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CNQC INTERNATIONAL HOLDINGS LIMITED

青建國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1240)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The board (the “Board”) of directors (the “Directors”) of CNQC International Holdings Limited (the “Company” and its subsidiaries, collectively the “Group”) is pleased to present the Group’s consolidated results for the year ended 31 December 2021 (the “Reporting Period”), together with the comparative figures for the year ended 31 December 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

| | <i>Note</i> | 2021 HK\$’000 | 2020 HK\$’000 |
|--|-------------|--------------------------------|--------------------|
| Revenue | 3, 4 | 6,098,655 | 5,128,897 |
| Cost of sales | 5 | (5,904,618) | <u>(4,877,323)</u> |
| Gross profit | | 194,037 | 251,574 |
| Other income | 6 | 73,708 | 154,396 |
| Other gains — net | 7 | 129,808 | 25,670 |
| Selling and marketing expenses | 5 | (57,487) | (74,102) |
| General and administrative expenses | 5 | (347,026) | <u>(247,923)</u> |
| Operating (loss)/profit | | (6,960) | 109,615 |
| Finance income | 8 | 71,365 | 61,462 |
| Finance costs | 8 | (172,317) | (152,611) |
| Share of net profits of associated companies | | 385,302 | 227,646 |
| Share of net losses of joint ventures | | (16,671) | <u>(37,198)</u> |

| | <i>Note</i> | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------------|--------------------------------|------------------|
| Profit before income tax | | 260,719 | 208,914 |
| Income tax expense | 9 | <u>(7,074)</u> | <u>(14,757)</u> |
| Profit for the year | | 253,645 | 194,157 |
| Other comprehensive (loss)/income | | | |
| <i>Item that may be reclassified to profit or loss</i> | | | |
| — Currency translation differences | | (14,851) | 27,539 |
| <i>Item that will not be reclassified to profit or loss</i> | | | |
| — Fair value losses on financial assets at fair value through other comprehensive income | | <u>(3,556)</u> | <u>(4,448)</u> |
| | | <u>(18,407)</u> | <u>23,091</u> |
| Total comprehensive income for the year | | <u>235,238</u> | <u>217,248</u> |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 259,051 | 218,057 |
| Non-controlling interests | | <u>(5,406)</u> | <u>(23,900)</u> |
| | | <u>253,645</u> | <u>194,157</u> |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 244,744 | 239,031 |
| Non-controlling interests | | <u>(9,506)</u> | <u>(21,783)</u> |
| | | <u>235,238</u> | <u>217,248</u> |
| Earnings per share for profit attributable to owners of the Company | <i>10</i> | | |
| Basic earnings per share | | | |
| — ordinary shares (HK\$) | | 0.158 | 0.133 |
| — convertible preference shares (HK\$) | | <u>0.158</u> | <u>0.133</u> |
| Diluted earnings per share | | | |
| — ordinary shares (HK\$) | | 0.158 | 0.133 |
| — convertible preference shares (HK\$) | | <u>0.158</u> | <u>0.133</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

| | | 31 December 2021 | 31 December 2020 |
|---|-------------|---------------------|---------------------|
| | <i>Note</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 531,015 | 512,034 |
| Right-of-use assets | | 75,584 | 82,516 |
| Investment properties | | – | 620,642 |
| Goodwill | | 567,335 | 570,685 |
| Other intangible assets | | 75,205 | 27,228 |
| Investments in associated companies | | 683,278 | 317,457 |
| Deferred income tax assets | | 56,617 | 47,369 |
| Financial assets at fair value through other comprehensive income | | 4,711 | 6,907 |
| Financial assets at fair value through profit or loss | | 511,932 | 432,635 |
| Prepayments and other receivables | 12 | 533,246 | 1,163,805 |
| | | 3,038,923 | 3,781,278 |
| Current assets | | | |
| Development properties for sale | 13 | 4,247,662 | 4,874,264 |
| Inventories | | 3,518 | 57,935 |
| Trade and other receivables, prepayments and deposits | 12 | 3,128,868 | 1,992,568 |
| Contract assets | | 436,323 | 736,875 |
| Income tax recoverable | | 872 | 5,450 |
| Pledged bank deposits | | 199,866 | 212,210 |
| Cash and cash equivalents | | 917,855 | 1,173,976 |
| | | 8,934,964 | 9,053,278 |
| Total assets | | 11,973,887 | 12,834,556 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital — ordinary shares | 16 | 15,183 | 15,183 |
| Share capital — convertible preference shares | 16 | 1,249 | 1,249 |
| Share premium | | 3,261,225 | 3,261,225 |
| Other reserves | | (1,141,305) | (1,127,102) |
| Retained earnings | | 1,397,293 | 1,254,286 |
| | | 3,533,645 | 3,404,841 |
| Non-controlling interests | | 195,124 | 188,460 |
| Total equity | | 3,728,769 | 3,593,301 |

| | | 31 December | 31 December |
|-------------------------------------|-------------|--------------------------|-------------------|
| | | 2021 | 2020 |
| | <i>Note</i> | HK\$'000 | HK\$'000 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Other payables | <i>15</i> | 26,100 | – |
| Borrowings | <i>14</i> | 3,455,774 | 4,012,766 |
| Lease liabilities | | 41,910 | 57,134 |
| Derivative financial instruments | | – | 8,917 |
| Deferred income tax liabilities | | 45,856 | 39,816 |
| | | <u>3,569,640</u> | <u>4,118,633</u> |
| Current liabilities | | | |
| Trade and other payables | <i>15</i> | 2,001,061 | 2,162,157 |
| Contract liabilities | | 374,129 | 440,056 |
| Income tax payables | | 23,213 | 128,909 |
| Borrowings | <i>14</i> | 2,240,568 | 2,358,681 |
| Lease liabilities | | 33,965 | 26,419 |
| Derivative financial instruments | | 2,542 | 6,400 |
| | | <u>4,675,478</u> | <u>5,122,622</u> |
| Total liabilities | | <u>8,245,118</u> | <u>9,241,255</u> |
| Total equity and liabilities | | <u>11,973,887</u> | <u>12,834,556</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

CNQC International Holdings Limited (the “**Company**”) is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in property development, foundation and construction business in Singapore and Southeast Asia, Hong Kong and Macau.

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (“**HK\$’000**”), unless otherwise stated.

2 BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments, which are measured at fair value.

(iii) Amendments to existing standards adopted by the Group

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2021:

| | |
|---|---|
| HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 (Amendments) | Interest Rate Benchmark Reform — Phase 2 |
|---|---|

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the amount or future period.

(iv) New standards, amendments and interpretations to existing standards that have been issued but not yet effective and not yet adopted by the Group

The following are new standards and amendments to standards that have been published and are not mandatory for the Group's accounting periods beginning on or after 1 January 2021 and have not been early adopted by the Group:

| | | Effective for annual periods beginning on or after |
|--|---|---|
| HKFRS 16 (Amendment) | COVID-19-Related Rent Concessions beyond 2021 | 1 April 2021 |
| Annual Improvements Projects (Amendments) | Annual Improvements to HKFRSs 2018–2020 | 1 January 2022 |
| HKFRS 3, HKAS 16 and HKAS 37 (Amendments) | Narrow-scope Amendments | 1 January 2022 |
| Accounting Guideline 5 (revised) | Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations | 1 January 2022 |
| HKAS 1 (Amendments) | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| HKFRS 17 | Insurance Contracts (new standard) | 1 January 2023 |
| HKFRS 17 (Amendments) | Amendments to HKFRS 17 | 1 January 2023 |
| HK Interpretation 5 (2020) | Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020)) | 1 January 2023 |
| HKAS 1 and HKFRS Practice Statement 2 (Amendments) | Disclosure of Accounting Policies | 1 January 2023 |
| HKAS 8 (Amendments) | Definition of Accounting Estimates | 1 January 2023 |
| HKAS 12 (Amendment) | Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments | 1 January 2023 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

Management is in the process of making an assessment of the financial impact of adoption of these new standards and amendments to existing standards. Management will adopt the new standards and amendments to standards when they become effective.

