

## Report of the Directors

The board (“the Board”) of directors of the Company (“Director(s)”) herein present their report and the audited financial statements of the Group for the year ended 31 December 2021.

### Principal activities and business review

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries and a joint operation are set out in note 1 to the financial statements.

There were no significant changes in the nature of the Group’s principal activities during the year.

Details of the business review information are set out in the section headed “Chairman’s Statement” on pages 2 to 4 of this annual report.

### Environmental Policies and Performance

The Group recognises environmental protection is of vital importance to the long term development of the Group. In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time.

The “Environmental, Social and Governance Report” will be published by the end of May 2022. For details, please refer to the Company’s website.

### Compliance with Laws and Regulations

The Group’s operations are mainly carried out by the Company’s subsidiaries in Hong Kong and the People’s Republic of China (the “PRC”) while the Company itself was incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”). The Group has allocated resources to ensure its operations are in compliance with relevant laws and regulations in Hong Kong, Bermuda, the British Virgin Islands, the Cayman Islands, the PRC and Macau.

As far as the Board and management are aware of, the Group has complied, in all material respects, with the relevant laws and regulations which have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance of the applicable laws and regulations by the Group.

### Risks and Uncertainties

Principal risks and uncertainties that the Company may face have been disclosed in the section headed “Chairman’s Statement” on pages 2 to 4 of this annual report. In addition, details of the Group’s financial risk management are disclosed in note 35 to the financial statements of this annual report.

## Report of the Directors

### Principal activities and business review (Cont'd)

#### Relationships with Employees, Customers and Suppliers

The Directors are of view that maintaining a good working relationship with its employees, customers and suppliers are the keys to the sustainable development of the Group. During the year, there was no significant dispute between the Group and its employees, customers and suppliers.

### Results and dividends

The Group's loss for the year ended 31 December 2021 and the Group's financial position at that date are set out in the financial statements on pages 42 to 121.

An interim dividend of HK\$0.01 per ordinary share of the Company ("Share") was paid on 24 September 2021. The Board recommend the payment of a final dividend of HK\$0.015 per Share in respect of the year to the shareholders on the register of members of the Company on 6 June 2022.

### Summary financial information

The following table summarises the consolidated results, assets, liabilities and non-controlling interests of the Group for the last five financial years ended 31 December, as extracted from the published audited financial statements. The summary does not form part of the audited financial statements.

	2021 HK\$'000	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000
Profit/(loss) attributable to ordinary equity holders of the Company	<u>(107)</u>	<u>(104,882)</u>	<u>(766,655)</u>	<u>360,908</u>	<u>6,004</u>
Total assets	<u>2,080,696</u>	<u>2,267,268</u>	<u>4,899,657</u>	<u>17,337,359</u>	<u>19,769,192</u>
Total liabilities	<u>665,604</u>	<u>834,141</u>	<u>2,577,791</u>	<u>5,174,696</u>	<u>7,551,191</u>
Equity attributable to ordinary equity holders of the Company	<u>1,415,092</u>	<u>1,433,127</u>	<u>2,321,866</u>	<u>12,162,665</u>	<u>12,217,991</u>
Non-controlling interests	<u>–</u>	<u>–</u>	<u>–</u>	<u>(2)</u>	<u>10</u>
	<u>2,080,696</u>	<u>2,267,268</u>	<u>4,899,657</u>	<u>17,337,359</u>	<u>19,769,192</u>

## Share capital and share options

Details of movements in the Company's share capital and share options during the year are set out in notes 25 and 26 to the financial statements.

## Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's bye-laws ("Bye-laws") or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders of the Company.

## Purchase, redemption or sale of listed securities of the Company

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

## Distributable reserves

At the end of the reporting period, the Company's reserves available for distribution, calculated in accordance with the Bermuda Companies Act 1981, amounted to HK\$1,468,791,000.

## Major customers and suppliers

During the year under review, sales to the Group's five largest customers accounted for 72% of the total sales for the year and sales to the largest customer included therein amounted to 28%. Purchases from the Group's five largest suppliers accounted for 40% of the total purchases for the year.

