



建聯集團有限公司\*

**Chinney Alliance Group Limited**

(Incorporated in Bermuda with limited liability)

Stock Code : 385

Interim Report **2021**

\* For identification purpose only

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### *Executive Directors*

James Sai-Wing WONG (*Chairman*)  
Yuen-Keung CHAN (*Vice Chairman and Managing Director*)  
James Sing-Wai WONG  
Philip Bing-Lun LAM

#### *Non-Executive Director*

Wendy Kim-See GAN

#### *Independent Non-Executive Directors*

Chi-Chiu WU  
Ronald James BLAKE  
Anthony King-Yan TONG

### AUDIT COMMITTEE

Anthony King-Yan TONG (*Chairman*)  
Chi-Chiu WU  
Wendy Kim-See GAN

### REMUNERATION COMMITTEE

Chi-Chiu WU (*Chairman*)  
Wendy Kim-See GAN  
Anthony King-Yan TONG

### COMPANY SECRETARY

Yun-Sang LO

### PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited  
The Bank of East Asia, Limited  
Hang Seng Bank Limited  
Bank of China (Hong Kong) Limited  
Shanghai Commercial Bank Limited

### AUDITOR

Ernst & Young  
Registered Public Interest Entity Auditor

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Management (Bermuda) Limited  
Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

23rd Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

### STOCK CODE

SEHK 00385



### BUSINESS ADDRESSES AND CONTACTS

#### Chinney Alliance Group Limited

23rd Floor  
Wing On Centre  
111 Connaught Road Central  
Hong Kong

Tel : (852) 2877-3307  
Fax : (852) 2877-2035  
Website : <http://chinneyalliancegroup.etnet.com.hk>  
E-mail : [general@chinneyhonkwok.com](mailto:general@chinneyhonkwok.com)

#### Kin Wing Engineering Company Limited Kin Wing Foundations Limited

Block A&B, 9th Floor  
Hong Kong Spinners Industrial Building, Phase VI  
481-483 Castle Peak Road  
Kowloon  
Hong Kong

Tel : (852) 2415-6509  
Fax : (852) 2490-0173  
Website : <http://www.kinwing.com.hk>  
E-mail : [kwecoltd@kinwing.com.hk](mailto:kwecoltd@kinwing.com.hk)

#### Shun Cheong Electrical Engineering Company Limited Westco Airconditioning Limited

Block C, 9th Floor  
Hong Kong Spinners Industrial Building, Phase VI  
481-483 Castle Peak Road  
Kowloon  
Hong Kong

Tel : (852) 2426-3123  
Fax : (852) 2481-3463  
E-mail : [general@scee.com.hk](mailto:general@scee.com.hk)

#### Westco Chinney Limited

Block C, 9th Floor  
Hong Kong Spinners Industrial Building, Phase VI  
481-483 Castle Peak Road  
Kowloon  
Hong Kong

Tel : (852) 2362-4301  
Fax : (852) 2412-1706  
Website : <http://www.westcochinney.com>  
E-mail : [wcl@westcochinney.com](mailto:wcl@westcochinney.com)

#### Chinney Construction Company, Limited

Block A&B, 9th Floor  
Hong Kong Spinners Industrial Building, Phase VI  
481-483 Castle Peak Road  
Kowloon  
Hong Kong

Tel : (852) 2371-0100  
Fax : (852) 2411-1402  
E-mail : [chinney@chinney.com.hk](mailto:chinney@chinney.com.hk)

#### DrilTech Ground Engineering Limited DrilTech Geotechnical Engineering Limited

Block A&B, 8th Floor  
Hong Kong Spinners Industrial Building, Phase VI  
481-483 Castle Peak Road  
Kowloon  
Hong Kong

Tel : (852) 2371-0008  
Fax : (852) 2744-1037  
Website : <http://www.driltech.com.hk>  
E-mail : [driltech@driltech.com.hk](mailto:driltech@driltech.com.hk)

#### Jacobson van den Berg (Hong Kong) Limited

Flat A, 7th Floor  
Cheung Lung Industrial Building  
10 Cheung Yee Street  
Kowloon  
Hong Kong

Tel : (852) 2828-9328  
Fax : (852) 2828-9408  
Website : <http://www.jvdb.com>  
E-mail : [info@jvdb.com](mailto:info@jvdb.com)

#### Chinney Alliance Engineering Limited

Unit 901-903, 9th Floor  
Laford Centre  
838 Lai Chi Kok Road  
Kowloon  
Hong Kong

Tel : (852) 3798-3800  
Fax : (852) 2960-1013  
Website : <http://www.chinney-eng.com>  
E-mail : [focal@chinney-eng.com](mailto:focal@chinney-eng.com)

## REVIEW OF OPERATIONS

### RESULTS

The board of directors (the “Board”) of Chinney Alliance Group Limited (the “Company”, collectively with its subsidiaries, the “Group”) is pleased to announce that the Group recorded a revenue of HK\$3,004 million (2020: HK\$2,177 million), with net profit of HK\$17.4 million (2020: HK\$60.6 million) for the six months ended 30 June 2021. The profit attributable to the equity holders of the Company stood at HK\$8.5 million (2020: HK\$52.3 million). The difference in results from last year was due to cost overruns incurred for certain recently completed projects of the construction division, increased overheads for the delays caused by and preventive measures adopted against Covid-19, and decrease in anti-pandemic subsidies from the government. These subsidies were HK\$15.1 million last year but only HK\$2.2 million for this interim period. The balance of the difference will be discussed below.

### INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

### BUSINESS REVIEW AND PROSPECTS

The performance of our major business segments is set out below:

#### ***Trading of plastics and chemical products***

Jacobson van den Berg (Hong Kong) Limited and its fellow subsidiaries reported revenues of HK\$285 million (2020: HK\$182 million) from sales to external customers and an operating profit of HK\$12.9 million (2020: loss of HK\$1.4 million). A post-Covid worldwide surge in demand and consumption has led to product price increases. Our plastic trading segment enjoyed increases in revenues and profits from logistical stresses and unsteady supply. We anticipate that product price pressures from supply-demand mismatches will be transitory. However, we are well positioned to service our customers in an environment of continuing concentration of segment resources. Together, we give them a stronger competitive edge, which will likely improve more as the world emerges from the pandemic. The “JcoNAT” business is growing satisfactorily, with new products under development to enhance its competitive edge.

