1. CORPORATE AND GROUP INFORMATION

Tysan Holdings Limited is a limited liability company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

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 20th Floor, One Island South, No. 2 Heung Yip Road, Wong Chuk Hang, Hong Kong.

During the year, the Group was involved in the following principal activities:

- foundation piling and site investigation
- property development and investment

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

The immediate holding company of the Company is Times Holdings II Limited ("Times Holdings II"), which is incorporated in the Cayman Islands and ultimately controlled by The Blackstone Group Inc., a company listed on The New York Stock Exchange and considered as the ultimate holding company of the Company.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued share/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			2021	2020	
Tysan Foundation (Hong Kong) Limited	Hong Kong	Ordinary HK$100	**100**	100	Investment holding
Tysan Construction (Macau) Limited (note 1)	Macau	Ordinary MOP25,000	**100**	100	Foundation piling
Tysan Foundation Limited (notes 1 and 2)	Hong Kong	Ordinary HK$141,000,000 Deferred HK$3,000,000	**100**	100	Foundation piling and site investigation
Tysan Foundation Geotechnical Limited (note 1)	Hong Kong	Ordinary HK$110,110,000	**100**	100	Foundation piling and site investigation
Tysan Machinery Hire Limited (notes 1 and 2)	Hong Kong	Ordinary HK$10,000 Deferred HK$200,000	**100**	100	Machinery hiring
Proficiency Equipment Limited (note 1)	Hong Kong	Ordinary HK$24,480,000	**100**	100	Machinery hiring and trading
Proficiency Engineering Limited (note 1)	Hong Kong	Ordinary HK$2	**100**	100	Provision of engineering services and machinery hiring
Lion Bright Limited (note 1)	Hong Kong	Ordinary HK$2	**100**	100	Machinery hiring and trading

1. CORPORATE AND GROUP INFORMATION *(Cont'd)*

Information about subsidiaries *(Cont'd)*

Particulars of the Company's principal subsidiaries are as follows: *(Cont'd)*

Name	Place of incorporation/ registration and business	Issued share/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			2021	2020	
Mac Proficiency Limited (note 1)	Macau	Ordinary MOP25,000	**100**	100	Provision of engineering services and machinery hiring
Tysan Management Limited (note 2)	Hong Kong	Ordinary HK$16,720,850 Deferred HK$2	**100**	100	Corporate management
Tysan Investment Limited	Hong Kong	Ordinary HK$2	**100**	100	Investment holding
Tysan Property Development & Investment Limited	Hong Kong	Ordinary HK$2	**100**	100	Investment holding
Top Class Properties Limited (note 1)	Hong Kong	Ordinary HK$2	**100**	100	Property holding
Sure Faith Investment Limited (note 1)	Hong Kong	Ordinary HK$2	**100**	100	Property holding
Duncan Properties Limited (note 1)	Hong Kong	Ordinary HK$2	**100**	100	Investment holding
Federated Resources Limited (note 1)	British Virgin Islands	Ordinary US$100	**100**	100	Investment holding
Carriway Limited (note 1)	Hong Kong	Ordinary HK$2	**100**	100	Investment holding
Shanghai Changning Duncan Property Consulting Company Limited (notes 1 and 3)	PRC/Mainland China	RMB200,000	**100**	100	Property consulting

Notes:

1. Held through subsidiaries.

2. The deferred shares carry no rights to dividends (other than a fixed non-cumulative dividend at the rate of 5% per annum for any financial year during which the net profit of the relevant company available for dividends exceeds HK$1 billion), no rights to vote at general meetings, no rights to receive any surplus on a return of capital on a winding-up (other than the amount paid up on such shares, provided that the holders of the ordinary shares of that company have been distributed in such a winding-up of a sum of HK$1,000 billion in respect of each ordinary share).

3. This entity is registered as a wholly-foreign-owned enterprise under PRC law.

1. CORPORATE AND GROUP INFORMATION *(Cont'd)*

Information about a joint operation

Particulars of the Company's joint operation are as follows:

Name	Form of business structure	Place of registration/ operation	Percentage of attributable interest of the Group		Principal activities
			2021	2020	
Vibro-Tysan-Chun Wo JV	Unincorporated	Hong Kong	**30**	–	Foundation piling

The above tables list the subsidiaries and a joint operation of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

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, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

2.1 BASIS OF PREPARATION *(Cont'd)*

Basis of consolidation *(Cont'd)*

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

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

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

2.2 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 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to HKFRS 16	*COVID-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

As at 31 December 2021, the Group had an interest-bearing bank borrowing denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate ("HIBOR"). The Group expects HIBOR will continue to exist and there is no impact on the Group's HIBOR-based borrowing.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(Cont'd)*

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received COVID-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKFRS 17	*Insurance Contracts*[2, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[2]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[2, 4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to HKAS 8	*Definition of Accounting Estimates*[2]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[1]

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group will recognise a deferred tax asset and a deferred tax liability for deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained profits at the beginning of the earliest comparative period presented.

Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The management is in the process of making an assessment of the impact of the amendments on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Cont'd)*

Annual Improvements to HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;

- its liabilities, including its share of any liabilities incurred jointly;

- its revenue from the sale of its share of the output arising from the joint operation;

- its share of the revenue from the sale of the output by the joint operation; and

- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Fair value measurement

The Group measures its financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

When an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is calculated as the higher of the asset's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g. a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of non-financial assets *(Cont'd)*

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the assets to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Building	5%
Equipment and machinery	10% – $33^{1}/_{3}$%
Furniture and fixtures	20%
Motor vehicles	20%
Leasehold improvements	10% – $33^{1}/_{3}$%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Leases *(Cont'd)*

Group as a lessee *(Cont'd)*

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	35 to 40 years
Buildings	2 to 3 years
Machinery	14 to 16 months

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office properties, warehouses and machinery (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Leases *(Cont'd)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Investments and other financial assets *(Cont'd)*

Initial recognition and measurement *(Cont'd)*

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Impairment of financial assets *(Cont'd)*

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and retention payables, other payables and interest-bearing bank borrowing.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Financial liabilities *(Cont'd)*

Subsequent measurement *(Cont'd)*

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost, on the first-in, first-out basis, and net realisable value after making due allowance for any obsolete or slow-moving items. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside statement of profit or loss is recognised, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Income tax *(Cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Revenue recognition *(Cont'd)*

Revenue from contracts with customers *(Cont'd)*

(a) *Machinery trading*

Revenue from machinery trading is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the machinery.

(b) *Construction services*

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(c) *Machinery engineering services*

Revenue from the provision of machinery engineering services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Employee benefits

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Employee benefits *(Cont'd)*

Share-based payments *(Cont'd)*

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Paid leave carried forward

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of the reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Employee benefits *(Cont'd)*

Pension schemes

The Group operated a defined contribution provident fund (the "Fund") for certain of its employees in Hong Kong, the assets of which were held separately from those of the Group and were managed by an independent professional fund manager. Contributions under the Fund were made based on a percentage of the eligible employees' basic salaries and were charged to the statement of profit or loss as they became payable in accordance with the rules of the scheme. The ongoing contributions to the Fund were terminated on 1 April 1999.

