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KAISA CAPITAL INVESTMENT HOLDINGS LIMITED

佳兆業資本投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”, or the “**Director(s)**”) of Kaisa Capital Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the audited consolidated results of the Group for the financial year ended 31 December 2021 (the “**FY2021**” or the “**Year**”) together with the comparative figures for the financial year ended 31 December 2020 (the “**FY2020**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations			
Revenue	5	214,744	143,061
Cost of sales and services		<u>(80,336)</u>	<u>(76,193)</u>
Gross profit		134,408	66,868
Other income and gains	6	7,719	5,829
Selling and distribution expenses		(2,556)	(1,690)
Administrative expenses		(57,222)	(61,994)
Other operating expenses	7	(65,013)	(53,713)
Finance costs	8	(10,287)	(17,789)
Profit/(loss) before income tax	9	7,049	(62,489)
Income tax expense	11	(3,039)	(550)

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
Profit/(loss) for the year from continuing operations		<u>4,010</u>	<u>(63,039)</u>
Discontinued operations			
Loss for the year from discontinued operations	10	–	(1,234)
Loss on disposal of subsidiaries	20	<u>–</u>	<u>(68,272)</u>
Loss for the year from discontinued operations		<u>–</u>	<u>(69,506)</u>
Profit/(loss) for the year		<u>4,010</u>	<u>(132,545)</u>
Continuing operations			
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>950</u>	<u>52</u>
Other comprehensive income for the year from continuing operations		<u>950</u>	<u>52</u>
Discontinued operations			
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		–	(8,481)
Translation reserve released upon disposal of subsidiaries		<u>–</u>	<u>9,042</u>
Other comprehensive income for the year from discontinued operations		<u>–</u>	<u>561</u>
Other comprehensive income for the year		<u>950</u>	<u>613</u>
Total comprehensive income/(loss) for the year		<u>4,960</u>	<u>(131,932)</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit/(loss) for the year attributable to:			
Owners of the Company			
– Continuing operations		4,478	(62,999)
– Discontinued operations		–	(68,901)
		<hr/>	<hr/>
Profit/(loss) for the year attributable to owners of the Company		4,478	(131,900)
		<hr/>	<hr/>
Non-controlling interests			
– Continuing operations		(468)	(40)
– Discontinued operations		–	(605)
		<hr/>	<hr/>
Loss for the year attributable to non-controlling interests		(468)	(645)
		<hr/>	<hr/>
		4,010	(132,545)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive income/(loss) attributable to:			
– Owners of the Company		5,428	(126,266)
– Non-controlling interests		(468)	(5,666)
		<hr/>	<hr/>
		4,960	(131,932)
		<hr/>	<hr/>
Earnings/(loss) per share from continuing and discontinued operations			
– Basic and diluted (HK cents)	13(i)	0.42	(12.44)
		<hr/>	<hr/>
Earnings/(loss) per share from continuing operations			
– Basic and diluted (HK cents)	13(ii)	0.42	(5.94)
		<hr/>	<hr/>
Loss per share from discontinued operations			
– Basic and diluted (HK cents)	13(iii)	–	(6.50)
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		187,634	138,810
Right-of-use assets		105,154	130,585
Intangible assets	14	3,432	2,466
Deferred tax assets		101	101
Deposit		164	1,097
Trade receivables	16	–	298
		296,485	273,357
Current assets			
Properties under development	15	115,938	95,598
Inventories and consumables		10,249	11,561
Trade receivables	16	88,658	64,224
Prepayments, deposits and other receivables		11,950	10,960
Tax recoverable		380	–
Cash and cash equivalents		26,356	29,953
		253,531	212,296
Current liabilities			
Trade payables	17	61,703	58,704
Receipt in advance, accruals and other payables		83,654	60,941
Contract liabilities		3,840	4,720
Borrowings		15,735	7,797
Other loans	18	83,000	83,000
Lease liabilities		37,161	36,143
Tax payable		2,093	440
		287,186	251,745
Net current liabilities		(33,655)	(39,449)
Total assets less current liabilities		262,830	233,908

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Borrowings	90,813	65,363
Lease liabilities	37,584	39,072
Deferred tax liabilities	2,197	2,197
	<u>130,594</u>	<u>106,632</u>
Net assets	132,236	127,276
	<u><u>132,236</u></u>	<u><u>127,276</u></u>
EQUITY		
Share capital	10,600	10,600
Reserves	121,636	116,208
	<u>132,236</u>	<u>126,808</u>
Equity attributable to the owners of the Company	132,236	126,808
Non-controlling interests	–	468
	<u>132,236</u>	<u>127,276</u>
Total equity	132,236	127,276
	<u><u>132,236</u></u>	<u><u>127,276</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL

Kaisa Capital Investment Holdings Limited (formerly known as Eagle Legend Asia Limited) (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is located at No. 3610, 36/F., The Center, 99 Queen’s Road Central, Central, Hong Kong. The Company is an investment company and its subsidiaries (collectively known as the “Group”) are principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases and providing repair and maintenance services in respect of the construction machinery (“Construction Equipment Business”) and (ii) property development (“Property Development Business”).

The Company’s issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 19 July 2010. Pursuant to a completion of an acquisition from Mighty Empire Group Limited (“Mighty Empire Group”) of the Company, the immediate holding company of the Company has been changed to Mighty Empire Group and the ultimate holding company of the Company is changed to Kaisa Group Holdings Ltd. (“Kaisa Group”) with effect from 29 April 2021. Mighty Empire Group was incorporated in the British Virgin Islands and Kaisa Group was incorporated in the Cayman Islands. The issued shares of Kaisa Group are listed and trading on the Main Board of the Stock Exchange.

2. BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

2. BASIS OF PREPARATION (CONTINUED)

2.1 Basis of preparation (Continued)

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3.

At the end of reporting period, the Group's current liabilities exceeded its current assets by approximately HK\$33,655,000. The directors of the Company (the "Directors") consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 31 December 2021, on the basis that financial support is obtained from a substantial former shareholder of the Company not to demand for repayment of the unsecured other loans and interest payable due by the Group of approximately HK\$83,000,000 and HK\$23,425,000 respectively as at 31 December 2021 in the next twelve months.

Taking into account the above measures and after assessing the Group's current and future cash flow positions, the directors of the Company are satisfied that the Group will be able to meet their financial obligations when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis. Disposal group held for sale is stated at the lower of carrying amount and fair value less costs to sell. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

2.2 Functional and presentation currencies

The consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is the same as the functional currency of the Company.