3 SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) has been identified as the executive directors of the Company.

The CODM reviews the performance of the Group’s operations mainly from a business operation perspective. The Group is organised into four main business segments, namely (i) Foundation and construction — Hong Kong and Macau; (ii) Property development — Hong Kong; (iii) Construction — Singapore and Southeast Asia and (iv) Property development — Singapore and Southeast Asia.

The “Foundation and construction — Hong Kong and Macau” segment mainly represents provision of foundation and construction work to property developers, loaning of labour and rental of equipment in Hong Kong and Macau. The “Property development — Singapore and Southeast Asia” and “Property development — Hong Kong” segment represent the sales of completed property units in Singapore and Southeast Asia and Hong Kong. The “Construction — Singapore and Southeast Asia” segment mainly represents provision of construction work to property developers, sales of goods, loaning of labour and rental of equipment in Singapore and Southeast Asia.

Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before income tax. The adjusted profit before income tax is measured consistently with the Group’s profit before income tax except that finance income, finance costs, inter-segment transactions as well as the head office and corporate expenses are excluded from such measurement.

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

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

Information regarding the above segments is reported below.

| | Foundation and construction — Hong Kong and Macau <i>HK\$’000</i> | Property development — Hong Kong <i>HK\$’000</i> | Construction — Singapore and Southeast Asia <i>HK\$’000</i> | Property development — Singapore and Southeast Asia <i>HK\$’000</i> | Total <i>HK\$’000</i> |
|---|--|---|--|---|--------------------------|
| Year ended 31 December 2021 | | | | | |
| Sales | | | | | |
| Sales to external parties | 1,435,607 | – | 3,634,407 | 1,028,641 | 6,098,655 |
| Inter-segment sales | – | – | 12,455 | 12,472 | 24,927 |
| Total segment sales | <u>1,435,607</u> | <u>–</u> | <u>3,646,862</u> | <u>1,041,113</u> | <u>6,123,582</u> |
| Adjusted segment profit/(loss) | (20,500) | (77) | (10,498) | 60,275 | 29,200 |
| Depreciation of right-of-use assets | 7,508 | – | 35,423 | 2,712 | 45,643 |
| Depreciation of owned assets | 54,123 | – | 20,346 | 127 | 74,596 |
| Depreciation of investment properties | – | – | – | 6,654 | 6,654 |
| Impairment on property, plant and equipment | – | – | 6,047 | – | 6,047 |
| Amortisation of intangible assets | – | – | 5,915 | – | 5,915 |

| | Foundation and construction — Hong Kong and Macau <i>HK\$'000</i> | Property development — Hong Kong <i>HK\$'000</i> | Construction — Singapore and Southeast Asia <i>HK\$'000</i> | Property development — Singapore and Southeast Asia <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---------------------------------------|--|---|--|--|--------------------------|
| Year ended 31 December 2020 | | | | | |
| Sales | | | | | |
| Sales to external parties | 1,323,257 | – | 2,781,246 | 1,024,394 | 5,128,897 |
| Inter-segment sales | – | – | 30,220 | 201 | 30,421 |
| Total segment sales | 1,323,257 | – | 2,811,466 | 1,024,595 | 5,159,318 |
| Adjusted segment profit/(loss) | 7,038 | (49) | (25,639) | 186,821 | 168,171 |
| Depreciation of right-of-use assets | 5,097 | – | 22,935 | 2,898 | 30,930 |
| Depreciation of owned assets | 60,050 | – | 11,116 | 220 | 71,386 |
| Depreciation of investment properties | – | – | – | 6,232 | 6,232 |
| Amortisation of intangible assets | – | – | 5,129 | 569 | 5,698 |

During the year ended 31 December 2021, revenue of approximately HK\$1,981,736,000 (2020: HK\$1,111,356,000) representing 33% (2020: 22%) of the Group's total revenue was derived from a single external customer within the "Construction — Singapore and Southeast Asia" (2020: Construction — Singapore and Southeast Asia) segment.

The following tables present segment assets and liabilities as at 31 December 2021 and 2020 respectively.

| | Foundation and construction — Hong Kong and Macau <i>HK\$'000</i> | Property development — Hong Kong <i>HK\$'000</i> | Construction — Singapore and Southeast Asia <i>HK\$'000</i> | Property development — Singapore and Southeast Asia <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|--|--|---|--|--|--------------------------|
| As at 31 December 2021 | | | | | |
| Segment assets | 1,028,672 | 676,001 | 3,821,652 | 6,637,281 | 12,163,606 |
| Segment liabilities | 656,367 | 645,147 | 2,905,736 | 6,073,044 | 10,280,294 |
| Segment assets include: | | | | | |
| Additions to right-of-use assets | 9,204 | – | 29,187 | 1,537 | 39,928 |
| Additions to property, plant and equipment | 40,335 | – | 60,246 | 54 | 100,635 |
| Additions to investments in associated companies | – | – | – | 9,398 | 9,398 |

| | Foundation and construction — Hong Kong and Macau <i>HK\$'000</i> | Property development — Hong Kong <i>HK\$'000</i> | Construction — Singapore and Southeast Asia <i>HK\$'000</i> | Property development — Singapore and Southeast Asia <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|---|---|--|---|--------------------------|
| As at 31 December 2020 | | | | | |
| Segment assets | <u>1,000,813</u> | <u>669,444</u> | <u>3,780,267</u> | <u>8,118,272</u> | <u>13,568,796</u> |
| Segment liabilities | <u>590,232</u> | <u>648,535</u> | <u>2,705,399</u> | <u>7,290,394</u> | <u>11,234,560</u> |
| Segment assets include: | | | | | |
| Additions to right-of-use assets | 2,006 | – | 29,644 | 1,763 | 33,413 |
| Additions to property, plant and equipment | 38,122 | – | 15,587 | 468 | 54,177 |
| Additions to investment properties | – | – | – | 7,871 | 7,871 |
| Additions to investments in associated companies | <u>–</u> | <u>–</u> | <u>80,597</u> | <u>–</u> | <u>80,597</u> |

A reconciliation of segment results to profit before income tax is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Adjusted segment profit for reportable segments | 29,200 | 168,171 |
| Unallocated expenses | (20,156) | (20,098) |
| Elimination | (16,004) | (38,458) |
| Finance income | 71,365 | 61,462 |
| Finance costs | (172,317) | (152,611) |
| Share of net profits of associated companies | 385,302 | 227,646 |
| Share of net losses of joint ventures | (16,671) | (37,198) |
| Profit before income tax | <u>260,719</u> | <u>208,914</u> |

A reconciliation of segment assets to total assets is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Segment assets | 12,163,606 | 13,568,796 |
| Unallocated | 5,511,586 | 4,189,810 |
| Elimination | (5,701,305) | (4,924,050) |
| Total assets | <u>11,973,887</u> | <u>12,834,556</u> |

A reconciliation of segment liabilities to total liabilities is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---------------------|-------------------------|-------------------------|
| Segment liabilities | 10,280,294 | 11,234,560 |
| Unallocated | 3,666,129 | 2,930,745 |
| Elimination | (5,701,305) | (4,924,050) |
| Total liabilities | <u>8,245,118</u> | <u>9,241,255</u> |

4 REVENUE

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Construction contracts income | 5,068,298 | 4,097,999 |
| Sales of development properties | 1,000,111 | 1,012,942 |
| Sales of goods | 6,684 | 6,077 |
| Income from loaning labour to other contractors | 1,699 | 4,866 |
| Rental income | 21,863 | 6,556 |
| Service income | – | 457 |
| | <u>6,098,655</u> | <u>5,128,897</u> |
| Revenues from contracts with customers | | |
| — recognised at a point in time | 25,037 | 403,967 |
| — recognised over time | 6,051,755 | 4,718,374 |
| | 6,076,792 | 5,122,341 |
| Revenue from other sources | | |
| — rental income | 21,863 | 6,556 |
| | <u>6,098,655</u> | <u>5,128,897</u> |