None of the Directors or any of their close associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

## Directors

The Directors for the year and up to the date of this report were:

### Executive Directors:

Mr. Fung Chiu Chak, Victor  
Mr. Chiu Chin Hung  
Mr. Lau Kin Fai

## Report of the Directors

### Directors (Cont'd)

#### Non-executive Directors:

Mr. Justin Wai	
Mr. Vikram Garg	(appointment effective from 11 March 2022)
Mr. Yuen Pak Man	
Ms. Gu Ye	
Ms. Hou Xiangjia	
Mr. David Robert McClure	(resignation effective from 11 March 2022)

#### Independent non-executive Directors:

Mr. Lung Chee Ming, George  
Mr. Li Kit Chee  
Ms. Chow Wai Lee  
Ms. Jennifer Kwok

In accordance with the Bye-laws, the Directors who will retire and being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

The Company has received annual confirmations of independence from Mr. Lung Chee Ming, George, Mr. Li Kit Chee, Ms. Chow Wai Lee and Ms. Jennifer Kwok and as at the date of this report each of them still considers themselves to be independent.

### Directors' and senior management's biographies

Biographical details of the Directors and the senior management of the Group are set out on pages 5 to 8 of the annual report.

### Directors' service contracts

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which requires the Company, in order to terminate such contract, to give a period of notice of more than one year or to pay compensation or make other payments equivalent to more than one year's emoluments.

### Permitted indemnity provision

Pursuant to the Bye-laws and subject to the relevant provisions therein, the Directors, the company secretary of the Company and other officers acting in relation to the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she shall or may incur or sustain by or by reason of any act done about the execution of the duties of their respective offices.

The Company has arranged appropriate insurance cover for the Directors, the company secretary of the Company and other officers in respect of legal actions against one or more of them in the course of execution of their respective duties in good faith during the year.

### Directors' interests in transactions, arrangements or contracts

Save as disclosed in note 32 to the financial statements, no Director nor a connected entity of a Director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the holding companies of the Company or any of the Company's subsidiaries was a party during the year.

### Directors' and Chief Executive's interests and long positions in shares and underlying shares

At 31 December 2021, the interests and long positions of the Directors and chief executive of the Company ("Chief Executive") in the shares of the Company ("Shares") and underlying Shares or 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 Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), was as follows:

#### (i) Long position in Shares:

Name of Director	Number of Shares indirectly beneficially owned
Fung Chiu Chak, Victor	168,380,000

#### (ii) Long position in share options of the Company ("Share Options"):

Name of Directors	Number of Share Options directly beneficially owned
Fung Chiu Chak, Victor	22,000,000
Chiu Chin Hung	11,000,000
Lau Kin Fai	10,000,000

Save as disclosed above, as at 31 December 2021, none of the Directors or Chief Executive had registered any interest or short position in the Shares, underlying Shares or 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 Hong Kong Stock Exchange pursuant to the Model Code.

## Report of the Directors

### Directors' and Chief Executive's rights to acquire Shares or debentures

Apart from those disclosed under the heading "Directors' and Chief Executive's interests and long positions in Shares and underlying Shares" above and in the section headed "Share option scheme" below, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company granted to any Director or their respective spouses or minor children or Chief Executive 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.

### Equity-linked arrangements

#### Share option scheme

The Company currently operates a share option scheme which was adopted on 3 December 2020 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Further details of the Share Option Scheme are disclosed in note 26 to the financial statements.

The following table discloses the movements in the Share Options outstanding during the year:

Name or category of participant	Number of Share Options				As at 31 December 2021	Date of grant of Share Options*	Exercise period of Share Options*	Exercise price of Share Options** <i>HK\$ per share</i>
	At 1 January 2021	Granted during the year	Exercised during the year	Lapsed during the year				
<b>Directors</b>								
Fung Chiu Chak, Victor	-	22,000,000	-	-	22,000,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
Chiu Chin Hung	-	11,000,000	-	-	11,000,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
Lau Kin Fai	-	10,000,000	-	-	10,000,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
<b>Others</b>								
Fung Wen Yuan Brian	-	4,500,000	-	-	4,500,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
38 individuals in aggregate	-	120,100,000	-	-	120,100,000	25-5-2021	1-1-2022 to 24-5-2025	0.49
<b>Total</b>	<b>-</b>	<b>167,600,000</b>	<b>-</b>	<b>-</b>	<b>167,600,000</b>			



## Equity-linked arrangements *(Cont'd)*

### Share option scheme *(Cont'd)*

Notes to the table of Share Options during the year:

- \* Subject to the terms of the Share Option Scheme, each grantee is allowed to exercise up to 30% of the Share Options granted from 1 January 2022 up to and including 24 May 2025. Thereafter, each grantee is allowed to exercise a further 30% of the Share Options granted from 1 January 2023 up to and including 24 May 2025 and to exercise the remaining 40% of Share Options granted from 1 January 2024 up to and including 24 May 2025.
- \*\* The exercise price of the Share Options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- \*\*\* The closing price of the Shares immediately before the date on which the Share Options were granted during the year was HK\$0.485 per Share.

