



青建國際控股有限公司

CNQC International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1240

INTERIM REPORT 2022



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Cheng Wing On, Michael (*Chairman*)  
Mr. Wang Congyuan (*Chief Executive Officer*)  
Dr. Du Bo  
Mr. Zhang Yuqiang

### Non-executive Director

Mr. Chen Anhua

### Independent Non-executive Directors

Mr. Ching Kwok Hoo, Pedro  
Mr. Tam Tak Kei, Raymond  
Mr. Chan Kok Chung, Johnny

## COMPANY SECRETARY

Mr. Chan Tat Hung

## AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond  
(*Chairman of the Audit Committee*)  
Mr. Ching Kwok Hoo, Pedro  
Mr. Chan Kok Chung, Johnny

## REMUNERATION COMMITTEE

Mr. Ching Kwok Hoo, Pedro  
(*Chairman of the Remuneration Committee*)  
Mr. Zhang Yuqiang  
Mr. Wang Congyuan  
Mr. Chan Kok Chung, Johnny  
Mr. Tam Tak Kei, Raymond

## NOMINATION COMMITTEE

Mr. Cheng Wing On, Michael  
(*Chairman of the Nomination Committee*)  
Dr. Du Bo  
Mr. Tam Tak Kei, Raymond  
Mr. Ching Kwok Hoo, Pedro  
Mr. Chan Kok Chung, Johnny

## STRATEGY AND INVESTMENT COMMITTEE

Mr. Wang Congyuan  
(*Chairman of the Strategy and Investment Committee*)  
Dr. Du Bo  
Mr. Cheng Wing On, Michael  
Mr. Zhang Yuqiang  
Mr. Chan Kok Chung, Johnny  
Mr. Chen Anhua

## AUTHORIZED REPRESENTATIVES

Mr. Cheng Wing On, Michael  
Mr. Chan Tat Hung

## REGISTERED OFFICE

Windward 3, Regatta Office Park  
PO Box 1350, Grand Cayman, KY1-1108  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8/F, Enterprise Square Three  
39 Wang Chiu Road  
Kowloon Bay, Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAWS

Norton Rose Fulbright Hong Kong

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest Entity Auditor

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
PO Box 1350, Grand Cayman, KY1-1108  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

17/F, Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

## PRINCIPAL BANKERS

Hang Seng Bank Limited  
United Overseas Bank  
The Hong Kong and Shanghai Banking Corporation Limited  
The Export-Import Bank Of China  
China Development Bank  
Hong Leong Finance Limited  
China Minsheng Banking Corp., Ltd.  
Hong Kong Branch

## STOCK CODE

1240

## WEBSITE

[www.cnqc.com.hk](http://www.cnqc.com.hk)

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	7	3,839,967	2,759,572
Cost of sales		(3,629,272)	(2,622,636)
<b>Gross profit</b>		<b>210,695</b>	136,936
Other income	8	23,909	49,927
Other gains/(losses) — net	9	20,248	(31,998)
Selling and marketing expenses		(23,302)	(21,154)
General and administrative expenses		(114,618)	(197,474)
<b>Operating profit/(loss)</b>	10	<b>116,932</b>	(63,763)
Finance income		30,808	28,726
Finance costs		(97,133)	(83,270)
Finance costs, net	11	(66,325)	(54,544)
Share of net profit of associated companies		66,653	261,601
Share of net profit/(loss) of joint ventures		1,015	(171)
<b>Profit before income tax</b>		<b>118,275</b>	143,123
Income tax (expense)/credit	12	(18,553)	1,058
<b>Profit for the period</b>		<b>99,722</b>	144,181
<b>Other comprehensive losses</b>			
Item that may be reclassified to profit or loss			
— Currency translation differences		(40,642)	(4,789)
Item that will not be reclassified to profit or loss			
— Fair value loss on financial assets at fair value through other comprehensive income		(185)	(3,361)
		(40,827)	(8,150)
<b>Total comprehensive income for the period</b>		<b>58,895</b>	136,031