The Group primarily operates in Singapore, Southeast Asia, Hong Kong and Macau, and its revenue by geographical area is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---------------------|-------------------------|-------------------------|
| Singapore | 4,366,176 | 3,245,163 |
| Hong Kong and Macau | 1,435,607 | 1,323,257 |
| Southeast Asia | 296,872 | 560,477 |
| | <u>6,098,655</u> | <u>5,128,897</u> |

5 EXPENSES BY NATURE

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Contractor and material costs included in “Cost of sales” | 4,345,651 | 3,495,274 |
| Property development costs included in “Cost of sales” | 790,613 | 727,638 |
| Sales commissions | 36,885 | 30,302 |
| Show flat costs | 14,451 | 24,956 |
| Marketing expenses | 6,151 | 18,843 |
| Travel and entertainment expenses | 3,297 | 3,882 |
| Depreciation of owned assets | 74,596 | 71,386 |
| Depreciation of investment properties | 6,654 | 6,232 |
| Depreciation of right-of-use assets | 45,643 | 30,930 |
| Amortisation of intangible assets | 5,915 | 5,698 |
| Rental expenses on operating leases | 158,243 | 123,836 |
| Auditors’ remuneration | | |
| — audit and audit related services | 7,170 | 7,190 |
| — non-audit services | 269 | 215 |
| Staff costs, including directors’ emoluments | 737,511 | 599,065 |
| Other legal and professional fees | 17,457 | 18,480 |
| Impairment charge on property, plant and equipment | 6,047 | – |
| Other expenses | 52,578 | 35,421 |
| | <u>6,309,131</u> | <u>5,199,348</u> |
| Total cost of sales, selling and marketing expenses, general and administrative expenses | | |

6 OTHER INCOME

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Dividend income from financial assets at fair value through other comprehensive income | 3,279 | 1,351 |
| Forfeited customer deposits | 5,088 | 4,307 |
| Government grants (<i>Note</i>) | 35,486 | 116,353 |
| Management fee income | 17,787 | 16,459 |
| Rental income from temporary staff quarters | 2,948 | 1,450 |
| Scrap sales | 2,193 | 6,540 |
| Sundry income | 6,927 | 7,936 |
| | <u>73,708</u> | <u>154,396</u> |

Note:

Government grants primarily represent subsidies granted by local governments against the COVID-19 pandemic and foreign worker levy rebates. These subsidies were granted in the form of cash payment. There were no unfulfilled condition and other contingencies attached to the receipts of those subsidies.

7 OTHER GAINS — NET

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Gains on disposals of property, plant and equipment | 366 | 90 |
| Foreign exchange forward contracts | | |
| — fair value gains/(losses) | 12,715 | (12,225) |
| — losses on settlement, net | (1,418) | (651) |
| Provision for foreseeable losses on certain construction contracts | (43,140) | (26,085) |
| Fair value gains on financial assets at fair value through profit and loss | 30,820 | 61,896 |
| Gain on disposal of a subsidiary (<i>Note</i>) | 130,915 | 16,471 |
| Gain on disposal of right of use assets | 13 | 18 |
| Exchange difference | (134) | (9,518) |
| Others | (329) | (4,326) |
| | <u>129,808</u> | <u>25,670</u> |
| Other gains — net | <u>129,808</u> | <u>25,670</u> |

Note: On 12 May 2021, Qingjian Realty (BBC) Investment Pte. Ltd., an indirect wholly-owned subsidiary of the Company, together with two other vendors holding non-controlling interests of Qingjian Realty (BBC) Pte. Ltd. (“**QJR BBC**”), entered into a Sale and Purchase Agreement with Firmus Property Fund 1 (the “**Purchaser**”), pursuant to which the Purchaser acquired the entire equity interests of QJR BBC (the “**Disposal**”) at a cash consideration of approximately SGD21,566,000 (after post-completion adjustment) (equivalent to approximately HK\$124,736,000). The Disposal was completed on 25 August 2021. Net gain on disposal of QJR BBC of HK\$130,915,000 was recognised in the year ended 31 December 2021 as a result.

8 FINANCE COSTS — NET

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Finance income | | |
| Interest income from bank deposits | 5,887 | 9,688 |
| Interest income from loans to associated companies | 63,706 | 47,713 |
| Interest income from loans to related parties | 1,505 | 1,216 |
| Others | 267 | 2,845 |
| | <u>71,365</u> | <u>61,462</u> |
| | ----- | ----- |
| Finance costs | | |
| Interest expenses on lease liabilities | (2,403) | (2,623) |
| Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities | (128,700) | (152,881) |
| Interest expenses on medium term notes | - | (26,257) |
| Interest expenses on loans from non-controlling interests in subsidiaries | (35,845) | (39,411) |
| Others | (411) | (614) |
| | <u>(167,359)</u> | <u>(221,786)</u> |
| | ----- | ----- |
| Less: Interest expenses capitalised | 9,720 | 34,031 |
| | <u>(157,639)</u> | <u>(187,755)</u> |
| | ----- | ----- |
| Net foreign exchange (losses)/gains | (14,678) | 35,144 |
| | <u>(172,317)</u> | <u>(152,611)</u> |
| | ----- | ----- |
| Finance costs — net | <u>(100,952)</u> | <u>(91,149)</u> |

9 INCOME TAX EXPENSE

Hong Kong profits tax, Macau profits tax, Singapore income tax, Malaysia income tax, Indonesia income tax, Cambodia income tax and Vietnam income tax have been provided for at the rate of 16.5%, 12%, 17%, 24%, 25%, 20% and 20% respectively for the years ended 31 December 2021 and 2020 on the estimated assessable profit in the respective jurisdictions, adjusted for those items which are not assessable or deductible for income tax purpose.

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Current income tax | | |
| — Macau profits tax | – | 47 |
| — Singapore income tax | 15,334 | 103,179 |
| — Malaysia income tax | – | 2,594 |
| — Cambodia income tax | 706 | 159 |
| — Vietnam income tax | 17 | 173 |
| Under/(over)-provision in prior years | | |
| — Hong Kong profits tax | – | (268) |
| — Singapore income tax | 8,250 | (5,113) |
| — Malaysia income tax | (1,381) | 589 |
| — Indonesia income tax | – | (4,608) |
| — Cambodia income tax | – | (448) |
| — Vietnam income tax | (173) | – |
| Total current income tax | 22,753 | 96,304 |
| Deferred income tax | (15,679) | (81,547) |
| Income tax expense | 7,074 | 14,757 |

10 EARNINGS PER SHARE

Basic

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Profit attributable to ordinary shares | 239,333 | 201,454 |
| Profit attributable to convertible preference shares (“CPS”) | 19,718 | 16,603 |
| Profit attributable to owners of the Company | 259,051 | 218,057 |

| | 2021 | | 2020 | |
|---|-----------------|--------------|-----------------|--------------|
| | Ordinary shares | CPS | Ordinary shares | CPS |
| Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands) | 1,518,320 | 124,875 | 1,518,320 | 124,876 |
| Basic earnings per share (HK\$) | <u>0.158</u> | <u>0.158</u> | <u>0.133</u> | <u>0.133</u> |

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and convertible preference shares (“CPS”) outstanding for each of the years presented.

In addition to a non-cumulative preferred distribution from the date of the issue of the CPS at a rate of 0.01% per annum on the issue price of HK\$2.75 per CPS payable annually in arrears, each CPS is entitled to any dividend pari passu with the holders of the ordinary shares. In addition, the holders of the CPS shall have priority over the holders of ordinary shares on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company up to an amount equal to the aggregate nominal amounts of the CPS issued (i.e. HK\$9,519,000). Distributions beyond this amount are to be made on a pari passu basis among the holders of any class of shares including the CPS. Hence, the rights of the CPS to the entitlements of dividend and distribution of assets are substantially the same as those of the ordinary shares of the Company. Accordingly, the CPS is accounted for as an equity instrument and is included in the calculation of earnings per share.

