

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.



建聯集團有限公司*
Chinney Alliance Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 385)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of directors (the “Board”) of Chinney Alliance Group Limited (the “Company”) announces 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	
		2023	2022
	Notes	HK\$'000	HK\$'000
REVENUE	3	5,981,640	5,898,359
Cost of sales/services provided		(5,321,381)	(5,328,840)
Gross profit		660,259	569,519
Other income	3	25,942	6,277
Selling and distribution costs		(16,287)	(23,903)
Administrative expenses		(533,296)	(517,737)
Other operating income/(expenses), net	4	(9,903)	28,776
Changes in fair value of investment properties, net		(11,122)	(2,051)
Deficit from revaluation of property, plant and equipment		(1,258)	(5,418)
Finance costs	5	(38,255)	(18,701)
PROFIT BEFORE TAX	6	76,080	36,762
Income tax expense	7	(19,633)	(22,476)
PROFIT FOR THE YEAR		56,447	14,286
Attributable to:			
Owners of the Company		25,734	(10,197)
Non-controlling interests		30,713	24,483
		56,447	14,286
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		HK4.3 cents	HK (1.7) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

2023

2022

HK\$'000

HK\$'000

PROFIT FOR THE YEAR

56,447

14,286

OTHER COMPREHENSIVE INCOME/(LOSS)

Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:

Exchange differences on translation of foreign operations and net other comprehensive loss that may be reclassified to profit or loss in subsequent periods

(2,135)

(20,333)

Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:

Surplus on revaluation of leasehold land and owned buildings

14,927

14,327

Income tax effect

(1,979)

(1,971)

12,948

12,356

Change in fair value of an equity investment at fair value through other comprehensive income

509

780

Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods

13,457

13,136

OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX

11,322

(7,197)

TOTAL COMPREHENSIVE INCOME FOR THE YEAR

67,769

7,089

Attributable to:

Owners of the Company

35,506

(19,129)

Non-controlling interests

32,263

26,218

67,769

7,089

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2023	31 December 2022
<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,111,906	1,106,137
Investment properties	104,726	117,439
Investment in an associate	121	121
Investment in a joint venture	–	–
Equity investment at fair value through other comprehensive income	7,726	7,217
Goodwill	14,369	14,369
Financial assets at fair value through profit or loss	28,544	26,578
Deposits	2,745	12,354
Deferred tax assets	7,636	3
	1,277,773	1,284,218
CURRENT ASSETS		
Inventories	49,746	85,369
Property held for sale under development	102,382	73,485
Contract assets	1,918,364	1,502,671
Trade receivables	10 777,088	814,871
Amount due from a related company	11 11,039	9,651
Amount due from a joint venture	–	967
Prepayments, deposits and other receivables	356,861	284,780
Tax recoverable	9,042	19,222
Cash and cash equivalents	1,070,999	760,662
	4,295,521	3,551,678
CURRENT LIABILITIES		
Trade, bills and retention monies payables	12 954,560	773,023
Trust receipt loans	324,343	132,895
Other payables and accruals	1,453,329	1,166,285
Derivative financial instruments	99	–
Tax payable	16,597	17,456
Interest-bearing bank borrowings	389,983	349,755
Lease liabilities	7,595	4,429
	3,146,506	2,443,843
NET CURRENT ASSETS	1,149,015	1,107,835
TOTAL ASSETS LESS CURRENT LIABILITIES	2,426,788	2,392,053

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	31 December 2023	31 December 2022
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	51,705	52,432
Deferred tax liabilities	82,232	87,044
	<hr/>	<hr/>
Total non-current liabilities	133,937	139,476
	<hr/>	<hr/>
Net assets	2,292,851	2,252,577
	<hr/> <hr/>	<hr/> <hr/>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	59,490	59,490
Reserves	2,046,340	2,025,706
	<hr/>	<hr/>
	2,105,830	2,085,196
Non-controlling interests	187,021	167,381
	<hr/>	<hr/>
Total equity	2,292,851	2,252,577
	<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. 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 and buildings included in property, plant and equipment, investment properties, equity investment at fair value through other comprehensive income, financial assets at fair value through profit or loss and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand 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 does not have any impact on the financial position or performance of the Group.

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the trading of plastic and chemical products, provision of building related contracting services, provision of foundation piling works and sub-structure works, building construction works for both public and private sectors, distribution and installation of aviation system and other hi-tech products and others, which include property holding and development. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

Year ended 31 December 2023

	Plastic and chemical products <i>HK\$'000</i>	Building related contracting services <i>HK\$'000</i>	Building construction <i>HK\$'000</i>	Foundation piling and ground investigation <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	405,870	2,262,239	888,223	2,119,472	305,836	-	5,981,640
Intersegment sales	58	827	1,264	2,925	-	-	5,074
Other revenue	2,059	126	2,306	16,208	677	-	21,376
Total segment revenue	407,987	2,263,192	891,793	2,138,605	306,513	-	6,008,090
<i>Reconciliation:</i>							
Elimination of intersegment sales							(5,074)
Revenue							<u>6,003,016</u>
Segment results	(221)	(15,027)	10,956	142,514	6,174	(19,338)	125,058
<i>Reconciliation:</i>							
Fair value changes in financial assets at fair value through profit or loss							1,136
Interest income and unallocated gains							4,566
Unallocated expenses							(42,300)
Changes in fair value of investment properties, net							(11,122)
Deficit from revaluation of property, plant and equipment							(1,258)
Profit before tax							<u>76,080</u>

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2023 *(continued)*

	Plastic and chemical products <i>HK\$'000</i>	Building related contracting services <i>HK\$'000</i>	Building construction <i>HK\$'000</i>	Foundation piling and ground investigation <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	351,058	2,061,467	723,388	1,753,705	322,423	308,184	5,520,225
<i>Reconciliation:</i>							
Elimination of intersegment receivables							(15,409)
Equity investment at fair value through other comprehensive income							7,726
Financial assets at fair value through profit or loss							22,119
Corporate and other unallocated assets							38,633
Total assets							<u>5,573,294</u>
Segment liabilities	49,189	1,518,658	333,141	982,317	240,272	46,224	3,169,801
<i>Reconciliation:</i>							
Elimination of intersegment payables							(15,409)
Corporate and other unallocated liabilities							126,051
Total liabilities							<u>3,280,443</u>
Other segment information:							
Investment in an associate	-	-	-	121	-	-	121
Impairment of trade receivables	99	12	-	-	-	-	111
Impairment of contract assets	-	-	-	10,265	-	-	10,265
Impairment of amount due from a joint venture	-	-	-	-	-	967	967
Provision for inventories included in cost of inventories sold	475	30	-	-	-	-	505
Write-down of a property held for sale under development to net realisable value included in cost of inventories sold	-	-	-	-	-	16,000	16,000
Depreciation	8,520	16,322	8,566	75,346	3,786	9,866	122,406
Capital expenditure*	1,432	4,997	309	104,979	1,146	232	113,095

* *Capital expenditure represents additions to property, plant and equipment and investment properties, excluding right-of-use assets arising from leased buildings.*

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2022

	Plastic and chemical products <i>HK\$'000</i>	Building related contracting services <i>HK\$'000</i>	Building construction <i>HK\$'000</i>	Foundation piling and ground investigation <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:							
Sales to external customers	450,592	2,348,631	948,025	1,801,475	349,636	–	5,898,359
Intersegment sales	129	3,340	1,954	4,368	–	–	9,791
Other revenue	462	17	213	2,633	1	–	3,326
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total segment revenue	451,183	2,351,988	950,192	1,808,476	349,637	–	5,911,476
<i>Reconciliation:</i>							
Elimination of intersegment sales							<hr/> (9,791)
Revenue							<hr/> <hr/> 5,901,685
Segment results	7,567	11,479	(21,442)	116,170	7,359	(39,679)	81,454
<i>Reconciliation:</i>							
Fair value changes in financial assets at fair value through profit or loss							3,350
Interest income and unallocated gains							2,951
Unallocated expenses							(43,524)
Changes in fair value of investment properties, net							(2,051)
Deficit from revaluation of property, plant and equipment							<hr/> (5,418)
Profit before tax							<hr/> <hr/> 36,762

2. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2022 *(continued)*

	Plastic and chemical products <i>HK\$'000</i>	Building related contracting services <i>HK\$'000</i>	Building construction <i>HK\$'000</i>	Foundation piling and ground investigation <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	342,539	1,643,949	651,455	1,529,160	317,027	285,737	4,769,867
<i>Reconciliation:</i>							
Elimination of intersegment receivables							(10,932)
Equity investment at fair value through other comprehensive income							7,217
Financial assets at fair value through profit or loss							20,178
Corporate and other unallocated assets							49,566
Total assets							<u>4,835,896</u>
Segment liabilities	42,826	1,083,402	268,966	823,923	192,991	45,914	2,458,022
<i>Reconciliation:</i>							
Elimination of intersegment payables							(10,932)
Corporate and other unallocated liabilities							136,229
Total liabilities							<u>2,583,319</u>
Other segment information:							
Investment in an associate	-	-	-	121	-	-	121
Impairment of trade receivables	-	-	-	9,458	-	-	9,458
Provision for inventories included in cost of inventories sold	5,004	100	-	-	-	-	5,104
Write-down of a property held for sale under development to net realisable value included in cost of inventories sold	-	-	-	-	-	36,000	36,000
Depreciation	8,346	20,220	8,527	71,418	4,167	9,745	122,423
Capital expenditure*	<u>1,768</u>	<u>7,090</u>	<u>171</u>	<u>59,560</u>	<u>2,858</u>	<u>26</u>	<u>71,473</u>

* *Capital expenditure represents additions to property, plant and equipment and investment properties, excluding right-of-use assets arising from leased buildings.*

2. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	5,672,521	5,070,852
Chinese Mainland and Macau	309,119	827,507
	<hr/>	<hr/>
Total revenue	5,981,640	5,898,359
	<hr/> <hr/>	<hr/> <hr/>

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

(b) Non-current assets

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	1,000,409	983,943
Chinese Mainland and Macau	230,713	254,123
	<hr/>	<hr/>
	1,231,122	1,238,066
	<hr/> <hr/>	<hr/> <hr/>

The non-current asset information above is based on the locations of assets and excludes an equity investment at fair value through other comprehensive income, financial assets at fair value through profit or loss, the non-current portion of deposits and deferred tax assets.

Information about a major customer

Revenue of approximately HK\$1,033,314,000 (2022: Nil) was derived from a major customer which amounted to 10 percent or more of the Group's revenue.

3. REVENUE AND OTHER INCOME

Revenue from Contracts with Customers

Segments	Plastic and chemical products <i>HK\$'000</i>	Building related contracting services <i>HK\$'000</i>	Building construction <i>HK\$'000</i>	Foundation piling and ground investigation <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2023						
Type of goods or services						
Sales of goods	405,870	115,425	-	-	-	521,295
Construction services	-	2,146,814	888,223	2,119,472	305,836	5,460,345
Total revenue from contracts with customers	<u>405,870</u>	<u>2,262,239</u>	<u>888,223</u>	<u>2,119,472</u>	<u>305,836</u>	<u>5,981,640</u>
Geographical markets						
Hong Kong	360,439	2,151,087	735,945	2,119,472	305,578	5,672,521
Chinese Mainland and Macau	45,431	111,152	152,278	-	258	309,119
Total revenue from contracts with customers	<u>405,870</u>	<u>2,262,239</u>	<u>888,223</u>	<u>2,119,472</u>	<u>305,836</u>	<u>5,981,640</u>
Timing of revenue recognition						
Goods transferred at a point in time	405,870	115,425	-	-	-	521,295
Services transferred over time	-	2,146,814	888,223	2,119,472	305,836	5,460,345
Total revenue from contracts with customers	<u>405,870</u>	<u>2,262,239</u>	<u>888,223</u>	<u>2,119,472</u>	<u>305,836</u>	<u>5,981,640</u>

3. REVENUE AND OTHER INCOME (continued)

Segments	Plastic and chemical products <i>HK\$'000</i>	Building related contracting services <i>HK\$'000</i>	Building construction <i>HK\$'000</i>	Foundation piling and ground investigation <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2022						
Type of goods or services						
Sales of goods	450,592	121,890	–	–	–	572,482
Construction services	–	2,226,741	948,025	1,801,475	349,636	5,325,877
Total revenue from contracts with customers	<u>450,592</u>	<u>2,348,631</u>	<u>948,025</u>	<u>1,801,475</u>	<u>349,636</u>	<u>5,898,359</u>
Geographical markets						
Hong Kong	393,753	1,795,243	732,929	1,801,475	347,452	5,070,852
Chinese Mainland and Macau	56,839	553,388	215,096	–	2,184	827,507
Total revenue from contracts with customers	<u>450,592</u>	<u>2,348,631</u>	<u>948,025</u>	<u>1,801,475</u>	<u>349,636</u>	<u>5,898,359</u>
Timing of revenue recognition						
Goods transferred at a point in time	450,592	121,890	–	–	–	572,482
Services transferred over time	–	2,226,741	948,025	1,801,475	349,636	5,325,877
Total revenue from contracts with customers	<u>450,592</u>	<u>2,348,631</u>	<u>948,025</u>	<u>1,801,475</u>	<u>349,636</u>	<u>5,898,359</u>

3. REVENUE AND OTHER INCOME (continued)

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income		
Interest income	21,128	3,024
Commission income	249	75
Investment income from financial assets at fair value through profit or loss	863	–
Others	3,702	3,178
Total other income	<u>25,942</u>	<u>6,277</u>

4. OTHER OPERATING INCOME/(EXPENSES), NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fair value changes in financial assets at fair value through profit or loss	1,136	3,725
Fair value loss on derivative financial instruments – transactions not qualifying as hedges	(99)	–
Foreign exchange differences, net	(1,511)	(3,640)
Government subsidies (<i>note</i>)	2,006	38,152
Loss on disposal of items of property, plant and equipment, net	(92)	(3)
Impairment of trade receivables	(111)	(9,458)
Impairment of contract assets	(10,265)	–
Impairment of amount due from a joint venture	(967)	–
Total other operating income/(expenses), net	<u>(9,903)</u>	<u>28,776</u>

Note: The government subsidies represented mainly grants from the Employment Support Scheme of the Hong Kong Government, which aims to retain employment and combat COVID-19. There are no unfulfilled conditions or contingencies relating to these subsidies.

5. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on bank loans and overdrafts	33,708	14,444
Interest on lease liabilities	3,964	3,856
Interest on other payables	2,538	–
Implicit interest on other payables	800	1,894
Less: Interest capitalised under a property held for sale under development	<u>(2,755)</u>	<u>(1,493)</u>
Total	<u><u>38,255</u></u>	<u><u>18,701</u></u>

6. PROFIT BEFORE TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories sold	459,672	521,070
Cost of services provided	4,861,709	4,807,770
Depreciation of property, plant and equipment (excluding right-of-use assets)	85,025	85,868
Depreciation of right-of-use assets	37,381	36,555
Lease payments not included in the measurement of lease liabilities	10,149	9,138
Auditor's remuneration	4,200	4,245
Employee benefits expense (including directors' remuneration)	990,884	879,203
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	162	167
Provision for inventories included in cost of inventories sold	505	5,104
Impairment of trade receivables	111	9,458
Impairment of contract assets	10,265	–
Impairment of amount due from a joint venture	967	–
Write-down of a property held for sale under development to net realisable value included in cost of inventories sold	16,000	36,000
Loss on disposal of items of property, plant and equipment, net	92	3
Government subsidies	(2,006)	(38,152)
Fair value changes in financial assets at fair value through profit or loss	(1,136)	(3,725)
Fair value loss on derivative financial instruments – transactions not qualifying as hedge	99	–
Foreign exchange differences, net	<u><u>1,511</u></u>	<u><u>3,640</u></u>

7. INCOME TAX

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	34,840	31,691
Overprovision in prior years	(578)	(241)
Current – Elsewhere		
Charge for the year	7	416
Overprovision in prior years	(212)	(294)
Deferred	(14,424)	(9,096)
	<hr/>	<hr/>
Total tax charge for the year	19,633	22,476
	<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 rates of tax prevailing in the jurisdictions in which the Group operates.

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the year attributable to ordinary equity holders of the Company of profit of HK\$25,734,000 (2022: loss of HK\$10,197,000), and the number of 594,899,245 ordinary shares in issue during both years.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

9. DIVIDEND

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Proposed final dividend – HK2.50 cents (2022: HK2.50 cents) per ordinary share	14,872	14,872
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	787,620	825,380
Impairment	(10,532)	(10,509)
	777,088	814,871

The Group's trading terms with its customers are mainly on credit. The credit periods range from cash on delivery to 60 days. A longer credit period may be allowed for customers with good business relationships with the Group. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current to 30 days	398,535	514,758
31 to 60 days	179,756	167,503
61 to 90 days	57,069	50,664
Over 90 days	141,728	81,946
	777,088	814,871

11. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company represented construction contracting income certified from Honour Well Development Limited (“Honour Well”). Honour Well is indirect wholly-owned subsidiary of Hon Kwok Land Investment Company, Limited (“Hon Kwok”) of which Dr. James Sai-Wing Wong, a director of the Company (retired on 2 June 2023) and a controlling shareholder of the Company, was also a director of Hon Kwok (retired on 31 August 2023) and has a beneficial interest in. Mr. James Sing-Wai Wong and Mr. Philip Bing-Lun Lam are common directors of the Company and Hon Kwok.

The amount due from a related company was unsecured, interest-free and repayable within 30 days.

12. TRADE, BILLS AND RETENTION MONIES PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade payables	624,176	429,320
Bills payable	22,950	12,981
Retention monies payable	307,434	330,722
	<hr/> 954,560 <hr/>	<hr/> 773,023 <hr/>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current to 30 days	407,702	293,457
31 to 60 days	158,804	81,247
61 to 90 days	17,037	11,690
Over 90 days	40,633	42,926
	<hr/> 624,176 <hr/>	<hr/> 429,320 <hr/>

The trade payables are non-interest-bearing and are normally settled within terms of 60 to 120 days.

RESULTS

The Group recorded revenues of HK\$5,982 million (2022: HK\$5,898 million), and a net profit of HK\$56.4 million (2022: HK\$14.3 million). The profit attributable to the owners of the Company was HK\$25.7 million (2022: loss of HK\$10.2 million).

PROPOSED FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK2.50 cents per share for the year ended 31 December 2023 (2022: HK2.50 cents) to the shareholders of the Company whose names appear on the Company's register of members on 20 June 2024. It is expected that the final dividend cheques will be despatched to the shareholders of the Company 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 Tengis 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 DIVIDEND

The proposed final dividend for the year ended 31 December 2023 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 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 will be 12 June 2024. In order to qualify for the proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Tengis 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.

BUSINESS REVIEW AND PROSPECTS

Turning to the results and prospects of our businesses:

Foundation piling and ground investigation

Chinney Kin Wing Holdings Limited (“Chinney Kin Wing”, together with subsidiaries, the “Chinney Kin Wing Group”) contributed revenues of HK\$2,119 million (2022: HK\$1,801 million) and operating profits of HK\$142.5 million (2022: HK\$116.2 million). The increase in revenue was mainly due to the satisfactory progress of certain sizeable foundation contracts, particularly those from the public sector which contributed a dominant portion of its Foundation division, while its Drilling division also recorded moderate increase in revenue for blooming of site investigation as well as down-the-hole market in 2023. The gross profit improved with the increase in revenue with gross profit margin maintained at last year’s level of 16.0%. The stabilisation of gross profit margin in both years was due to increased tender opportunities in market to allow reasonable mark-up to reflect the complexities and difficulties of the foundation construction. The improvement in gross profit was partly offset by the increase in staff costs to retain competitive personnel and reward contribution from its staff and senior management.

As at 31 December 2023, Chinney Kin Wing has 17 and 47 projects in progress with contract sums of approximately HK\$3,857 million and HK\$744 million in the Foundation division and Drilling division, respectively.

The outlook of the foundation industry is generally positive due to the Government’s ongoing infrastructure investment and the increase in the supply of public housing, which will benefit the development of the construction sector and hence present new opportunities. 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 foundation services.

During the year under review, Chinney Kin Wing 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, Chinney Kin Wing remains steadfast in its commitment to delivering quality results. Upon the completion of these projects, a higher level of excellence in project management, teamwork, and technical expertise is to be achieved.

On the other hand, 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 the profit margins. To address this issue, Chinney Kin Wing has made significant investments in talent development. In 2022, the Chinney Kin Wing Academy (the “Academy”) was established with the aim of grooming 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 its mission to prioritise people and pass on foundation operational knowledge.

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

Our subsidiaries, DrilTech (accredited with the Koden Test under The Hong Kong Laboratory Accreditation Scheme (HOKLAS)) and Everest Engineering Company Limited (“Everest”), continue to contribute significantly to our business results. In 2023, DrilTech successfully secured several sizable site investigation tenders, including the Route 11 section between Yuen Long and North Lantau, as well as the Relocation of Yau Tong Group Fresh Water and Salt Water Service Reservoirs to Caverns, despite the slowdown in the site investigation market. As a 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 actively explores growth opportunities in site formation, civil works, roads, and drainage projects. By obtaining various licenses, Everest can undertake a wider range of projects, effectively diversifying our revenue streams.

Additionally, Chinney Kin Wing has set up an environment, social and governance (“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 all departments, ensuring employee welfare and benefits, promoting social engagement through community activities such as visiting nursing homes and patients, and prioritising safety management to reduce work-related injuries and fatalities. By adopting this holistic approach, Chinney Kin Wing endeavours to align its operations with ESG principles, actively contributing to a sustainable future while providing utmost value to our esteemed shareholders.

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

In the new financial year, Chinney Kin Wing will dedicate extra efforts in advancing its information technology and office automation capabilities, aiming to enhance productivity and efficiency by reducing manual tasks and optimising time management practices. The 30th anniversary marks a significant milestone for Chinney Kin Wing, and the management is fully committed to upholding its mission and core values, ushering in a new chapter for the business. Leveraging its experience, expertise, and solid leadership, Chinney Kin Wing will forge ahead in all its business interests while actively seeking opportunities to reinforce its market position and foster sustainable growth.

Trading of plastics and chemical products

Jacobson van den Berg (Hong Kong) Limited and its fellow subsidiaries (“Jacobson”) generated revenues of HK\$406 million (2022: HK\$451 million) and a minimal operating loss of HK\$0.2 million (2022: profit of HK\$7.6 million). Weaker global demand and challenges in cross-border land transport capacity have had a negative impact on the export performance of Mainland China and Hong Kong in 2023. While the primary customers in this segment are export-oriented, the softening external demand has resulted in a reasonable decline in sales volume and value in the plastic trading business. Despite these challenges, the sales of JcoNAT disinfectant and hygiene products have remained steady. Additionally, there is a growing focus on hygiene and cleanliness, boosting demand for natural and sustainable products. This shift is expected to drive steady sector growth. Jacobson’s management continues to leverage this trend by introducing more green plastic products and exploring new wellness offerings to expand the product portfolio.

Building related contracting services

The Shun Cheong Engineering Group (“Shun Cheong”) contributed revenues of HK\$2,262 million (2022: HK\$2,349 million) with an operating loss of HK\$15.0 million (2022: profit of HK\$11.5 million) from its electrical, HVAC, fire services and pump and drainage businesses. The progress of the major projects of the segment was slower than expected in 2023 due to slow progress of the main contract works and the revenues decreased slightly. Although the gross profit was improved by higher profit margin of certain new projects, the segment had to bear the higher staff costs without Government’s subsidies from Employment Support Scheme in prior years. Worsen by the higher finance costs, the segment recorded a loss. More tender opportunities are expected due to the Government’s commitment to providing up to 410,000 public housing units over the next 10-year period along with the 10 redevelopment projects by the Hong Kong Housing Authority. However, there may be challenges such as project delays in major infrastructure works, increased costs for materials, labour and energy, and the impact of high interest rates. These factors could lead to a decrease in both revenues and profit margins. However, Shun Cheong’s management remains committed to reviewing and improving project execution planning and procurement schedules to enhance operational efficiency and project profitability.

As at 31 December 2023, the segment had outstanding contract sums of approximately HK\$4,331 million, with additional HK\$205 million worth contracts awarded subsequent to the year-end.

Building construction

The Group's building construction segment, which consists of Chinney Construction Company, Limited ("Chinney Construction") and Chinney Builders Company Limited, which operate in Hong Kong, and Chinney Timwill Construction (Macau) Company Limited ("Chinney Timwill"), contributed revenues of HK\$888 million (2022: HK\$948 million) and recorded an operating profit of HK\$11.0 million (2022: loss of HK\$21.4 million). The improvement was mainly due to contribution from its Hong Kong projects and variation orders granted for its major Macau projects in the second half of 2023. For the Hong Kong operation, with some major non-residential projects awarded in 2023, the segment is expecting to perform satisfactory in the coming years. On the other hand, the Macau construction industry is set for a strong recovery in 2024, driven by investments in manufacturing, transport, renewable energy, and housing, aligning with the Government's diversification goals. The industry's robust recovery is also due in part to a thriving tourism sector and an influx of international tourists, increasing demand for commercial and hospitality infrastructure, and pent up of demand during the pandemic. Moreover, the 2024 Policy Address includes plans for airport expansion through land reclamation and refurbishing historic buildings to promote cultural tourism. As the segment's major customers in Macau are in the leisure and hospitality sector, these initiatives create more tender opportunities for Chinney Timwill in Macau.

As at 31 December 2023, the outstanding contract sum stood at approximately HK\$1,885 million.

Aviation business

Our Aviation segment under Chinney Alliance Engineering Limited ("CAE") recorded revenues of HK\$306 million (2022: HK\$350 million) and an operating profit of HK\$6.2 million (2022: HK\$7.4 million). The decrease in revenue and operating profit was mainly attributable to the slower than expected progress of the segment's airport and related projects, as well as the increase in staff costs and overheads to cope with the increased size of projects on hand and higher finance costs. The segment continues the works for the airport related projects smoothly and with satisfactory level of new projects awarded during the year under review. With the increase in tender opportunities for the airport and related projects in the region, the segment will likely further enhance its long-term profitability.

Other businesses

The segment includes property held for sale under development which is located in Fanling near the railway station and still at planning stage, certain properties held for the Group's own use and certain investment properties. The losses of the segment were mainly attributable to write-down of the property held for sale under development of HK\$16.0 million with the downturn of the local residential property market, as well depreciation and other overheads of the Group's properties held for own use.

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts for the Group at the end of the reporting period amounted to HK\$773.6 million (31 December 2022: HK\$539.5 million). These include trust receipt loans, bank loans and lease liabilities. Current liabilities made up 93.3% (31 December 2022: 90.3%) of all these interest-bearing debts. The current ratio stood at 1.4 (31 December 2022: 1.5). Total cash and cash equivalents, represented by unpledged cash and bank balances were HK\$1,071.0 million as at 31 December 2023 (31 December 2022: HK\$760.7 million).

The Group had a total of HK\$2,701 million undrawn facilities extended from banks and financial institutions at year-end available for its working capital, trade finance and issue of performance/surety bonds. The gearing ratio of the Group, measured by total interest-bearing borrowings of HK\$773.6 million over the equity attributable to the owners of the Company of HK\$2,105.8 million, was 36.7% as at 31 December 2023 (31 December 2022: 25.9%).

The Group prudently manages its financial positions and has sufficient liquidity to sustain projects and operations for the foreseeable future.

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with leading banks. Borrowings are mainly denominated in Hong Kong dollars and bear interest at floating rates. Forward contracts of a non-speculative nature are entered to hedge the foreign currency trade purchase commitments of the Group when desirable.

Pledge of assets

As of 31 December 2023, certain properties having an aggregate book value of HK\$139.0 million and property held for sale under development of HK\$102.4 million were pledged to banks to secure bank loans and general banking facilities extended to the Group.

Contingent liability

As of 31 December 2023, the Group provided corporate guarantees and indemnities to certain banks and financial institutions to secure performance/surety bonds in the aggregate amount of HK\$669.4 million issued in favour of the Group's clients in its ordinary course of business. This amount included performance/surety bonds issued in favour of the clients of the Chinney Kin Wing Group of HK\$230.6 million to which corporate guarantees and indemnities were provided by Chinney Kin Wing Group.

Except as disclosed above, the Group had no other material contingent liabilities as of 31 December 2023.

Employees and remuneration policies

The Group employed approximately 1,830 staff in Hong Kong and other parts of the PRC as of 31 December 2023. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and year-end discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

CONNECTED TRANSACTIONS

The Company has the followings connected transactions during the year:

- (a) On 12 July 2018, Chinney Construction, an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Gold Famous Development Limited ("Gold Famous"), an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments, Limited ("Chinney Investments"), as the employer for the construction works to be carried out by Chinney Construction as the main contractor for the construction and development of a data centre at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong at a total contract sum of HK\$757,838,691.70 (the "Construction Framework Agreement"). The entering into the Construction Framework Agreement constituted a connected transaction of each of Chinney Investments, Hon Kwok and the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The transaction was approved by independent shareholders of Chinney Investments, Hon Kwok and the Company at their respective general meetings held on 24 August 2018.

Details of the transaction were set out in the joint announcement of Chinney Investments, Hon Kwok and the Company dated 12 July 2018 and a circular of the Company dated 8 August 2018. Revenues of HK\$4,414,000 were recognised by Chinney Construction during the year ended 31 December 2023.

- (b) On 26 September 2022, Chinney Construction and Shun Cheong Building Services Limited (“SC Building Services”), both being indirect wholly-owned subsidiaries of the Company, entered into a framework agreement (the “Revamp Framework Agreement”) with Honour Well, an indirect wholly-owned subsidiary of Hon Kwok and an indirect non wholly-owned subsidiary of Chinney Investments, pursuant to which, Chinney Construction was appointed by Honour Well as the contractor for the builder’s works at the contract sum of not exceeding HK\$96,300,000 and SC Building Services was appointed by Honour Well as the contractor for the mechanical and electrical engineering works and façade works at the contract sum of not exceeding HK\$141,000,000 relating to the revamp project of the building located at 119-121 Connaught Road Central, Sheung Wan, Hong Kong. The entering into the Revamp Framework Agreement constituted a connected transaction of each of Chinney Investments, Hon Kwok and the Company under the Listing Rules. The transaction was approved by independent shareholders of Chinney Investments, Hon Kwok and the Company at their respective general meetings held on 28 November 2022.

Details of the transactions were set out in the joint announcement of Chinney Investments, Hon Kwok and the Company dated 26 September 2022 and the Company’s circular dated 8 November 2022. Revenues of HK\$48,268,000 were recognised by Chinney Construction and SC Building Services in respect of the transactions during the year ended 31 December 2023.

OUTLOOK

As we move through the Year of the Dragon in 2024, Hong Kong continues to be buffeted between the fickle US economy and the sluggish Chinese recovery.

While disinflation and steady economic growth is creating a near mythical “soft landing” scenario in the US, the polarised and unpopular candidates in this year’s election is likely to increase geopolitical tensions and taxes (or tariffs). War continues in Europe and the Middle East, and there are other hot spots. Commodity price spikes and supply disruptions will keep inflation alive. So borrowing costs are likely remain higher for longer than the markets desire or predict.

China continues to relax and expand fiscal and monetary policies. The travel and hospitality industry shows resilience in consumer sentiment. But real estate activity is moribund, and unemployment particularly among the young, remains stubbornly high. And the decoupling of China US relations is becoming a farce. The good news is that China is still the economic engine of the world. Whether through technology, industry, or electric vehicles, it will find its way back onto the high growth track.

Hong Kong will remain China's economic touchstone, showing the way to faster recovery and new growth opportunities. The Government's engagement in growing the tourism and hospitality activities will relaunch the Hong Kong brand internationally and help our aviation business. Its investment in the Northern Metropolis will provide a steady supply of projects for our construction and engineering businesses. Hopefully, the removal of all the "spicy" stamp duties will also encourage the return of private real estate development.

This is a harsh industry and difficult conditions have persisted for nearly five years. Looking forward, while we are more than surviving, we can hardly be called thriving. Competition is intense. Margins are falling while borrowing costs keep rising. The survivors in our industry are all stronger. Each more competitive for the fewer and fewer projects that come online. We are doing our best to keep in front.

With skilled and disciplined managers, a large order book, happy customers and wide financial support, the Group is confident that we will ride out this very long storm. In addition, to broaden our expertise and service offerings, we are actively exploring opportunities in zero-carbon and climate change technologies, robotics, digitisation, electrification infrastructure and urban air mobility.

The Board and management maintain a cautiously optimistic outlook for the sustained performance of the Group in the foreseeable future.

APPRECIATION

May I take this opportunity to extend my gratitude to my fellow directors for their invaluable guidance and unwavering support. And in particular to our colleagues at all levels whose hard work has been instrumental in our success over the past year.

Furthermore, I would like to express my heartfelt appreciation for the steadfast support and loyalty of our shareholders, business partners and other stakeholders who are vital to our business growth and success.

Thank you.

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 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 B.2.2 and C.5.1, which are explained below.

1. Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

According to the provisions of the Company’s Bye-laws, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation save that the Chairman and/or the Managing Director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

The Board considers that the continuity of the office of the Chairman and Managing Director provide the Group with a strong and consistent leadership for the smooth operation of the businesses of the Group. As a result, the Board concurred that the Chairman and the Managing Director need not be subject to retirement by rotation.

2. 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 deviations from the code provisions) will be discussed in the Company’s 2023 annual report.

Audit Committee

Regular meetings have been held by the Audit Committee since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. 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
James Sing-Wai Wong
Chairman

Hong Kong, 26 March 2024

At the date of this announcement, the Board comprises of seven directors, of which three are executive directors, namely Mr. James Sing-Wai Wong, Mr. Yuen-Keung Chan and Mr. Philip Bing-Lun Lam; and one is a non-executive director, namely Mr. Chi-Chiu Wu; and three are independent non-executive directors, namely Mr. Ronald James Blake, Mr. Anthony King-Yan Tong and Ms. Dee-Dee Chan.

* *For identification purpose only*