#### ***Building related contracting services***

Shun Cheong Investments Limited and its subsidiaries (“Shun Cheong”) has core businesses in HVAC, water, electrical, and fire services contributing revenues of HK\$1,134 million (2020: HK\$905 million) with operating profits of HK\$35.4 million (2020: HK\$41.1 million). Despite the increase in revenues resulting from the increase in works performed during the period, we saw an erosion in profit margins due to rising material and logistics costs. There were also pandemic related delays reduced project performance. At the end of June 2021, Shun Cheong had outstanding contract sums of approximately HK\$5,934 million.

#### ***Building construction***

Chinney Construction Company, Limited (“Chinney Construction”) and Chinney Builders Company Limited, which operate in Hong Kong, and Chinney Timwill Construction (Macau) Company Limited earned revenues of HK\$420 million (2020: HK\$305 million) and recorded an operating loss of HK\$42.0 million (2020: profit of HK\$14.9 million). This loss was partly due to delays in certain recently completed projects which incurred cost overruns not fully claimable from the employers and partly due to social unrest and pandemic related delays over the past couple of years. Concurrently, the timing of recently awarded projects meant that new project profit contributions could not setoff older completed project losses. As a result, the segment recorded loss for the first time since it was acquired by the Group in 2007. We are carefully monitoring ongoing projects to maintain work quality and job safety, while balancing projects profitability. As at 30 June 2021, the segment had outstanding contract sums of approximately HK\$1,451 million with an additional HK\$109 million projects awarded subsequently.

### **BUSINESS REVIEW AND PROSPECTS** *(continued)*

#### ***Foundation piling and ground investigation***

Chinney Kin Wing Holdings Limited (“Chinney Kin Wing”, with its subsidiaries, the “Chinney Kin Wing Group”) contributed revenues of HK\$998 million (2020: HK\$687 million) and operating profit of HK\$42.6 million (2020: HK\$39.9 million) to the Group. The increase in revenues in the current period was primarily attributable to the satisfactory construction progress of certain sizeable foundation contracts, together with an increased contribution from drilling and site investigation contracts. While gross profits rose, profit margins fell due to significant direct material cost inflation as well as higher labour wage index levels in the foundation market. Administrative expenses also increased, mainly in performance related employment benefits to staff as well as for the machinery fleet maintenance.

As at 30 June 2021, Chinney Kin Wing Group had contracts awarded of approximately HK\$4,317 million and HK\$456 million in the foundation and drilling divisions, respectively.

With the gradual recovery of the economic growth in Hong Kong following the easing of Covid-19 restrictions, Chinney Kin Wing Group sees a moderate uptick of the foundation industry and expects a steady increase in tender opportunities for the foundation construction works from both the public and private sectors. Meanwhile, the self-owned depot has enhanced Chinney Kin Wing Group’s plant maintenance and engineering works as well as optimised overall project management and production efficiency. However, sharp elbows persist in the foundation industry. Paired with increasing direct material costs and wages, these factors add uncertainty to the future prospects. More positively, the Chinney Kin Wing Group continues to invest in improving its technical capabilities. As an example, DrillTech Geotechnical Engineering Limited, was admitted as a specialist contractor of Land Piling (Group II) – Rock-socketed Steel H-pile in Pre-bored Hole for the Development Bureau. The Chinney Kin Wing Group will allocate more resources to its drilling division to grow a new line of laboratory and field testing businesses. These will expand the scope of services and client base for the drilling division and in turn increase overall contributions to the Chinney Kin Wing Group.

#### ***Aviation business***

Our aviation business recorded a revenue of HK\$168 million (2020: HK\$99 million) and an operating profit of HK\$5.9 million (2020: HK\$3.3 million), represented contribution from Chinney Alliance Engineering Limited. The aviation business is running multiple projects for the Hong Kong International Airport and continues to contribute profit to the Group with the progress of these projects in the coming years.

#### ***Other businesses***

The segment includes property held for sale under development which is located in Fanling near the railway station and still at planning stage, certain properties held for the Group’s own use and certain investment properties. The loss for the period represented mainly depreciation and other overheads of the Group’s properties held for own use.



## REVIEW OF OPERATIONS

### FINANCIAL REVIEW

#### *Liquidity and financial resources*

Total interest-bearing debts for the Group at the end of the reporting period amounted to HK\$521.1 million (31 December 2020: HK\$451.3 million). These included trust receipt loans, bank loans and lease liabilities, but excluded bank overdrafts of HK\$14.9 million. Current liabilities made up 88.6% (31 December 2020: 86.8%) of all these interest-bearing debts. The current ratio stood at 1.5 (31 December 2020: 1.6). Total cash and cash equivalents, represented by unpledged cash and bank balances of HK\$564.5 million less bank overdrafts of HK\$14.9 million as at 30 June 2021 were HK\$549.6 million (31 December 2020: HK\$417.9 million).

The Group had a total of HK\$2,859 million undrawn facilities extended from banks and financial institutions at period-end available for its working capital, trade finance and issue of performance/surety bonds. The gearing ratio of the Group, measured by total interest-bearing borrowings of HK\$521.1 million over the equity attributable to the owners of the Company of HK\$1,989.9 million, was 26.2% as at 30 June 2021 (31 December 2020: 22.5%).

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

#### *Funding and treasury policy*

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

#### *Pledge of assets*

As of 30 June 2021, certain properties having an aggregate book value of HK\$134.6 million were pledged to banks to secure bank loans and general banking facilities extended to the Group.

#### *Contingent liability*

Details of the contingent liabilities of the Group are set out in note 14 to the unaudited condensed consolidated interim financial statements.