Diluted

| | 2021 | | 2020 | |
|---|-----------------|--------------|-----------------|--------------|
| | Ordinary shares | CPS | Ordinary shares | CPS |
| Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands) | 1,518,320 | 124,876 | 1,518,320 | 124,876 |
| Adjustments for outstanding share options (in thousands) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | 1,518,320 | 124,876 | 1,518,320 | 124,876 |
| Diluted earnings per share (HK\$) | <u>0.158</u> | <u>0.158</u> | <u>0.133</u> | <u>0.133</u> |

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares and CPS outstanding to assume conversion of all dilutive potential ordinary shares relating to the outstanding share options issued by the Company as at year end dates. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price of the Company’s share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share. For the years ended 31 December 2021 and 2020, the calculation of diluted earnings per share does not assume the exercise of the share options issued by the Company as they would have anti-dilutive impact to the basic earnings per share.

11 DIVIDENDS

A final dividend in respect of the year ended 31 December 2021 of HK\$0.06 per share, amounting to a total dividend of HK\$98,592,000, is to be proposed at the 2021 annual general meeting. These consolidated financial statements do not reflect this final dividend payable but will be reflected as an appropriation of retained earnings for the year ending 31 December 2022 once approved at the annual general meeting.

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Proposed final dividend of HK\$0.06 (2020: HK\$ 0.08) per ordinary share and per CPS | <u>98,592</u> | <u>131,456</u> |

12 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current | | |
| Trade receivables (<i>Note (b)</i>) | | |
| — An associated company | 82,526 | 140,637 |
| — Related parties | 30,455 | 19,527 |
| — Third parties | <u>800,875</u> | <u>691,695</u> |
| | 913,856 | 851,859 |
| Retention receivables from customers for construction contract work (<i>Note (c)</i>) | | |
| — An associated company | 3,685 | 247 |
| — Related parties | 11,337 | 15,292 |
| — Third parties | <u>417,497</u> | <u>358,446</u> |
| | 432,519 | 373,985 |
| Other receivables (<i>Note (d)</i>) | | |
| — Associated companies | 301,872 | 238,758 |
| — Joint venture | 111,450 | 125,450 |
| — Related parties | 34,331 | 22,525 |
| — Third parties | 66,623 | 138,528 |
| Prepayments | 162,787 | 182,896 |
| Deposits | 71,825 | 43,044 |
| Staff advances | 2,714 | 2,270 |
| Goods and services tax receivable | 7,872 | 7,471 |
| Dividend receivable | — | 20 |
| | 759,474 | 760,962 |
| Loans receivables | | |
| — An associated company (<i>Note (e)</i>) | <u>1,023,019</u> | <u>5,762</u> |
| | <u>3,128,868</u> | <u>1,992,568</u> |

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Non-current | | |
| Loans receivables | | |
| — Associated companies (<i>Note (e)</i>) | 515,691 | 1,152,796 |
| — Related parties | 16,783 | 10,221 |
| Prepayments and other receivables | 772 | 788 |
| | <u>533,246</u> | <u>1,163,805</u> |

Notes:

- (a) The credit periods granted to customers were in general 30 days. No interest was charged on the outstanding balance.
- (b) The aging analysis of the trade receivables based on invoice date is as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 1–30 days | 795,483 | 712,156 |
| 31–60 days | 15,567 | 54,739 |
| 61–90 days | 7,462 | 18,030 |
| Over 90 days | 95,344 | 66,934 |
| | <u>913,856</u> | <u>851,859</u> |

- (c) Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of the respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK\$284,302,000 (2020: HK\$159,548,000) are expected to be recovered in more than twelve months from 31 December 2021.
- (d) Other receivables due from associated companies, joint venture, related parties, and third parties were unsecured, interest-free and repayable on demand. The other receivables did not contain any impaired assets.
- (e) Loans to associated companies were lent to companies in which the Group invested to develop properties in Singapore and Hong Kong. The loans were made in proportion to the percentages of the Group's shareholdings in these companies. The loans were unsecured, and interest-bearing at a fixed rate ranging from 5% to 6% (2020: 5% to 6%) per annum as at 31 December 2021.

The carrying amounts of the Group's trade and other receivables (excluding prepayments) approximate their fair values. The Group did not hold any collateral as security for its trade and other receivables.

13 DEVELOPMENT PROPERTIES FOR SALE

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Properties in the course of development | | |
| Leasehold land at cost | 3,955,399 | 4,569,945 |
| Development costs | 118,669 | 127,241 |
| Overheads expenditure capitalised | 22,907 | 18,393 |
| Interest expenses capitalised | 150,687 | 158,685 |
| | <u>4,247,662</u> | <u>4,874,264</u> |

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 1.6% and 5.0% per annum (2020: same).

As at 31 December 2021, development properties for sale with net carrying amounts of HK\$4,214,832,000 (2020: HK\$4,842,716,000) were pledged as securities for certain bank borrowings of the Group.

14 BORROWINGS

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current | | |
| Bank borrowings — secured | 559,701 | 697,163 |
| Bank borrowings — unsecured (<i>Note (a)</i>) | 1,588,898 | 1,548,397 |
| Bank borrowings — mortgaged | 66,296 | 83,516 |
| Loans from non-controlling interests of subsidiaries-unsecured | 25,673 | 29,605 |
| | <u>2,240,568</u> | <u>2,358,681</u> |
| Non-current | | |
| Bank borrowings — secured | 2,037,337 | 2,498,884 |
| Bank borrowings — unsecured (<i>Note (a)</i>) | 365,494 | 714,756 |
| Bank borrowings — mortgaged | 7,369 | 8,106 |
| Loans from non-controlling interests of subsidiaries-unsecured | 1,045,574 | 791,020 |
| | <u>3,455,774</u> | <u>4,012,766</u> |
| Total borrowings | <u>5,696,342</u> | <u>6,371,447</u> |

Note :

(a) As at 31 December 2021, unsecured bank borrowings were guaranteed by the Company.

According to the repayment schedule of the borrowings, without considering the repayable on demand clause, the Group's borrowings were repayable as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-----------------------|-------------------------|-------------------------|
| Within 1 year | 1,791,727 | 1,730,499 |
| Between 1 and 2 years | 126,424 | 888,146 |
| Between 2 and 5 years | 3,740,639 | 3,703,906 |
| Later than 5 years | 37,552 | 48,896 |
| | <u>5,696,342</u> | <u>6,371,447</u> |

15 TRADE AND OTHER PAYABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Current | | |
| Trade payables to: | | |
| — Related parties | 10,778 | 2,801 |
| — Non-controlling interests of subsidiaries | 553 | 386 |
| — Third parties | 905,547 | 1,026,442 |
| | <u>916,878</u> | <u>1,029,629</u> |
| Non-trade payables to: | | |
| — Non-controlling interests of subsidiaries | 42,198 | 49,606 |
| — Related parties | 75,421 | 15,557 |
| — An associated company | – | 11,154 |
| — Third parties | 65,237 | 98,509 |
| — Goods and services tax payable | 3,670 | 7,364 |
| | <u>186,526</u> | <u>182,190</u> |
| Consideration payable in relation to business combination (<i>Note 18</i>) | 20,880 | – |
| Accruals for operating expenses | 107,584 | 106,453 |
| Accruals for construction costs | 662,452 | 672,509 |
| Deposits received from customers | 13,099 | 8,813 |
| Deferred gain | 10,414 | 38,347 |
| Provision for financial guarantees to a joint operation | 24,688 | 8,089 |
| Put option exercisable by non-controlling interests of subsidiaries | – | 15,035 |
| Provision for foreseeable losses on certain construction contracts | 53,913 | 52,357 |
| Dividend payable — non-controlling interests of subsidiaries | 4,627 | 48,735 |
| | <u>897,657</u> | <u>950,338</u> |
| | <u>2,001,061</u> | <u>2,162,157</u> |
| Non-current | | |
| Consideration payable in relation to business combination (<i>Note 18</i>) | 26,100 | – |

The credit terms granted by the suppliers were usually within 14 to 60 days.