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		86,233	160,021
Non-controlling interests		13,489	(15,840)
		<b>99,722</b>	144,181
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		37,184	154,624
Non-controlling interests		21,711	(18,593)
		<b>58,895</b>	136,031
<b>Earnings per share attributable to owners of the Company during the period</b>			
	13		
Basic earnings per share			
— ordinary shares (HK\$)		0.052	0.097
— convertible preference shares (HK\$)		0.052	0.097
Diluted earnings per share			
— ordinary shares (HK\$)		0.052	0.097
— convertible preference share (HK\$)		0.052	0.097

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompany notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	499,135	531,015
Right-of-use assets	14	69,172	75,584
Goodwill	14	560,474	567,335
Other intangible assets	14	71,817	75,205
Investments in associated companies		733,256	683,278
Deferred income tax assets		46,520	56,617
Financial assets at fair value through other comprehensive income		4,412	4,711
Financial assets at fair value through profit or loss		519,865	511,932
Prepayments and other receivables	15	718,747	533,246
Derivative financial instruments		3,047	–
		<b>3,226,445</b>	3,038,923
<b>Current assets</b>			
Development properties for sale	16	3,809,692	4,247,662
Inventories		607	3,518
Trade and other receivables, prepayments and deposits	15	2,816,478	3,128,868
Contract assets		711,637	436,323
Income tax recoverable		954	872
Pledged bank deposits		4,514	199,866
Cash and cash equivalents		877,001	917,855
Total current assets		<b>8,220,883</b>	8,934,964
<b>Total assets</b>		<b>11,447,328</b>	11,973,887

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital — ordinary shares	19	15,183	15,183
Share capital — convertible preference shares	19	1,249	1,249
Share premium		3,261,225	3,261,225
Other reserves		(1,190,354)	(1,141,305)
Retained earnings		1,384,934	1,397,293
		<b>3,472,237</b>	3,533,645
<b>Non-controlling interests</b>		<b>216,468</b>	195,124
<b>Total equity</b>		<b>3,688,705</b>	3,728,769
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables	18	15,660	26,100
Borrowings	17	3,384,387	3,455,774
Lease liabilities		39,221	41,910
Deferred income tax liabilities		45,616	45,856
		<b>3,484,884</b>	3,569,640
<b>Current liabilities</b>			
Trade and other payables	18	1,860,877	2,001,061
Contract liabilities		94,492	374,129
Income tax payables		19,208	23,213
Borrowings	17	2,269,995	2,240,568
Lease liabilities		29,167	33,965
Derivative financial instruments		—	2,542
<b>Total current liabilities</b>		<b>4,273,739</b>	4,675,478
<b>Total liabilities</b>		<b>7,758,623</b>	8,245,118
<b>Total equity and liabilities</b>		<b>11,447,328</b>	11,973,887

The above interim condensed consolidated statement of financial position should be read in conjunction with the accompany notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital — ordinary shares HK\$'000	Share capital — convertible preference shares HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
<b>For the six months ended 30 June 2022 (unaudited)</b>								
<b>Balance at 1 January 2022</b>	15,183	1,249	3,261,225	(1,141,305)	1,397,293	3,533,645	195,124	3,728,769
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	86,233	86,233	13,489	99,722
<b>Other comprehensive loss</b>								
Currency translation difference	-	-	-	(48,864)	-	(48,864)	8,222	(40,642)
Fair value change on financial assets at fair value through other comprehensive income	-	-	-	(185)	-	(185)	-	(185)
<b>Total comprehensive (loss)/income</b>	-	-	-	(49,049)	86,233	37,184	21,711	58,895
<b>Transactions with owners in their capacity as owners</b>								
Dividend paid	-	-	-	-	(98,592)	(98,592)	(367)	(98,959)
<b>Total transactions with owners in their capacity as owners</b>	-	-	-	-	(98,592)	(98,592)	(367)	(98,959)
<b>Balance at 30 June 2022 (unaudited)</b>	15,183	1,249	3,261,225	(1,190,354)	1,384,934	3,427,237	216,468	3,688,705

