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CHINNEY KIN WING HOLDINGS LIMITED

建業建榮控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1556)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “Board”) of Chinney Kin Wing Holdings Limited (the “Company”) is pleased to announce the consolidated statement of profit or loss and the consolidated statement of comprehensive income of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024 and the consolidated statement of financial position of the Group as at 31 December 2024 together with comparative figures in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Year ended 31 December	
		2024	2023
		HK\$'000	HK\$'000
REVENUE	4	2,485,662	2,122,397
Cost of construction		(2,119,996)	(1,781,841)
Gross profit		365,666	340,556
Other income and gains	4	27,739	17,665
Administrative expenses		(237,296)	(204,616)
Impairment of trade receivables		(3,313)	–
Impairment of contract assets		(115)	(10,265)
Finance costs	5	(97)	(800)
PROFIT BEFORE TAX	6	152,584	142,540
Income tax expense	7	(25,466)	(22,074)
PROFIT FOR THE YEAR		127,118	120,466
Profit attributable to:			
Equity holders of the Company		127,118	120,466
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	8		
Basic and diluted		HK8.47 cents	HK8.03 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
PROFIT FOR THE YEAR	127,118	120,466
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Surplus on revaluation of leasehold land	<u>5,833</u>	<u>6,080</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	5,833	6,080
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	132,951	126,546
Attributable to:		
Equity holders of the Company	<u>132,951</u>	<u>126,546</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2024 <i>HK\$'000</i>	31 December 2023 <i>HK\$'000</i>
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment		300,052	286,607
Right-of-use assets		190,958	193,335
Investment in an associate		121	121
Deposits		10,930	–
		502,061	480,063
CURRENT ASSETS			
Trade receivables	10	203,081	297,575
Contract assets		439,576	368,086
Prepayments, deposits and other receivables		35,568	36,003
Due from a fellow subsidiary		129	1,722
Loan to a related company	11	250,000	–
Tax recoverable		11,604	6,768
Cash and cash equivalents		562,530	566,535
		1,502,488	1,276,689
CURRENT LIABILITIES			
Trade and retention monies payables	12	265,633	242,093
Other payables and accruals		888,225	740,317
Tax payable		5,628	10,730
		1,159,486	993,140
NET CURRENT ASSETS		343,002	283,549
TOTAL ASSETS LESS CURRENT LIABILITIES		845,063	763,612
NON-CURRENT LIABILITIES			
Deferred tax liabilities		41,906	33,406
		41,906	33,406
Net assets		803,157	730,206
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		150,000	150,000
Reserves		653,157	580,206
		803,157	730,206
Total equity		803,157	730,206

NOTES:

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Bermuda on 29 May 2015. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business of the Company is located at Room 2308, 23/F., Wing On Centre, 111 Connaught Road Central, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were principally involved in foundation construction and drilling and site investigation works for both public and private sectors in Hong Kong.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for leasehold land which has been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the "2020 Amendments")</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (the "2022 Amendments")</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of these revised HKFRSs has had no significant impact on these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and has two reportable operating segments as follows:

- Foundation construction and ancillary services (the “Foundation Division”); and
- Drilling and site investigation (the “Drilling Division”).

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that interest income and finance costs as well as unallocated corporate gains and expenses are excluded from such measurement.

Segment assets exclude other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2024