The aging analysis of trade payables (including amounts due to related parties and a fellow subsidiary of trading in nature) based on invoice date was as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 1–30 days | 672,468 | 856,244 |
| 31–60 days | 99,147 | 69,090 |
| 61–90 days | 35,658 | 22,821 |
| Over 90 days | <u>109,605</u> | <u>81,474</u> |
| | <u>916,878</u> | <u>1,029,629</u> |

The amounts due to non-controlling interests of subsidiaries, related parties, and third parties were unsecured, interest-free and repayable on demand. The carrying amounts of trade and other payables approximated their fair values.

16 SHARE CAPITAL

| | Number of shares <i>(thousands)</i> | Share capital <i>HK\$'000</i> |
|--|---|----------------------------------|
| Authorised: | | |
| <i>Ordinary shares</i> | | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | <u>6,000,000</u> | <u>60,000</u> |
| <i>CPS</i> | | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | <u>1,000,000</u> | <u>10,000</u> |
| Issued and fully paid: | | |
| <i>Ordinary shares</i> | | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | <u>1,518,320</u> | <u>15,183</u> |
| <i>CPS</i> | | |
| At 1 January 2020, 31 December 2020 and 31 December 2021 | <u>124,876</u> | <u>1,249</u> |

17 CONTINGENT LIABILITIES

At each consolidated statement of financial position date, the Group had the following contingent liabilities:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Guarantees on performance bonds in respect of construction contracts in Hong Kong | <u>201,666</u> | <u>194,212</u> |

Certain subsidiaries of the Group also issued corporate guarantees to banks for borrowings of the Group's associated companies and related companies of which the subsidiaries of the Company are non-controlling shareholders. As at 31 December 2021, these bank borrowings amounted to HK\$3,818,531,000 (2020: HK\$3,793,433,000).

18 BUSINESS COMBINATION

On 11 November 2021, One Million International Limited, an indirectly wholly-owned subsidiary of the Company, acquired 100% of equity interest in Woon Lee Construction Company Limited for an aggregate consideration of HK\$72,200,000.

The following table summarises the considerations paid or payable for Woon Lee, the fair value of assets acquired and liabilities assumed at the acquisition date.

| | <i>HK\$'000</i> |
|---|-----------------|
| Considerations: | |
| Cash | 25,220 |
| Deferred considerations | 46,980 |
| | <hr/> |
| Total | 72,200 |
| | <hr/> <hr/> |
| Recognised amounts of identifiable assets acquired and liabilities assumed | |
| Construction license | 54,000 |
| Contract assets and deposits | 4,492 |
| Tax recoverable | 854 |
| Cash and cash equivalents | 45,656 |
| Accruals | (80) |
| Amount due to the former shareholder | (30,922) |
| Deferred income tax liabilities | (8,910) |
| | <hr/> |
| Total identifiable net assets | 65,090 |
| | <hr/> <hr/> |
| Goodwill | 7,110 |
| | <hr/> <hr/> |
| | <i>HK\$'000</i> |
| Cash consideration | (25,220) |
| Cash and cash equivalents in subsidiary acquired | 45,656 |
| | <hr/> |
| Net cash inflow | 20,436 |
| | <hr/> <hr/> |

Acquisition-related costs are approximately HK\$2,214,000 and had been included in administrative expenses in profit or loss for the year ended 31 December 2021. The goodwill recognised is not expected to be deductible for income tax purpose.

Revenue and profit contribution

The revenue and profit included in consolidated statement of comprehensive income for the period from 11 November 2021 to 31 December 2021 is approximately HK\$17,247,000 and HK\$0, respectively. If the acquisition had occurred on 1 January 2021, consolidated revenue and consolidated profit after tax for the year ended 31 December 2021 would have been approximately HK\$6,176,254,000 and approximately HK\$233,966,000, respectively.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.06 per ordinary share and CPS in respect of the year ended 31 December 2021 (2020: HK\$0.08 per ordinary share and CPS). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on Friday, 27 May 2022, the final dividend will be payable on or about Wednesday, 29 June 2022 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on Wednesday, 8 June 2022 and the holders of the CPS.

For the purpose of ascertaining the Shareholders’ entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Tuesday, 24 May 2022 to Friday, 27 May 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 23 May 2022. For the purpose of ascertaining the Shareholders’ entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 6 June 2022 to Wednesday, 8 June 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 2 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore Property Market Review

After a relatively significant drop in 2020, the economy of Singapore finally ushered in a more robust recovery in 2021. Singapore’s GDP in 2021 grew by 7.6%, hitting a record high for the recent decade. During the Reporting Period, the new private residential price index in Singapore’s property market continued to increase throughout 2021. During 2021, the new private residential price index increased by 10.6%, which was much higher than that of last year and remained a growth momentum. The trading volume of new properties in Singapore in 2021 was 13,027 units, much higher than that of last year. Given the significant increases in the private residential price index and trading volume in Singapore in 2021, in order to maintain market stability, the Ministry of Finance, the Ministry of National Development and the Monetary Authority of Singapore jointly announced on 15 December 2021 that a series of property market cooling measures would take effect from the 16th day of that month. It is an evidence that the property market in Singapore is blooming and with persisting robust development momentum in the future.

Singapore Construction Market Review

In 2021, the resurgences of the COVID-19 pandemic, especially the attacks unleashed by the Delta and Omicron variants during the second half of the year, led to a heavy blow to the construction industry in Singapore. Due to the closure of boundaries that caused many difficulties in logistics and export, dramatic increases were seen in the costs of major building materials including steel, metal and aluminum profiles, which posed severe challenge to the cost control of the construction market. In 2021, as COVID-19 vaccines were successfully developed and mass vaccination was rolled out in Singapore, the pandemic in Singapore was generally under control though with resurgences. In addition, the government has announced requirements to phase out pandemic prevention and control measures in order to open border for restarting economic activities. In early 2021, the Building and Construction Authority (BCA) predicted that the construction industry of Singapore would recover from the impact of the COVID-19 with contract amount ranging from S\$23.0 billion to S\$28.0 billion, representing an increase of approximately 30% as compared to 2020, a year of work suspension due to lockdown measures. As the COVID-19 vaccination rolled out in Singapore and around the world, regional economies may also start to recover. According to the preliminary assessment of the BCA, the total actual demand of the construction industry of Singapore reached S\$30.0 billion in 2021, representing an increase of 42% as compared to 2020, which was mainly due to more public houses and infrastructure projects launched by the government as well as the restoration of market investment sentiments and confidence. Due to increases in labor and material costs, the actual construction demand in 2021 increased by approximately 7% as compared to the estimated number at the beginning of the year.

Malaysia Construction Market Review

In 2021, the pandemic that crunched the global economy persisted and Malaysia is no exception. The Malaysian government was again forced to take actions under Movement Control Orders 2.0 and 3.0 to cut the transmission chains of the disease in January and June, respectively. Thereafter, the Malaysian government also promoted a plan for economic recovery. In 2021, the GDP of Malaysia increased by 3.0–4.0%, higher than that of 2020. Among which, the GDP from the construction industry for 2021 was estimated as MYR53.1 billion, lower than that of 2020 and down by approximately 0.8%.

Hong Kong Property Market Review

In 2021, the pandemic in Hong Kong was generally under control and its local economy slightly recovered. Its local unemployment rate dropped from 7.2%, a record high in early 2021, to 3.9% at the end of the year, and transactions in its primary and secondary property markets were active. Entering the third quarter, prices in the property market slightly fell back under the impact of equity market fluctuations. However, in 2021, the total number of property registrations recorded a nine-year high of 95,833 cases, representing an increase of 30.7% as compared to 2020, and transaction amount also increased by 45.3% as compared to that of 2020 to approximately HK\$913.3 billion, the highest on record. According to the Rating and Valuation Department, the Private Domestic-Price Indices were adjusted from a high level of 398.1 points in September 2021 to 392.5 points in December 2021, while the annual Private Domestic-Price Indices still increased by 3.3%.