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital — ordinary shares HK\$'000	Share capital — convertible preference shares HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
<b>For the six months ended 30 June 2021</b> <b>(unaudited)</b>								
<b>Balance at 1 January 2021</b>	15,183	1,249	3,261,225	(1,127,102)	1,254,286	3,404,841	188,460	3,593,301
<b>Comprehensive income</b>								
Profit/(loss) for the period	–	–	–	–	160,021	160,021	(15,840)	144,181
<b>Other comprehensive loss</b>								
Currency translation difference	–	–	–	(2,036)	–	(2,036)	(2,753)	(4,789)
Fair value change on financial assets at fair value through other comprehensive income	–	–	–	(3,361)	–	(3,361)	–	(3,361)
<b>Total comprehensive (loss)/income</b>	–	–	–	(5,397)	160,021	154,624	(18,593)	136,031
<b>Transactions with owners in their capacity as owners</b>								
Distribution to non-controlling interests	–	–	–	–	–	–	(5,068)	(5,068)
Employee share option scheme — share based compensation benefits	–	–	–	104	–	104	–	104
Lapsed put options by non-controlling interests of the subsidiaries	–	–	–	–	15,412	15,412	–	15,412
Dividend paid	–	–	–	–	(131,456)	(131,456)	(190)	(131,646)
<b>Total transactions with owners in their capacity as owners</b>	–	–	–	104	(116,044)	(115,940)	(5,258)	(121,198)
<b>Balance at 30 June 2021 (unaudited)</b>	15,183	1,249	3,261,225	(1,132,395)	1,298,263	3,443,525	164,609	3,608,134

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Cash flows from operating activities</b>		
Net cash (used in)/generated from operations	(156,719)	568,611
Interest paid	(78,642)	(99,714)
Income tax paid	(13,274)	(68,955)
	<b>(248,635)</b>	<b>399,942</b>
<b>Cash flows from investing activities</b>		
Additions of property, plant and equipment	(10,318)	(32,347)
Proceeds from disposal of property, plant and equipment and right-of-use assets	–	660
Additions of financial assets at fair value through profit or loss	(10,000)	(40,280)
Repayment from/(addition of) loan to related parties	233,372	(51,363)
Interests received	30,881	33,499
Investment in an associated company	(7,569)	–
Dividends received	68	1,667
Decrease in pledged bank deposits for derivative financial instruments	3,384	–
Payment for consideration in relation to a business combination	(10,440)	–
	<b>229,378</b>	<b>(88,164)</b>
<b>Cash flows from financing activities</b>		
Distribution to non-controlling interests	–	(5,068)
Amount due from non-controlling interests of a subsidiary	–	(96,658)
Dividends paid	(98,959)	(131,646)
Drawdown on bank borrowings	852,845	1,321,325
Repayment of bank borrowings	(925,304)	(1,404,186)
Repayment on principal element of lease liabilities	(27,754)	(22,879)
Repayment on interest element of lease liabilities	(507)	(1,141)
Decrease in pledged bank deposits for bank borrowings	185,985	192,159
	<b>(13,694)</b>	<b>(148,094)</b>
Net cash used in financing activities		
	<b>(13,694)</b>	<b>(148,094)</b>
Net (decrease)/increase in cash and cash equivalents	(32,951)	163,684
Cash and cash equivalents at beginning of the period	917,855	1,173,976
Exchange losses on cash and cash equivalents	(7,903)	(18,768)
	<b>877,001</b>	<b>1,318,892</b>
Cash and cash equivalents at end of the period		
	<b>877,001</b>	<b>1,318,892</b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 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.

This unaudited condensed consolidated interim financial information (“Interim Financial Information”) is presented in thousands of units of Hong Kong Dollar (“HK\$’000”), unless otherwise stated.