Following the introduction of the Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme"), the Group has restructured its retirement scheme arrangements to comply with the Mandatory Provident Fund Schemes Ordinance. The Group has secured a Mandatory Provident Fund exemption status for the Fund and, in addition, has participated in an approved defined contribution MPF Scheme with effect from 1 December 2001, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries located in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their covered payroll to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Cont'd)*

Judgement *(Cont'd)*

Current and deferred tax

The Group is subject to income taxes in a number of jurisdictions. Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will have an impact on the income tax and deferred tax provisions in the period in which such determination is made. Further details are disclosed in notes 10 and 24 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on historical loss records of trade receivables for groupings of days past due or for groupings of various customer segments that have similar loss patterns (i.e., by customer types of different credit risk) and actual default cases.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 16 and 17 to the financial statements, respectively.

Revenue recognition of construction works

During the year ended 31 December 2021, the Group has recognised revenue of HK$2,164,106,000 (2020: HK$3,017,754,000) from foundation piling segment. Revenue from this segment is recognised according to the percentage of completion of the individual contract of construction works. The Group's management estimates the percentage of completion of construction works based on actual costs incurred over the total budgeted costs. Corresponding contract revenue was also estimated by management based on contract sum and work values from variation works. Because of the nature of the activities undertaken for the construction contracts, the date at which the contracts are entered into and the date when the contract are completed usually fall into different accounting periods. The Group reviewed and revised the estimates of both contract revenue and contract costs in the budget prepared for each construction contract as the contract progressed.

When determining the total budgeted costs, management makes reference to information such as (i) current or recent offers from subcontractors and suppliers, (ii) variation orders received from customers, and (iii) estimation on material costs, labour costs and other costs for the completion of the projects provided by quantity survey department.

4. OPERATING SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Operating segments are reported in a manner consistent with internal reporting to the Company's key management personnel as follows:

(a) the foundation piling segment (including site investigation operation);

(b) the property development and investment segment; and

(c) the "corporate and others" segment comprises, principally, the Group's corporate operation, and machinery leasing and trading businesses.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax.

The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income and non-lease related finance costs are excluded from such measurement.

Segment assets exclude deferred tax assets, tax prepaid and time deposits as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowing, tax payable and deferred tax 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.

During the year, the financial results of the "Investment" segment of the Group, which were reported as a separate segment in prior years' financial statements, are reported under "Corporate and others" segment. Comparative figures of the segment information have been re-presented to conform with the current year's presentation.

4. OPERATING SEGMENT INFORMATION *(Cont'd)*

For the years ended 31 December 2021 and 2020

	Foundation piling		Property development and investment		Corporate and others		Elimination		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue: (note 5)										
Sales to external customers	**2,164,106**	3,017,754	**–**	–	**39,979**	36,359	**–**	–	**2,204,085**	3,054,113
Intersegment sales	**–**	–	**–**	–	**1,751**	–	**(1,751)**	–	**–**	–
Other income and gains	**5,506**	43,217	**197**	1,454	**382**	3,431	**–**	–	**6,085**	48,102
Total	**2,169,612**	3,060,971	**197**	1,454	**42,112**	39,790	**(1,751)**	–	**2,210,170**	3,102,215
Segment results	**72,543**	(31,622)	**(6,164)**	(1,901)	**(75,110)**	(79,511)			**(8,731)**	(113,034)
Interest income									**2,272**	10,677
Finance costs (other than interest on lease liabilities)									**(1,032)**	(3,982)
Loss before tax									**(7,491)**	(106,339)
Income tax credit									**7,384**	1,457
Loss for the year									**(107)**	(104,882)

4. OPERATING SEGMENT INFORMATION *(Cont'd)*

For the years ended 31 December 2021 and 2020

	Foundation piling		Property development and investment		Corporate and others		Consolidated	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Assets and liabilities								
Segment assets	**1,504,399**	1,622,436	**2,431**	3,262	**360,400**	267,131	**1,867,230**	1,892,829
Unallocated							**213,466**	374,439
							2,080,696	2,267,268
Segment liabilities	**574,423**	708,741	**816**	735	**21,526**	41,124	**596,765**	750,600
Unallocated							**68,839**	83,541
							665,604	834,141
Other segment information:								
Depreciation of property, plant and equipment	**38,918**	41,035	**–**	–	**6,902**	10,229	**45,820**	51,264
Depreciation of right-of-use assets	**6,921**	6,694	**10**	10	**9,267**	8,555	**16,198**	15,259
Impairment of trade receivables	**5**	–	**–**	–	**1,083**	353	**1,088**	353
Impairment of contract assets	**965**	–	**–**	–	**–**	–	**965**	–
Write-off of inventories	**–**	–	**–**	–	**–**	272	**–**	272
Loss/(gain) on disposal and write-off of items of property, plant and equipment, net	**(1,921)**	8,760	**–**	–	**(265)**	(1,050)	**(2,186)**	7,710
Gain on disposal of a subsidiary	**–**	–	**–**	–	**–**	(33,930)	**–**	(33,930)
Capital expenditure	**34,282**	73,502	**–**	–	**103**	1,539	**34,385**	75,041

Geographical information

(a) Revenue from external customers

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**2,204,085**	3,054,113

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

4. OPERATING SEGMENT INFORMATION *(Cont'd)*

Geographical information *(Cont'd)*

(b) Non-current assets

	2021	2020
	HK$'000	*HK$'000*
Hong Kong	**291,413**	295,094

The non-current asset information above is based on the locations of the assets and excludes deferred tax 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:

	2021	2020
	HK$'000	*HK$'000*
Customer A[1]	**623,829**	518,152
Customer B[1]	**534,653**	N/A[2]
Customer C[1]	**N/A[2]**	313,743

1 Revenue was derived from the foundation piling segment.
2 The corresponding revenue did not contribute over 10% of the Group's revenue.

5. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers	**2,186,225**	3,039,187
Revenue from other sources		
Gross rental income from machinery leasing	**17,860**	14,926
	2,204,085	3,054,113

5. REVENUE AND OTHER INCOME AND GAINS *(Cont'd)*

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

Segments	**Foundation piling** *HK$'000*	**Property development and investment** *HK$'000*	**Corporate and others** *HK$'000*	**Total** *HK$'000*
Types of goods or services				
Machinery trading	–	–	1,538	1,538
Construction services	2,164,106	–	–	2,164,106
Machinery engineering services	–	–	20,581	20,581
Total revenue from contracts with customers	2,164,106	–	22,119	2,186,225
Geographical markets				
Hong Kong	2,164,106	–	22,119	2,186,225
Timing of revenue recognition				
Good transferred at a point of time	–	–	1,538	1,538
Services transferred over time	2,164,106	–	20,581	2,184,687
Total revenue from contracts with customers	2,164,106	–	22,119	2,186,225

5. REVENUE AND OTHER INCOME AND GAINS *(Cont'd)*

Revenue from contracts with customers *(Cont'd)*

(i) Disaggregated revenue information *(Cont'd)*

For the year ended 31 December 2020

Segments	Foundation piling *HK$'000*	Property development and investment *HK$'000*	Corporate and others *HK$'000*	Total *HK$'000*
Types of goods or services				
Machinery trading	–	–	36	36
Construction services	3,017,754	–	–	3,017,754
Machinery engineering services	–	–	21,397	21,397
Total revenue from contracts with customers	3,017,754	–	21,433	3,039,187
Geographical markets				
Hong Kong	3,017,754	–	21,433	3,039,187
Timing of revenue recognition				
Good transferred at a point of time	–	–	36	36
Services transferred over time	3,017,754	–	21,397	3,039,151
Total revenue from contracts with customers	3,017,754	–	21,433	3,039,187