Hong Kong Construction Market Review

In October 2021, in the 2021 Policy Address, the Chief Executive of Hong Kong mentions taking forward the Northern Metropolis Development Strategy to transform the northern part of Hong Kong into a lively and attractive area providing more land for housing, technology development and other industries, in order to add new fuel to the development of the local construction industry in the future.

According to the Census and Statistics Department, the total gross value of construction works in nominal terms performed by main contractors in the first three quarters of 2021 was HK\$170,242,000,000, representing an increase in overall total of 23% as compared to the same period last year. Among which, the increase from public sector sites even reached 5.4%, better than that from private sector sites, indicating the local construction projects, especially public sector projects, begin to show a recovery momentum.

Business Review

Property Development Business

The Group focused on the development and sale of quality residential projects in Singapore.

As of the end of 2021, the accumulative contracted sales rate of Le Quest (a mixed-use property development project of the Group at Bukit Batok) reached 100%, with 516 units sold.

As of the end of 2021, the accumulative contracted sales rate of Jadescape (a private condominium development project of the Group at Shunfu Road) exceeded 98%, with 1,197 units sold (including 1,193 residential units and 4 commercial units).

As of the end of 2021, the accumulative contracted sales rate of Forett at Bukit Timah (a private condominium development project of the Group at Toh Tuck Road) exceeded 78%, with 507 units sold.

During the Reporting Period, the Group was granted a number of industrial awards, including the Universal Design Mark Gold (design) (建築通用性設計金獎) (設計階段) and Universal Design Mark Gold Plus (建築通用性設計超金獎) from the BCA for the two projects, namely Jadescape and Le Quest respectively.

The sales revenue and the average selling price (“ASP”) realised by the Group are set out in the table below:

| | Sales Revenue 2021 <i>(HK\$' million)</i> | ASP 2021 <i>(HK\$/sq.m.)</i> |
|--------------------------|---|--|
| Projects | | |
| I Le Quest | 22.8 | 87,367 |
| II Forett at Bukit Timah | 960.7 | 121,908 |

The Group started to hand over units at Le Quest (73% owned by the Group), a mixed use development project, which obtained its Temporary Occupation Permit (“TOP”) in March 2020. The project recognised the pre-sales money received as revenue based on percentage of construction completion. During the Reporting Period, it recognised sales revenue of approximately HK\$22.8 million.

Forett at Bukit Timah is a private condominium project under development. The Project recognised the pre-sales money received as revenue based on percentage of construction completion. During the Reporting Period, it recognised sales revenue of approximately HK\$960.7 million.

As at 31 December 2021, the Group’s current portfolio of property projects under development with significant interest consisted of 3 private condominium development projects across Singapore. The project details are as follows:

| Project | Location | Intended use | Site area <i>sq.m.</i> | Total SFA <i>sq.m.</i> | Cumulative Contracted sales area <i>sq.m.</i> | Cumulative Contracted sales amount <i>HK\$ billion</i> | % of completion as at 31 December 2021 | Estimated year of construction completion | Ownership interest |
|-----------------------|--|--|---------------------------|---------------------------|--|---|--|--|-----------------------|
| Jadescape | 314-319 Shunfu Road, Singapore | Residential, Private and Retail Space | 37,991 | 106,955 | 105,364 | 11.17 | 93.2% | August 2022 | 45% |
| Forett at Bukit Timah | 32-46 Toh Tuck Road, Singapore | Residential, Private and Retail Space | 33,457 | 49,859 | 39,328 | 4.79 | 22.0% | December 2023 | 51% |
| Phoenix Road project | 2/2A/2B-24/24A/24B Phoenix Road, Singapore | Residential, Private and Retail Space | 5,938 | 8,313 | 0 | 0 | 0% | December 2024 | 63% |

Jadescape (45% owned by the Group)

Jadescape is a private condominium project consisting of 7 blocks of 21 to 23-storey apartments with 1,200 residential units and 6 retail shops, basement car parks and communal facilities. The project is located at 314–319 Shunfu Road.

The total SFA of this project is 106,955 sq.m. and the percentage of saleable area pre-sold was 98.4% as at 31 December 2021. The construction is scheduled to be completed in August 2022.

Forett at Bukit Timah (51% owned by the Group)

Forett at Bukit Timah is a private condominium project on a freehold land which consists of 4 blocks of 9-storey apartments, 9 blocks of 5-storey apartments (total 633 residential units and 2 retail shops), underground car parks and communal facilities. The project is located at the even numbers of 32–46 Toh Tuck Road in Bukit Timah Planning Area.

The total SFA of this project is 49,859 sq.m. and the percentage of saleable area pre-sold was 78.8% as at 31 December 2021. The construction is scheduled to be completed in December 2023.

Phoenix Road Project (63% owned by the Group)

The group completed the acquisition of the land transaction in mid-2020. The project is a private condominium development project on a leasehold land with a land use right of 99 years. The project has a land site area of approximately 5,938 sq.m. and the total estimated gross floor area is 8,313 sq.m.. It is planned to redevelop into 3 blocks of 5-storey apartments with about 100 residential units, underground car parks and communal facilities. The project is located at the even numbers of 2/2A/2B–24/24A/24B Phoenix Road. The construction is scheduled to be completed in December 2024.

Remarks: The estimated year of construction completion of the above projects has been delayed due to the impact of Covid-19.

Land bank status

(1) Yau Tong project, Hong Kong

The Group acquired the land parcels at Yau Tong Marine Lot No. 58 & 59 and their extensions thereto for a total consideration of HK\$530 million. The site area of the lots and its extensions thereto are approximately 17,400 sq.ft. and 5,400 sq.ft. respectively. The maximum allowable plot ratio under the Approved Outline Zoning Plan is 5. Town Planning Board Application to redevelop the site into a residential development was approved in June 2020. Foundation works had commenced in July 2021 and the land title exchange procedures are currently in progress.

(2) *Sham Shui Po project, Hong Kong*

As at 31 December 2021, the Group and joint venture partners have acquired over 86% ownership in two blocks of residential buildings at 163–169 Yee Kuk Street, Sham Shui Po. It is intended to redevelop the site into a residential building with a commercial podium. General Building Plan approval was granted by the Buildings Department in October 2020. Lands Tribunal Court Trial for a Compulsory Sales Order is expected to take place in the second half of 2022.

(3) *Tai Po project, Hong Kong*

In July 2020, Vanke Property (Hong Kong) Company Limited and the Group were awarded a land site at Ma Wo Road in New Territories, Hong Kong under Tai Po Town Lot No. 243 from the Government at a land premium of approximately HK\$3.7 billion. The site area is approximately 243,353 sq.ft. and the maximum gross floor area is 781,897 sq.ft.. It is intended for residential redevelopment. As at 31 December 2021, general buildings plans for the development was approved. Foundation works is expected to commence in the first quarter of 2022.

The management believes that it is essential to replenish its land bank in order for the Group's sustainable project development in the coming years. The Group will follow its current strategy on land bank reserve whilst taking a prudent approach in selecting quality land with reasonable price which is suitable for the Group's investment.

Construction Business

The construction projects undertaken by the Group can be broadly divided into two major geographical segments, namely "Singapore & other Southeast Asia" and "Hong Kong & Macau". In Singapore & Southeast Asia, the Group tenders for public construction works, external private construction works and is engaged in the Group's property development projects whereas in Hong Kong & Macau, the Group is mainly responsible for superstructure construction, foundation works and ancillary services with particular specialization in piling works.

The Group's revenue from the Singapore and other Southeast Asia countries construction contracts for the Reporting Period was approximately HK\$3,634.4 million (year ended 31 December 2020: approximately HK\$2,781.2 million). The revenue attributable from Hong Kong & Macau segment was approximately HK\$1,435.6 million (year ended 31 December 2020: approximately HK\$1,323.3 million).