## 2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix to the Rules Governing the Listing of Security on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021 (“2021 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

This Interim Financial Information has been prepared on the historical cost basis, except for financial assets at fair value through profit or loss (“FVPL”), financial assets at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments which are measured at fair value.

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited Interim Financial Information for the six months ended 30 June 2022 are consistent with the 2021 Financial Statements.

### (a) Relevant new standard and amendments to existing standards effective for the financial year beginning 1 January 2022:

HKFRS 16 (Amendment)	COVID-19-Related Rent Concessions beyond 2021
Annual improvements Projects (Amendments)	Annual Improvements to HKFRSs 2018-2020
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

The Group will adopt these new standards and amendments to existing standards in the period of initial application. It is not expected to have a significant impact on the Group’s results of operations and its financial position and did not require retrospective adjustments.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3 ACCOUNTING POLICIES (CONTINUED)

- (b) The following new standard and amendments to existing standards have been published but are not yet effective and which the Group has not early adopted:

		<b>Effective for annual periods beginning on or after</b>
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 of 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 standard and amendments to existing standards. The management will adopt the new standard and amendments to standards when they become effective.

## 4 JUDGEMENTS AND ESTIMATES

The preparation of Interim Financial Information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Company for the year ended 31 December 2021.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Interim Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2021.

There have been no changes in the risk management policies since year end.

### 5.2 Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the shorter and longer term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

As at 30 June 2022, the Group had cash and cash equivalents of HK\$877,001,000 (31 December 2021: HK\$917,855,000) of which approximately 77% was held in Singapore Dollar ("SGD"), 1% was held in US Dollar, 19% was held in HK\$, 1% was held in Renminbi and the remaining was mainly held in Malaysian Ringgit, Australian Dollar, Macau Patacas, Indonesian Rupiah, and Vietnamese Dong. The gearing ratio of the Group as at 30 June 2022 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings plus lease liabilities less cash and cash equivalents and pledged bank deposits) was approximately 56.8% (31 December 2021: approximately 55.5%).

### 5.3 Fair value measurements

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2022 and 31 December 2021 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.3 Fair value measurements (Continued)

(i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>30 June 2022</b>				
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	–	–	4,412	4,412
Financial assets at fair value through profit or loss				
— Unlisted fund investments	–	–	519,865	519,865
Derivative financial instruments				
— Foreign exchange forward contracts	–	3,047	–	3,047
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
<b>31 December 2021</b>				
<b>Assets</b>				
Financial assets at fair value through other comprehensive income	–	–	4,711	4,711
Financial assets at fair value through profit or loss				
— Unlisted fund investments	–	–	511,932	511,932
<b>Liabilities</b>				
Derivative financial instruments:				
— Foreign exchange forward contracts	–	2,542	–	2,542

The fair values of derivative financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the respective reporting dates, with the resulting value discounted back to present value.

The investments in unquoted financial assets at fair value through other comprehensive income held by the Group as at 31 December 2021 and 30 June 2022 are equity investments in property development companies that are not traded in an active market. The fair value of these investments is determined by using a dividend discount model for which the assumptions are based on the estimated future dividend plans of the underlying investments. These investments are classified as Level 3.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.3 Fair value measurements (Continued)

- (i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy. (Continued)

Financial assets at fair value through profit or loss held by the Group as at 30 June 2022 are investment funds established for property development project in Singapore, investment in healthcare and biotechnology related business and investments in a investment collective scheme that are not traded in an active market. The fair value of these investments is determined by using a discounted cash flow model for which the assumptions are based on the estimated distribution of return of the underlying investments. These investments are classified as Level 3.

- (ii) The following table presents the changes in Level 3 instruments:

	<b>Financial assets at fair value through other comprehensive income HK\$'000</b>	<b>Financial assets at fair value through profit or loss HK\$'000</b>
1 January 2022	<b>4,711</b>	<b>511,932</b>
Additions	–	<b>10,000</b>
Fair value changes	<b>(184)</b>	<b>7,787</b>
Exchange differences	<b>(115)</b>	<b>(9,854)</b>
30 June 2022	<b>4,412</b>	<b>519,865</b>
1 January 2021	6,906	432,635
Additions	–	40,280
Fair value changes	(3,361)	16,244
Exchange differences	28	(2,568)
30 June 2021	3,573	486,591

During the six months ended 30 June 2022 and 2021, there were no transfers of financial assets and liabilities between level 1, level 2 and level 3.

The fair value of financial assets at fair value through other comprehensive income is determined by using a dividend discount model. The unobservable inputs used in the fair value measurement include forecast dividend earnings and discount rate. Should the forecast dividend earnings increased, other comprehensive income would have been higher. Should the discount rate be increased, other comprehensive income would have been lower.

The fair value of financial assets at fair value through profit or loss in investment funds established for property development project in Singapore is determined by using a discounted cash flow model. The unobservable inputs used in the fair value measurement include discount rate. Should the discount rate increased, profit for the year would have been lower.



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.4 Fair values of financial assets and liabilities measured at amortised cost

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade receivables
- Deposits and other receivables
- Cash and cash equivalents
- Pledged bank deposits
- Trade payables
- Accruals and other payables
- Borrowings
- Lease liabilities

## 6 SEGMENT INFORMATION

The Group's reportable and operating segments, which are based on information reported to the executive directors (being the chief operating decision maker ("CODM") of the Company for the purpose of resource allocation and performance assessment under HKFRS 8 are as follows:

- Foundation and construction — Hong Kong and Macau
- Property development — Hong Kong
- Construction — Singapore and Southeast Asia
- Property development — Singapore and Southeast Asia

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 SEGMENT INFORMATION (CONTINUED)

Information regarding the above segments is reported below.

	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2022 (Unaudited)</b>					
<b>Sales</b>					
Sales to external parties	977,751	–	2,266,271	595,945	3,839,967
Inter-segment sales	–	–	5,853	–	5,853
Total segment sales	977,751	–	2,272,124	595,945	3,845,820
<b>Adjusted segment profit/(loss)</b>	<b>69,992</b>	<b>(14)</b>	<b>(31,925)</b>	<b>102,270</b>	<b>140,323</b>
Depreciation of owned assets	27,244	–	11,173	49	38,466
Depreciation of right-of-use assets	4,247	–	19,929	1,344	25,520
Amortisation of intangible assets	–	–	2,911	–	2,911
	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2021 (Unaudited)</b>					
<b>Sales</b>					
Sales to external parties	681,437	–	1,651,998	426,137	2,759,572
Inter-segment sales	–	–	–	–	–
Total segment sales	681,437	–	1,651,998	426,137	2,759,572
<b>Adjusted segment profit/(loss)</b>	<b>9,470</b>	<b>(10)</b>	<b>(61,661)</b>	<b>10,881</b>	<b>(41,320)</b>
Depreciation of owned assets	27,669	–	6,049	66	33,784
Depreciation of right-of-use assets	2,834	–	16,125	1,365	20,324
Amortisation of intangible assets	–	–	2,978	–	2,978
Share-based payment expenses	104	–	–	–	104

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 SEGMENT INFORMATION (CONTINUED)

The following tables present segment assets and liabilities as at 30 June 2022 and 31 December 2021 respectively.

	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
<b>As at 30 June 2022 (Unaudited)</b>					
Segment assets	1,550,402	693,085	3,959,508	6,147,492	12,350,487
Segment liabilities	1,094,899	662,552	2,904,270	5,476,836	10,138,557
	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
<b>As at 31 December 2021 (Audited)</b>					
Segment assets	1,028,672	676,001	3,821,652	7,006,675	12,533,000
Segment liabilities	656,367	645,147	2,905,736	6,440,443	10,647,693

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

	<b>Six months ended 30 June</b>	
	<b>2022 HK\$'000 (Unaudited)</b>	2021 HK\$'000 (Unaudited)
Adjusted segment profit/(loss) for reportable segments	<b>140,323</b>	(41,320)
Unallocated expenses	<b>(15,774)</b>	(14,823)
Elimination	<b>(7,617)</b>	(7,620)
Finance income	<b>30,808</b>	28,726
Finance costs	<b>(97,133)</b>	(83,270)
Share of net profit of associated companies	<b>66,653</b>	261,601
Share of net profit/(loss) of joint ventures	<b>1,015</b>	(171)
Profit before income tax	<b>118,275</b>	143,123

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 6 SEGMENT INFORMATION (CONTINUED)

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

	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
Segment assets	<b>12,350,487</b>	12,533,000
Unallocated	<b>5,328,389</b>	5,142,192
Elimination	<b>(6,231,548)</b>	(5,701,305)
Total assets	<b>11,447,328</b>	11,973,887

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

	<b>As at 30 June 2022 HK\$'000 (Unaudited)</b>	As at 31 December 2021 HK\$'000 (Audited)
Segment liabilities	<b>10,138,557</b>	10,647,693
Unallocated	<b>3,851,614</b>	3,298,730
Elimination	<b>(6,231,548)</b>	(5,701,305)
Total liabilities	<b>7,758,623</b>	8,245,118

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7 REVENUE

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Revenue</b>		
Construction contracts income	3,243,117	2,331,476
Sales of development properties	595,945	426,137
Income from loaning labour to other contractors	905	1,872
Service income	–	87
	<b>3,839,967</b>	2,759,572
Revenue from contracts with customers		
— recognised at a point in time	21,346	3,470
— recognised over time	3,818,621	2,756,102
	<b>3,839,967</b>	2,759,572

## 8 OTHER INCOME

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Management fee income	3,926	4,369
Rental income	1,613	17,815
Dividend income from financial assets at FVOCI	68	1,667
Government grants (Note)	13,634	19,473
Forfeited customer deposits	2,072	2,847
Sundry income	2,596	3,756
	<b>23,909</b>	49,927

Note: Government grants 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 affected to the receipts of these subsidies.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9 OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
(Loss)/gain on disposal of property, plant and equipment	(17)	177
Gain on disposal of right-of-use assets	–	9
Foreign exchange forward contracts		
— fair value gain	5,617	10,791
— gain/(loss) on settlement, net	1,445	(1,542)
Reversal of provision/(provision) for foreseeable losses on certain construction contracts	7,802	(58,559)
Fair value gain on financial assets at FVPL	7,787	16,244
Exchange difference	(2,291)	882
Others	(95)	–
Other gains/(losses) — net	<b>20,248</b>	(31,998)

## 10 OPERATING PROFIT/(LOSS)

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Contractor and material costs included in “Cost of sales”	2,743,959	1,901,280
Property development costs included in “Cost of sales”	465,018	338,284
Sales commissions	20,294	16,961
Show flat costs	1,979	891
Marketing expenses	1,030	3,302
Staff costs, including directors’ emoluments	313,966	396,164
Depreciation of owned assets	38,466	33,784
Depreciation of right-of-use assets	25,520	20,324
Depreciation of investment properties	–	5,192
Amortisation of intangible assets	2,911	2,978
Other legal and professional fees	13,330	7,997
Rental expenses on operating leases	118,917	82,986

No share-based payment expense was incurred during the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$104,000).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11 FINANCE COSTS — NET

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Finance income</b>		
Interest income from bank deposits	2,320	2,316
Interest income from loans to associated companies	28,196	25,438
Interest income from loans to related parties	292	559
Others	–	413
	<b>30,808</b>	28,726
<b>Finance cost</b>		
Interest expenses on lease liabilities	(580)	(1,265)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	(60,073)	(62,147)
Interest expenses on loans from non-controlling interests in subsidiaries	(22,008)	(15,503)
Others	–	(414)
	<b>(82,661)</b>	(79,329)
Less: Interest expenses capitalised	1,394	6,012
	<b>(81,267)</b>	(73,317)
Net foreign exchange losses	(15,866)	(9,953)
	<b>(97,133)</b>	(83,270)
<b>Finance costs — net</b>	<b>(66,325)</b>	(54,544)