3. ADOPTION OF NEW AND AMENDED HKFRSs

3.1 Amended HKFRSs that are effective for annual periods beginning on 1 January 2021

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2021:

Amendments to HKFRS 9, HKAS 39, Interest Rate Benchmark Reform – Phase 2
HKFRS 7, HKFRS 4 and HKFRS 16

In addition, on 1 January 2021, the Group has early adopted the amendments to HKFRS 16 “Covid-19-Related Rent Concessions beyond 30 June 2021” which will be mandatorily effective for the Group for financial year beginning on or after 1 April 2021.

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

3.2 Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018-2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The above new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services from which are subject to risks and returns that are different from those of the other operating segments.

The Plantation Business was discontinued during the year ended 31 December 2019. Information about the discontinued operations is provided in note 10.

Segment assets include all assets but exclude corporate assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's headquarter. Segment liabilities exclude other loans and corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

- (a) Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below:

	Continuing operations							Property Development Business	Total HK\$'000
	Construction Equipment Business					Inter segment elimination HK\$'000	Sub-total HK\$'000		
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000			Hong Kong HK\$'000	
Year ended 31 December 2021									
Revenue									
From external customers	43,098	83,301	-	-	88,345	-	214,744	-	214,744
From inter segment	9,177	-	-	-	-	(9,177)	-	-	-
Reportable segment revenue	52,275	83,301	-	-	88,345	(9,177)	214,744	-	214,744
Reportable segment profit/(loss)	441	11,683	1,899	22	11,524	-	25,569	(99)	25,470
Interest on other loans									(4,150)
Unallocated corporate expenses									
- Corporate staff costs									(16,100)
- Others									(1,210)
Profit for the year									4,010

4. SEGMENT INFORMATION (CONTINUED)

- (a) Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below: (Continued)

	Continuing operations							Property Development Business	
	Construction Equipment Business						Sub-total	Hong Kong	Total
	Hong Kong	Singapore	Vietnam	Macau	PRC	Inter segment elimination			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Other reportable segment information									
Interest income	-	-	-	-	4	-	4	-	4
Interest expenses	(1,482)	(2,433)	-	-	(2,222)	-	(6,137)	-	(6,137)
Depreciation of non-financial assets	(17,515)	(26,600)	-	-	(19,115)	-	(63,230)	-	(63,230)
Amortisation of intangible assets	(687)	-	-	-	(1,096)	-	(1,783)	-	(1,783)
Gain on disposal of property, plant and equipment	37	-	-	-	-	-	37	-	37
Written-off of property, plant and equipment	-	(437)	-	-	-	-	(437)	-	(437)
Income tax expense	(332)	-	-	-	(2,707)	-	(3,039)	-	(3,039)
Additions to non-current segment assets during the year	16,465	36,997	-	-	43,671	-	97,133	-	97,133

	Continuing operations							Property Development Business	
	Construction Equipment Business						Sub-total	Hong Kong	Total
	Hong Kong	Singapore	Vietnam	Macau	PRC	Inter segment elimination			
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31 December 2021									
Reportable segment assets	85,140	206,305	-	3	136,623	(4,428)	423,643	119,412	543,055
Other unallocated segment assets									6,961
Total assets									550,016
Reportable segment liabilities	69,830	79,841	-	6	125,002	(326)	274,353	56,277	330,630
Other loans									83,000
Other unallocated segment liabilities									4,150
Total liabilities									417,780

4. SEGMENT INFORMATION (CONTINUED)

(a) Information regarding the Group's reportable segments as provided to the Group's executive Directors is set out below: (Continued)

	Continuing operations							Discontinued operations					Total
	Construction Equipment Business						Property Development Business	Plantation Business					
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Inter segment elimination HK\$'000		Sub-total HK\$'000	Hong Kong HK\$'000	Sub-total HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	
Year ended 31 December 2020													
Revenue													
From external customers	41,792	53,009	-	-	48,260	-	143,061	-	143,061	-	-	-	143,061
From inter segment	18,016	-	-	-	-	(18,016)	-	-	-	-	-	-	-
Reportable segment revenue	59,808	53,009	-	-	48,260	(18,016)	143,061	-	143,061	-	-	-	143,061
Reportable segment (loss)/profit	(31,302)	(3,520)	(120)	(42)	5,675	101	(29,208)	(1,672)	(30,880)	(1,234)	-	(1,234)	(32,114)
Loss on disposal of subsidiaries													(68,272)
Interest on other loans									(12,617)				(12,617)
Unallocated corporate expenses													
- Corporate staff costs									(13,314)				(13,314)
- Others									(6,228)				(6,228)
Loss for the year									(63,039)			(69,506)	(132,545)

	Continuing operations							Discontinued operations					Total
	Construction Equipment Business						Property Development Business	Plantation Business					
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Inter segment elimination HK\$'000		Sub-total HK\$'000	Hong Kong HK\$'000	Sub-total HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	
Other reportable segment information													
Interest income	-	2	-	-	2	-	4	-	4	-	-	-	4
Interest expenses	(1,324)	(1,825)	-	-	(646)	-	(3,795)	(1,377)	(5,172)	-	-	-	(5,172)
Depreciation of non-financial assets	(24,842)	(22,978)	-	-	(5,071)	-	(52,891)	-	(52,891)	-	-	-	(52,891)
Amortisation of intangible assets	-	-	-	-	(822)	-	(822)	-	(822)	-	-	-	(822)
Gain on disposal of property, plant and equipment	3	-	-	-	-	-	3	-	3	-	-	-	3
(Provision for)/reversal of provision for inventories	(1,360)	105	-	-	-	-	(1,255)	-	(1,255)	-	-	-	(1,255)
Impairment loss on trade receivables, net	(597)	(21)	-	-	-	-	(618)	-	(618)	-	-	-	(618)
Written-off of trade receivables	(729)	(18)	-	-	-	-	(747)	-	(747)	-	-	-	(747)
Impairment loss on property, plant and equipment	(59)	-	-	-	-	-	(59)	-	(59)	-	-	-	(59)
Impairment loss on right-of-use assets	(5,641)	-	-	-	-	-	(5,641)	-	(5,641)	-	-	-	(5,641)
Income tax expense	-	-	-	-	(550)	-	(550)	-	(550)	-	-	-	(550)
Additions to non-current segment assets during the year	8,158	38,126	-	-	48,783	-	95,067	-	95,067	-	-	-	95,067