5. REVENUE AND OTHER INCOME AND GAINS *(Cont'd)*

Revenue from contracts with customers *(Cont'd)*

(i) Disaggregated revenue information *(Cont'd)*

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

For the year ended 31 December 2021

Segments	**Foundation piling** *HK$'000*	**Property development and investment** *HK$'000*	**Corporate and others** *HK$'000*	**Total** *HK$'000*
Revenue from contracts with customers				
External customers	**2,164,106**	**–**	**22,119**	**2,186,225**
Intersegment sales	**–**	**–**	**952**	**952**
	2,164,106	**–**	**23,071**	**2,187,177**
Intersegment adjustments and eliminations	**–**	**–**	**(952)**	**(952)**
Total revenue from contracts with customers	**2,164,106**	**–**	**22,119**	**2,186,225**

For the year ended 31 December 2020

Segments	Foundation piling *HK$'000*	Property development and investment *HK$'000*	Corporate and others *HK$'000*	Total *HK$'000*
Revenue from contracts with customers				
Total revenue from contracts with customers	3,017,754	–	21,433	3,039,187

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021 *HK$'000*	2020 *HK$'000*
Construction services	**35,124**	13,979

5. REVENUE AND OTHER INCOME AND GAINS *(Cont'd)*

Revenue from contracts with customers *(Cont'd)*

(ii) Performance obligations

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

Machinery trading

The performance obligation is satisfied upon delivery of the products and payment is generally due within 30 days from delivery.

Construction services

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

Machinery engineering services

The performance obligation is satisfied over time as the customer simultaneously receives and consumes the support services as the Group continues to provide support services to the customer.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Amounts expected to be recognised as revenue:		
Within one year	**1,997,316**	1,775,454
After one year	**719,044**	879,421
	2,716,360	2,654,875

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 mainly to be satisfied within two 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.

5. REVENUE AND OTHER INCOME AND GAINS *(Cont'd)*

Other income and gains

	2021 HK$'000	2020 HK$'000
Interest income	**2,272**	10,677
Insurance claims	**399**	543
Subsidy income*	**214**	43,638
Gain on disposal of items of property, plant and equipment	**2,186**	–
Gain on lease modification	**–**	25
Foreign exchange gains, net	**47**	–
Others	**3,239**	3,896
	8,357	58,779

* There were no unfulfilled conditions or contingencies relating to this income.

6. FINANCE COSTS

	2021 HK$'000	2020 HK$'000
Interest on bank borrowings	**1,032**	2,048
Interest on guaranteed notes	**–**	1,934
Interest on lease liabilities	**481**	793
	1,513	4,775
Less: Interest included in cost of sales	**(113)**	(143)
	1,400	4,632

7. LOSS BEFORE TAX

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

	Notes	**2021** **HK$'000**	2020 HK$'000
Cost of inventories sold		**1,130**	54
Cost of services rendered		**2,120,509**	3,116,764
Depreciation of property, plant and equipment	13	**45,820**	51,264
Depreciation of right-of-use assets	14(a)	**16,198**	15,259
Lease payments not included in the measurement of lease liabilities	14(c)	**25,899**	20,423
Auditor's remuneration		**1,980**	1,800
Employee benefit expense (including directors' remuneration – note 8):			
Wages and salaries		**414,685**	400,498
Equity-settled share option expense		**15,100**	–
Pension scheme contributions**		**12,030**	12,282
		441,815	412,780
Foreign exchange differences, net*		**(47)**	25,564
Impairment of financial and contract assets:			
Impairment of trade receivables*	16	**1,088**	353
Impairment of contract assets*	17(a)	**965**	–
Loss/(gain) on disposal and write-off of items of property, plant and equipment*		**(2,186)**	7,710
Write-off of inventories*		**–**	272

* These amounts are included in "Other expenses, net" or "Other income and gains" in the consolidated statement of profit or loss.

** There are no forfeited contributions that may be used by the Group as employer to reduce the existing level of contributions.

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Fees:		
Executive directors	**–**	–
Non-executive directors	**–**	–
Independent non-executive directors	**1,440**	1,440
Other emoluments of executive directors:		
Salaries, allowances and benefits in kind	**33,072**	32,374
Equity-settled share option expense	**3,896**	–
Pension scheme contributions	**18**	23
	38,426	33,837

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 26 to the financial statements and the report of the directors. The fair value of such options, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' remuneration disclosures.

8. DIRECTORS' REMUNERATION *(Cont'd)*

The remuneration paid or payable to each of the directors is as follows:

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Equity-settled share option expense *HK$'000*	Pension scheme contributions *HK$'000*	Total *HK$'000*
2021					
Executive directors:					
Mr. Fung Chiu Chak, Victor ("Mr. Fung")	–	22,534	1,993	–	24,527
Mr. Chiu Chin Hung	–	5,500	997	–	6,497
Mr. Lau Kin Fai	–	5,038	906	18	5,962
	–	33,072	3,896	18	36,986
Non-executive directors:					
Mr. Justin Wai	–	–	–	–	–
Mr. David Robert McClure	–	–	–	–	–
Mr. Yuen Pak Man	–	–	–	–	–
Ms. Gu Ye	–	–	–	–	–
Ms. Hou Xiangjia	–	–	–	–	–
	–	–	–	–	–
Independent non-executive directors:					
Mr. Lung Chee Ming, George	360	–	–	–	360
Mr. Li Kit Chee	360	–	–	–	360
Ms. Chow Wai Lee	360	–	–	–	360
Ms. Jennifer Kwok	360	–	–	–	360
	1,440	–	–	–	1,440
Total	1,440	33,072	3,896	18	38,426

8. DIRECTORS' REMUNERATION *(Cont'd)*

The remuneration paid or payable to each of the directors is as follows: *(Cont'd)*

	Fees *HK$'000*	Salaries, allowances and benefits in kind *HK$'000*	Pension scheme contributions *HK$'000*	Total *HK$'000*
2020				
Executive directors:				
Mr. Fung	–	22,258	5	22,263
Mr. Chiu Chin Hung	–	5,202	–	5,202
Mr. Lau Kin Fai	–	4,914	18	4,932
	–	32,374	23	32,397
Non-executive directors:				
Mr. Justin Wai	–	–	–	–
Mr. Wang Tianbing#	–	–	–	–
Mr. David Robert McClure	–	–	–	–
Mr. Lau Che Hang Alex#	–	–	–	–
Mr. Wu Charles Hsing-yuan#	–	–	–	–
Mr. Yuen Pak Man	–	–	–	–
Ms. Gu Ye	–	–	–	–
Ms. Hou Xiangjia	–	–	–	–
	–	–	–	–
Independent non-executive directors:				
Mr. Lung Chee Ming, George	360	–	–	360
Mr. Li Kit Chee	360	–	–	360
Ms. Chow Wai Lee	180	–	–	180
Ms. Jennifer Kwok	180	–	–	180
Mr. Fan Chor Ho#	180	–	–	180
Mr. Tse Man Bun#	180	–	–	180
	1,440	–	–	1,440
Total	1,440	32,374	23	33,837

During the year ended 31 December 2020, Mr. Wang Tianbing, Mr. Lau Che Hang Alex and Mr. Wu Charles Hsing-yuan resigned as non-executive directors, and Mr. Fan Chor Ho and Mr. Tse Man Bun resigned as independent non-executive directors.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2020: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining two (2020: two) non-director highest paid employees are as follows:

	2021	2020
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**6,447**	6,322
Equity-settled share option expense	**1,529**	–
Pension scheme contributions	**36**	36
	8,012	6,358

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Numbers of employees	
	2021	2020
HK$2,500,001 to HK$3,000,000	**–**	1
HK$3,000,001 to HK$3,500,000	**1**	–
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
	2	2

During the year, share options were granted to the above non-director and non-chief executive highest paid employees in respect of their services to the Group. Further details of which are included in the disclosures in note 26 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

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 year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK$2,000,000 (2020: HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2020: 8.25%) and the remaining assessable profits of this subsidiary are taxed at 16.5% (2020: 16.5%). Taxes on profits assessable elsewhere in the People's Republic of China (the "PRC") have been calculated at the applicable tax rates prevailing in the areas in which the Group operates.