	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue:			
Sales to external customers	1,993,993	491,669	2,485,662
Intersegment sales	–	50,589	50,589
Other revenue	19,997	4,207	24,204
	<u>2,013,990</u>	<u>546,465</u>	<u>2,560,455</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			(50,589)
Other revenue			<u>(24,204)</u>
Revenue			<u><u>2,485,662</u></u>
Segment results	113,064	35,810	148,874
<i>Reconciliation:</i>			
Corporate and other unallocated expenses			(22,668)
Interest income			26,475
Finance costs			<u>(97)</u>
Profit before tax			<u><u>152,584</u></u>
Segment assets	1,389,770	358,994	1,748,764
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>255,785</u>
Total assets			<u><u>2,004,549</u></u>
Segment liabilities	878,546	312,495	1,191,041
<i>Reconciliation:</i>			
Corporate and other unallocated liabilities			<u>10,351</u>
Total liabilities			<u><u>1,201,392</u></u>
Other segment information:			
Investment in an associate	121	–	121
Depreciation of property, plant and equipment	52,822	13,172	65,994
Depreciation of right-of-use assets	9,901	–	9,901
Impairment/(reversal of impairment) of contract assets	604	(489)	115
Impairment of trade receivables	3,313	–	3,313
Capital expenditure*	<u>65,108</u>	<u>25,482</u>	<u>90,590</u>

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

3. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2023

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

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

3. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	2,485,662	2,122,397

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

(b) Non-current assets

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	502,061	480,063

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

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the Group's revenue, is set out below:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	548,032	1,033,314
Customer B	323,594	*
Customer C	*	275,277

* *Less than 10%*

4. REVENUE, OTHER INCOME AND GAINS

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	
<i>Revenue from contract with customers</i>			
Construction services	<u>2,485,662</u>	<u>2,122,397</u>	
Revenue from contracts with customers			
Disaggregated revenue information			
For the year ended 31 December 2024			
Segments			
	Foundation construction and ancillary services <i>HK\$'000</i>	Drilling and site investigation <i>HK\$'000</i>	Total <i>HK\$'000</i>
Type of services			
Construction services	<u>1,993,993</u>	<u>491,669</u>	<u>2,485,662</u>
Geographical markets			
Hong Kong	<u>1,993,993</u>	<u>491,669</u>	<u>2,485,662</u>
Total revenue from contracts with customers	<u>1,993,993</u>	<u>491,669</u>	<u>2,485,662</u>
Timing of revenue recognition			
Services transferred over time	<u>1,993,993</u>	<u>491,669</u>	<u>2,485,662</u>
Revenue from contracts with customers			
External customers	1,993,993	491,669	2,485,662
Intersegment sales	–	50,589	50,589
Other revenue	<u>19,997</u>	<u>4,207</u>	<u>24,204</u>
	2,013,990	546,465	2,560,455
Elimination of intersegment sales	–	(50,589)	(50,589)
Other revenue	<u>(19,997)</u>	<u>(4,207)</u>	<u>(24,204)</u>
Total revenue from contracts with customers	<u>1,993,993</u>	<u>491,669</u>	<u>2,485,662</u>

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

For the year ended 31 December 2023

Segments

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

Other income and gains

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Bank interest income	22,941	16,208
Interest income from a loan to a related company	3,534	–
Foreign exchange differences, net	–	746
Others	1,264	711
	27,739	17,665

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	HK\$'000	HK\$'000
Implicit interest on other payable	–	800
Interest on lease liabilities	97	–
	<u>97</u>	<u>–</u>
	97	800

6. PROFIT BEFORE TAX

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

	2024	2023
	HK\$'000	HK\$'000
Cost of construction	2,119,996	1,781,841
Depreciation of property, plant and equipment	65,994	66,506
Depreciation of right-of-use assets	9,901	8,814
Staff costs (including directors' remuneration)		
Salaries, wages and allowances	434,684	429,727
Pension scheme contributions	17,794	17,237
	<u>452,478</u>	<u>446,964</u>
Auditor's remuneration	1,466	1,418
Lease payments not included in the measurement of lease liabilities	2,258	6,138
Loss on disposal of items of property, plant and equipment	537	152
Loss/(gain) on foreign exchange differences, net	556	(746)
Impairment of trade receivables	3,313	–
Impairment of contract assets	115	10,265

7. INCOME TAX

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current – Hong Kong		
Charge for the year	16,966	24,606
Overprovision in prior years	–	(531)
Deferred	<u>8,500</u>	<u>(2,001)</u>
Total tax charge for the year	<u><u>25,466</u></u>	<u><u>22,074</u></u>

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

8. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share is based on the profit for the year attributable to equity holders of the Company of HK\$127,118,000 (2023: HK\$120,466,000) and the number of ordinary shares of 1,500,000,000 (2023: 1,500,000,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

9. DIVIDENDS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Proposed final dividend of HK2.0 cents (2023: HK2.0 cents) per ordinary share	30,000	30,000
Proposed special dividend of HK2.0 cents (2023: HK2.0 cents) per ordinary share	<u>30,000</u>	<u>30,000</u>
	<u><u>60,000</u></u>	<u><u>60,000</u></u>

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

10. TRADE RECEIVABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	203,081	297,575

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing. At 31 December 2024, the Group had a certain concentration risk that may arise from the exposure to the largest customer and the five largest customers, which accounted for 22% and 53% (2023: 36% and 75%) of the Group's total trade receivable balances, respectively.

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current to 30 days	153,501	234,871
31 to 60 days	12,669	15,953
61 to 90 days	9,597	12,637
Over 90 days	27,314	34,114
	203,081	297,575

11. LOAN TO A RELATED COMPANY

The loan to a related company represented advance to Chinney Investments, Limited ("Chinney Investments") by the Company pursuant to a loan agreement dated 25 July 2024. Dr. James Sai-Wing Wong (passed away on 16 February 2025), a controlling shareholder of the Company, has a beneficial interest in Chinney Investments. The loan is unsecured, interest-bearing at 6% per annum and repayable within 12 months from the date of drawdown with an option for extension for further 12 months subject to the approval of the Company. Details of the transaction are set out in the section headed "CONNECTED TRANSACTIONS" of this announcement.

12. TRADE AND RETENTION MONIES PAYABLES

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	210,307	200,067
Retention monies payable	55,326	42,026
	<u>265,633</u>	<u>242,093</u>

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

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables		
Current to 30 days	175,988	180,129
31 to 60 days	24,189	13,136
61 to 90 days	5,211	1,164
Over 90 days	4,919	5,638
	<u>210,307</u>	<u>200,067</u>
Retention monies payable	55,326	42,026
	<u>265,633</u>	<u>242,093</u>

The trade and retention monies payables are non-interest-bearing. Trade payables are normally settled on 30-day terms. Retention monies payable had repayment terms ranging from one to two years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATION REVIEW

As at 31 December 2024, the Group had 21 and 40 projects in progress with contract sum of approximately HK\$4,689 million and HK\$1,127 million in the Foundation Division and Drilling Division, respectively.

Revenue

Set out below is the breakdown of revenue of the Group during the current and previous years:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Foundation Division	1,993,993	1,760,987
Drilling Division	491,669	361,410
	<u>2,485,662</u>	<u>2,122,397</u>

The Group's revenue for the year was HK\$2,485.7 million (2023: HK\$2,122.4 million), representing an increase of 17.1% from that of previous year. The increase of revenue was mainly due to the increased contribution from the Foundation Division from previous year of HK\$1,761.0 million to the reporting year of HK\$1,994.0 million, representing an increase of HK\$233.0 million or 13.2%. The increased revenue was due to the satisfactory progress of certain sizeable foundation contracts, particularly those from the public sector which contributed a dominant portion of our foundation revenue. In respect of our Drilling Division, the revenue contribution also increased from previous year of HK\$361.4 million to the reporting year of HK\$491.7 million, representing an increase of HK\$130.3 million or 36.0%. The increased revenue of the Drilling Division was mainly due to the zooming of the site investigation as well as the down-the-hole market in 2024 and ascertainment with our higher production quantities during the year.

Gross profit and gross profit margin

The Group's total gross profit for the reporting year was HK\$365.7 million (2023: HK\$340.6 million), representing an increase of HK\$25.1 million or 7.4% from that of previous year. However, the Group's overall gross profit margin decreased from previous year of 16.0% to the reporting year of 14.7%. The increase of total gross profit was attributed from the increase of the Group's contract revenue in the reporting year. On the other hand, the decrease of gross profit margin was due to the increased costs for the reporting year reflecting the complexities and difficulties of the foundation construction projects and higher competition in the foundation market. We continued to secure new projects with the professionalism of our project management teams and stringent project cost control by ensuring minimum construction cost incurred in return for desired construction qualities achieved.

Other income and gains

The Group recorded other income and gains in the reporting year of HK\$27.7 million, representing an increase of HK\$10.1 million or 57.0% as compared with previous year of HK\$17.7 million. With strong cash position and higher interest rates from bank deposits during the reporting year, the Group earned bank interest income of HK\$22.9 million as compared with previous corresponding year of HK\$16.2 million. In addition, the Group earned HK\$3.5 million interest income from a loan to a related company. The Group will continue to closely monitor the cashflow position and maximise the bank interest income earned therefrom.

Administrative expenses

The Group's administrative expenses in the reporting year was HK\$237.3 million, representing an increase of HK\$32.7 million or 16.0% as compared with the previous corresponding year of HK\$204.6 million. The increase of administrative expenses was mainly due to the increase of staff costs of HK\$18.8 million in the reporting year in recruiting and retaining competitive personnel as well as performance bonus to the directors in rewarding for their contribution to the Group. In addition, increase of repair and maintenance expenses of HK\$9.7 million, and increase of loose tools and consumables expenses of HK\$3.5 million was due to upkeeping our machineries in excellent condition. Nonetheless, the Group will persistently to adopt stringent control policies to monitor the extent of administrative expenses.

Net profit

The Group's net profit in the reporting year was HK\$127.1 million, representing an increase of 5.5% or HK\$6.7 million, as compared with the previous corresponding year of HK\$120.5 million. The increase of net profit was mainly attributed to the increased gross profit of HK\$25.1 million which being generated from the construction projects and increased interest income of HK\$10.3 million in the reporting year. The increased contribution, however was partly set-off by the increase of administrative expenses of HK\$32.7 million in the reporting year.

FINANCIAL REVIEW

Liquidity and financial resources

As at 31 December 2024, the Group had unpledged cash and bank balances of HK\$562.5 million as compared with that of HK\$566.5 million at 31 December 2023. The decrease of cash and bank balances of HK\$4.0 million was recorded after providing HK\$250.0 million loan to a related company, payment of 2023 final and special dividend of HK\$60.0 million, and capital payment of HK\$90.6 million in acquisition of new fleet machineries, together with net cash inflow from certain sizeable foundation and site investigation contracts in the reporting year. The Group had maintained a sound financial position and remained debt free during the reporting year.

Funding and treasury policy

The Group has a prudent funding and treasury policy. Surplus funds are mainly maintained in the form of cash deposits with licensed banks. To manage liquidity risk, the Board closely monitors the Group's position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Contingent liabilities

As at 31 December 2024, the Group provided corporate guarantees and counter indemnities to certain banks and an insurance company for an aggregate amount of HK\$268.5 million (2023: HK\$230.6 million) for the issue of performance bonds in its ordinary course of business.

Employees and remuneration policies

As at 31 December 2024, the Group employed 738 staff in Hong Kong. The Group is proud of the professional foundation and drilling contracting team formed by these colleagues. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

CONNECTED TRANSACTIONS

The Company entered into the following one-off connected transaction and continuing connected transactions during the year ended 31 December 2024. Details of the transactions are set out below:

(a) Connected Transaction under the Loan Agreement

On 25 July 2024, the Company entered into a loan agreement (the “Loan Agreement”) with Chinney Investments where the Company (as a lender), agreed to provide a loan in the principal amount of up to HK\$250,000,000 to Chinney Investments (as a borrower), at the interest rate of 6% per annum for 12 months from the date of drawdown, with an option for extension of further 12 months subject to the approval of the Company. Dr. James Sai-Wing Wong (passed away on 16 February 2025), a controlling shareholder of the Company, has a beneficial interest in Chinney Investments. The entering into of the Loan Agreement and the transactions contemplated thereunder constituted a connected transaction of each of the Company and Chinney Alliance Group Limited (“CAGL”) under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The transaction was approved by the independent shareholders of each of the Company and CAGL on their respective special general meetings on 25 September 2024. On 7 October 2024, the Company advanced HK\$250 million to Chinney Investments upon receipt its drawdown notice.

For details of the Loan Agreement and the transaction contemplated thereunder, please refer to the joint announcement of the Company and CAGL dated 25 July 2024 and the Company’s circular dated 4 September 2024.

(b) Continuing Connected Transactions under the Framework Agreement

Pursuant to a framework agreement dated 25 July 2024 and a supplement agreement dated 29 August 2024 (collectively, the “Framework Agreement”) entered between the Company and CAGL, member(s) of CAGL and its subsidiaries (excluding the Group) (collectively the “Remaining Group”) may engage member(s) of the Group to provide certain services in the ordinary and usual course of businesses of the Group (the “Services”) by means of tendering procedures, and member(s) of the Group may provide the Services to member(s) of the Remaining Group upon successful tender award, for a term of three years commenced from 1 January 2025 and ending on 31 December 2027 (both dates inclusive), subject to the annual caps of HK\$135 million for each of the three years ending 31 December 2025, 2026 and 2027 (the “Annual Caps”) as set out in the Framework Agreement. CAGL is beneficially interested in 74.5% of the entire issued share capital of the Company and is therefore, a controlling shareholder and a connected person of the Company. The entering into of the Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The transaction was approved by the independent shareholders of the Company at a general meeting held on 25 September 2024.

For details of the Framework Agreement and the transactions contemplated thereunder, please refer to the Company’s announcement dated 25 July 2024 and circular dated 4 September 2024.

OUTLOOK AND FUTURE PLANS

The Group continued to maintain growth in operations and several significant foundation contracts were recently secured, including public housing developments at To Kwa Wan Road, Ma Tau Kok, Tung Chung Area 114 and Tung Chung Area 117, subsidised sale flats at Yuen Lung Street, composite development works at Wing Kwong Street, and ground investigation for Route 11. While these projects' demanding schedules present resource allocation challenges, the Group remains focused on delivering excellence through enhanced project management capabilities and technical expertise.

The Group's subsidiary, DrilTech, continues to demonstrate strong performance with more than 100,000 meters drilling productivity for the year ended 31 December 2024. With its HOKLAS-accredited Koden Test capabilities, DrilTech has recently secured new ground investigation contracts for Northern New Territories (North) (2024-26) and Route 11, despite market headwinds. Its comprehensive suite of services – spanning site investigation, instrumentation, marine ground investigation, and field testing – continues to enhance the Group's value proposition. In parallel, Everest Engineering Company Limited won its inaugural project as the main foundation contractor for a private development at Ngan Mok Street and completed the works within eight months.

The Group approaches Hong Kong's foundation industry with measured optimism, pursuing growth through core operations enhancement, strategic diversification, potential M&A opportunities and continuing investment in machinery and facilities to strengthen its market position and ensure sustainable returns for shareholders.

In response to the persistent need for strengthening the management team, the Group has implemented the Train the Trainers programme alongside the established Chinney Kin Wing Academy. These initiatives aim to develop potential leaders and offer comprehensive training for emerging talents across departments under the guidance of experienced seniors.

In the new financial year, the Group is enhancing its operational capabilities through the implementation of AI-driven site monitoring systems and improved IT infrastructure. The Group has been developing comprehensive and improved method statements for the execution of key site operational activities, and putting forward the implementation of robust training, following the improved method statements, for supervisory staff and labourers to ensure site safety while enhancing work efficiency and productivity.

The Group's ESG committee, led by senior management, conducts monthly meetings to oversee carbon emission monitoring, employee welfare programs, community engagement activities, and enhanced safety protocols. This comprehensive approach aligns operations with sustainability principles while creating stakeholder value.

Despite the private property market is diminishing, the construction industry's outlook remains cautiously optimistic, supported by government infrastructure investment and increased public housing supply. The Northern Metropolis development and new land releases continue to present tender opportunities, enabling the Group to leverage its expertise in pursuing sustainable growth and market leadership.

PROPOSED DIVIDENDS

The Board recommends the payment of a final dividend of HK2.0 cents per share and a special dividend of HK2.0 cents per share to celebrate the 10th anniversary of the Company listing on The Stock Exchange of Hong Kong Limited for the year ended 31 December 2024 to the shareholders of the Company whose names appear on the Company's register of members on 18 June 2025. Subject to approval by the shareholders on the forthcoming annual general meeting, the dividend cheques are expected to be despatched to the shareholders on or before 9 July 2025.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on 6 June 2025. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 3 June 2025 to 6 June 2025 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on 2 June 2025.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDENDS

The proposed final dividend and proposed special dividend for the year ended 31 December 2024 are subject to the approval by the shareholders of the Company at the annual general meeting. For determining the entitlement to the proposed final dividend and proposed special dividend, the register of members of the Company will be closed from 13 June 2025 to 18 June 2025 (both days inclusive), during which period no share transfers will be registered. The last day for dealing in the Company's share cum entitlements to the proposed final dividend and proposed special dividend will be 10 June 2025. In order to qualify for the proposed final dividend and proposed special dividend, all transfer forms accompanied by relevant share certificates must be lodged with Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on 12 June 2025.

IN MEMORIAM

It is with profound sadness that the Group announces the passing of Dr. James Sai-Wing Wong, founder of Chinney Group, on 16 February 2025 at age 86. From the Chinney Group's establishment in 1975 until his retirement as Chairman in 2023, Dr. Wong's visionary leadership and wisdom were fundamental to the Group's success. His enduring legacy continues to guide the Group's development, and the Board extends its deepest condolences to the Wong family.

APPRECIATION

The Group expresses its sincere gratitude to its shareholders for their unwavering trust and to its employees for their exemplary dedication and professionalism. Building on its strong foundation and commitment to excellence, the Group remains confident in delivering sustainable value for all stakeholders while honoring Dr. Wong's legacy.

CORPORATE GOVERNANCE

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") set out in Appendix C3 of the Listing Rules. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

Compliance with the Corporate Governance Code

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules during the year, except code provision C.5.1. Board meetings of the Company were held twice during the year on a regular basis, which deviated from code provision C.5.1 of the CG code which stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. In view of the simplicity of the Group's businesses, regular board meetings have not been held quarterly during the year. The interim and annual results together with all corporate transactions happened during the year have been reviewed and discussed amongst the directors at the full board meetings held in the year.

Details of the Company's corporate governance policies and practices (including the above deviation from the code provision) will be discussed in the Company's 2024 annual report.

Audit Committee

The Audit Committee comprises all the four independent non-executive directors namely Mr. Siu-Chee Kong (Chairman of the Audit Committee), Mr. Ivan Ti-Fan Pong, Mr. Robert Che-Kwong Tsui and Ms. Kit-Sum Ling.

The Audit Committee has reviewed the accounting principles and policies adopted by the Group including the review of the Group's consolidated results and financial statements and discussed with management and the external auditor the financial reporting matters for the year ended 31 December 2024.

SCOPE OF WORK OF THE COMPANY'S AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year.

By Order of the Board
Yuen-Keung Chan
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the Board comprises of ten directors, of which six are executive directors, namely Mr. Yuen-Keung Chan, Mr. James Sing-Wai Wong, Mr. Wing-Sang Yu, Mr. Philip Bing-Lun Lam, Mr. Hon-Man Wai and Mr. Hoi-Fan Lam; and four are independent non-executive directors, namely Mr. Siu-Chee Kong, Mr. Ivan Ti-Fan Pong, Mr. Robert Che-Kwong Tsui and Ms. Kit-Sum Ling.

* *For identification purpose only*