#### *Employees and remuneration policies*

The Group employed approximately 1,716 staff in Hong Kong and other parts of the People's Republic of China as of 30 June 2021. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and year-end discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

### CONNECTED TRANSACTIONS

- (a) On 20 September 2016, Gold Famous Development Limited (“Gold Famous”), an indirect wholly-owned subsidiary of Hon Kwok Land Investment Company, Limited (“Hon Kwok”) and an indirect non wholly-owned subsidiary of Chinney Investments, Limited (“Chinney Investments”), as the employer entered into a framework agreement (the “Foundation Framework Agreement”) with Kin Wing Foundations Limited (“KWF”), an indirect wholly-owned subsidiary of Chinney Kin Wing and an indirect non wholly-owned subsidiary of the Company, as a contractor for the construction of piling foundation, pipe piling, bored pile wall works at K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong (the “Land”) at a contract sum of HK\$210 million (the “Foundation Construction Works”). The entering into the Foundation Framework Agreement constituted a connected transaction of each of Chinney Investments, Hon Kwok, the Company and Kin Wing under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). On 7 November 2016, at the respective extraordinary general meetings held by each of Chinney Investments and Hon Kwok and at the respective special general meetings held by each of the Company and Kin Wing, the transaction was approved by the independent shareholders of each of Chinney Investments, Hon Kwok, the Company and Kin Wing.

Details of the transaction were set out in the joint announcement of Chinney Investments, Hon Kwok, the Company and Kin Wing dated 20 September 2016 and the Company’s circular dated 21 October 2016. During the six months ended 30 June 2021, no revenue was recognised by KWF as the Foundation Construction Works were substantially completed and pending for agreement of variation orders and final account of the project.

- (b) On 12 July 2018, Chinney Construction, an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Gold Famous as the employer for the construction works to be carried out by Chinney Construction as the main contractor for the construction and development of a data centre at the Land at a total contract sum of HK\$757,838,691.70 (the “Construction Framework Agreement”). The entering into the Construction Framework Agreement constituted a connected transaction of each of Chinney Investments, Hon Kwok and the Company under the Listing Rules. The transaction was approved by independent shareholders of Chinney Investments and Hon Kwok at their respective extraordinary general meetings and by the independent shareholders of the Company at a special general meeting held on 24 August 2018.

Details of the transaction were set out in the joint announcement of Chinney Investments, Hon Kwok and the Company dated 12 July 2018 and a circular of the Company dated 8 August 2018. The revenue recognised by Chinney Construction in respect of the transaction amounted to HK\$5,161,000 during the six months ended 30 June 2021.



## REVIEW OF OPERATIONS

### OUTLOOK

The recovery so far looks like the tale of two economies: Economies with high vaccination rates or taking stringent control measures to battle against the pandemic are looking forward to normalisation of activity. While under-vaccinated economies face resurgent infections and rising Covid-19 death tolls and depleted healthcare resources. The immediate danger to well controlled economies is cross-contamination from mutations and variants from under-vaccinated economies. Which means that a real recovery at the global economic level may lie beyond this year. This means travel, tourism, cross-border investments, and international expansion will remain subdued over the short term.

Nevertheless, with the improved demand from major economies, export-oriented economies like Hong Kong have grown GDP of 7.6% year-on-year during the second quarter of 2021. The unemployment rate has fallen back to 5.0% in May 2021 to July 2021, down from the recorded high of 7.2% in December 2020 to February 2021. The local Government has also aggressively rolled out vaccination drives and launched a consumption voucher scheme to stimulate domestic demand. We anticipate a slow gradual recovery in the local economy.

Under this complicated environment, the future performance of the Group's businesses will be similarly mixed. The plastic trading segment will continue to benefit from rising product prices and tight supply. The aviation business's focus on current awarded projects and forthcoming tenders will grow with the expansion of the airport. The foundation segment sees a steady increase in tender opportunities but with keen competition and tighter margins. The construction and building services segments face the increasing material and labor costs and increasing overheads resulting from the pandemic and slow site progress. Maintaining output quality while preserving cost control will be challenging for the remainder of 2021. At the same time, the local Government's investment in infrastructure, innovation, technology, and public housing supply will bring more business opportunity to the construction industry in the medium to long-term. As a result, the Board is cautiously optimistic to the performance of the Group over the medium to long term.

### APPRECIATION

I would like to thank my fellow directors for their advice and support, and to our staff at all levels for their dedication and contribution during this interim period. I would also like to thank our shareholders for your loyalty and support, and to our business partners and other stakeholders with whom we share our business development and success.

By Order of the Board  
**James Sai-Wing Wong**  
*Chairman*

Hong Kong, 25 August 2021

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>Six months ended 30 June</b>	
		<b>2021</b>	2020
	<i>Notes</i>	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>REVENUE</b>	3	<b>3,004,020</b>	2,177,135
Cost of sales/services provided		<u><b>(2,708,831)</b></u>	<u>(1,871,414)</u>
Gross profit		<b>295,189</b>	305,721
Other income	3	<b>329</b>	3,004
Selling and distribution costs		<b>(10,479)</b>	(6,480)
Administrative expenses		<b>(251,884)</b>	(234,133)
Other operating income, net		<b>8,145</b>	16,988
Finance costs	4	<u><b>(7,607)</b></u>	<u>(7,334)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>33,693</b>	77,766
Income tax expense	6	<u><b>(16,340)</b></u>	<u>(17,176)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>17,353</b></u>	<u>60,590</u>
Attributable to:			
Owners of the Company		<b>8,529</b>	52,256
Non-controlling interests		<u><b>8,824</b></u>	<u>8,334</u>
		<u><b>17,353</b></u>	<u>60,590</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	7		
Basic and diluted		<u><b>HK1.4 cents</b></u>	<u>HK8.8 cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2021</b>	2020
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>PROFIT FOR THE PERIOD</b>	<b>17,353</b>	60,590
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations and net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<b>2,045</b>	(2,221)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investment at fair value through other comprehensive income	<b>1,030</b>	(207)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<b>3,075</b>	(2,428)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>20,428</b>	58,162
Attributable to:		
Owners of the Company	<b>11,604</b>	49,828
Non-controlling interests	<b>8,824</b>	8,334
	<b>20,428</b>	58,162



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<b>NON-CURRENT ASSETS</b>		
	1,186,072	1,188,935
Property, plant and equipment		
	22,553	22,553
Investment properties		
	121	121
Investment in an associate		
	–	–
Investment in a joint venture		
Equity investment at fair value through other comprehensive income	3,795	2,765
Goodwill	14,369	14,369
Financial assets at fair value through profit or loss	13,004	7,502
Prepayments, deposits and other receivables	2,237	2,161
Deferred tax assets	3,001	1
	<b>1,245,152</b>	<b>1,238,407</b>
Total non-current assets		
<b>CURRENT ASSETS</b>		
	53,613	83,247
Inventories		
	105,052	102,033
Property held for sale under development		
	1,603,413	1,401,099
Contract assets		
	617,727	830,873
Trade receivables	9	
Amount due from a related company	10	
	18,121	25,532
Amount due from a joint venture		
	967	967
Prepayments, deposits and other receivables	206,127	155,690
Derivative financial instruments	275	7,070
Tax recoverable	11,376	17,016
Pledged time deposits	–	529
Cash and cash equivalents	564,534	417,874
	<b>3,181,205</b>	<b>3,041,930</b>
Total current assets		
<b>CURRENT LIABILITIES</b>		
	725,889	722,216
Trade, bills and retention monies payables	11	
	87,308	202,596
Trust receipt loans		
	865,866	786,705
Other payables and accruals		
	25,197	15,575
Tax payable		
	384,199	183,523
Interest-bearing bank borrowings		
	5,387	5,423
Lease liabilities		
	<b>2,093,846</b>	<b>1,916,038</b>
Total current liabilities		
<b>NET CURRENT ASSETS</b>	<b>1,087,359</b>	<b>1,125,892</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>2,332,511</b>	<b>2,364,299</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2021 (Unaudited) HK\$'000	31 December 2020 (Audited) HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Other payables		61,528	81,431
Lease liabilities		59,148	59,717
Deferred tax liabilities		88,608	90,818
		<hr/>	<hr/>
Total non-current liabilities		209,284	231,966
		<hr/>	<hr/>
Net assets		2,123,227	2,132,333
		<hr/>	<hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Issued capital	12	59,490	59,490
Reserves		1,930,434	1,942,626
		<hr/>	<hr/>
Non-controlling interests		1,989,924	2,002,116
		133,303	130,217
		<hr/>	<hr/>
Total equity		2,123,227	2,132,333
		<hr/>	<hr/>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Fair value reserve (non- recycling) (Unaudited) HK\$'000	Legal reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non- controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2021	59,490	60,978	120,946	295,989	(278)	1,505	6,952	1,456,534	2,002,116	130,217	2,132,333
Profit for the period	-	-	-	-	-	-	-	8,529	8,529	8,824	17,353
Other comprehensive income for the period:											
Exchange differences related to foreign operations	-	-	-	-	-	-	2,045	-	2,045	-	2,045
Change in fair value of equity investment at fair value through other comprehensive income	-	-	-	-	1,030	-	-	-	1,030	-	1,030
Total comprehensive income for the period	-	-	-	-	1,030	-	2,045	8,529	11,604	8,824	20,428
Release of revaluation reserve on leasehold land and owned buildings to retained profits	-	-	-	(5,473)	-	-	-	5,473	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(5,738)	(5,738)
Final 2020 dividend declared	-	-	-	-	-	-	-	(23,796)	(23,796)	-	(23,796)
<b>At 30 June 2021</b>	<b>59,490</b>	<b>60,978*</b>	<b>120,946*</b>	<b>290,516*</b>	<b>752*</b>	<b>1,505*</b>	<b>8,997*</b>	<b>1,446,740*</b>	<b>1,989,924</b>	<b>133,303</b>	<b>2,123,227</b>
At 1 January 2020	59,490	60,978	120,946	303,068	(213)	1,505	(2,406)	1,385,119	1,928,487	123,259	2,051,746
Profit for the period	-	-	-	-	-	-	-	52,256	52,256	8,334	60,590
Other comprehensive loss for the period:											
Exchange differences related to foreign operations	-	-	-	-	-	-	(2,221)	-	(2,221)	-	(2,221)
Change in fair value of equity investment at fair value through other comprehensive income	-	-	-	-	(207)	-	-	-	(207)	-	(207)
Total comprehensive income for the period	-	-	-	-	(207)	-	(2,221)	52,256	49,828	8,334	58,162
Release of revaluation reserve on leasehold land and owned buildings to retained profits	-	-	-	(6,425)	-	-	-	6,425	-	-	-
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(5,738)	(5,738)
Final 2019 dividend declared	-	-	-	-	-	-	-	(23,796)	(23,796)	-	(23,796)
At 30 June 2020	59,490	60,978	120,946	296,643	(420)	1,505	(4,627)	1,420,004	1,954,519	125,855	2,080,374

\* These reserve accounts comprise the consolidated reserves of HK\$1,930,434,000 in the condensed consolidated statement of financial position.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		<b>33,693</b>	77,766
Adjustments for:			
Finance costs	4	<b>7,607</b>	7,334
Depreciation of property, plant and equipment	5	<b>39,601</b>	38,146
Depreciation of right-of-use assets	5	<b>18,191</b>	16,246
Provision/(write-back of provision) for inventories included in cost of inventories sold		<b>(1,171)</b>	893
Loss/(gain) on disposal of items of property, plant and equipment, net	5	<b>1,350</b>	(4)
Fair value gain on derivative financial instruments	5	<b>(3,055)</b>	(1,854)
Fair value changes in financial assets at fair value through profit or loss	5	<b>(2,303)</b>	286
Interest income	3	<b>(51)</b>	(1,799)
		<b>93,862</b>	137,014
Decrease/(increase) in inventories		<b>30,805</b>	(6,205)
Increase in a property held for sale under development		<b>(2,907)</b>	–
Increase in contract assets		<b>(202,314)</b>	(176,019)
Decrease in trade receivables		<b>213,146</b>	181,684
Decrease in amount due from a related company		<b>7,411</b>	69,059
Decrease/(increase) in prepayments, deposits and other receivables		<b>(50,513)</b>	52,104
Decrease in derivative financial instruments		<b>9,850</b>	–
Increase/(decrease) in trade, bills and retention monies payables		<b>3,673</b>	(122,860)
Increase/(decrease) in other payables and accruals		<b>29,724</b>	(127,119)
Cash generated from operations		<b>132,737</b>	7,658
Interest received		<b>51</b>	1,799
Interest paid		<b>(7,719)</b>	(7,334)
Hong Kong profits tax paid, net		<b>(5,967)</b>	(25,950)
Overseas tax paid, net		<b>(316)</b>	(6,653)
Net cash flows from/(used in) operating activities		<b>118,786</b>	(30,480)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Notes		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of items of property, plant and equipment	(51,238)	(22,885)
Purchase of financial assets at fair value through profit or loss	(3,199)	(1,014)
Proceeds from disposals of items of property, plant and equipment	248	6
Net cash flows used in investing activities	<u>(54,189)</u>	<u>(23,893)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in trust receipt loans	(115,288)	(23,428)
New bank loans	271,653	75,000
Repayment of bank loans	(85,908)	(70,789)
Decrease/(increase) in pledged time deposits	529	(77)
Principal portion of lease payments	(3,682)	(6,250)
Net cash flows from/(used in) financing activities	<u>67,304</u>	<u>(25,544)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	131,901	(79,917)
Cash and cash equivalents at beginning of period	417,874	640,601
Effect of foreign exchange rate changes, net	(172)	1,228
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>549,603</u>	<u>561,912</u>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	449,524	410,239
Non-pledged time deposits with original maturity of less than three months when acquired	115,010	151,673
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	<u>564,534</u>	561,912
Bank overdrafts	<u>(14,931)</u>	–
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	<u>549,603</u>	<u>561,912</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2020.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties, leasehold land and buildings included in property, plant and equipment, equity investment at fair value through other comprehensive income, financial assets at fair value through profit or loss as well as derivative financial instruments, which have been measured at fair value. The accounting policies adopted in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”, which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA for the first time for the current period’s financial information.

Amendments to HKFRS 9, HKAS 39,  
HKFRS 7, HKFRS 4 and HKFRS 16  
Amendment to HKFRS 16

*Interest Rate Benchmark Reform – Phase 2*

*Covid-19-Related Rent Concessions beyond  
30 June 2021 (early adopted)*

The adoption of these revised accounting standards does not have material impact on the Group’s unaudited condensed consolidated interim financial statements.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the trading of plastics and chemical products, provision of building related contracting services, provision of foundation piling works and sub-structure works, building construction works for both public and private sectors, distribution and installation of aviation system and other hi-tech products and others, which include property holding and development. The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provided. During the period, the Group reviewed the structure and internal organisation and changed the composition of its reportable segments. Accordingly, certain subsidiaries which were previously included in "Others" segment have been reclassified to the "Aviation" segment. The relevant comparable figures have been restated to conform with current period's presentation. Operating segments are reported in a manner consistent with the internal reporting provided to key management personnel.

#### Six months ended 30 June 2021 (Unaudited)

	Plastic and chemical products HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Foundation piling and ground investigation HK\$'000	Aviation HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment revenue:</b>							
Sales to external customers	284,630	1,133,730	419,574	998,278	167,808	-	3,004,020
Intersegment sales	-	1,383	33,332	-	-	-	34,715
Other revenue	88	16	9	6	-	-	119
	<u>284,718</u>	<u>1,135,129</u>	<u>452,915</u>	<u>998,284</u>	<u>167,808</u>	<u>-</u>	<u>3,038,854</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales							<u>(34,715)</u>
Revenue							<u>3,004,139</u>
<b>Segment results</b>	<b>12,851</b>	<b>35,406</b>	<b>(42,014)</b>	<b>42,602</b>	<b>5,920</b>	<b>(1,736)</b>	<b>53,029</b>
<i>Reconciliation:</i>							
Fair value changes in financial assets at fair value through profit or loss							1,453
Interest income and unallocated gains							210
Unallocated expenses							<u>(20,999)</u>
Profit before tax							<u>33,693</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

As at 30 June 2021 (Unaudited)

	Plastic and chemical products <i>HK\$'000</i>	Building related contracting services <i>HK\$'000</i>	Building construction <i>HK\$'000</i>	Foundation piling and ground investigation <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets</b>	333,439	1,555,983	688,088	1,122,519	329,675	346,663	4,376,367
<i>Reconciliation:</i>							
Elimination of intersegment receivables							(52,029)
Equity investment at fair value through other comprehensive income							3,795
Financial assets at fair value through profit or loss							7,873
Corporate and other unallocated assets							90,351
Total assets							4,426,357
<b>Segment liabilities</b>	59,503	976,347	304,619	558,685	218,508	75,758	2,193,420
<i>Reconciliation:</i>							
Elimination of intersegment payables							(52,029)
Corporate and other unallocated liabilities							161,739
Total liabilities							2,303,130

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Six months ended 30 June 2020 (Unaudited) (Restated)

	Plastic and chemical products HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Foundation piling and ground investigation HK\$'000	Aviation HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment revenue:</b>							
Sales to external customers	181,547	904,601	305,291	686,820	98,876	-	2,177,135
Intersegment sales	122	33,747	-	-	-	-	33,869
Other revenue	243	322	607	42	30	-	1,244
	<u>181,912</u>	<u>938,670</u>	<u>305,898</u>	<u>686,862</u>	<u>98,906</u>	<u>-</u>	<u>2,212,248</u>
<i>Reconciliation:</i>							
Elimination of intersegment sales							<u>(33,869)</u>
Revenue							<u>2,178,379</u>
<b>Segment results</b>	(1,421)	41,077	14,949	39,863	3,286	(1,060)	96,694
<i>Reconciliation:</i>							
Fair value changes in financial assets at fair value through profit or loss							(161)
Interest income and unallocated gains							1,760
Unallocated expenses							<u>(20,527)</u>
Profit before tax							<u>77,766</u>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

As at 31 December 2020 (Audited) (Restated)

	Plastic and chemical products <i>HK\$'000</i>	Building related contracting services <i>HK\$'000</i>	Building construction <i>HK\$'000</i>	Foundation piling and ground investigation <i>HK\$'000</i>	Aviation <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment assets</b>	356,049	1,577,304	668,008	1,146,730	167,477	380,766	4,296,334
<i>Reconciliation:</i>							
Elimination of intersegment receivables							(71,053)
Equity investment at fair value through other comprehensive income							2,765
Financial assets at fair value through profit or loss							3,221
Corporate and other unallocated assets							49,070
Total assets							4,280,337
<b>Segment liabilities</b>	94,395	1,007,658	242,583	596,962	133,016	12,313	2,086,927
<i>Reconciliation:</i>							
Elimination of intersegment payables							(71,053)
Corporate and other unallocated liabilities							132,130
Total liabilities							2,148,004



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. REVENUE AND OTHER INCOME

An analysis of revenue and other income is as follows:

#### REVENUE FROM CONTRACTS WITH CUSTOMERS

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
<b>Type of goods and services</b>		
Sales of goods	380,292	233,427
Construction services	2,623,728	1,943,708
Total revenue from contracts with customers	3,004,020	2,177,135
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	380,292	233,427
Services transferred over time	2,623,728	1,943,708
Total revenue from contracts with customers	3,004,020	2,177,135

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. REVENUE AND OTHER INCOME (continued)

#### REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(i) Disaggregated revenue information

For the six months ended 30 June 2021 (Unaudited)

Segments	Plastic and chemical products HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Foundation piling and ground investigation HK\$'000	Aviation HK\$'000	Total HK\$'000
<b>Type of goods or services</b>						
Sales of goods	284,630	95,662	-	-	-	380,292
Construction services	-	1,038,068	419,574	998,278	167,808	2,623,728
Total revenue from contracts with customers	284,630	1,133,730	419,574	998,278	167,808	3,004,020
<b>Geographical markets</b>						
Hong Kong	244,765	1,031,370	192,692	998,278	165,190	2,632,295
Mainland China, Macau and others	39,865	102,360	226,882	-	2,618	371,725
Total revenue from contracts with customers	284,630	1,133,730	419,574	998,278	167,808	3,004,020
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	284,630	95,662	-	-	-	380,292
Services transferred over time	-	1,038,068	419,574	998,278	167,808	2,623,728
Total revenue from contracts with customers	284,630	1,133,730	419,574	998,278	167,808	3,004,020

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. REVENUE AND OTHER INCOME (continued)

#### REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

##### (i) Disaggregated revenue information (continued)

For the six months ended 30 June 2020 (Unaudited) (Restated)

Segments	Plastic and chemical products HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Foundation piling and ground investigation HK\$'000	Aviation HK\$'000	Total HK\$'000
<b>Type of goods or services</b>						
Sales of goods	181,547	51,880	–	–	–	233,427
Construction services	–	852,721	305,291	686,820	98,876	1,943,708
Total revenue from contracts with customers	181,547	904,601	305,291	686,820	98,876	2,177,135
<b>Geographical markets</b>						
Hong Kong	128,678	843,447	212,694	686,820	95,025	1,966,664
Mainland China, Macau and others	52,869	61,154	92,597	–	3,851	210,471
Total revenue from contracts with customers	181,547	904,601	305,291	686,820	98,876	2,177,135
<b>Timing of revenue recognition</b>						
Goods transferred at a point in time	181,547	51,880	–	–	–	233,427
Services transferred over time	–	852,721	305,291	686,820	98,876	1,943,708
Total revenue from contracts with customers	181,547	904,601	305,291	686,820	98,876	2,177,135

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. REVENUE AND OTHER INCOME (continued)

#### REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

##### (i) Disaggregated revenue information (continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

#### For the six months ended 30 June 2021 (Unaudited)

Segments	Plastic and chemical products HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Foundation piling and ground investigation HK\$'000	Aviation HK\$'000	Total HK\$'000
<b>Revenue from contracts with customers</b>						
Sales to external customers	284,630	1,133,730	419,574	998,278	167,808	3,004,020
Intersegment sales	-	1,383	33,332	-	-	34,715
Other revenue	88	16	9	6	-	119
	<u>284,718</u>	<u>1,135,129</u>	<u>452,915</u>	<u>998,284</u>	<u>167,808</u>	<u>3,038,854</u>
Intersegment adjustments and eliminations	-	(1,383)	(33,332)	-	-	(34,715)
Other revenue classified as other income	(88)	(16)	(9)	(6)	-	(119)
	<u>284,630</u>	<u>1,133,730</u>	<u>419,574</u>	<u>998,278</u>	<u>167,808</u>	<u>3,004,020</u>

#### For the six months ended 30 June 2020 (Unaudited) (Restated)

Segments	Plastic and chemical products HK\$'000	Building related contracting services HK\$'000	Building construction HK\$'000	Foundation piling and ground investigation HK\$'000	Aviation HK\$'000	Total HK\$'000
<b>Revenue from contracts with customers</b>						
Sales to external customers	181,547	904,601	305,291	686,820	98,876	2,177,135
Intersegment sales	122	33,747	-	-	-	33,869
Other revenue	243	322	607	42	30	1,244
	<u>181,912</u>	<u>938,670</u>	<u>305,898</u>	<u>686,862</u>	<u>98,906</u>	<u>2,212,248</u>
Intersegment adjustments and eliminations	(122)	(33,747)	-	-	-	(33,869)
Other revenue classified as other income	(243)	(322)	(607)	(42)	(30)	(1,244)
	<u>181,547</u>	<u>904,601</u>	<u>305,291</u>	<u>686,820</u>	<u>98,876</u>	<u>2,177,135</u>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. REVENUE AND OTHER INCOME (continued)

#### REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

##### (i) Disaggregated revenue information (continued)

The following tables show the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous period:

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Construction services	<u>386,691</u>	<u>351,609</u>

	<b>Six months ended 30 June</b>	
	<b>2021</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2020</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Revenue recognised from performance obligations satisfied in previous periods:		
Construction services not previously recognised due to constraints on variable consideration	<u>13,535</u>	<u>10,696</u>

##### (ii) Performance obligations

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

###### Sale of products

The performance obligation is satisfied upon delivery of the products and payment is generally due within 60 days from delivery, except for new customers, where payment in advance is normally required.

###### Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 to 60 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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 3. REVENUE AND OTHER INCOME (continued)

#### REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

##### (ii) Performance obligations (continued)

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of the reporting period are as follows:

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
<b>Amounts expected to be recognised as revenue:</b>		
Within one year	<b>6,261,317</b>	6,308,076
After one year	<b>3,628,670</b>	4,104,265
	<b>9,889,987</b>	10,412,341

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 five years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

#### OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2021 (Unaudited) HK\$'000</b>	2020 (Unaudited) HK\$'000
Interest income	<b>51</b>	1,799
Gross rental income	–	258
Others	<b>278</b>	947
	<b>329</b>	3,004

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Interest on bank loans and overdrafts	3,912	5,221
Interest on lease liabilities	2,122	2,113
Interest on other payables	1,685	–
Less: Interest capitalised under a property held for sale under development	(112)	–
	<b>7,607</b>	<b>7,334</b>

### 5. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Depreciation of property, plant and equipment (excluding right-of-use assets)	39,601	38,146
Depreciation of right-of-use assets	18,191	16,246
Employee benefit expenses (including directors' remuneration)	507,106	435,472
Loss/(gain) on disposal of items of property, plant and equipment, net*	1,350	(4)
Government subsidies* (note)	(2,154)	(15,136)
Fair value changes in financial assets at fair value through profit or loss*	(2,303)	286
Fair value gain on derivative financial instruments – transaction not qualifying as hedge*	(3,055)	(1,854)
Foreign exchange differences, net*	(1,983)	157
	<b>(1,983)</b>	<b>157</b>

\* These expenses/(income) are included in "Other operating income, net" in the unaudited condensed consolidated statement of profit or loss.

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 6. INCOME TAX

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Current – Hong Kong		
Charge for the period	21,010	16,394
Under provision in prior years	(382)	307
Current – Elsewhere		
Charge for the period	925	690
Under provision in prior years	(3)	252
Deferred	(5,210)	(467)
Total tax charge for the period	<u>16,340</u>	<u>17,176</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$8,529,000 (2020: HK\$52,256,000) and the number of 594,899,245 ordinary shares in issue during both periods.

The Group had no potential dilutive ordinary shares in issue during the periods ended 30 June 2021 and 2020.

### 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

The final dividend of HK4.0 cents per ordinary share for the year ended 31 December 2020 was approved by the Company's shareholders at the annual general meeting of the Company held on 4 June 2021 and paid on 7 July 2021.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 9. TRADE RECEIVABLES

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Trade receivables	<b>617,727</b>	830,873

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

An aged 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:

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Current to 30 days	<b>380,508</b>	565,844
31 to 60 days	<b>77,167</b>	157,467
61 to 90 days	<b>63,989</b>	40,204
Over 90 days	<b>96,063</b>	67,358
	<b>617,727</b>	830,873

### 10. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company represents construction contracting income certified from Gold Famous. Gold Famous is an indirect wholly-owned subsidiary of Hon Kwok of which Dr. James Sai-Wing Wong, a director and a controlling shareholder of the Company, is also a director of and has a beneficial interest in. Mr. James Sing-Wai Wong and Mr. Philip Bing-Lun Lam are common directors of the Company and Hon Kwok.

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 11. TRADE, BILLS AND RETENTION MONIES PAYABLES

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Trade payables	<b>392,247</b>	384,230
Bills payable	<b>15,352</b>	38,807
Retention monies payable	<b>318,290</b>	299,179
	<b>725,889</b>	722,216

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

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Current to 30 days	<b>297,422</b>	355,120
31 to 60 days	<b>43,146</b>	16,975
61 to 90 days	<b>11,505</b>	1,042
Over 90 days	<b>40,174</b>	11,093
	<b>392,247</b>	384,230

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

### 12. SHARE CAPITAL

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Authorised:		
2,500,000,000 (31 December 2020: 2,500,000,000) ordinary shares of HK\$0.10 (31 December 2020: HK\$0.10) each	<b>250,000</b>	250,000
Issued and fully paid:		
594,899,245 (31 December 2020: 594,899,245) ordinary shares of HK\$0.10 (31 December 2020: HK\$0.10) each	<b>59,490</b>	59,490

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 13. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Share of rental and office expenses with a related company	(i)	437	488
Construction contract income on foundation pilings and construction works from a related company	(ii)	(5,161)	(155,018)
Income on maintenance works from related companies	(iii)	(37)	(46)
Income on renovation works from a related company	(iv)	(898)	–
Consultancy income from a related company	(v)	–	(4,050)

Notes:

- (i) The rental and office expenses were charged by Hon Kwok, a subsidiary of Chinney Investments, on an actual basis. Dr. James Sai-Wing Wong is a director of and has a beneficial interest in Hon Kwok. Mr. James Sing-Wai Wong and Mr. Philip Bing-Lun Lam are common directors of the Company and Hon Kwok.
- (ii) The construction contracting income on foundation piling and construction works received from a related company was negotiated between the concerned parties by reference to prevailing market rates. The transactions constituted connected transactions of the Group and were approved by the independent shareholders of the Company at the special general meetings held on 7 November 2016 and 24 August 2018, respectively.
- (iii) The income on maintenance works received from Hon Kwok and its subsidiaries was negotiated between the concerned parties by reference to prevailing market rates.
- (iv) The income on renovation works received from a related company, which is beneficially wholly-owned by Dr. James Sai-Wing Wong, was negotiated between the concerned parties by reference to prevailing market rates. Dr. James Sai-Wing Wong and Mr. James Sing-Wai Wong are common directors of the Company and this related company.
- (v) In the prior period, the consultancy income received from a related company was negotiated between the concerned parties by reference to prevailing market rates. The transaction constituted a connected transaction of the Company but exempted for circular and independent shareholders' approval requirements of the Listing Rules.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2021 (Unaudited) HK\$'000	2020 (Unaudited) HK\$'000
Short-term employee benefits	66,737	65,083
Post-employment benefits	1,769	1,622
Total compensation paid to key management personnel	68,506	66,705

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 14. CONTINGENT LIABILITY

As at 30 June 2021, the Group provided corporate guarantees and indemnities to certain banks and financial institutions of an aggregate amount of HK\$1,061.3 million to secure the surety/performance bonds issued in favour of the Group's clients on contracting works. This amount included surety/performance bonds issued in favour of the clients of Chinney Kin Wing Group of which corporate guarantees and indemnities of HK\$286.9 million were provided by Chinney Kin Wing Group.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 June 2021.