	2021	2020
	HK$'000	*HK$'000*
Current:		
Provision for tax in respect of profit for the year:		
PRC:		
Hong Kong	**–**	87
Elsewhere	**11**	310
	11	397
Underprovision/(overprovision) in the prior years:		
PRC:		
Hong Kong	**195**	(535)
Elsewhere	**(6)**	(1,437)
	189	(1,972)
Deferred tax (note 24)	**(7,584)**	118
Total tax credit for the year	**(7,384)**	(1,457)

A reconciliation of the tax credit applicable to loss before tax at the statutory rates for the countries or regions in which the Company and the majority of its subsidiaries are domiciled to the tax credit at the effective tax rate is as follows:

	2021	2020
	HK$'000	*HK$'000*
Loss before tax	**(7,491)**	(106,339)
Tax at the statutory rates	**(1,299)**	(18,013)
Adjustments in respect of current tax of prior years	**189**	(1,972)
Income not subject to tax	**(435)**	(14,585)
Expenses not deductible for tax	**16,192**	20,608
Effect of withholding tax on the distributable profits of the Group's subsidiary in Mainland China	**47**	91
Tax losses utilised from prior years	**(12,223)**	(884)
Tax losses not recognised/(recognised), net	**(9,855)**	13,298
Tax credit at the Group's effective rate	**(7,384)**	(1,457)

11. DIVIDENDS

	2021 HK$'000	2020 HK$'000
Dividends declared and paid during the year:		
Special – Nil (2020: HK$0.24 per ordinary share)	–	807,849
Interim – HK$0.01 per ordinary share (2020: Nil)	**33,660**	–
	33,660	807,849
Proposed final dividend:		
Final – HK$0.015 per ordinary share (2020: Nil)	**50,491**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholder at the forthcoming annual general meeting. These financial statements do not reflect the final dividend payable (2020: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company of HK$107,000 (2020: HK$104,882,000), and the number of ordinary shares of 3,366,035,709 (2020: 3,366,035,709) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2021 in respect of a dilution as the impact of the share options did not have a dilutive effect on the basic loss per share amount presented.

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

13. PROPERTY, PLANT AND EQUIPMENT

	Building HK$'000	Equipment and machinery HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000
2021						
Cost:						
At 1 January 2021	81,309	955,523	5,978	10,779	11,934	1,065,523
Additions	–	31,483	103	2,601	198	34,385
Disposals/write-off	–	(94,540)	(448)	(2,525)	–	(97,513)
At 31 December 2021	81,309	892,466	5,633	10,855	12,132	1,002,395
Accumulated depreciation and impairment:						
At 1 January 2021	38,959	812,524	5,149	8,717	11,934	877,283
Depreciation provided during the year	4,065	40,261	439	1,049	6	45,820
Disposals/write-off	–	(93,370)	(436)	(2,525)	–	(96,331)
At 31 December 2021	43,024	759,415	5,152	7,241	11,940	826,772
Net carrying amount:						
At 31 December 2021	38,285	133,051	481	3,614	192	175,623
At 31 December 2020	42,350	142,999	829	2,062	–	188,240

13. PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

	Building *HK$'000*	Equipment and machinery *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicles *HK$'000*	Leasehold improvements *HK$'000*	Total *HK$'000*
2020						
Cost:						
At 1 January 2020	81,309	967,191	5,913	9,831	13,131	1,077,375
Additions	–	73,225	171	1,645	–	75,041
Disposals/write-off	–	(84,893)	(106)	(697)	(1,197)	(86,893)
At 31 December 2020	81,309	955,523	5,978	10,779	11,934	1,065,523
Accumulated depreciation and impairment:						
At 1 January 2020	34,894	838,927	4,674	8,461	13,122	900,078
Depreciation provided during the year	4,065	45,712	526	952	9	51,264
Disposals/write-off	–	(72,115)	(51)	(696)	(1,197)	(74,059)
At 31 December 2020	38,959	812,524	5,149	8,717	11,934	877,283
Net carrying amount:						
At 31 December 2020	42,350	142,999	829	2,062	–	188,240
At 31 December 2019	46,415	128,264	1,239	1,370	9	177,297

The Group's building was pledged to a bank as security for a banking facility granted to the Group (note 22).

Certain of the Group's equipment and machinery are leased to third parties under operating leases, further summary details of which are included in note 14 to the financial statements.

14. LEASES

The Group as a lessee

The Group has leasehold land and lease contracts for various office properties, warehouses and machinery used in its operation. Lump sum payments were made upfront to acquire the leasehold land from the owner with lease periods of 35 to 40 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties and warehouses generally have lease terms between 1 to 3 years while leases of machinery generally have lease terms between 1 to 16 months.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and movements during the year are as follows:

	Leasehold land *HK$000*	**Buildings** *HK$'000*	**Machinery** *HK$'000*	**Total** *HK$'000*
As at 1 January 2020	99,585	18,547	–	118,132
Additions	–	616	4,638	5,254
Depreciation charge	(3,722)	(9,885)	(1,652)	(15,259)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(1,423)	–	(1,423)
As at 31 December 2020 and 1 January 2021	**95,863**	**7,855**	**2,986**	**106,704**
Additions	**–**	**23,941**	**–**	**23,941**
Depreciation charge	**(3,722)**	**(9,490)**	**(2,986)**	**(16,198)**
Revision of a lease term arising from a change in the non-cancellable period of a lease	**–**	**(114)**	**–**	**(114)**
At 31 December 2021	**92,141**	**22,192**	**–**	**114,333**

Certain of the Group's leasehold land is pledged to a bank as security for a banking facility granted to the Group (note 22).

Certain of the Group's leased warehouses and machinery are subleased to third parties and a related company under operating leases, further summary details of which are disclosed below under the heading "The Group as a lessor".

14. LEASES *(Cont'd)*

The Group as a lessee *(Cont'd)*

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Carrying amount at 1 January	**11,216**	18,858
New leases	**23,941**	5,254
Accretion of interest recognised during the year	**481**	793
Payments	**(13,222)**	(12,241)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**(117)**	(1,448)
Carrying amount at 31 December	**22,299**	11,216
Analysed into:		
Current portion	**9,091**	10,942
Non-current portion	**13,208**	274

The maturity analysis of lease liabilities is disclosed in note 35 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Interest on lease liabilities	**481**	793
Depreciation charge of right-of-use assets	**16,198**	15,259
Gain on lease modification	**–**	(25)
Gain on lease modification (included in cost of sales)	**(3)**	–
Expenses relating to short-term leases (included in cost of sales)	**25,899**	20,423
Total amount recognised in profit or loss	**42,575**	36,450

(d) The total cash outflows for leases are disclosed in note 28(c) to the financial statements.

14. LEASES *(Cont'd)*

The Group as a lessor

The Group leases certain of its equipment and machinery (note 13) and subleases certain of its leased warehouses and leased machinery (note 14(a)) under operating lease arrangements. The terms of the leases generally also require the tenants and customers to pay security deposits. Rental income recognised by the Group during the year was HK$18,244,000 (2020: HK$15,387,000).

As at 31 December 2021, undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2021	2020
	HK$'000	*HK$'000*
Within one year	**3,492**	13,704
After one year but within two years	**384**	2,296
After two years but within three years	**352**	–
	4,228	16,000

15. INVENTORIES

	2021	2020
	HK$'000	*HK$'000*
Raw materials	**179,949**	31,662
Spare parts and others	**12,519**	11,930
	192,468	43,592

16. TRADE RECEIVABLES

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 30 days, and are subject to periodic review by 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.

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**271,295**	190,319
Impairment	**(2,426)**	(1,342)
	268,869	188,977

As at 31 December 2021, included in the Group's trade receivables was an amount due from a related company, Tysan Building Construction Company Limited ("TBC"), of HK$1,606,000 (2020: Nil), which was repayable on credit terms similar to those offered to the major customers of the Group. TBC is controlled by Mr. Fung, who is an executive director of the Company.

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

	2021	2020
	HK$'000	*HK$'000*
Within 90 days	**267,249**	177,179
91 to 180 days	**240**	11,556
181 to 365 days	**723**	164
Over 365 days	**657**	78
	268,869	188,977

16. TRADE RECEIVABLES *(Cont'd)*

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

	2021 *HK$'000*	2020 *HK$'000*
At beginning of the year	**1,342**	989
Impairment loss recognised (note 7)	**1,088**	353
Impairment loss written off	**(4)**	–
At end of year	**2,426**	1,342

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

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

As at 31 December 2021

		Past due				
	Current	**Less than 90 days**	**91 to 180 days**	**181 to 365 days**	**Over 365 days**	**Total**
Expected credit losses rate	**0.04%**	**0.54%**	**23.10%**	**62.18%**	**66.06%**	**0.89%**
Gross carrying amount (HK$'000)	**212,381**	**55,482**	**407**	**1,092**	**1,933**	**271,295**
Expected credit losses (HK$'000)	**78**	**298**	**94**	**679**	**1,277**	**2,426**

As at 31 December 2020

		Past due				
	Current	Less than 90 days	91 to 180 days	181 to 365 days	Over 365 days	Total
Expected credit losses rate	0.04%	1.14%	0.73%	51.40%	100%	0.71%
Gross carrying amount (HK$'000)	154,393	27,431	7,344	494	657	190,319
Expected credit losses (HK$'000)	65	313	53	254	657	1,342

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	31 December 2021	31 December 2020	1 January 2020
	HK$'000	*HK$'000*	*HK$'000*
Contract assets arising from:			
Construction services	**639,461**	1,002,844	1,113,816
Others	**1,724**	1,376	1,653
	641,185	1,004,220	1,115,469
Impairment	**(3,013)**	(2,048)	(2,048)
	638,172	1,002,172	1,113,421

Contract assets are initially recognised for revenue earned from the provision of construction services as the receipt of consideration is conditional on successful completion of construction. Included in contract assets for construction services are retention receivables. Upon completion of construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2021 and 2020 was the result of the subsequent certification of construction services and subsequent settlement of retention receivables during the years. The Group's trading terms and credit policy with customers are disclosed in note 16 to the financial statements.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2021	2020
	HK$'000	*HK$'000*
Within one year	**425,830**	711,470
After one year	**212,342**	290,702
Total contract assets	**638,172**	1,002,172

17. CONTRACT ASSETS AND CONTRACT LIABILITIES *(Cont'd)*

(a) Contract assets *(Cont'd)*

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

	2021	2020
	HK$'000	*HK$'000*
At the beginning of the year	**2,048**	2,048
Impairment loss recognised (note 7)	**965**	–
At the end of the year	**3,013**	2,048

Included in the above impairment allowance for contract assets is an allowance for an individually impaired contract asset of HK$2,048,000 (2020: HK$2,048,000) which was considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full. Except for the specific impairment allowance mentioned above, an impairment analysis is performed at each reporting date on the remaining contract assets using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on historical loss records of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer types of different credit risks). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets not individually impaired using a provision matrix:

	2021	2020
Expected credit loss rate	**0.15%**	0%
Gross carrying amount (HK$'000)	**639,137**	1,002,172
Expected credit losses (HK$'000)	**965**	–

Included in contract assets is an amount due from a related company, TBC, of HK$2,434,000 (2020: HK$610,000) and is recoverable on credit terms similar to those offered to the major customers of the Group.

(b) Contract liabilities

	31 December 2021	31 December 2020	1 January 2020
	HK$'000	*HK$'000*	*HK$'000*
Contract liabilities arising from:			
Construction services	**82,494**	72,372	46,833

Contract liabilities include short-term advances received to deliver construction services. The increase in contract liabilities in 2021 and 2020 was the result of increase in billings for construction services at the end of each of the reporting periods.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Prepayments and deposits	**14,869**	15,733
Other receivables	**12,799**	14,947
Less: Impairment allowance	**(293)**	(1,467)
	27,375	29,213
Less: Prepayments, deposits and other receivables classified as non-current assets	**(1,457)**	(150)
	25,918	29,063

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

	2021	2020
	HK$'000	*HK$'000*
At beginning of year	**1,467**	1,467
Impairment losses written off	**(1,174)**	–
At end of year	**293**	1,467

In the opinion of the directors, the impairment of HK$293,000 (2020: HK$1,467,000) was specific in nature which was considered in default due to indicators which showed that the Group was unlikely to receive the outstanding contractual amount in full. Expected credit losses on the remaining other receivables balances are estimated by applying a loss rate approach with reference to the historical loss record of the Group. Based on historical loss records and economic conditions, the directors are of the opinion that the expected credit losses of the remaining other receivables are minimal.

19. CASH AND CASH EQUIVALENTS

	2021	2020
	HK$'000	*HK$'000*
Time deposits	**200,500**	372,639
Cash and bank balances	**450,390**	333,931
Cash and cash equivalents	**650,890**	706,570

19. CASH AND CASH EQUIVALENTS *(Cont'd)*

	2021 HK$'000	2020 HK$'000
Denominated in:		
Renminbi ("RMB")	**24,887**	23,804
HK$	**625,858**	682,595
Other currencies	**145**	171
	650,890	706,570

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through authorised banks to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for a period of 3 months (2020: 7 days to 3 months) depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and deposits are deposited with creditworthy banks with no recent history of default.

20. TRADE AND RETENTION PAYABLES, ACCRUALS AND PROVISION

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

	2021 HK$'000	2020 HK$'000
Trade payables:		
Within 90 days	**261,774**	299,121
91 to 180 days	**198**	808
Over 180 days	**27**	41
	261,999	299,970
Retention payables	**55,736**	94,031
Accruals	**136,819**	234,967
Provision	**34,675**	35,592
	489,229	664,560

The trade and retention payables are non-interest-bearing. Trade payables are normally settled on 90-day terms. For retention payables in respect of construction contracts, the due dates are normally within one year after the completion of the construction work.

As at 31 December 2021, retention payables amounting to HK$38,373,000 (2020: HK$87,138,000) were expected to be repayable within twelve months after the end of the reporting period.

Provision represented provision for foreseeable losses on construction contracts. During the year ended 31 December 2021, provision of HK$10,068,000 (2020: HK$27,519,000) was made and the balance of HK$10,506,000 (2020: HK$28,377,000) was utilised. In addition, a provision of HK$479,000 (2020: HK$812,000) was reversed during the year ended 31 December 2021.

21. OTHER PAYABLES, DEPOSITS RECEIVED AND RECEIPTS IN ADVANCE

Other payables are non-interest-bearing and have an average term of one month.

22. INTEREST-BEARING BANK BORROWING

	2021			2020		
	Effective interest rate *(%)*	**Maturity**	***HK$'000***	Effective interest rate *(%)*	Maturity	*HK$'000*
Secured:						
Instalment loan	**1.6**	**2022–2031**	**57,575**	1.7	2021–2031	62,416

	2021 *HK$'000*	2020 *HK$'000*
Analysed into:		
Bank borrowing repayable:		
Within one year or on demand	**4,899**	4,762
In the second year	**4,976**	4,842
In the third to fifth years, inclusive	**5,051**	15,013
Beyond five years	**42,649**	37,799
	57,575	62,416
Portion due within one year, classified as current liabilities	**(4,899)**	(4,762)
Long-term portion	**52,676**	57,654

As at 31 December 2021, the Group's secured bank borrowing was secured by mortgages over certain leasehold land of HK$91,888,000 (2020: HK$95,600,000) (note 14(a)) and a building of HK$38,285,000 (2020: HK$42,350,000) (note 13) of the Group.

In addition, the Company has executed guarantees in respect of borrowing facilities granted to certain of its subsidiaries (note 30).

The bank borrowing of the Group bears interest at floating interest rates. The carrying amount of the bank borrowing approximates to its fair value.

The Group's bank borrowing is denominated in Hong Kong dollars.

23. LEASE LIABILITIES

	2021			2020		
	Effective interest rate *(%)*	**Maturity**	***HK$'000***	Effective interest rate *(%)*	Maturity	*HK$'000*
Current:						
Lease liabilities (note 14(b))	**5.375**	**2022**	**9,091**	5.375	2021	10,942
Non-current:						
Lease liabilities (note 14(b))	**5.375**	**2023-2024**	**13,208**	5.375	2022	274

	2021 ***HK$'000***	2020 *HK$'000*
Analysed into:		
Lease liabilities repayable:		
Within one year	**9,091**	10,942
In the second year	**8,549**	274
In the third to fifth years, inclusive	**4,659**	–
	22,299	11,216

24. DEFERRED TAX

The components and movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Withholding taxes HK$'000	Allowance in excess of related depreciation HK$'000	Total HK$'000
At 1 January 2020	(2,754)	(9,911)	(12,665)
Deferred tax charged to the statement of profit or loss during the year	(91)	(6,739)	(6,830)
Withholding tax paid on repatriation of earnings from a subsidiary in Mainland China	2,681	–	2,681
Exchange realignment	(7)	–	(7)
At 31 December 2020 and 1 January 2021	**(171)**	**(16,650)**	**(16,821)**
Deferred tax charged to the statement of profit or loss during the year	**(47)**	**(407)**	**(454)**
Exchange realignment	**(5)**	**–**	**(5)**
At 31 December 2021	**(223)**	**(17,057)**	**(17,280)**

Deferred tax assets

	Depreciation in excess of related allowance HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2020	–	4,456	4,456
Deferred tax credited to the statement of profit or loss during the year	1,760	4,952	6,712
At 31 December 2020 and 1 January 2021	**1,760**	**9,408**	**11,168**
Deferred tax credited/(charged) to the statement of profit or loss during the year	**(45)**	**8,083**	**8,038**
At 31 December 2021	**1,715**	**17,491**	**19,206**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2021 HK$'000	2020 HK$'000
Deferred tax assets	**12,966**	1,760
Deferred tax liabilities	**(11,040)**	(7,413)
	1,926	(5,653)

24. DEFERRED TAX *(Cont'd)*

The Group has tax losses arising in Hong Kong of HK$299,093,000 (2020: HK$383,918,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of tax losses of HK$193,088,000 (2020: HK$326,899,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the Corporate Income Tax ("CIT") Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by its subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. SHARE CAPITAL

Shares

	2021	2020
	HK$'000	*HK$'000*
Authorised:		
6,000,000,000 ordinary shares of HK$0.10 each	**600,000**	600,000
Issued and fully paid:		
3,366,035,709 ordinary shares of HK$0.10 each	**336,603**	336,603

Share options

Details of the Company's share option scheme are included in note 26 to the financial statements.

26. SHARE OPTION SCHEME

On 3 December 2020, the Company adopted a share option scheme (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.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme must not in aggregate exceed 10% of the shares of the Company in issue at any time.

A summary of the Share Option Scheme of the Company is as follows:

Purpose	To reward participants who have contributed or may contribute to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and the shareholders as a whole.
Participants	A person who is entitled to participate in the Share Option Scheme, being any full-time or part-time employees, executives, officers or directors (including executive, non-executive and independent non-executive directors) of the Group or any of the interested entities and any advisors, consultants, distributors, contractors, suppliers, agents, providers, customers, business ally or joint venture partners, promoters, service providers of any member of the Group who, in the sole and absolute opinion of the Board, will contribute to or benefit or have contributed to or benefited the business, development and growth (and/or any other aspect whatsoever) of the Group and/or any of the interested entities.
Total number of ordinary shares available for issue and the percentage of the issued share capital that it represents as at the date of the annual report	336,603,570 ordinary shares and 10% of the issued share capital, on the basis of 3,366,035,709 shares in issue as at the date of the Company's special general meeting on 3 December 2020.
Maximum entitlement of each participant	Shall not exceed 1% of the issued share capital of the Company in any 12-month period.
Period within which the securities must be taken up under an option	To be determined by the Board on a case-by-case basis at its absolute discretion and notified to the grantee thereof, provided that the expiry date of the said period shall not be later than ten (10) years from the date of grant of the option concerned.

26. SHARE OPTION SCHEME *(Cont'd)*

A summary of the Share Option Scheme of the Company is as follows: *(Cont'd)*

Minimum period for which an option must be held before it can be exercised	To be determined at the discretion of the Board.
Amount payable on acceptance	HK$10
Basis for determining the exercise price	In respect of any particular option: the price per share payable to the Company on the exercise of the option as may be decided upon and prescribed by the Board on a case-by-case basis, bearing in mind the purpose of the Share Option Scheme, in its absolute discretion upon the grant of the option, provided that such exercise price shall not be less than the highest of the following: (a) the nominal value of a share; (b) the closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant of the option, which must be a business day; and (c) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date of grant of the option, or where applicable, the exercise price for the option concerned (referred to (a) to (c) above) as may be adjusted by the Board from time to time pursuant to the rules of the Share Option Scheme concerning adjustments of, inter alia, the exercise price upon the occurrence of any relevant event as defined in the Share Option Scheme.
The remaining life of the scheme	The Share Option Scheme remains in force for a period of ten (10) years commencing from 3 December 2020 and expiring at the close of business hours of the Company on 2 December 2030.

Further details of the Share Option Scheme were set out in the Company's circular dated 12 November 2020.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

26. SHARE OPTION SCHEME *(Cont'd)*

The following share options were outstanding under the Share Option Scheme during the year:

	2021		2020
	Weighted average exercise price *HK$ per share*	**Number of options** *'000*	Number of options *'000*
At beginning of year	–	–	–
Granted during the year	**0.49**	**167,600**	–
At end of year	**0.49**	**167,600**	–

The exercise prices and exercise periods of the share options outstanding as at that end of the reporting period are as follows:

2021 Number of options *'000*	Exercise price* *HK$ per share*	Exercise periods
50,280	0.49	1-1-2022 to 24-5-2025
50,280	0.49	1-1-2023 to 24-5-2025
67,040	0.49	1-1-2024 to 24-5-2025
167,600		

* 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 fair value of the share options granted during the year was HK$29,674,000 (HK$0.1712 to HK$0.1818 each), of which the Group recognised a share option expense of HK$15,100,000 (2020: Nil) during the year.

The fair value of equity-settled share options granted during the year ended 31 December 2021 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the major inputs to the model used:

Date of grant	25 May 2021
Dividend yield (%)	3.147
Expected volatility (%)	61.818
Risk-free interest rate (%)	0.61
Expected life of option (year)	4
Weighted average share price (HK$ per share)	0.485

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other feature of the options granted was incorporated into the measurement of fair value.

26. SHARE OPTION SCHEME *(Cont'd)*

At the end of the reporting period, the Company had 167,600,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 167,600,000 additional ordinary shares of the Company and additional share capital of HK$16,760,000 and share premium of HK$65,364,000 before issue expenses.

At the date of approval of these financial statements, the Company had 167,600,000 share options outstanding under the Share Option Scheme, which represented approximately 5% of the Company's shares in issue as at that date.

27. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiary registered in the PRC has been transferred to statutory reserves which are restricted as to use.

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of HK$23,941,000 (2020: HK$5,254,000) and HK$23,941,000 (2020: HK$5,254,000), respectively, in respect of lease arrangements for buildings and machinery.

(b) Changes in liabilities arising from financing activities

2021

	Trade and retention payables, accruals and provision *HK$'000*	**Dividend payable** *HK$'000*	**Lease liabilities** *HK$'000*	**Interest-bearing bank borrowing** *HK$'000*
At 1 January 2021	664,560	–	11,216	62,416
Changes from financing activities	(1,034)	(33,660)	(13,222)	(4,841)
New leases	–	–	23,941	–
Reassessment and revision of lease term	–	–	(117)	–
Interest expenses	1,032	–	481	–
Dividend declared	–	33,660	–	–
Changes classified as operating cash flows	(175,329)	–	–	–
At 31 December 2021	489,229	–	22,299	57,575

28. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Cont'd)*

(b) Changes in liabilities arising from financing activities *(Cont'd)*

2020

	Trade and retention payables, accruals and provision *HK$'000*	Dividend payable *HK$'000*	Lease liabilities *HK$'000*	Interest-bearing bank borrowing *HK$'000*	Guaranteed notes *HK$'000*
At 1 January 2020	611,816	1,683,018	18,858	116,712	40,390
Changes from financing activities	(5,069)	(2,490,867)	(12,241)	(54,296)	(40,700)
New leases	–	–	5,254	–	–
Reassessment and revision of lease term	–	–	(1,448)	–	–
Interest expenses	3,672	–	793	–	310
Dividend declared	–	807,849	–	–	–
Changes classified as operating cash flows	54,141	–	–	–	–
At 31 December 2020	664,560	–	11,216	62,416	–

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2021 **HK$'000**	2020 *HK$'000*
Within operating activities	**25,899**	20,423
Within financing activities	**13,222**	12,241
	39,121	32,664

29. COMMITMENTS

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

	2021 **HK$'000**	2020 *HK$'000*
Property, plant and equipment:		
– contracted, but not provided for	**15,908**	1,545

30. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2021 HK$'000	2020 HK$'000
Guarantees in respect of performance bonds in relation to subsidiaries	413,628	449,634

31. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loan are included in note 22 to the financial statements.

32. RELATED PARTY TRANSACTIONS AND BALANCES

Save as disclosed elsewhere in these financial statements, the Group had the following transactions and balances with related parties during the year:

(a) Outstanding balances with a related party

Details of the Group's balances with its related company as at the end of the reporting period are included in notes 16 and 17, respectively, to the financial statements.

Particulars of amounts due from a related company, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance, are as follows:

Name	31 December 2021 HK$'000	Maximum amount outstanding during the year HK$'000	31 December 2020 HK$'000
TBC	4,040	4,040	610

(b) Compensation of key management personnel of the Group

	2021 HK$'000	2020 HK$'000
Short term employee benefits	43,269	42,493
Equity-settled share option expense	5,964	–
Post-employment benefits	72	76
Total compensation paid to key management personnel	49,305	42,569

Further details of directors' remuneration are included in note 8 to the financial statements.

32. RELATED PARTY TRANSACTIONS AND BALANCES *(Cont'd)*

(c) Other transactions with a related company of the Group

(i) During the year ended 31 December 2021, TBC subcontracted foundation piling work of HK$18,859,000 to the Group.

(ii) During the year ended 31 December 2020, the Group recorded licence income of HK$77,000 from TBC for the sub-lease of a closed storage place.

(iii) During the year ended 31 December 2020, the Group recorded revenue of HK$1,427,000 in respect of rental and engineering works relating to tower cranes subcontracted by TBC to the Group.

These transactions were entered into by the Group and its related company in accordance with the terms of the respective agreements.

These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

33. DISPOSAL OF A SUBSIDIARY

For the year ended 31 December 2020

Disposal of Uni-Genius Investments Limited

On 22 November 2019, Tysan Investment Limited, a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with HNA Finance I Co., Ltd., the former controlling shareholder of the Company, to dispose of its entire equity interest in Uni-Genius Investments Limited ("Uni-Genius") and assign all amounts which Uni-Genius owed to Tysan Investment Limited at a cash consideration of HK$343,200,000 (the "Uni-Genius Disposal"). The principal activity of Uni-Genius was the trading of financial products and holding of an unlisted wealth management investment in a fund. The Uni-Genius Disposal was completed on 5 March 2020.

	HK$'000
Net liabilities disposed of:	
Financial asset at fair value through profit or loss	309,270
Loan from the Group	(321,963)
	(12,693)
Loan from the Group assigned	321,963
Gain on disposal of a subsidiary credited to profit or loss	33,930
	343,200
Satisfied by:	
Cash consideration	343,200

An analysis of the net inflow of cash and cash equivalents in respect of the Uni-Genius Disposal during the year ended 31 December 2020 was as follows:

	HK$'000
Cash consideration and net inflow of cash and cash equivalents in respect of the Uni-Genius Disposal	343,200

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	2021 Financial assets at amortised cost *HK$'000*	2020 Financial assets at amortised cost *HK$'000*
Trade receivables	**268,869**	188,977
Other receivables	**12,506**	13,480
Cash and cash equivalents	**650,890**	706,570
	932,265	909,027

Financial liabilities

	2021 Financial liabilities at amortised cost *HK$'000*	2020 Financial liabilities at amortised cost *HK$'000*
Trade and retention payables	**317,735**	394,001
Other payables	**2,349**	2,111
Interest-bearing bank borrowing	**57,575**	62,416
Lease liabilities	**22,299**	11,216
	399,958	469,744

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include cash and cash equivalents, other receivables, trade receivables, trade and retention payables, other payables, interest-bearing bank borrowing and lease liabilities. Details of these financial instruments are disclosed in the respective notes to these financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure that appropriate measures are implemented in a timely and effective manner.

Credit risk

The Group's principal financial assets are cash and cash equivalents and trade and other receivables.

Maximum exposure and year-end staging

The tables below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 *HK$'000*	**Stage 2** *HK$'000*	**Stage 3** *HK$'000*	**Simplified approach** *HK$'000*	**Total** *HK$'000*
Contract assets*	–	–	–	641,185	641,185
Trade receivables*	–	–	–	271,295	271,295
Financial assets included in prepayments, deposits and other receivables					
– Normal**	12,506	–	–	–	12,506
– Doubtful**	–	–	293	–	293
Cash and cash equivalents					
– Not yet past due	650,890	–	–	–	650,890
	663,396	–	293	912,480	1,576,169

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

Credit risk *(Cont'd)*

Maximum exposure and year-end staging *(Cont'd)*

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 *HK$'000*	Stage 2 *HK$'000*	Stage 3 *HK$'000*	Simplified approach *HK$'000*	Total *HK$'000*
Contract assets*	–	–	–	1,004,220	1,004,220
Trade receivables*	–	–	–	190,319	190,319
Financial assets included in prepayments, deposits and other receivables					
– Normal**	13,480	–	–	–	13,480
– Doubtful**	–	–	1,467	–	1,467
Cash and cash equivalents					
– Not yet past due	706,570	–	–	–	706,570
	720,050	–	1,467	1,194,539	1,916,056

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 16 and 17 to the financial statements, respectively.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered as "doubtful".

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

Interest rate risk

The Group's exposure to changes in interest rates (e.g. HIBOR) is mainly attributable to its interest-bearing bank borrowing. Borrowing at variable rates exposes the Group to interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management of the Group monitors the Group's interest rate exposure and considers entering into interest rate swaps to reduce its exposure to interest rate fluctuations should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowing) and the Group's equity (before any impact on tax).

	Increase in interest rate	**Increase in loss before tax** *HK$'000*	**Decrease in equity*** *HK$'000*
2021			
Bank borrowing	**100 basis points**	**575**	**–**
2020			
Bank borrowing	100 basis points	624	–

* Excluding retained profits

Foreign exchange risk

The Group operates mainly in Hong Kong and Mainland China with most of its transactions settled in Hong Kong dollars and Renminbi. Certain of the Group's monetary assets and liabilities are denominated in US$. The Group is exposed to foreign exchange risk arising from the exposure of Renminbi and US$ against HK$. The Group considered the impact on equity from the change in US$ exchange rate was minimal at the end of the reporting period since HK$ is pegged to US$. During the years ended 31 December 2020 and 2021, the Group's borrowing was denominated in Hong Kong dollars.

Management monitors the Group's currency exposure on an ongoing basis and considers entering into forward currency contracts when the need arises.

The Group did not expose to any significant foreign currency risk as at 31 December 2021 and 2020.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2021				
	On demand *HK$'000*	**Less than 12 months** *HK$'000*	**1 to 5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total** *HK$'000*
Trade and retention payables	**–**	**300,372**	**17,363**	**–**	**317,735**
Other payables	**–**	**2,349**	**–**	**–**	**2,349**
Interest-bearing bank borrowing	**–**	**5,760**	**23,040**	**33,735**	**62,535**
Lease liabilities	**–**	**10,046**	**13,779**	**–**	**23,825**
Guarantees in respect of performance bonds in relation to subsidiaries	**413,628**	**–**	**–**	**–**	**413,628**
	413,628	**318,527**	**54,182**	**33,735**	**820,072**

	2020				
	On demand *HK$'000*	Less than 12 months *HK$'000*	1 to 5 years *HK$'000*	Over 5 years *HK$'000*	Total *HK$'000*
Trade and retention payables	–	387,108	6,893	–	394,001
Other payables	–	2,111	–	–	2,111
Interest-bearing bank borrowing	–	5,760	23,040	39,939	68,739
Lease liabilities	–	11,188	277	–	11,465
Guarantees in respect of performance bonds in relation to subsidiaries	449,634	–	–	–	449,634
	449,634	406,167	30,210	39,939	925,950

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Cont'd)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by the total equity of the Group. The Group's policy is to maintain the gearing ratio not exceeding 50%. Net debt includes trade and retention payables, other payables, interest-bearing bank borrowing and lease liabilities, less cash and cash equivalents. Capital includes total equity of the Group. The gearing ratios as at the end of the reporting periods were as follows:

	2021 ***HK$'000***	2020 *HK$'000*
Trade and retention payables	**317,735**	394,001
Other payables	**2,349**	2,111
Interest-bearing bank borrowing	**57,575**	62,416
Lease liabilities (note 23)	**22,299**	11,216
Less: Cash and cash equivalents	**(650,890)**	(706,570)
Net cash	**(250,932)**	(236,826)
Total equity	**1,415,092**	1,433,127
Gearing ratio	**N/A**	N/A

36. COMPARATIVE AMOUNTS

As detailed in note 4 to the financial statements, certain comparative amounts have been re-presented to conform with the current year's presentation.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2021	2020
	HK$'000	*HK$'000*
NON-CURRENT ASSETS		
Interests in subsidiaries	**1,288,208**	1,332,788
CURRENT ASSETS		
Amounts due from subsidiaries	**175,374**	175,612
Prepayments and other receivables	**678**	708
Cash and cash equivalents	**361,260**	437,272
Total current assets	**537,312**	613,592
CURRENT LIABILITIES		
Amounts due to subsidiaries	**–**	81,802
Trade payables and accruals	**1,006**	666
Other payables	**1,539**	1,605
Total current liabilities	**2,545**	84,073
NET CURRENT ASSETS	**534,767**	529,519
Net assets	**1,822,975**	1,862,307
EQUITY		
Issued capital	**336,603**	336,603
Reserves (note)	**1,486,372**	1,525,704
Total equity	**1,822,975**	1,862,307

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Cont'd)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account	Contributed surplus	Share option reserve	Retained profits/ (accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2020	2,481	1,476,143	–	(130,219)	1,348,405
Profit for the year	–	–	–	985,148	985,148
Total comprehensive income for the year	–	–	–	985,148	985,148
2020 special dividend declared and paid (note 11)	–	(807,849)	–	–	(807,849)
At 31 December 2020 and 1 January 2021	**2,481**	**668,294**	**–**	**854,929**	**1,525,704**
Loss for the year	**–**	**–**	**–**	**(20,772)**	**(20,772)**
Total comprehensive expenses for the year	**–**	**–**	**–**	**(20,772)**	**(20,772)**
Equity-settled share option arrangements (note 26)	**–**	**–**	**15,100**	**–**	**15,100**
2021 interim dividend declared and paid (note 11)	**–**	**–**	**–**	**(33,660)**	**(33,660)**
At 31 December 2021	**2,481**	**668,294**	**15,100**	**800,497**	**1,486,372**

The contributed surplus of the Company included the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation in 1991 prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor amounting to HK$29,950,000. In addition, pursuant to special resolutions passed at the annual general meeting of the Company held on 7 August 2015 and 12 June 2019, the entire amounts of HK$563,861,000 and HK$10,004,289,000 standing to the credit of share premium account of the Company as at 7 August 2015 and 31 December 2018 respectively were cancelled, and the corresponding balance arising therefrom was credited to the contributed surplus account of the Company. Under the Bermuda Companies Act 1981, the Company may make distributions to its members out of the contributed surplus under certain circumstances.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 23 March 2022.