During the Reporting Period, for the Singapore segment, the Group completed 3 construction projects including 2 public residential project and 1 dormitory project. In 2021, the Group obtained 3 Housing & Development Board (“HDB”) dormitory projects, 1 HDB mix-used public residential project, 1 private condominium project, 2 private condominium projects and 1 self-developed private condominium project with aggregated contract sum of approximately HK\$5,650.6 million. As at 31 December 2021, there were 26 external construction projects on hand and the outstanding contract sums were approximately HK\$8.39 billion.

During the Reporting Period, for the Southeast Asia construction market, the Group completed 2 external residential construction contracts. As at 31 December 2021, the outstanding contract sums of the 5 construction projects on hand were approximately HK\$934.89 million.

As for the Hong Kong & Macau segment, the Group was awarded 23 new foundation and superstructure construction projects with aggregated contract sums of approximately HK\$3.23 billion. As at 31 December 2021, the outstanding contract sums of the 37 projects on hand were approximately HK\$3.36 billion.

Investment in medicine fund

In 2020, the Group entered into subscription agreements to subscribe for limited partnership interests in a fund which is engaged in the investment in healthcare and biotechnology related business at an aggregate subscription amount of up to US\$25.64 million (equivalent to HK\$200 million). As at 31 December 2021, the Group subscribed for the limited partnership interests at an aggregate subscription amount of approximately US\$14.1 million (equivalent to HK\$110 million) (31 December 2020: US\$10.3 million (equivalent to HK\$80 million)). The fund is focusing on research and development of certain new medicines including super antibiotics against super bacteria, and new drugs for the treatment of rheumatoid arthritis, chronic obstructive pulmonary disease and atopic dermatitis. Please refer to the announcement of the Company dated 21 May 2020 for further details.

The progress of the research and development progress of the drugs is as follows:

1. The new medicine for the treatment of chronic obstructive pulmonary disease was approved as an investigational new drug for Phase I clinical trial in the first half of 2021.
2. The applications as investigational new drugs for the super antibiotics and the new medicine for treatment of rheumatoid arthritis are expected to be submitted in the first half of 2022.

3. The new medicine for the treatment of atopic dermatitis was approved as an investigational new drug for Phase I clinical trial in March 2022.

Financial Review

Revenue

The Group's total revenue for the Reporting Period was approximately HK\$6.1 billion (2020: approximately HK\$5.1 billion), representing an increase of 19.6% as compared with last year. The increase was mainly due to the significant increase in revenue from the construction business in Singapore and South East Asia.

During the Reporting Period, the revenue of the Hong Kong and Macau segment for the Reporting Period was approximately HK\$1.4 billion (2020: HK\$1.3 billion), representing an increase of approximately 7.7% over that of last year.

During the Reporting Period, the revenue derived from the projects in Singapore and South East Asia was approximately HK\$4.7 billion (2020: approximately HK\$3.8 billion).

Out of the HK\$4.7 billion revenue derived from the Singapore and South East Asia segment, the aggregate contracted sales of properties amounted to HK\$1.0 billion, same as that of last year.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 3.2% (2020: approximately 4.9%). The decrease in gross profit margin was mainly due to the increase in construction material cost and temporary shortage of construction workers during the pandemic.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK\$57.5 million (2020: approximately HK\$74.1 million), which was approximately 0.9% (2020: approximately 1.4%) of the Group's total revenue. The decrease was due to the decrease in show flat costs and marketing expenses during the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$347.0 million (2020: approximately HK\$247.9 million), which was approximately 5.7% (2020: approximately 4.8%) of the Group's total revenue. The increase was mainly attributable to the increase in staff remuneration and accrual of a one-off discretionary bonus for a property development project recognized during the Reporting Period.

Net Profit

During the Reporting Period, the Group reported a net profit of approximately HK\$253.6 million (2020: approximately HK\$194.2 million), representing an increase of 30.6% as compared with last year. The profit attributable to owners of the Company was HK\$259.1 million (2020: approximately HK\$218.1 million, representing an increase of approximately 18.8% over the last year. Basic earnings per share was HK\$0.158 (2020: HK\$0.133).

Non-Competition Deed

To minimize the potential competition, the Group and Guotsing Holding Group Co. Limited ("**Guotsing PRC**") and Guotsing Holding Company Limited ("**Guotsing BVI**") (collectively, the "**Covenantors**") entered into a deed of non-competition dated 22 September 2015 (the "**Non-Competition Deed**"), pursuant to which the Covenantors have severally and jointly undertaken that they will not engage in property development or property construction in Hong Kong, Macau and Singapore ("**the Restricted Territories**").

They have furthermore given the right of first refusal to the Company whereby any of the Covenantors must submit formal written application to the Company if they wish to engage in any of the above restricted businesses in the Restricted Territories, and the Company must decide within 30 days whether or not it shall participate in such business. With regards to this decision, only the independent non-executive Directors will be involved in the decision-making process of the Group in relation to the decision whether to exercise the aforementioned right of first refusal, to avoid any potential conflicts of interest.

Prospects

Looking into 2022, it is expected that the pandemic will be further controlled as vaccination paces up, which is beneficial for the recovery of the global economy and accordingly the recovery of the Singapore economy. According to the forecasts of the Ministry of Trade and Industry of Singapore, the GDP of Singapore will grow by 3.0%~5.0%. As the economy recovers and the pandemic is under control, potential property buyers will be more confident in entering the market. Meanwhile, since the vaccinated travel lanes (VTL) and flight travel are expected to open further, more foreigners are expected to come/get back to the Lion City, which is also expected to improve the performance of the leasing market in Singapore. It is expected that in 2022 Singapore's property market will carry on the booming momentum in 2021 and its private residential price index will show an increasing trend, both of which will bring opportunities for the Group in the sale of properties under its projects.

In order to meet the challenges of the post-pandemic era and the opportunities brought by the resumption of economy, in 2022, Singapore launched a budget with the theme of Charting Our New Way Forward Together, laying foundation for a sound and sustainable government finance in the context of the post-pandemic era. In the long term, the economy of Singapore will maintain an overall stable growth. According to the IMD World Competitiveness Ranking, Singapore ranked fifth among the most competitive economies of the world for the second year in a row in 2010, which made it occupy the first place in the Asia-Pacific region and the only one that ranked among the top 5 among the Asia-Pacific economies. And the property market of Singapore still has a promising investment prospect. According to the Emerging Trends in Real Estate® Asia Pacific 2022 (《二零二二年亞太房地產市場新興趨勢報告》) jointly published by PricewaterhouseCoopers and the Urban Land Institute, Singapore scored 6.08 on Property Investment Prospects for 2021, ranking second among the 22 cities in Asia-Pacific region. The rapidly growing Singapore market will continue to provide long-term growth opportunities and expansion room for the Group. The Group will remain its root in the Singapore market to locate quality projects and capitalise upon its leading strengths in the property development business for consolidating its market position as a major local developer.

According to the forecasts by the Building and Construction Authority in Singapore (the “BCA”) on construction demand for 2022, the total construction demand of Singapore is estimated to reach between S\$27.0 billion and S\$32.0 billion, representing an increase of approximately 15% over last year. Among which, approximately 60% of construction demand (range from S\$16.0 billion to S\$19.0 billion) still comes from public sector projects including the construction of infrastructure facilities such as the development and alteration of public housing and the Cross-Island Line, as well as new healthcare facilities. The remaining around 40% of construction demand comes from private housing, commercial and industrial projects. As the private residential price index kept on rising since the outbreak, the government launched property cooling measures in December 2021. A new round of cooling measures include increasing the additional Buyer’s Stamp Duty for local citizens and permanent residents buying their second or subsequent properties and tightening total debt servicing ratio.