Save for the above, at no time during the year ended 31 December 2021 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or Chief Executive 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 under the Share Option Scheme.

## Report of the Directors

### Substantial shareholders' interests in Shares and underlying Shares

At the end of the reporting period, the following interests of more than 5% of the issued Share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO:

#### Long positions in Shares:

Name	Capacity	Number of Shares held	Approximate percentage of the Company's issued Share capital
Blackstone Group Management L.L.C. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP L.P. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP Limited Partner L.L.C. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP Management (Delaware) L.P. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP Management L.L.C. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV GP Sub L.P. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Holdings IV L.P. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
SCHWARZMAN Stephen A. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
The Blackstone Group Inc. <sup>(1)</sup>	Interest of controlled corporation	2,356,146,781	70.00
Blackstone Real Estate Associates Asia II L.P. <sup>(2)</sup>	Interest of controlled corporation	2,291,316,850	68.07
Blackstone Real Estate Partners Asia II L.P. <sup>(2)</sup>	Interest of controlled corporation	2,291,316,850	68.07
BREP Asia II Holdings I (NQ) L.P. <sup>(2)</sup>	Interest of controlled corporation	2,291,316,850	68.07
BREP Asia II Holdings I (NQ) Pte. Ltd. <sup>(2)</sup>	Interest of controlled corporation	2,291,316,850	68.07
BREP Asia II L.L.C. <sup>(2)</sup>	Interest of controlled corporation	2,291,316,850	68.07
BREP Asia II Ltd. <sup>(2)</sup>	Interest of controlled corporation	2,291,316,850	68.07
Times Holdings I Limited <sup>(2)</sup>	Interest of controlled corporation	2,291,316,850	68.07
Times Holdings II Limited	Beneficial owner	2,291,316,850	68.07



## Substantial shareholders' interests in Shares and underlying Shares (Cont'd)

### Long positions in Shares: (Cont'd)

Name	Capacity	Number of Shares held	Approximate percentage of the Company's issued Share capital
Chen Wai Wai Vivien <sup>(3)</sup>	Executor or administrator	235,106,000	6.98
Chow Suk Han, Anna <sup>(3)</sup>	Executor or administrator	235,106,000	6.98
Lee Pui Ling, Angelina <sup>(3)</sup>	Executor or administrator	235,106,000	6.98
Chen's Group International Limited <sup>(4)</sup>	Interest of controlled corporation	235,106,000	6.98
Chen's Group Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	235,106,000	6.98
Nan Fung International Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	235,106,000	6.98
Nan Fung Group Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	235,106,000	6.98
NF Investment Holdings Limited <sup>(4)</sup>	Interest of controlled corporation	235,106,000	6.98
Keymark Associates Limited <sup>(4)</sup>	Interest of controlled corporation	235,100,000	6.98
Gavast Estates Limited	Beneficial owner	235,106,000	6.98
中國交通建設股份有限公司 <sup>(5)</sup>	Interest of controlled corporation	171,000,000	5.08
中國路橋工程有限責任公司 <sup>(5)</sup>	Interest of controlled corporation	171,000,000	5.08
中交疏浚(集團)股份有限公司 <sup>(5)</sup>	Interest of controlled corporation	171,000,000	5.08
香港海事建設有限公司 (now known as 香港海洋投資發展有限公司)	Beneficial owner	171,000,000	5.08
Fung Chiu Chak, Victor ("Mr. Fung") <sup>(6)(7)</sup>	Interest of controlled corporation and beneficial owner	190,380,000	5.66
Dragon's Eye Pacific Limited	Beneficial owner	168,380,000	5.00

## Report of the Directors

### Substantial shareholders' interests in Shares and underlying Shares (Cont'd)

#### Long positions in Shares: (Cont'd)

Notes:

1. These parties were deemed to have interests in long positions in 2,356,146,781 Shares under the SFO by virtue of their equity interests in Tides Holdings II Ltd. and Times Holdings II Limited.
2. These parties were deemed to have interests in long positions in 2,291,316,850 Shares under the SFO by virtue of their equity interests in Times Holdings II Limited.
3. These parties were executors of estate of Chen Din Hwa and deemed to have interests in long positions in 235,106,000 Shares under the SFO by a trust holding equity interests in Gavast Estates Limited.
4. These parties were deemed to have interests in long positions in 235,106,000 Shares under the SFO by virtue of their equity interests in Gavast Estates Limited.
5. These parties were deemed to have interests in long positions in 171,000,000 Shares under the SFO by virtue of their equity interests in 香港海事建設有限公司 (now known as 香港海洋投資發展有限公司).
6. Mr. Fung was deemed to have interests in long positions in 168,380,000 Shares under the SFO by virtue of his equity interests in Dragon's Eye Pacific Limited.
7. Mr. Fung was deemed to have interests in long positions in 22,000,000 Shares under the SFO as he is entitled to subscribe for such Shares under the Share Option Scheme.

Apart from the foregoing, as at 31 December 2021, no person, other than the Directors and Chief Executive, whose interests are set out in the section headed "Directors' and Chief Executive's interests and long positions in Shares and underlying Shares" above, had registered any interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to section 336 of the SFO.

## Connected transactions

### Non-exempt continuing connected transactions

#### *2020 Master Agreement*

On 17 January 2020, the Company (for itself and on behalf of other members of the Group) entered into a new master agreement (the “2020 Master Agreement”) with Mr. Fung (for himself and on behalf of companies owned or controlled by Mr. Fung, collectively “Fung Group”) in respect of (i) the subcontracting of foundation works by the members of the Fung Group to the members of the Group; (ii) the subcontracting of building and construction works by the members of the Group to the members of the Fung Group or vice versa; (iii) the subcontracting of electrical and mechanical engineering works by the members of the Group to the members of the Fung Group; or (iv) the subcontracting of rental of tower cranes and provision of engineering services by the members of the Fung Group to the members of the Group, for a term commencing from 1 January 2020 and ending on 31 December 2022, both days inclusive.

During the year ended 31 December 2021, Tysan Building Construction Company Limited (“TBC”) subcontracted foundation piling works of approximately HK\$18,859,000 to Tysan Foundation Limited (“TFL”).

TFL is a wholly-owned subsidiary of the Company, while TBC is controlled by Mr. Fung. Mr. Fung is an executive Director. As such, Mr. Fung and companies owned or controlled by Mr. Fung as to 30% or more are connected persons of the Company pursuant to Chapter 14A of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Listing Rules”). Thus, the transaction mentioned above constitutes a continuing connected transaction for the Company under the Listing Rules.

Pursuant to Rule 14A.40 of the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transaction and confirmed that this continuing connected transaction has been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The amount in respect of the continuing connected transaction mentioned above during the year under review has not exceeded the annual cap, where applicable, for the transaction.

In respect of the continuing connected transaction mentioned above, the Directors confirmed that the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during the year under review.

## Report of the Directors

### Connected transactions (Cont'd)

#### Non-exempt continuing connected transactions (Cont'd)

##### *2020 Master Agreement (Cont'd)*

Ernst & Young, the Company's auditor, was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other than Audits or Review of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. Ernst & Young has issued the unmodified letter containing the findings and conclusions in respect of the continuing connected transaction during the year disclosed above by the Group (with a copy provided to the Hong Kong Stock Exchange) in accordance with Rule 14A.56 of the Listing Rules and confirmed that nothing has come to their attention that causes them to believe that the continuing connected transaction:

- (1) has not been approved by the Board of Directors;
- (2) was not, in all material respects, in accordance with the pricing policies of the Group if the transaction involves provision of goods or services by the Group;
- (3) was not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and
- (4) has exceeded the cap disclosed in the Company's announcement dated 17 January 2020.

### Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total number of issued Shares were held by the public as at the date of this report.

### Auditor

Ernst & Young retires and a resolution for reappointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

BY ORDER OF THE BOARD

**Justin Wai**  
*Chairman*

Hong Kong  
23 March 2022