

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.



CR Construction Group Holdings Limited

華營建築集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1582)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

The total revenue of the Group for the year ended 31 December 2020 decreased to approximately HK\$4,491.8 million as compared to that of approximately HK\$4,833.9 million for the year ended 31 December 2019.

The total gross profit of the Group decreased to approximately HK\$203.8 million for the year ended 31 December 2020 as compared to that of approximately HK\$212.0 million for the year ended 31 December 2019.

Profit attributable to the equity holders of the Company for the year ended 31 December 2020 amounted to approximately HK\$89.3 million as compared to that of approximately HK\$58.5 million for the year ended 31 December 2019.

The Directors propose to recommend, at the forthcoming annual general meeting of the Company, the payment of a final dividend of HK2.75 cents per share, amounting to approximately HK\$13.8 million.

The board (the “**Board**”) of directors (the “**Directors**”) of CR Construction Group Holdings Limited (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 December 2019, as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Year ended 31 December 2020

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	6	4,491,782	4,833,853
Contract costs		<u>(4,288,017)</u>	<u>(4,621,875)</u>
Gross profit		203,765	211,978
Other income	6	1,439	2,500
Administrative expenses		(83,060)	(115,467)
Other operating expenses, net		(6,799)	(3,449)
Finance costs	8	(14,371)	(12,295)
Listing expenses		<u>–</u>	<u>(11,513)</u>
PROFIT BEFORE TAX	7	100,974	71,754
Income tax expense	9	<u>(11,694)</u>	<u>(13,236)</u>
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>89,280</u>	<u>58,518</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	11	<u>HK17.86 cents</u>	<u>HK14.99 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		22,366	21,423
Right-of-use assets		29,053	3,751
Prepayments and deposits		5,834	1,519
Total non-current assets		57,253	26,693
CURRENT ASSETS			
Contract assets	12	1,686,059	1,569,973
Trade receivables	13	482,382	384,094
Prepayments, deposits and other receivables		47,824	46,005
Pledged deposits		–	26,338
Cash and cash equivalents		118,708	150,798
Total current assets		2,334,973	2,177,208
CURRENT LIABILITIES			
Trade and retention payables	14	927,927	1,123,797
Other payables and accruals		771,119	533,821
Interest-bearing bank borrowings	15	80,000	–
Lease liabilities		15,402	2,202
Tax payable		742	15,955
Total current liabilities		1,795,190	1,675,775
NET CURRENT ASSETS		539,783	501,433
TOTAL ASSETS LESS CURRENT LIABILITIES		597,036	528,126
NON-CURRENT LIABILITIES			
Provision		4,000	–
Lease liabilities		14,301	1,513
Deferred tax liabilities		1,317	975
Total non-current liabilities		19,618	2,488
Net assets		577,418	525,638
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	16	5,000	5,000
Reserves		572,418	520,638
Total equity		577,418	525,638

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

31 December 2020

1. CORPORATE AND GROUP INFORMATION

CR Construction Group Holdings Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is located at Unit Nos. 3–16, Level 32, Standard Chartered Tower of Millennium City 1, No. 388 Kwun Tong Road, Kwun Tong, Kowloon, Hong Kong. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 October 2019 (the “**Listing**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) are principally engaged in the provision of building construction services and repair, maintenance, addition and alteration (“**RMAA**”) works.

CR Construction Investments Limited (“**CR Investments**”), a company incorporated in the British Virgin Islands (the “**BVI**”), is the immediate holding company of the Company. In the opinion of the Directors, Zhejiang State-owned Capital Operation Company Limited, a company established in the People's Republic of China (the “**PRC**”), is the ultimate holding company of the Company.

2. BASIS OF PREPARATION

The 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.

The financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs has had no significant financial effect on the consolidated financial statements.

4. ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework²</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	
HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform — Phase 2¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
HKFRS 17	<i>Insurance Contracts³</i>
Amendments to HKFRS 17	<i>Insurance Contracts^{3,6}</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current^{3,5}</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract²</i>
Annual improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 ²

- ¹ Effective for annual periods beginning on or after 1 January 2021
- ² Effective for annual periods beginning on or after 1 January 2022
- ³ Effective for annual periods beginning on or after 1 January 2023
- ⁴ No mandatory effective date yet determined but available for adoption
- ⁵ As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
- ⁶ As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's financial performance and financial position.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one reportable operating segment, of which the Group engages in contract work as a main contractor or subcontractor, primarily in respect of building construction, repair, maintenance and addition and alteration works. Accordingly, no segment information is presented.

Geographical information

(a) Revenue from external customers

No geographical information is presented as over 90% of the Group's revenue from external customers was derived from customers located in Hong Kong during the years ended 31 December 2020 and 31 December 2019.

(b) Non-current assets

No geographical information is presented as over 90% of the Group's non-current assets were located in Hong Kong as at 31 December 2020 and 31 December 2019.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue for each reporting period is set out below:

	2020 HK\$'000	2019 HK\$'000
Customer A	*	838,448
Customer B	<u>1,648,846</u>	<u>2,355,206</u>

* Nil or less than 10% of the Group's revenue

6. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<i>Revenue from contracts with customers</i>		
Building construction	3,981,458	4,486,447
RMAA	510,324	347,406
	<u>4,491,782</u>	<u>4,833,853</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<i>Timing of revenue recognition</i>		
Services transferred over time	<u>4,491,782</u>	<u>4,833,853</u>

The following table shows the amounts of revenue recognised in the current reporting period from performance obligations satisfied in previous periods:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue recognised from performance obligations satisfied in previous periods:		
Provision of building construction and RMAA services previously not recognised due to constraints on variable consideration	<u>119,646</u>	<u>68,561</u>

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Construction services and other RMAA services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 14 to 45 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The construction period varies from one to four years. The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	4,385,827	3,899,130
After one year	6,447,059	3,095,007
	<u>10,832,886</u>	<u>6,994,137</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction services, of which the performance obligations are to be satisfied within four years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

RMAA services under term contracts

The performance obligation is satisfied over time as services are rendered and payment is generally due upon completion of RMAA services. The Group has elected the practical expedient to not to disclose the remaining performance obligations for this type of contracts.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Other income		
Interest income	376	624
Gross rental income	681	900
Others	382	976
	<u>1,439</u>	<u>2,500</u>

7. PROFIT BEFORE TAX

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Contract costs	4,288,017	4,621,875
Depreciation of property, plant and equipment	6,103	7,517
Less: Amount included in contract costs	<u>(1,798)</u>	<u>(1,721)</u>
Amount included in administrative expenses	<u>4,305</u>	<u>5,796</u>
Depreciation of right-of-use assets	14,614	16,004
Less: Amount included in contract costs	<u>(3,582)</u>	<u>(3,789)</u>
Amount included in administrative expenses	<u>11,032</u>	<u>12,215</u>
Lease payments not included in the measurement of lease liabilities	27,842	26,975
Less: Amount included in contract costs	<u>(27,732)</u>	<u>(26,848)</u>
Amount included in administrative expenses	<u>110</u>	<u>127</u>
Employee benefit expense (including directors' remuneration):		
Salaries, allowances and benefits in kind	320,206	342,456
Pension scheme contributions	<u>13,229</u>	<u>14,039</u>
	333,435	356,495
Less: Amount included in contract costs	<u>(270,211)</u>	<u>(278,848)</u>
	<u>63,224</u>	<u>77,647</u>
Auditor's remuneration	1,990	1,375
Government grants (<i>note</i>)	(32,951)	–
Listing expenses	–	11,513
Impairment of trade receivables, net*	6,218	2,773
Impairment of contract assets*	514	515
Gain on disposal of items of property, plant and equipment, net*	(35)	(58)
Gain on termination of leases*	<u>(51)</u>	<u>(18)</u>

Note: Being wage subsidies provided by the Government of Hong Kong Special Administrative Region (the “**HKSAR Government**”) under the Employment Support Scheme (“**ESS**”) for the year ended 31 December 2020. The subsidies were for the purpose to retain employment to combat the impact of the novel coronavirus 2019 pandemic (“**COVID-19**”). As a condition of receiving the subsidies under the ESS, the Group has undertaken not to make redundancies of its Hong Kong employees from 1 June 2020 to 30 November 2020. There are no unfilled conditions or contingencies related to these subsidies. Government grants related to income are deducted from the related expense.

* These items are included in “Other operating expenses, net” on the face of the consolidated statement of profit or loss and other comprehensive income.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 HK\$'000	2019 HK\$'000
Interest on bank loans	6,426	11,966
Increase in discounted amounts of retention payables arising from the passage of time	6,888	–
Interest on lease liabilities	1,057	329
	<u>14,371</u>	<u>12,295</u>

9. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI. Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2019: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2019: 8.25%) and the remaining assessable profits are taxed at 16.5% (2019: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

	2020 HK\$'000	2019 HK\$'000
Current — Hong Kong		
Charge for the year	11,415	14,274
Overprovision in prior years	(63)	(850)
Deferred	342	(188)
	<u>11,694</u>	<u>13,236</u>
Total tax charge for the year	<u>11,694</u>	<u>13,236</u>

10. DIVIDEND

	2020 HK\$'000	2019 HK\$'000
Interim — HK2.5 cents (2019: Nil) per ordinary share	12,500	–
Proposed final — HK2.75 cents (2019: HK5 cents) per ordinary share	13,750	25,000
	<u>26,250</u>	<u>25,000</u>

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

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of HK\$89,280,000 (2019: HK\$58,518,000), and the weighted average number of ordinary shares of 500,000,000 (2019: 390,441,644) in issue during the year, on the assumption that the capitalisation issue in connection with the Listing of the Company had been completed on 1 January 2019.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2019 included 1,696,000 ordinary shares of the Company issued as at 1 January 2019 and 359,454,000 ordinary shares issued pursuant to the capitalisation issue (note 16(b)), on the assumptions that all these shares had been in issue throughout the year ended 31 December 2019, and the weighted average number of 138,850,000 ordinary shares issued in connection with the Listing of the ordinary shares of the Company on the Stock Exchange (note 16(c)).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 31 December 2019.

12. CONTRACT ASSETS

		31 December 2020	31 December 2019	1 January 2019
	<i>Notes</i>	HK\$'000	HK\$'000	HK\$'000
Contract assets arising from construction services	(a)	1,085,662	1,024,970	640,073
Retention receivables	(b)	601,426	545,518	498,602
		1,687,088	1,570,488	1,138,675
Impairment		(1,029)	(515)	–
		1,686,059	1,569,973	1,138,675

Notes:

- (a) Contract assets consist of the Group's rights to consideration for works completed but unbilled amounts resulting from construction contracts and RMAA services. The contract assets are transferred to trade receivables when the rights become unconditional, which is generally one to three months. The increase in contract assets in 2020 and 2019 was the result of the increase in the provision of construction services at end of the years.

The expected timing of recovery or settlement for contract assets, net of loss allowances, arising from construction services as at 31 December is as follows:

	2020	2019
	HK\$'000	HK\$'000
Within one year	1,085,015	1,024,634

- (b) Retention receivables held by contract customers arising from the Group's construction work and certain RMAA work are settled within a period ranging from one year to two years after the completion of the construction work and acceptance by customers, as stipulated in the construction contracts.

The due date for settlement of the Group's retention receivables, net of loss allowances, as at 31 December is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Due within one year	401,171	332,974
Due after one year	199,873	212,365
	601,044	545,339

During the year ended 31 December 2020, HK\$514,000 (2019: HK\$515,000) was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 13.

The movements in the loss allowance for impairment of contract assets are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At beginning of year	515	–
Impairment losses (<i>note 7</i>)	514	515
At end of year	1,029	515

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	2020	2019
Expected credit loss rate	0.064%	0.033%
Gross carrying amount (<i>HK\$'000</i>)	1,687,088	1,570,488
Expected credit losses (<i>HK\$'000</i>)	1,029	515

13. TRADE RECEIVABLES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	482,734	386,867
Impairment	(352)	(2,773)
	<u>482,382</u>	<u>384,094</u>

The Group's trading terms with its customers are on credit. The Group's credit period with customers range from 14 to 45 days. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 1 month	396,779	305,324
1 to 2 months	84,612	41,015
2 to 3 months	–	–
Over 3 months	991	37,755
	<u>482,382</u>	<u>384,094</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
At beginning of year	2,773	–
Impairment losses, net (<i>note 7</i>)	6,218	2,773
Amount written off as uncollectible	(8,639)	–
	<u>352</u>	<u>2,773</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Current	Past due				Total
		Less than 1 month	1 to 3 months	3 months to 1 year	Over 1 year	
As at 31 December 2020						
Expected credit loss rate	0.064%	0.254%	0.920%	–	–	0.073%
Gross carrying amount (HK\$'000)	463,212	18,522	1,000	–	–	482,734
Expected credit losses (HK\$'000)	295	48	9	–	–	352

As at 31 December 2019

Expected credit loss rate	0.033%	0.060%	1.385%	1.477%	8.549%	0.717%
Gross carrying amount (HK\$'000)	314,045	28,382	4,323	11,838	28,279	386,867
Expected credit losses (HK\$'000)	104	17	60	175	2,417	2,773

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9 which permits the use of the lifetime expected loss provision for all trade receivables.

14. TRADE AND RETENTION PAYABLES

	Notes	2020 HK\$'000	2019 HK\$'000
Trade payables	(a)	407,742	714,681
Retention payables	(b)	520,185	409,116
		927,927	1,123,797

Notes:

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

	2020 HK\$'000	2019 HK\$'000
Within 1 month	40,794	458,713
1 to 2 months	141,427	118,856
2 to 3 months	96,982	126,120
Over 3 months	128,539	10,992
	407,742	714,681

The trade payables are non-interest-bearing and are normally settled within one month.

- (b) Retention payables held by the Group arose from the Group's construction work and RMAA work and are normally settled to subcontractors within a period ranging from one year to two years after the completion of the contract work by the subcontractors, as stipulated in the subcontracting contracts.

15. INTEREST-BEARING BANK BORROWINGS

	31 December 2020			31 December 2019		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans — secured	1.5–4.5%	On demand	<u>80,000</u>	–	–	<u>–</u>
				2020		2019
				HK\$'000		HK\$'000
Analysed into:						
Bank loans repayable:						
On demand				<u>80,000</u>		<u>–</u>

Note:

(a) All borrowings were in Hong Kong dollars.

16. SHARE CAPITAL

	2020	2019
	HK\$'000	HK\$'000
Authorised:		
10,000,000,000 (2019: 10,000,000,000) ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
500,000,000 (2019: 500,000,000) ordinary shares of HK\$0.01 each	<u>5,000</u>	<u>5,000</u>

The movements in the Company's share capital during the period from 1 January 2019 to 31 December 2020 were as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares HK'000
Authorised:			
At 1 January 2019		38,000,000	380
Increase in authorised share capital on 17 September 2019	(a)	<u>9,962,000,000</u>	<u>99,620</u>
At 31 December 2019, 1 January 2020 and 31 December 2020		<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:			
At 1 January 2019		1,696,000	17
Capitalisation issue of shares	(b)	359,454,000	3,595
Issue of new shares pursuant to the share offer	(c)	<u>138,850,000</u>	<u>1,388</u>
At 31 December 2019, 1 January 2020 and 31 December 2020		<u>500,000,000</u>	<u>5,000</u>

Notes:

- (a) Pursuant to the authority given by the resolution of the sole shareholder of the Company on 17 September 2019, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares with par value of HK\$0.01 each, to HK\$100,000,000 divided into 10,000,000,000 shares with par value of HK\$0.01 each, by the creation of an additional 9,962,000,000 shares.
- (b) Pursuant to the authority given by the resolution of the sole shareholder of the Company on 17 September 2019, an aggregate amount of HK\$3,595,000 standing to the credit of the share premium of the Company was approved to be capitalised and applied in paying in full at par of 359,454,000 ordinary shares of HK\$0.01 each for allotment and the shares were issued on 16 October 2019.
- (c) On 16 October 2019, 138,850,000 ordinary shares of HK\$0.01 each were issued under the share offering in connection with the Listing of the shares of the Company on the Stock Exchange at a subscription price of HK\$1.00 per share. Among the proceeds from the issue of new shares, before issuance expenses of HK\$14,878,000, amounting to HK\$138,850,000, HK\$1,388,000 and HK\$137,462,000, were credited to issued share capital and share premium of the Company, respectively. Dealings on the Stock Exchange commenced on 16 October 2019.

17. EVENT AFTER THE REPORTING PERIOD

On 30 November 2020, the Company entered into a share purchase agreement (the “**Share Purchase Agreement**”) with China Zhejiang Construction Group (H.K.) Limited (“**CZH**”), an intermediate holding company, pursuant to which the Group conditionally agreed to purchase the entire issued share capital of Triumph Success Developments Limited (“**TS**”), a company incorporated in the British Virgin Islands (the “**Acquisition**”). The Acquisition is considered to be a business acquisition under common control as the Company and TS are both under the common control of CZH. The Acquisition was completed on 28 January 2021 (the “**Acquisition Date**”).

The consideration payable under the Share Purchase Agreement for the Acquisition is HK\$20,000,000, payable at the Acquisition Date. The consideration shall be adjusted by the consideration adjustment (the “**Consideration Adjustment**”) if the audited net profit of CR SEA (Malaysia) Sdn. Bhd. (“**CRS**”), the Malaysian subsidiary of TS, is less than HK\$4,000,000 for the year ending 31 December 2021.

As at the Acquisition Date, CRS, TS and CZH entered into a deed of assignment and settlement (the “**Deed of Assignment and Settlement**”), whereby certain trade receivables of CRS amounting to HK\$137,682,428 were assigned to CZH as a partial settlement of the shareholder’s loans between TS or CRS (in each case as borrower) and CZH (as lender).

Further details of the Share Purchase Agreement, the Consideration Adjustment and the Deed of Assignment and Settlement are set out in the announcement of the Company dated 30 November 2020 and the circular of the Company dated 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The shares of the Company (the “**Shares**”) were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 October 2019 (the “**Listing Date**”). The Group is one of the leading building contractors in Hong Kong and principally acts as a main contractor in building construction works and repair, maintenance, alteration and addition (“**RMAA**”) works across the public and private sectors in Hong Kong.

The building construction services provided by the Group primarily consist of building works for new buildings, including residential, commercial and industrial buildings, while the Group’s RMAA works include the general upkeep, maintenance, improvement, refurbishment, alteration and addition of existing facilities and components of buildings and their surroundings.

As at 31 December 2020, the Group had 27 projects (2019: 19 projects) on hand with an aggregate original contract sum of approximately HK\$15.9 billion (2019: approximately HK\$13.8 billion), which includes projects in progress and projects that have been awarded to the Group but not yet commenced.

During the Reporting Period, the Group had been awarded 15 new projects with an aggregate original contract sum of approximately HK\$7.7 billion and had completed 7 projects with an aggregate original contract sum of approximately HK\$5.6 billion.

In early 2021, the Group successfully executed 7 letters of acceptance relating to 7 building construction contracts with aggregate contract sums of approximately HK\$1.5 billion. Nevertheless, the Directors believe that the Group still faces fierce competition in tendering for building construction and RMAA contracts, and the Group will continue to strengthen its market position by implementing the business strategies, including but not limited to further expanding its building construction works and RMAA works business, strengthening the manpower, enhancing information technology and adhering to prudent financial management to ensure sustainable growth and capital sufficiency of the Group.

The outbreak of COVID-19 pandemic (the “**Pandemic**”) from early 2020 has made the operating environment difficult and has created challenges to various industries in Hong Kong. The Group expected a minimal negative impact on the Group’s business which was brought by the Pandemic. The Group is still cautiously optimistic about the prospects, and will implement the recent measures to cope with different business risks, including a close examination at cost management, and the control of business. Amid the outbreak of the Pandemic, the Group continuously progressed our construction work with only minor disruption.

Looking forward, the short-term economic conditions hinge on the world’s ability to bring the Pandemic under control, in view of the rollout of vaccine programmes and the incentive of the Hong Kong government to increase infrastructure projects. The Group remains optimistic in creating reasonable return for the shareholders of the Company (the “**Shareholders**”).

FINANCIAL REVIEW

Revenue

The total revenue of the Group slightly decreased by approximately HK\$342.1 million or approximately 7.1% from approximately HK\$4,833.9 million for the year ended 31 December 2019 to approximately HK\$4,491.8 million for the Reporting Period.

- *Building Construction Works*

The revenue generated from the building construction works decreased by approximately HK\$505.0 million or approximately 11.3% from approximately HK\$4,486.5 million for the year ended 31 December 2019 to approximately HK\$3,981.5 million for the Reporting Period. Such decrease was mainly attributable to less work progress of three main projects in 2020 as the projects were nearing completion.

- *RMAA Works*

The revenue generated from the RMAA works increased by approximately HK\$162.9 million or approximately 46.9% from approximately HK\$347.4 million for the year ended 31 December 2019 to approximately HK\$510.3 million for the Reporting Period, which was mainly due to the increase in revenue generated from a sizable project during the Reporting Period.

Contract Costs

The Group's contract costs primarily consisted of subcontracting costs, material costs, direct staff costs and site overheads. The contract costs of the Group decreased by approximately HK\$333.9 million or approximately 7.2% from approximately HK\$4,621.9 million for the year ended 31 December 2019 to approximately HK\$4,288.0 million for the Reporting Period. Such decrease was in line with the decrease in revenue and was mainly attributable to the decrease in subcontracting cost, material costs and direct staff costs which was partly offset by the increase in site overheads during the Reporting Period.

Gross Profit and Gross Profit Margin

The gross profit of the Group decreased from approximately HK\$212.0 million for the year ended 31 December 2019 to approximately HK\$203.8 million for the Reporting Period. The Group's gross profit margin was approximately 4.4% and 4.5% for each of the two years ended 31 December 2019 and 2020, respectively, representing an increase of approximately 0.1 percentage point.

- *Building Construction Works*

The gross profit of building construction works was approximately HK\$206.2 million for the Reporting Period, representing an increase of approximately HK\$1.8 million from approximately HK\$204.4 million for the year ended 31 December 2019. The gross profit margin increased from approximately 4.6% for the year ended 31 December 2019 to approximately 5.2% for the Reporting Period. The increase in gross profit and gross profit margin for the Reporting Period was mainly due to a reduction of subcontracting fees paid for six projects which was practically completed, whereby there were cost saving measures upon the certification of contract works to the subcontractors.

- *RMAA Works*

The gross loss of RMAA works was approximately HK\$2.4 million for the Reporting Period, representing a decrease of approximately HK\$10.0 million from the gross profit of approximately HK\$7.6 million for the year ended 31 December 2019. The gross loss margin of 0.5% for the Reporting Period, which was mainly due to additional cost incurred for variation orders for a contract, while the respective revenue is expected to be recognised at a later stage.

Other Income

The other income of the Group decreased by approximately HK\$1.1 million, from approximately HK\$2.5 million for the year ended 31 December 2019 to approximately HK\$1.4 million for the Reporting Period. The decrease was mainly attributable to the decrease in rental income, interest income and one-off service fee for consultancy services provided in relation to construction.

Administrative Expenses

Administrative expenses of the Group decreased from approximately HK\$115.5 million for the year ended 31 December 2019 to approximately HK\$83.1 million for the Reporting Period. The decrease was mainly due to the decrease in staff cost resulted from the decrease in headcount and the receipt of the government grants for wage subsidies.

Other Operating Expenses, net

The other operating expenses of the Group increased by approximately HK\$3.4 million, from approximately HK\$3.4 million for the year ended 31 December 2019 to approximately HK\$6.8 million for the Reporting Period. The increase was primarily due to the increase in impairment on trade receivables and contract assets.

Finance Costs

The finance costs of the Group increased from approximately HK\$12.3 million for the year ended 31 December 2019 to approximately HK\$14.4 million for the Reporting Period. The increase was mainly due to the increase in discounted amounts of retention payables arising from the passage of time which was partly offset by the decrease in interest on bank loans from approximately HK\$12.0 million for the year ended 31 December 2019 to approximately HK\$6.4 million for the Reporting Period.

Income Tax Expenses

The income tax expenses decreased by approximately HK\$1.5 million, or representing approximately 11.4%, from approximately HK\$13.2 million for the year ended 31 December 2019 to approximately HK\$11.7 million for the Reporting Period. The decrease was primarily attributable to a decrease in profit before tax by excluding the non-taxable items. The effective tax rates were approximately 18.4% and 11.6% for each of the two years ended 31 December 2019 and 2020, respectively. The decrease of approximately 6.8 percentage points was mainly due to the increase in the non-taxable item of the government grants for wage subsidies.

Net Profit and Adjusted Net Profit

The profit for the year of the Group increased by approximately HK\$30.8 million, or approximately 52.6%, from approximately HK\$58.5 million for the year ended 31 December 2019 to approximately HK\$89.3 million for the Reporting Period. The Group's net profit after the adjustment for the government grants for wage subsidies and the listing expenses for the Reporting Period was approximately HK\$56.3 million as compared to approximately HK\$70.0 million for the year ended 31 December 2019. The adjusted net profit margin for the two years ended 31 December 2019 and 2020 were approximately 1.4% and 1.3%, respectively.

EMPLOYEES AND REMUNERATION POLICIES

The Group had a total of 635 (2019: 655) employees as at 31 December 2020. The total staff costs of the Group (excluding the Directors' remuneration) for the Reporting Period were approximately HK\$321.6 million (2019: approximately HK\$345.4 million). The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees. The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary, bonus and other cash subsidies system. The Group conducts review twice a year on salary adjustment, discretionary bonuses and promotions based on the performance of each employee. The emoluments of the Directors and the senior management are decided by the Board after recommendation from the remuneration committee of the Company (the "**Remuneration Committee**"), having considered factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company provides introductory training at the time when the staff members first join us and thereafter regular on-the-job training, depending on his or her role. In addition, it is our policy to provide training to our staff on an as-needed basis to enhance their technical and industry knowledge.

The Company has adopted a share option scheme (the “**Share Option Scheme**”) as an incentive to the Directors and eligible employees, details of the Share Option Scheme are set out in the prospectus of the Company dated 27 September 2019 (the “**Prospectus**”). No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption and up to the date of this announcement. During the Reporting Period, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OF SUBSIDIARIES

On 30 November 2020, the Company and China Zhejiang Construction Group (H.K.) Limited (the “**Seller**”), one of the controlling shareholders of the Company, entered into the share purchase agreement (the “**Share Purchase Agreement**”), pursuant to which the Company has conditionally agreed to acquire and the Seller has conditionally agreed to sell the entire issued share capital of Triumph Success Developments Limited (the “**Target Company**”) for an aggregate consideration of HK\$20,000,000. The Target Company had a Malaysian subsidiary, which was principally engaged in building construction works in Malaysia. The said acquisition constituted a connected transaction of the Company under Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The resolution of the abovementioned connected transaction was duly passed at the extraordinary general meeting of the Company held on 27 January 2021. All the conditions precedent under the Share Purchase Agreement have been fulfilled, the completion took place on 28 January 2021 and the Target Company has become a wholly-owned subsidiary of the Company since then.

The Company considers that the acquisition was an opportunity for the Group to expand construction business into Malaysia, which is a developing market with growth potential and benefits from the PRC’s Belt and Road Initiative, and leverage on the Target Company’s expertise, experience and resources in planning the development and management of construction works and projects in Malaysia, thereby diversifying the Group’s business risk geographically and enlarging the business scale, revenue and customer base of the Group, which will benefit the Company and the Shareholders in the long term.

CAPITAL EXPENDITURE

During the Reporting Period, the Group invested approximately HK\$8.0 million (2019: approximately HK\$8.9 million) on acquisition of property, plant and equipment. Capital expenditure was principally funded by internal resources and net proceeds from the Listing.

CAPITAL COMMITMENTS

The Group had capital commitments of approximately HK\$0.5 million as at 31 December 2020 (2019: Nil).

CONTINGENT LIABILITIES

Save as disclosed below, the Group had no other contingent liabilities as at 31 December 2020:

- (a) As at 31 December 2020, performance bonds of approximately HK\$1,064,180,000 (2019: approximately HK\$775,629,000) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and their customers. If the Group fails to provide satisfactory performance to their customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contract work.

At the end of the Reporting Period, the Directors do not consider it is probable that such claim will be made against the Group.

- (b) In the ordinary course of the Group's construction business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or of the Group's subcontractors in accidents arising out of and in the course of their employment. At the end of the Reporting Period, the Directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group.

FOREIGN EXCHANGE EXPOSURE

The Group has a minimal exposure to foreign currency risk as most of its business transactions and assets and liabilities are principally denominated in Hong Kong dollars. As such, the Directors believe that the Group's risk in foreign exchange is insignificant, thus it is not necessary for the Group to arrange any foreign currency hedging policy as at the date of this announcement. The Board will review the Group's foreign exchange risk and exposure from time to time and will apply hedging where necessary.

GEARING RATIO

As at 31 December 2020, the gearing ratio of the Group, which is calculated by dividing net debt with the total capital plus net debt, was approximately 74.6% (2019: approximately 74.2%). Net debt includes trade and retention payables, other payables and accruals and provisions, interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents. Capital represents equity attributable to equity holders of the Company.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the Reporting Period, the Group maintained a healthy liquidity position, with working capital financed mainly by internal resources and interest-bearing bank borrowings.

As at 31 December 2020, the Group reported net current assets of approximately HK\$539.8 million, as compared with approximately HK\$501.4 million as at 31 December 2019. As at 31 December 2020, the Group's cash and cash equivalents and pledged deposits in aggregate accounted for approximately HK\$118.7 million, representing a decrease of approximately HK\$58.4 million as compared to approximately HK\$177.1 million as at 31 December 2019.

The Shares were successfully listed on the Stock Exchange on 16 October 2019. There has been no change in the capital structure of the Group since then.

DEBTS AND CHARGE ON ASSETS

The Group had interest-bearing bank borrowings of approximately HK\$80.0 million as at 31 December 2020 (2019: Nil). As at 31 December 2020, the banking facilities of the Group were secured by the corporate guarantees executed by the Group.

Borrowings were denominated in Hong Kong dollars and interests on borrowings were mainly charged at floating rate. The Group did not have a foreign currency hedging policy and did not employ any financial instrument for hedging purpose during the Reporting Period. However, the Group pays vigilant attention to and monitors interest rate risks continuously and cautiously.

TREASURY POLICY

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Group's liquidity and financing requirements are frequently reviewed. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current and future business as disclosed in the Prospectus, the Group may from time to time consider appropriate new business opportunities as and when appropriate, in order to enhance its Shareholders' value. Save as disclosed herein, there was no specific plan for material investments or capital assets as at 31 December 2020.

USE OF PROCEEDS

The Shares were successfully listed on the Stock Exchange on 16 October 2019. The net proceeds, after deducting related underwriting commission and listing expenses, were approximately HK\$97.7 million. The net proceeds from the Listing Date to 31 December 2020 (the “**Relevant Period**”) were utilised as follows:

	Planned use of proceeds from the Listing Date to 31 December 2020 HK\$'000	Planned use of proceeds from the Listing date to 31 December 2019 HK\$'000	Actual use of proceeds from the Listing date to 31 December 2019 HK\$'000	Actual use of proceeds from 1 January 2020 to 31 December 2020 HK\$'000	Actual use of proceeds from the Listing date to 31 December 2020 HK\$'000	Remaining Balance HK\$'000	Expected timeline for utilising the unutilised net proceeds
Financing the upfront costs of potential new projects	85,263	82,599	–	42,669	42,669	42,594	Expected to be fully utilised on or before 31 December 2021
Strengthen manpower	7,814	6,159	692	7,122	7,814	–	Fully utilised
Enhancing information technology system	4,590	3,844	896	3,436	4,332	258	Expected to be fully utilised on or before 31 March 2021
	<u>97,667</u>	<u>92,602</u>	<u>1,588</u>	<u>53,227</u>	<u>54,815</u>	<u>42,852</u>	

During the Relevant Period, the Group has utilised approximately HK\$42.7 million, HK\$7.8 million and HK\$4.3 million for financing the upfront costs of newly awarded projects, strengthening manpower and for enhancing information technology system, respectively.

The delay in utilisation of the remaining proceeds for upfront cost was due to the recent market climate and low number of successful tender applications for new residential projects during the Relevant Period. The applications of the proceeds were subject to certain factors including, but not limited to, the actual development of the Group’s business, industry and market conditions. As such, the Group will continue to consider new tender opportunities from time to time as and when appropriate. The Group expects to fully utilise the remaining proceeds to finance the upcoming newly awarded residential projects by the end of year 2021.

The Group has utilised the proceeds regarding strengthening manpower and enhancing information technology system as planned. The proceeds planned to be used for strengthening manpower was fully utilised during the Reporting Period. The proceeds planned to be used for enhancing information technology system is expected to be fully utilised on or before 31 March 2021.

There has not been any material change to the plan as to the use of the net proceeds, and the Group considered that the slight delay in the utilisation will not have any material adverse impact on the operation of the Group. As at 31 December 2020, the unused proceeds were deposited with the licensed banks in Hong Kong.

DIVIDEND

The Board recommended the payment of a final dividend of HK2.75 cents (2019: HK 5 cents) per Share for the year ended 31 December 2020. The proposed dividend will be payable on or before Friday, 30 July 2021, subject to the approval of the Shareholders at the forthcoming 2021 Annual General Meeting (“AGM”) of the Company to be held on Friday, 25 June 2021.

CLOSURE OF THE REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the AGM

The register of members of the Company will be closed from Tuesday, 22 June 2021 to Friday, 25 June 2021, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend and vote at the AGM, during which period no transfers of Shares shall be effected. In order to qualify for attending and voting at the AGM to be held on Friday, 25 June 2021, all transfers of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 21 June 2021.

(b) For determining the entitlement to the proposed final dividend

The register of members of the Company will also be closed from Friday, 2 July 2021 to Monday, 5 July 2021, both days inclusive, in order to determine the entitlement of the Shareholders who are entitled to receive the final dividend, during which period no transfers of Shares shall be effected. In order to qualify for the entitlement of final dividend, all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged for registration with Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 30 June 2021.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date.

The Company has complied with all applicable code provisions of the CG Code during the Reporting Period. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE “MODEL CODE”)

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

AUDIT COMMITTEE

The Board has established the audit committee which is chaired by an independent non-executive Director, Mr. Li Ka Fai David, and consists of the other two independent non-executive Directors, The Honourable Tse Wai Chun Paul JP and Mr. Ho Man Yiu Ivan. The primary duties of the audit committee are to make recommendations to the Board on the appointment, reappointment and removal of the external auditor; approve the remuneration and terms of engagement of the external auditor; monitor integrity of the Group’s financial statements, annual reports and accounts, half year reports; and review the Group’s financial controls, risk management and internal control systems.

The audit committee of the Company had, together with the management and external auditor of the Company, reviewed the accounting principles and policies adopted by the Group, risk management and internal controls, financial reporting matters and annual results of the Group for the year ended 31 December 2020.

SUBSEQUENT EVENT

Save as disclosed above, as at date of this announcement, there is no significant event that requires additional disclosures or might affect the Group after the Reporting Period.

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 and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Company’s auditor, to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by the Company’s auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the Company’s auditor on the preliminary announcement.

ANNUAL GENERAL MEETING

The forthcoming AGM of the Company will be held on Friday, 25 June 2021 and the notice of the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

PUBLICATION OF THE ANNUAL RESULTS AND 2020 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<https://www.cr-construction.com.hk>), and the annual report of the Group for the year ended 31 December 2020 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
CR Construction Group Holdings Limited
Guan Manyu
Chairman

Hong Kong, 19 March 2021

As at the date of this announcement, the Company has five executive directors, namely Mr. Guan Manyu, Mr. Li Kar Yin, Ms. Chu Ping, Mr. Law Ming Kin, Mr. Chan Tak Yiu; one non-executive director, namely Mr. Yang Haojiang; and three independent non-executive directors, namely The Honourable Tse Wai Chun Paul JP, Mr. Li Ka Fai David and Mr. Ho Man Yiu Ivan.