In the Southeast Asian market, according to the Economic Outlook 2022 (《二零二二年經濟財政展望報告書》), the growth rate of Malaysia’s GDP in 2022 is expected to reach 5.5%-6.5%. Meanwhile, the government is committed to solidifying the country’s economic foundation in order to realise prosperous, inclusive and sustainable economic growth. The construction industry of Malaysia is expected to grow at 11.5% in 2022, contributing approximately MYR59.2 billion to total GDP. The Malaysian market still brings the Group long-term growth opportunities and expansion room. The Group will continue to search for quality projects in the Malaysia market to strengthen our market position in the construction market of Malaysia.

For the Hong Kong property market, according to the 2022–23 Land Sale Programme, the government will launch 13 residential sites, together with railway property development, private development and redevelopment and the development projects of the Urban Renewal Authority, potential housing offering in the next year will be approximately 18,000 units. Besides, there are 4 commercial sites that are expected to provide approximately 300,000 million square metres of commercial floor area, indicating the government will continue to work towards stabilising the supply of land and buildings, which is beneficial to the stability of the property market to some extent.

According to the latest finance budget of the government, in order to enhance the technology level of the local construction industry, the government will inject HK\$1.2 billion to the Construction Innovation & Technology Fund and introduce more concessionary measures to encourage the industry to adopt the Modular Integrated Construction method to increase supply of buildings. Aiming to grasp such opportunities, the Group will increase its efforts to promote the adoption of such advanced green building technology, and achieve sustainability in environmental protection and energy-saving, thereby fulfilling its corporate social responsibilities.

Debts and Charge on Assets

The total interest bearing bank borrowings of the Group, including bank loans, finance leases and lease liabilities, decreased from approximately HK\$6.5 billion as at 31 December 2020 to approximately HK\$5.8 billion as at 31 December 2021. Borrowings were denominated mainly in Singapore Dollar, Hong Kong Dollar, Renminbi and US Dollar. Interests on bank borrowings were charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

These banking facilities were secured by the Group's property, plant and equipment and development properties for sale with net carrying amounts of HK\$247,313,000 (2020: HK\$256,408,000), and HK\$4,214,832,000 (2020: HK\$4,842,716,000), respectively.

Liquidity, Financial Resources and Capital Structure

The Group has funded the liquidity and capital requirements primarily through medium term notes issuance, bank borrowings and cash inflows from the operating activities.

As at 31 December 2021, the Group had cash and cash equivalents of approximately HK\$0.9 billion (2020: approximately HK\$1.2 billion) of which approximately 69.6% was held in Singapore Dollar, 17.4% was held in Hong Kong dollar, 0.4% was held in Renminbi, 9.8% was held in US Dollars, 0.8% was held in Malaysian Ringgit and the remaining was mainly held in Macau Patacas and Indonesian Rupiah. The gearing ratio of the Group as at 31 December 2021 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings less cash and cash equivalents and pledged bank deposits) was approximately 55.5% (2020: approximately 58.5%).

During the Reporting Period, the Group employed financial instrument for currency hedging purposes.

Foreign Exchange

Since the Group mainly operates in Singapore and Hong Kong and most of the revenue and transactions arising from its operations were settled in Singapore Dollar and Hong Kong Dollar, and the Group's assets and liabilities were primarily denominated in Singapore Dollar and Hong Kong Dollar, the Board believes that the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates. During the Reporting Period, the Group minimizes its foreign exchange exposure of a borrowing by way of entering into forward contracts with reputable financial institutions. The hedging policies are regularly reviewed by the Group.

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

Save as disclosed in note 7 (Other Gains — Net) and note 18 (Business Combination) of the financial information in this announcement, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

Capital Commitments

As at 31 December 2021, the Group had capital commitments of approximately HK\$14.1 million (2020: HK\$16.6 million) for development expenditure and HK\$530.1 million (2020: HK\$560.1 million) for investment in unlisted investment funds accounted for as financial assets at fair value through profit or loss.

Contingent Liabilities

Save as disclosed in note 17 to the financial information in this announcement, the Group had no other contingent liabilities as at 31 December 2021 and 31 December 2020.

Event after the Reporting Period

There are no significant events affecting the Group after the Reporting Period and up to the date of this announcement.

Employees and Remuneration Policy

As at 31 December 2021, the Group had 2,318 full-time employees (2020:2,026 full-time employees). Most of the Group's employees were based in Singapore and Hong Kong. The remuneration policy and package of the Group's employees were periodically reviewed. Apart from provident fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for the Reporting Period was approximately HK\$737.5 million (2020: approximately HK\$599.1 million).

Share Options

Share Option Scheme

On 28 April 2016, the Company offered to grant an aggregate of 10,500,000 (the “**2016 Share Options**”) to certain Directors (the “**2016 Grantees**”), subject to acceptance of the 2016 Grantees, under its share option scheme adopted on 11 September 2012 (the “**Share Option Scheme**”). The 2016 Share Options will enable the 2016 Grantees to subscribe for an aggregate of 10,500,000 new Shares, representing 1.59% of the issued share capital of the Company as at the date of grant subject to certain vesting periods. For further details, please refer to the announcement of the Company dated 28 April 2016 and the annual report to be issued by the Company for the year ended 31 December 2021 in or around April 2022. Since then, the Group has not granted any new options under the Share Option Scheme nor is there any option being exercised as at the date of this announcement.

Since then, the Group has not granted any new options under the Share Option Scheme nor is there any option being exercised as at the date of this announcement.

On 29 April 2016, an ordinary resolution was passed by the Shareholders to approve the proposed refreshment of the 10% scheme mandate limit of the Share Option Scheme. Based on 660,202,500 Shares in issue as at the 2016 annual general meeting, the Directors are authorised to issue share options to subscribe for a total of 66,020,250 Shares, representing 10% of the total number of Shares in issue as at the date of refreshment. As at 31 December 2021, the maximum number of options issuable under the Scheme was 66,020,250 Shares, which represented 4.35% of the issued share capital of the Company as at the date of this announcement.

Management Share Scheme

Pursuant to the terms of the Share Purchase Agreement dated 23 May 2015 entered into between the Company and Guotsing Holding (South Pacific) Investment Pte. Ltd., a management share scheme (the “**Management Share Scheme**”) was set up and a trust (the “**Trust**”) was constituted whereby awards (the “**Awards**”) were conditionally granted to certain senior management and employees of Guotsing PRC and its subsidiaries (the “**Selected Participants**”) to purchase from the Trust up to a total of 304,599,273 new non-redeemable convertible preference shares of the Company (the “**CPS**”) in accordance with the terms and conditions of the Management Share Scheme. For further details of the Management Share Scheme, including the list of the Selected Participants, please refer to the announcements of the Company dated 23 May 2015, 8 June 2015, 12 June 2015, 23 July 2015, 25 September 2015, 15 October 2015 and the circular of the Company dated 25 September 2015 and the annual report to be issued by the Company for the year ended 31 December 2021 in or around April 2022.

During the Reporting Period, no CPS were transferred to the Selected Participants and 124,875,197 CPS remain under the trust.

Purchase, Sale and Redemption of the Company's Securities

On 21 May 2021, the Company's shareholders granted a general mandate (the "**Repurchase Mandate**") to the directors of the Company to repurchase shares of the Company at the annual general meeting (the "**AGM**"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 151,832,003 shares, being 10% of the total number of issued shares of the Company as at the date of the AGM, on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

During the Reporting Period, neither the Company nor any of the subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance

Corporate Governance Code

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the Reporting Period.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the Model Code throughout the Reporting Period.

Audit Committee and Review of Financial Information

The audit committee of the Company has reviewed the Company's management accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the consolidated financial statements for the Reporting Period. It has also reviewed the audited consolidated financial statements for the Reporting Period and recommended them to the Board for approval.

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2021 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

By Order of the Board
CNQC International Holdings Limited
Mr. Cheng Wing On, Michael
Chairman

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan (Chief Executive Officer), Dr. Du Bo and Mr. Zhang Yuqiang; (ii) one non-executive Director, namely Mr. Chen Anhua; and (iii) three independent non-executive Directors, namely Mr. Ching Kwok Hoo, Pedro, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny.