to celebrate the 30<sup>th</sup> anniversary of Kin Wing for the year ended 31 December 2023 to the shareholders of the Company whose names appear on the Company's register of members on 20 June 2024. 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 11 July 2024.

## **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on 7 June 2024. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 4 June 2024 to 7 June 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on 3 June 2024.

## **CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS**

The proposed final dividend and proposed special dividend for the year ended 31 December 2023 are subject to the approval by the shareholders of the Company at the annual general meeting. For determining the entitlement to the proposed final dividend and proposed special dividend, the register of members of the Company will be closed from 17 June 2024 to 20 June 2024 (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 and proposed special dividend will be 12 June 2024. In order to qualify for the proposed final dividend and proposed special dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on 14 June 2024.

## **APPRECIATION**

On behalf of the Board, I extend my gratitude to my fellow directors and the entire staff for their dedication and commitment. I also thank our shareholders, business partners, and stakeholders for their unwavering support. With our operational excellence and proficiency, we remain steadfast in our mission to create greater value for our shareholders in the future.

## **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 C3 of the Rules Governing the Listing of Securities on 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 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 (the “CG Code”) as set out in Appendix C1 to the Listing Rules during the year, except code provision C.5.1. Board meetings of the Company were held twice during the year on a regular basis, which deviated from code provision C.5.1 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 2023 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 2023.

### **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 2023 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 Hong Kong Institute of Certified Public Accountants 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, 26 March 2024

*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*