	Continuing operations							Discontinued operations					Total
	Construction Equipment Business						Property Development Business	Plantation Business					
	Hong Kong HK\$'000	Singapore HK\$'000	Vietnam HK\$'000	Macau HK\$'000	PRC HK\$'000	Inter segment elimination HK\$'000		Sub-total HK\$'000	Hong Kong HK\$'000	Sub-total HK\$'000	Hong Kong HK\$'000	PRC HK\$'000	
At 31 December 2020													
Reportable segment assets	96,809	193,598	48	148	83,868	(2,510)	371,961	99,075	471,036	-	-	-	471,036
Other unallocated segment asset									14,617				14,617
Total assets									485,653				485,653
Reportable segment liabilities	61,761	76,998	581	43	76,070	-	215,453	40,649	256,102	-	-	-	256,102
Other loans									83,000				83,000
Other unallocated segment liabilities									19,275				19,275
Total liabilities									358,377				358,377

4. SEGMENT INFORMATION (CONTINUED)

- (b) In the following table, revenue is disaggregated by primary geographical markets of which the external customers from. The table also includes a reconciliation of the disaggregated revenue within the Group's reportable segment.

	For the year ended 31 December					
	Continuing operations					
	Construction Equipment Business (Note)		Property Development Business		Total	
	2021	2020	2021	2020	2021	2020
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Primary geographical markets						
Hong Kong (place of domicile)	41,064	38,401	-	-	41,064	38,401
PRC	88,344	48,261	-	-	88,344	48,261
Singapore	77,452	50,136	-	-	77,452	50,136
Australia	1,822	-	-	-	1,822	-
France	1,651	-	-	-	1,651	-
Israel	1,406	-	-	-	1,406	-
Thailand	1,041	66	-	-	1,041	66
Vietnam	1,026	122	-	-	1,026	122
Korea	938	839	-	-	938	839
Holland	-	2,596	-	-	-	2,596
United Arab Emirates	-	2,486	-	-	-	2,486
Sri Lanka	-	89	-	-	-	89
Indonesia	-	65	-	-	-	65
Total	214,744	143,061	-	-	214,744	143,061

Note: The revenue under Construction Equipment Business is derived from the reportable segments in Hong Kong, PRC and Singapore.

The following table presents non-current assets (excluding deferred tax assets and non-current trade receivables) by location of assets.

Continuing operations Non-current assets

	Hong Kong (domicile) HK\$'000	Singapore HK\$'000	PRC HK\$'000	Total HK\$'000
At 31 December 2021	59,072	164,346	72,966	296,384
At 31 December 2020	67,406	161,294	44,258	272,958

The Group's revenue from external customers for different products and services is set out in note 5.

Information about major customer

During the year ended 31 December 2021, revenue from customer A of the Group's PRC segment amounting to approximately HK\$26,809,000 (2020: HK\$17,729,000), which represented approximately 12.5% of the Group's consolidated revenue in continuing operations (2020: 12.4%).

5. REVENUE

Revenue from the Group's principal activities as set out in note 1 during the years are as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
<i>Revenue from Contract with Customers within the scope of HKFRS 15:</i>		
Sales of machinery	11,716	12,171
Sales of spare parts	1,780	2,025
Service income	30,879	27,715
	44,375	41,911
<i>Revenue from other sources:</i>		
Rental income from leasing of owned plant and machinery and right-of-use assets	111,407	64,358
Rental income from subleasing of short term leases related to plant and machinery	58,962	36,792
	170,369	101,150
	214,744	143,061

In following table, revenue is disaggregated by timing of revenue recognition. The table also includes revenue from other sources and a reconciliation of the disaggregated revenue within the Group's reportable segment.

	For the year ended 31 December	
	Continuing operations	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Construction Equipment Business		
<i>Timing of revenue recognition under HKFRS 15</i>		
At a point in time	13,496	14,196
Transferred over time	30,879	27,715
	44,375	41,911
<i>Revenue from other sources</i>	170,369	101,150
	214,744	143,061

6. OTHER INCOME AND GAINS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Bank interest income	4	4
Exchange gain, net	–	872
Compensation received	288	568
Dividend income (<i>note (a)</i>)	2,080	–
Investment income (<i>note (a)</i>)	4,129	–
Gain on disposal of property, plant and equipment	37	3
Government grants (<i>note (b)</i>)	445	4,097
Sale of scrap materials	209	76
Others	527	209
	<u>7,719</u>	<u>5,829</u>

Notes:

- (a) Bonds investment proceeds and dividend were received by the Group during the year. All bonds were sold before 31 December 2021.
- (b) In 2021, the Group received levy rebates which was introduced by the Ministry of Manpower of Singapore to help with sectors tide over the manpower shortage challenges caused by COVID-19.

In 2020, the Group received grants from the COVID-19 Anti-epidemic Fund under the Employment Support Scheme and other subsidy schemes under the Anti-epidemic Fund as launched by the Government of the Hong Kong Special Administrative Region (the “Hong Kong Government”) and grants received from the Job Support Scheme to support COVID-19 epidemic launched by the Ministry of Manpower of Singapore.

7. OTHER OPERATING EXPENSES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Depreciation of property, plant and equipment:		
– Owned assets	33,863	29,473
– Right-of-use-assets	29,367	23,418
Amortisation of intangible assets	1,783	822
	<u>65,013</u>	<u>53,713</u>

8. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Interest charges on financial liabilities stated at amortised cost:		
– Borrowings	1,866	783
– Loan from intermediate holding company	574	–
– Other loan interests	4,150	12,617
– Lease liabilities	3,697	2,943
– Amounts due to related companies	–	1,446
	<u>10,287</u>	<u>17,789</u>

9. PROFIT/(LOSS) BEFORE INCOME TAX

Profit/(loss) before income tax is arrived at after charging/(crediting):

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Auditor's remuneration	1,159	1,149
Cost of inventories recognised as an expense	7,691	7,978
Amortisation of intangible assets	1,783	822
Depreciation of property, plant and equipment	33,863	29,473
Depreciation of right-of-use assets	29,367	23,418
Impairment loss on trade receivables, net	1,729	618
Written-off of trade receivables	–	747
Gain on disposal of property, plant and equipment	(37)	(3)
Impairment loss on property, plant and equipment	–	59
Written-off of property, plant and equipment	437	–
Disposal of property, plant and equipment	2,890	–
Impairment loss on right-of-use assets	–	5,641
(Reversal of provision)/provision for inventories, net	(22)	1,255
Lease charges in respect of short term leases	35,843	25,826
Income from subleasing right-of-use assets	(58,962)	(36,792)
Income from leasing of owned plant and machinery and right-of-use assets	(111,407)	(64,358)
Employee costs (including Directors' remuneration) (<i>Note</i>)		
– Wages, salaries and bonuses	41,259	43,023
– Contribution to defined contribution plans	2,963	1,986
	<u>44,222</u>	<u>45,009</u>
Net foreign exchange loss/(gain)	<u>1,691</u>	<u>(872)</u>

Note:

Employee costs (including Directors' remuneration) had been included in cost of sales and services of approximately HK\$6,527,000 (2020: HK\$7,527,000) and administrative expenses of approximately HK\$37,695,000 (2020: HK\$37,482,000).

10. DISCONTINUED OPERATIONS

Management of the Company have repeatedly made verbal and written requests to Guangdong Dahe Biological Technologies Limited* (廣東大合生物科技股份有限公司) (“Guangdong Dahe”) and paid physical on-site visits, the Company has been refused access to Guangdong Dahe’s plantation site from 28 December 2019. The Company has been unable to have access to the complete sets of books and records together with supporting documents of Guangdong Dahe since 1 December 2019. The financial results of Guangdong Dahe for the period from 1 January 2019 to 30 November 2019 is included in the consolidated financial statements of the Group for the year ended 31 December 2019. In addition, the assets and liabilities of the Guangdong Dahe are de-consolidated from the statement of financial position of the Group and separately shown as assets classified as held for sale and liabilities associated with assets held for sale, respectively. On 20 December 2019, the Board of the Company resolved to dispose of the Plantation Business.

On 24 February 2020, the Group and a purchaser, who is one of the shareholder of Best Earnest Investments Limited (佳誠投資有限公司) (“Best Earnest”) and the Company, (the “Purchaser”) entered into the Agreement, pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire 51% shares for a total consideration of HK\$230,000,000 (the “Disposal”). The Disposal was completed on 24 June 2020 (“Disposal Date”).

For the details of the Disposal, please refer to the Company’s announcements dated 24 February 2020, 6 March 2020, 19 March 2020, 22 May 2020, 8 July 2020 and 10 July 2020 and its circular dated 7 May 2020, respectively.

* *For identification purpose only*

10. DISCONTINUED OPERATIONS (CONTINUED)

Analysis of loss for the period from discontinued operations

The results of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows are set out below.

	From 1 January 2020 to 24 June 2020 HK\$'000
Loss for the period from discontinued operations	(1,234)
Other comprehensive income/(loss)	
<i>Items that may be reclassified subsequently to profit or loss:</i>	
Exchange differences on translating foreign operations	(8,481)
Translation reserve released upon disposal of subsidiaries	9,042
Other comprehensive income for the period from discontinued operations	561
Total comprehensive loss for the period from discontinued operations	(673)
Operating cash flows	(1,594)
Investing cash flows	–
Financing cash flows	36
Total cash outflows	(1,558)

The carrying amounts of the assets and liabilities of Best Earnest and its subsidiaries (the “Best Earnest Group”), mainly included Guangdong Dahe, had been classified and accounted for as a disposal group held for sale as at 31 December 2019. The disposal of Best Earnest Group was completed on 24 June 2020.

11. INCOME TAX EXPENSE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax		
– Provision for HK profits tax	332	–
– Provision for PRC enterprise income tax	2,707	633
– Over provision in respect of prior year	–	(83)
	<hr/>	<hr/>
Total income tax expense	3,039	550
	<hr/> <hr/>	<hr/> <hr/>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Singapore and Vietnam profits tax, Macau Complementary Tax have not been provided as the Group has either no estimated assessable profits in respective jurisdictions or estimated assessable profits are wholly absorbed by tax losses brought forward from previous years.

For subsidiaries of the Group engaged in construction equipment business in the PRC, the provision for the EIT has been provided at the applicable tax rate of 25% on the estimated assessable profits of the Group.

For subsidiaries of the Group engaged in construction equipment business in Hong Kong, under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. No such provision in 2020 as the respective subsidiaries had no assessable profit in that year.

12. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

13. EARNINGS/(LOSS) PER SHARE

(i) Continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share attributable to the owners of the Company is based on following data:

	2021	2020
Profit/(loss)		
Profit/(loss) for the purposes of basic and diluted earnings/(loss) per share (HK\$'000)	<u>4,478</u>	<u>(131,900)</u>
Number of shares		
Weighted average number of ordinary shares	<u>1,060,000,000</u>	<u>1,060,000,000</u>
Basic and diluted earnings/(loss) per share (HK cents)	<u>0.42</u>	<u>(12.44)</u>

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share, as there were no potential dilutive ordinary shares issued during the years ended 31 December 2020 and 2021.

(ii) Continuing operations

	2021	2020
Profit/(loss) for the year attributable to owners of the Company (HK\$'000)	4,478	(131,900)
Less: Loss for the year from discontinued operations (HK\$'000)	<u>—</u>	<u>(68,901)</u>
	<u>4,478</u>	<u>(62,999)</u>
Basic and diluted earnings/(loss) per share from continuing operations (HK cents)	<u>0.42</u>	<u>(5.94)</u>

(iii) Discontinued operations

	2021	2020
Loss for the year attributable to owners of the Company (HK\$'000)	<u>—</u>	<u>(68,901)</u>
Basic and diluted loss per share from discontinued operations (HK cents)	<u>—</u>	<u>(6.50)</u>

14. INTANGIBLE ASSETS

	Construction licenses HK'000
At 1 January 2020	
Cost	–
Accumulated amortisation	–
	<hr/>
At 1 January 2020	–
	<hr/> <hr/>
Year ended 31 December 2020	
<i>Opening net carrying amount</i>	–
Acquisition of subsidiaries	3,288
Amortisation	(822)
	<hr/>
Closing net carrying amount	2,466
	<hr/> <hr/>
At 31 December 2020 and 1 January 2021	
Cost	3,288
Accumulated amortisation	(822)
	<hr/>
At 31 December 2020 and 1 January 2021	2,466
	<hr/> <hr/>
Year ended 31 December 2021	
<i>Opening net carrying amount</i>	2,466
Acquisition of subsidiaries (note 19)	2,749
Amortisation	(1,783)
	<hr/>
Closing net carrying amount	3,432
	<hr/> <hr/>
At 31 December 2021	
Cost	6,037
Accumulated amortisation	(2,605)
	<hr/>
At 31 December 2021	3,432
	<hr/> <hr/>

15. PROPERTIES UNDER DEVELOPMENT

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within normal operating cycle included under current assets:		
Land use rights	85,900	85,900
Construction costs	28,415	9,061
Interest capitalised	1,623	637
	<hr/>	<hr/>
Total	115,938	95,598
	<hr/> <hr/>	<hr/> <hr/>

The properties under development are all located in Hong Kong. No provision for impairment was made during year ended 31 December 2021. The properties under development are expected to be completed and available for sale in more than 12 months.