### 15. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
Contracted, but not provided for:		
Purchase of property, plant and equipment	<b>17,244</b>	14,719
Capital contribution to financial assets at fair value	<b>468</b>	1,755
	<b>17,712</b>	16,474

### 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	<b>Carrying amounts</b>		<b>Fair Values</b>	
	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000	<b>30 June 2021 (Unaudited) HK\$'000</b>	31 December 2020 (Audited) HK\$'000
<b>Financial assets</b>				
Equity investment at fair value through other comprehensive income	<b>3,795</b>	2,765	<b>3,795</b>	2,765
Financial assets at fair value through profit or loss	<b>13,004</b>	7,502	<b>13,004</b>	7,502
Derivative financial instruments	<b>275</b>	7,070	<b>275</b>	7,070
	<b>17,074</b>	17,337	<b>17,074</b>	17,337



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Management has assessed that the fair values of cash and cash equivalents, pledged time deposits, trade receivables, trade, bills and retention monies payables, trust receipt loans, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, lease liabilities, interest-bearing bank borrowings, an amount due from a related company and an amount due from a joint venture approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the club membership included in financial assets at fair value through profit or loss was based on quoted prices. The fair values of the unlisted equity investment designated at fair value through other comprehensive income and other investments at fair value through profit or loss were derived from the latest transaction prices. An increase/(decrease) in the latest transaction prices would result in an increase/(decrease) in the fair values of the unlisted equity investment and unlisted other investment.

#### *Fair value hierarchy*

Assets measured at fair value:

	Fair value measurement as at 30 June 2021 using			Total (Unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	
Equity investment at fair value through other comprehensive income	–	–	3,795	3,795
Financial assets at fair value through profit or loss	–	5,414	7,590	13,004
Derivative financial instruments	–	275	–	275
	–	5,689	11,385	17,074

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

#### *Fair value hierarchy (continued)*

Assets measured at fair value:

	Fair value measurement as at 31 December 2020 using			Total (Audited) HK\$'000
	Quoted prices in active markets (Level 1) (Audited) HK\$'000	Significant observable inputs (Level 2) (Audited) HK\$'000	Significant unobservable inputs (Level 3) (Audited) HK\$'000	
Equity investment at fair value through other comprehensive income	–	–	2,765	2,765
Financial assets at fair value through profit or loss	–	4,564	2,938	7,502
Derivative financial instruments	–	7,070	–	7,070
	–	11,634	5,703	17,337

The Group did not have any financial liabilities measured at fair value as at 30 June 2021 and 31 December 2020.

During the six months ended 30 June 2021, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2020: Nil).

### 17. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation which would better reflect the financial performance of the Group. The comparative operating segment information has been represented as if the change of the composition of the Group's reportable segments has been effected at the beginning of the comparative period.

### CORPORATE GOVERNANCE

#### ***Model Code for Securities Transactions by Directors***

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2021.

#### ***Compliance with the Corporate Governance Code***

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2021, except A.4.1, A.4.2 and A.5.1 to A.5.4, which are explained below.

1. Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election and that code provision A.4.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Company's annual general meeting under the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

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

Dr. James Sai-Wing Wong, the beneficial owner of Chinney Investments, Enhancement Investments Limited and Chinney Capital Limited, which collectively hold approximately 73.68% interest in the Company, is the Chairman of the Board to safeguard their investments in the Company. In addition, the Board considers that the continuity of the office of the Chairman and Managing Director provide the Group with a strong and consistent leadership for the smooth operation of the businesses of the Group. As a result, the Board concurred that the Chairman and the Managing Director need not be subject to retirement by rotation.

2. Code provisions A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Company has not established a nomination committee. The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will determine the suitability of the relevant candidates having due regard to the Nomination Policy and the Board Diversity Policy adopted by the Company and assess the independence of the proposed independent non-executive director(s) as appropriate.

## OTHER INFORMATION

### CORPORATE GOVERNANCE *(continued)*

#### **Audit Committee**

Regular meetings have been held by the audit committee of the Company (the "Audit Committee") since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 June 2021 has not been audited, but has been reviewed by the Audit Committee.

### **DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2021, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code in the Listing Rules, were as follows:

#### **Long positions in ordinary shares of the Company**

Name of Director	Number of shares held, capacity and nature of interest				Percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests	Total	
James Sai-Wing Wong	–	–	438,334,216 <i>(Note)</i>	438,334,216	73.68%

*Note:* Amongst these shares, 21,996,000 shares are held by Chinney Capital Limited, 173,093,695 shares are held by Multi-Investment Group Limited and 243,244,521 shares are held by Enhancement Investments Limited, all of which Dr. James Sai-Wing Wong is a director and a controlling shareholder and has beneficial interests.

Save as disclosed above, as at 30 June 2021, none of the directors had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code.



**DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the six-month period ended 30 June 2021 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2021, the interests and short positions of those persons in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

***Long positions in ordinary shares of the Company***

<b>Name</b>	<b>Notes</b>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the Company's issued share capital</b>
James Sai-Wing Wong	1, 2, 3	Interest through controlled corporations	438,334,216	73.68%
Lucky Year Finance Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Holdings Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Investments	1	Interest through a controlled corporation	173,093,695	29.10%
Newsworthy Resources Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Multi-Investment Group Limited	1	Beneficial owner	173,093,695	29.10%
Enhancement Investments Limited	2	Beneficial owner	243,244,521	40.89%

**Notes:**

1. Dr. James Sai-Wing Wong, Lucky Year Finance Limited, Chinney Holdings Limited, Chinney Investments, Newsworthy Resources Limited and Multi-Investment Group Limited are deemed to be interested in the same parcel of 173,093,695 shares by virtue of Section 316 of the SFO;
2. Enhancement Investments Limited is beneficially wholly-owned by Dr. James Sai-Wing Wong; and
3. 21,996,000 shares are held by Chinney Capital Limited, which is beneficially wholly-owned by Dr. James Sai-Wing Wong.

## OTHER INFORMATION

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY** *(continued)*

Save as disclosed above, as at 30 June 2021, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES**

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the six months ended 30 June 2021.