The properties under development include costs of acquiring rights to use certain lands for property development over fixed periods. Land use rights are held on leases of 50 years.

As at 31 December 2021, HK\$85,900,000 (2020: HK\$85,900,000) was pledged as collateral for bank borrowings.

16. TRADE RECEIVABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current portion:		
Trade receivables, gross (<i>note</i>)	–	302
Less: Loss allowance	–	(4)
	<u>–</u>	<u>(4)</u>
Trade receivables, net	<u>–</u>	<u>298</u>
Current portion:		
Trade receivables, gross	91,937	65,770
Less: Loss allowance	(3,279)	(1,546)
	<u>88,658</u>	<u>64,224</u>
Trade receivables, net	<u><u>88,658</u></u>	<u><u>64,522</u></u>

Note: It represented retention receivables.

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 90 days (2020: 0 to 60 days) or based on the terms agreed in the relevant sales and rental agreements.

The Directors consider that the fair values of trade receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

The ageing analysis of trade receivables as at the reporting date, net of impairment, based on invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 - 30 days	29,197	17,101
31 - 60 days	5,716	12,597
61 - 90 days	5,802	9,669
Over 90 days	47,943	25,155
	<u>88,658</u>	<u>64,522</u>
	<u><u>88,658</u></u>	<u><u>64,522</u></u>

16. TRADE RECEIVABLES (CONTINUED)

The movement in the loss allowance for trade receivables during the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	1,550	930
Impairment loss recognised	1,745	625
Recovery of impairment	(16)	(7)
Net exchange differences	<u>—</u>	<u>2</u>
At 31 December	<u>3,279</u>	<u>1,550</u>

During the year ended 31 December 2021, included in impairment loss recognised for trade receivables of approximately HK\$1,081,000 (2020: HK\$847,000) represented loss allowance for credit-impaired trade receivables. The credit-impaired trade receivables are due from customers experiencing dispute that were in default or past due event.

During the year ended 31 December 2021, there was a written-off of trade receivables of approximately HK\$Nil (2020: HK\$747,000) and included in administrative expenses.

17. TRADE PAYABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	61,703	58,704

The credit period is, in general, 30 to 90 days (2020: 30 to 60 days) or based on the terms agreed in purchase agreements.

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

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 - 30 days	12,013	28,526
31 - 60 days	2,443	11,335
61 - 90 days	10,127	5,711
Over 90 days	37,120	13,132
	61,703	58,704

The fair values of trade payables which are expected to be repaid within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

18. OTHER LOANS

On 28 August 2018, the Company entered into an unsecured other loan agreement with Harbour Luck Investments Limited (“Harbour Luck”), a shareholder until 29 April 2021, in relation to the loan of HK\$173,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for fulfilment of financial obligations of the Group. On 28 August 2018, HK\$173,000,000 was drawn down by the Company.

On 30 November 2018, the Company entered into an unsecured other loan agreement with Harbour Luck in relation to the loan of HK\$5,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 3 December 2018, HK\$5,000,000 was drawn down by the Company.

On 26 February 2019, the Company further entered into an unsecured other loan agreement with Harbour Luck in relation to the loan of HK\$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 27 February 2019, HK\$2,500,000 was drawn down by the Company.

On 24 April 2019, the Company further entered into an unsecured other loan agreement with Harbour Luck in relation to the loan of HK\$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, will be used for financing the daily operations of the Group. On 25 April 2019, HK\$2,500,000 was drawn down by the Company.

On 6 August 2020, the Company entered in to a supplementary agreement with Harbour Luck that Harbour Luck agreed to adjust the annual interest rate from 10% to 5% for loan balance of HK\$183,000,000, starting from the date of drawn down, and Harbour Luck agreed to waive the interest receivables from the Company for any parts exceed the reassessed interest receivables. The waiver balance of HK\$17,537,000 has been included in the capital reserve of the Company as a deemed contribution from shareholder.

On 10 August 2020, amount of HK\$100,000,000 was repaid to Harbour Luck.

Other loans were not secured by any assets of the Group. In the opinion of the Directors, the other loans were granted to the Company on normal commercial terms or better to the Company.

Subsequent to the financial year ended 31 December 2021, financial support is obtained from the substantial former shareholder of the Company not to demand for repayment of the unsecured other loans and interest payable due by the Group of approximately HK\$83,000,000 and of HK\$23,425,000 respectively as at 31 December 2021 in the next twelve months.

19. ACQUISITION OF SUBSIDIARIES

For the year ended 31 December 2021, the Group entered into an agreement to acquire 100% equity interest in Victor-Oasis Holdings Limited and its subsidiary (collectively the “Victor-Oasis Group”) from an independent third party, at a total cash consideration of HK\$2,750,000. On the acquisition date, it was inactive and had construction licenses. The acquisition was recognised as acquisition of assets. Construction licenses were recognised as intangible assets.

The following table summarises the consideration paid for acquisition, the aggregate amount of fair values of the assets acquired and liabilities assumed of Victor-Oasis Group on 10 February 2021.

	<i>HK\$'000</i>
Trade receivables	921
Cash and cash equivalents	1
Trade payables	(921)
	<hr/>
Total identifiable net assets at fair value	1
Less: non-controlling interest	–
	<hr/>
Identifiable net assets acquired	1
Intangible assets	2,749
	<hr/>
Total purchase consideration	2,750
	<hr/>
Purchase consideration settled in:	
Cash	2,750
Cash and bank balances in a subsidiary acquired	(1)
	<hr/>
Net cash outflow on acquisition of a subsidiary	2,749
	<hr/> <hr/>

The revenue and profit after taxation of HK\$9,680,000 and HK\$1,982,000 respectively included in the consolidated financial statements were contributed by Victor-Oasis Group from the date of acquisition to 31 December 2021.

If the acquisition had occurred on 1 January 2021, the Group’s revenue would have been HK\$214,744,000 and profit for the period from continuing operations would have been HK\$3,951,000 for the year ended 31 December 2021. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future results.

20. DISPOSAL OF SUBSIDIARIES

As detailed in note 10, the Company had been refused access to Guangdong Dahe's plantation site since 28 December 2019. The Company was unable to have access to the complete sets of books and records together with supporting documents of Guangdong Dahe since 1 December 2019. On 20 December 2019, the board of directors of the Company resolved to dispose the Plantation Business.

On 24 February 2020, the Group and the Purchaser entered into the agreement, pursuant to which the Group conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the shares for a total consideration of HK\$230,000,000. The Disposal was completed on the Disposal Date. For details of the Disposal, please refer to the Company's announcements dated 24 February 2020, 6 March 2020, 19 March 2020, 22 May 2020, 8 July 2020 and 10 July 2020 and its circular dated 7 May 2020, respectively. Based on the latest available financial information, the net assets disposed of at the Disposal Date were set out as follows:

	24 June 2020 <i>HK\$'000</i>
Property, plant and equipment	220,608
Right-of-use assets	1,078
Inventories and consumables	147,465
Biological assets	6,142
Trade receivables	26,154
Prepayments, deposits and other receivables	7,902
Cash and cash equivalents	85,340
Goodwill	<u>74,701</u>
Assets classified as held for sale	<u><u>569,390</u></u>
Trade payables	12,458
Receipt in advance, accruals and other payables	10,956
Lease liabilities	1,125
Deferred government grant	<u>8,042</u>
Liabilities associated with assets classified as held for sale	<u><u>32,581</u></u>
Net assets classified as held for sale	<u><u>536,809</u></u>

20. DISPOSAL OF SUBSIDIARIES (CONTINUED)

HK\$'000

Loss on disposal of subsidiaries:

Consideration received	230,000
Net assets disposed of	(536,809)
Non-controlling interests	248,907
Less: Translation reserve	(9,042)
Less: Transaction costs attributable to the disposal	<u>(1,328)</u>

Net loss on disposal (68,272)

Cash inflow arising on disposal:

Consideration received	230,000
Bank balances and cash disposed of	<u>(85,340)</u>

Net cash inflow 144,660

Consideration of HK\$230,000,000 was received during the year ended 31 December 2020. The net cash inflow during the year ended 31 December 2020 was HK\$144,660,000.

21. EVENT AFTER REPORTING DATE

The performance of the Group were affected by the outbreak of COVID-19 since early 2020. At the date of this report, it has remained uncertain when the pandemic will end. The Group will continue to pay close attention to the development of the COVID-19 and perform further assessment on its impact and take relevant measures.

22. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, to maintain an optimal capital structure to reduce the cost of capital and to support the Group's stability and growth. The capital structure of the Group consists of net debt and equity attributable to owners of the Company, comprising issued share capital, reserves and accumulated losses. The Group actively and regularly reviews and manages its capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholder returns.

The Group monitors capital using a gearing ratio, which is net debts divided by total capital. Total debts are calculated as the sum of carrying amounts of borrowings, other loans and lease liabilities as shown in the consolidated statement of financial position. The Group aims to maintain the gearing ratio at a reasonable level.

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Borrowings	106,548	73,160
Other loans	83,000	83,000
Lease liabilities	74,745	75,215
	<hr/>	<hr/>
Total debts	264,293	231,375
	<hr/>	<hr/>
Total equity	132,236	127,276
	<hr/>	<hr/>
Total debts to equity ratio	2.0	1.8
	<hr/> <hr/>	<hr/> <hr/>

AUDIT OPINION

An extract of the auditor's report is set out in the section headed "EXTRACT OF THE AUDITOR'S REPORT OPINION" below.

EXTRACT OF THE AUDITOR'S REPORT OPINION

In our opinion, except for the possible effect of the matters described in the Basis of Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

BASIS OF QUALIFIED OPINION

In our auditor's report dated 26 March 2021 on the consolidated financial statements for the year ended 31 December 2020, we disclaimed an opinion due to, amongst other matters, a limitation in the scope of relating to our audit of Best Earnest Investments Limited (佳誠投資有限公司) ("**Best Earnest**") and its subsidiaries (including Guangdong Dahe Biological Technologies Limited (廣東大合生物科技股份有限公司) ("**Guangdong Dahe**") (the "**Best Earnest Group**") at 24 June 2020 (the "**Disposal Date**"), loss on disposal of subsidiaries of approximately HK\$68,272,000 for the year ended 31 December 2020, loss from discontinued operation for the period from 1 January 2020 to 24 June 2021 of approximately HK\$1,234,000 and the related disclosure.

Our audit opinion on the consolidated financial statements for the year ended 31 December 2021 is also modified because of the possible effects of the abovementioned matter on the comparability of the corresponding figures in the consolidated statement of profit or loss and other comprehensive income.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

Overall Performance

For the Year, the Group generated revenue from continuing operations of approximately HK\$214.7 million (2020: approximately HK\$143.1 million) with a profit for the Year from continuing operations of approximately HK\$4.0 million (2020: a loss of approximately HK\$63.0 million).

Business Review

Revenue from sales of machinery was approximately HK\$11.7 million for the Year, representing a decrease of approximately 3.7% as compared to the amount the Group achieved for FY2020. This was due to the decrease in demands of new cranes in Hong Kong and Singapore.

Rental income from leasing of machinery increased from approximately HK\$101.2 million to approximately HK\$170.4 million for the Year, representing an increase of approximately 68.4% year over year mainly due to the development of the tower crane leasing market in the People's Republic of China (the "PRC").

Revenue from service income increased from approximately HK\$27.7 million to approximately HK\$30.9 million for the Year, representing an increase of approximately 11.4% year over year mainly due to an increase in demand of service in Hong Kong.

Sales of spare parts was approximately HK\$1.8 million for the Year, representing a decrease of approximately 12.1% from the amount recorded for FY2020. The decrease was mainly due to the change in market demand of spare parts for the machinery.

As at 31 December 2021, the Group had one property development project under development in Hong Kong and it had commenced in the second quarter of 2020. There was no sale of property during the Year.

The Group's Property Development Project as at 31 December 2021

Project name	Location/Postal address	Interests		Status	Estimated year of completion (Note)	Usage
		Attributable to the Group	Total site area (sq. ft.)			
Mong Kok	Lot No. 11238 at Reclamation Street and Shanghai Street, Mong Kok, Kowloon, Hong Kong	100%	2,718	Under development	February 2024	Residential

Note: The estimated year of completion is made based on the present situation and progress of the project.

Analysis of Properties Under Development as at 31 December 2021

Project name	Total GFA* (sq. ft.)	GFA under development/ completed (sq. ft.)	Total saleable GFA* (sq. ft.)	Accumulated	Accumulated	Average Selling Price (HK\$/sq. ft.)
				GFA* sold as at 31 December 2021 (sq. ft.)	GFA* delivered as at 31 December 2021 (sq. ft.)	
Mong Kok	22,594	0	12,279	0	0	0

* GFA means gross floor area

Dividend

The Board has resolved not to recommend the payment of any dividend for the Year (2020: Nil).

Financial Review

Results for the Year

As detailed in the section headed “**Overall Performance**” above, the Group recorded a profit from continuing operations of approximately HK\$4.0 million for the Year (2020: a loss of approximately HK\$63.0 million).

For the FY2021, the Group's other income and gains from continuing operations amounted to approximately HK\$7.7 million, representing an increase of approximately 32.4% compared to that of FY2020. The increase was mainly attributable to an increase in dividend and investment income from the financial assets.

As at 31 December 2021, the Group's property, plant and equipment amounted to approximately HK\$187.6 million, representing an increase of approximately 35.2% compared to that as at 31 December 2020. The depreciation charges included in other operating expenses, and staff costs included in cost of sales and administrative expenses from the continuing operations for the Year increased by approximately HK\$10.3 million and decreased by HK\$0.8 million, respectively, as compared to the amounts for the previous year.

Finance costs from continuing operations amounted to approximately HK\$10.3 million for the FY2021, representing a decrease of approximately 42.2% compared to those of FY2020.

Liquidity and Financial Resources

The Group had cash and cash equivalents of approximately HK\$26.4 million as at 31 December 2021 (2020: approximately HK\$30.0 million).

The total equity of the Group increased to approximately HK\$132.2 million as at 31 December 2021 (2020: approximately HK\$127.3 million).

As at 31 December 2021, the Group had net current liabilities of approximately HK\$33.7 million (2020: approximately HK\$39.5 million).

Capital Structure

As at 31 December 2021, the Company's share capital comprised 1,060,000,000 issued ordinary shares with par value of HK\$0.01 each (the "Shares", each, a "Share"). There was no change in the share capital of the Company during the Year.

Investment Position and Planning

During the Year, the Group spent approximately HK\$88.7 million and HK\$Nil for acquisition of plant and equipment and leasehold land for property development, respectively (2020: approximately HK\$29.6 million and HK\$85.9 million, respectively).

Pursuant to a resolution passed in the board of management's meeting of Manta-Vietnam Construction Equipment Leasing Limited ("Manta-Vietnam"), a company incorporated in Vietnam and an indirect 67%-owned subsidiary of the Company (the "Board of Management") held on 10 January 2013, the Board of Management resolved to liquidate Manta-Vietnam. A notification of the dissolution of Manta-Vietnam was issued on 29 April 2021.

Significant Investments/Material Acquisitions and Disposals

Saved as disclosed above, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during the Year.

Future Plan for Material Investments or Capital Assets

Saved as disclosed above, the Group did not have other plans for material investments and capital assets as at 31 December 2021.

Gearing

The Group monitors capital using a gearing ratio, which is calculated by dividing the total debts (sum of carrying amounts of other loans, borrowings and lease liabilities) by the total equity as at the respective dates. The Group's gearing ratio as at 31 December 2021 was increased to 2.0 (2020: 1.8), mainly due to the increase in interest-bearing borrowings/bank borrowings for the Year.

Pledge of Group Assets and Contingent Liabilities

As at 31 December 2021, the Group's banking facilities were secured by the Group's estate right title benefit and interest of the leasehold land with a carrying amount of HK\$85.9 million (2020: approximately HK\$85.9 million), a building of the Group with an aggregate carrying amount of approximately HK\$28.2 million (2020: approximately HK\$30.8 million), property, plant and equipment of approximately HK\$7.0 million (2020: HK\$6.8 million), and corporate guarantees executed by the Company and certain subsidiaries.

As at 31 December 2021, the Group's lease liabilities were secured by property, plant and equipment of approximately HK\$58.1 million (2020: approximately HK\$65.5 million).

As at 31 December 2021, the Group's other borrowings were secured by property, plant and equipment of approximately HK\$21.4 million (2020: approximately HK\$17.0 million) and corporate guarantees executed by the Company and certain subsidiaries.

As at 31 December 2021, the Group and the Company did not have any significant contingent liabilities (2020: Nil).

Exchange Rate Exposure

During the Year and as at 31 December 2021, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from the Group's rental operations in Singapore and the PRC were primarily denominated in Singapore dollar and Renminbi, respectively. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro, United States dollar or Renminbi. For purchases in foreign currencies, hedging transactions may be entered into against fluctuations in the foreign exchange rate. However, no hedging arrangement was undertaken for revenue generated from the Group's operations in Singapore and the PRC.

Treasury Policies

The Group generally finances its ordinary operations with internally generated resources or banking facilities. The interest rates of most of the borrowings and finance lease arrangement are charged by reference to prevailing market rates.

Commitments

As at 31 December 2021, the Group had total capital commitments of approximately HK\$5.7 million and HK\$24.4 million related to the acquisitions of property, plant and equipment and properties under development for sale, respectively (2020: approximately HK\$4.0 million and HK\$38.7 million, respectively).

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2021, the Group had a total of 121 (2020: 109) employees in Hong Kong, Singapore, Vietnam and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities. Periodic in-house trainings have been provided to the employees to enhance the knowledge of the workforce.

FUTURE PROSPECTS

In the short term, demand for residential construction in Hong Kong and the PRC is expected to weaken in view of the latest cooling measures in the housing sector. Due to the combined effect of the uncertainty of the global COVID-19 pandemic, restrictions on commercial activities brought upon by border controls, delays in construction work arising from intermittent work stoppages, and rising freight costs on the procurement, delivery and scheduling of tower crane shipments, we expect the construction equipment business to remain challenging.

In the medium term, the Building and Construction Authority of Singapore forecast that total construction demand will reach between S\$25 billion and S\$32 billion per year from 2023 to 2026. Such projection excludes the development of Changi Airport Terminal 5 and its associated infrastructure projects, as well as the expansion of two integrated resorts, which will commence construction once the current COVID-19 pandemic has ended.

According to the latest press release issued by the Hong Kong Construction Industry Council, with the Northern Metropolis Development Strategy and Lantau Tomorrow Vision, together with other infrastructures and projects, Hong Kong's annual total construction output will reach around HK\$300 billion.

The “14th Five-Year Plan for the Development of Construction Industry” published by the Ministry of Housing and Urban-Rural Development of the PRC has stated that a policy mechanism and an industry system for the synergistic development of smart construction and new industrialised building are substantially established, and that prefabricated buildings shall account for more than 30% of new construction. Against the backdrop of ‘dual carbon’ goals, the importance of prefabricated construction as a vital way to save energy and reduce emissions in the construction industry has been further enhanced. The increasing proportion of prefabricated buildings in new construction at the policy level is expected to provide a strong impetus to the prefabricated construction industry. The Group continues to be optimistic about the development of the Greater Bay Area. The Shenzhen government requires that the proportion of prefabricated buildings in the city shall account for more than 60% of new construction area by 2025, and therefore, the Group will continue to explore the tower crane market of the PRC in the future. At the same time, the Group will continue to evaluate property projects in Hong Kong, Singapore and Mainland China and seek opportunities to acquire additional land reserves, which will inject more vibrancy to the Group’s future development.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the FY2021, the Company did not redeem any of its own listed securities, and neither the Company nor any of its subsidiaries had purchased or sold any of such securities.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in note 21 to the Consolidated Financial Statements set out in this announcement, the Group did not have any other material subsequent event after the reporting period and up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company believes that good corporate governance will not only improve management accountability and investor confidence, but also will lay a good foundation for the long term development of the Company. Therefore, the Company will continue to strive to develop and implement effective corporate governance practices and procedures.

The Company has adopted the code provisions as set out in the Corporate Governance Code (as in force as at 31 December 2021) as contained in Appendix 14 to the Listing Rules (the “**CG Code**”) as its own code of corporate governance. The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company had complied with the applicable code provisions of the CG Code throughout the Year.

Full details on the Company’s corporate governance practices are set out in the annual report of the Company for the Year (the “**2021 Annual Report**”).

CHANGE OF COMPANY NAME, STOCK SHORT NAMES, COMPANY LOGO AND COMPANY WEBSITE ADDRESS

On 30 April 2021, the Board announced the proposed change of its registered English name from “Eagle Legend Asia Limited” to “Kaisa Capital Investment Holdings Limited”, and its Chinese name from “鵬程亞洲有限公司” to “佳兆業資本投資集團有限公司”. On 8 June 2021, the special resolution for change of the Company’s name was duly passed by the Shareholders at its extraordinary general meeting. The Certificate of Incorporation on Change of Name was issued by the Registrar of Companies in the Cayman Islands on 11 June 2021, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 12 July 2021.

Following the change of the Company’s name, the stock short names for trading in the Shares on the Stock Exchange has been changed from “EAGLE LEGEND” to “KAISA CAPITAL” in English and from “鵬程亞洲” to “佳兆業資本” in Chinese with effect from 21 July 2021. The stock code of the Company on the Stock Exchange remains unchanged. Further, the Company’s logo has been changed and the Company’s website has been changed to “<https://kaisa-capital.com>”. The Board considers that the change of Company name would establish a fresh corporate identity which provides Shareholders and investors with a new image that the Company is a subsidiary of Kaisa Group Holdings Ltd. and better reflect the Group’s long-term business plan and development.

Please refer to the Company’s announcements/notice dated 30 April, 7 May, 8 June and 16 July 2021 and circular dated 7 May 2021 for further details.

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS

None of the Directors, the controlling shareholders (as defined under the Listing Rules) of the Company or their respective close associates (as defined under the Listing Rules) (a) had interests in any business apart from the Group’s business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and (b) had or might have any other conflicts of interest with the Group during the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the FY2021.

CHANGE IN COMPOSITION OF THE BOARD AND BOARD COMMITTEES

The changes in information of the Directors since the date of the Company’s 2021 interim report are set out below:

1. Ms. Kwok Hiu Yan has resigned as an executive Director with effect from 3 December 2021;
2. Mr. Chen Zefeng has resigned as an executive Director with effect from 22 December 2021; and
3. Mr. Zhou Puzhang has resigned as an executive Director with effect from 28 January 2022.

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises three independent non-executive Directors (“**INEDs**”), namely Mr. Xu Xiaowu (chairman of the Audit Committee), Mr. Li Yongjun and Mr. Diao Yingfeng. The Audit Committee has reviewed the Consolidated Financial Statements, including the accounting policies and practices adopted by the Group.

REVIEW BY INDEPENDENT AUDITOR

The figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the FY2021 as set out in this annual results announcement have been agreed by the Group’s independent auditor, Grant Thornton Hong Kong Limited (“**Grant Thornton**”), to the amounts set out in the Consolidated Financial Statements. The work performed by Grant Thornton in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by Grant Thornton on this announcement.

2022 ANNUAL GENERAL MEETING

The 2022 annual general meeting of the Company (the “**2022 AGM**”) will be held on Friday, 20 May 2022. The Notice of the 2022 AGM will be published and dispatched to the Shareholders in due course in the manner as required by the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 17 May 2022 to Friday, 20 May 2022, both dates inclusive, during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the 2022 AGM, non-registered Shareholders must lodge all duly completed and stamped transfer documents, accompanied by the relevant share certificates with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 May 2022.

PUBLICATION OF 2021 ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (<https://kaisa-capital.com>). The 2021 Annual Report, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to the Shareholders and published on the same websites in due course in the manner as required by the Listing Rules.

By Order of the Board
Kaisa Capital Investment Holdings Limited
Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 29 March 2022

As at the date of this announcement, the Board comprises Mr. Kwok Ying Shing (Chairman), Mr. Zhao Yi and Ms. Lee Kin Ping Gigi as executive Directors; and Mr. Xu Xiaowu, Mr. Li Yongjun and Mr. Diao Yingfeng as INEDs.