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 12 INCOME TAX EXPENSE/(CREDIT)

Hong Kong profits tax and Singapore income tax have been provided for at the rate of 16.5% and 17% respectively, others have been provided for at the applicable rate for the six months ended 30 June 2022 and 2021 on the estimated assessable profit for the period in the respective jurisdiction.

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current income tax		
— Hong Kong profits tax	—	1,271
— Singapore income tax	9,578	(4,324)
— Others	217	522
Deferred income tax	8,758	1,473
Income tax expense/(credit)	18,553	(1,058)

## 13 EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Profit attributable to ordinary shares	79,648	147,828
Profit attributable to convertible preference shares ("CPS")	6,585	12,193
Profit attributable to owners of the Company	86,233	160,021

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 EARNINGS PER SHARE (CONTINUED)

### Basic (Continued)

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	<b>1,518,320</b>	<b>124,876</b>	1,518,320	124,876
Basic earnings per share (HK\$)	<b>0.052</b>	<b>0.052</b>	0.097	0.097

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 CPS outstanding for each of the periods 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. 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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13 EARNINGS PER SHARE (CONTINUED)

### Diluted

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
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)	–	–	–	–
	1,518,320	124,876	1,518,320	124,876
Diluted earnings per share (HK\$)	0.052	0.052	0.097	0.097

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 period 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.

Diluted earnings per share for the periods ended 30 June 2022 and 2021 were the same as the basic earnings per share as potential ordinary shares arising from share options were not treated as dilutive as the conversion to ordinary shares would not decrease the earnings per share.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14 RIGHT-OF-USE ASSETS, PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, GOODWILL AND OTHER INTANGIBLE ASSETS

	Right-of-use assets HK\$'000 (Unaudited)	Property plant and equipment HK\$'000 (Unaudited)	Completed investment properties HK\$'000 (Unaudited)	Goodwill HK\$'000 (Unaudited)	Other intangible assets HK\$'000 (Unaudited)
<b>Six months ended 30 June 2022</b>					
Opening net book amount as at 1 January 2022	75,584	531,015	–	567,335	75,205
Additions	20,267	10,318	–	–	–
Disposals	–	(17)	–	–	–
Depreciation and amortisation	(25,520)	(38,466)	–	–	(2,911)
Exchange difference	(1,159)	(3,715)	–	(6,861)	(477)
Closing amount as at 30 June 2022	69,172	499,135	–	560,474	71,817
<b>Six months ended 30 June 2021</b>					
Opening net book amount as at 1 January 2021	82,516	512,034	620,642	570,685	27,228
Additions	36,790	32,347	–	–	–
Disposals	(7,114)	(483)	–	–	–
Depreciation and amortisation	(20,324)	(33,784)	(5,192)	–	(2,978)
Exchange difference	(60)	(619)	(3,449)	(1,583)	(129)
Transfer to assets classified as held for sale	–	–	(612,001)	–	–
Closing amount as at 30 June 2021	91,808	509,495	–	569,102	24,121

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Current</b>		
Trade receivables ( <i>Note (b)</i> )		
— Associated companies	71,453	82,526
— A related party	30,028	30,455
— Third parties	859,489	800,875
	<b>960,970</b>	913,856
Retention receivables from customers for contract work ( <i>Note (c)</i> )		
— An associated company	6,684	3,685
— Related parties	10,790	11,337
— Third parties	436,822	417,497
	<b>454,296</b>	432,519
Other receivables ( <i>Note (d)</i> )		
— Associated companies	317,512	301,872
— Joint venture	111,450	111,450
— Related parties	13,402	34,331
— Third parties	82,791	66,623
Prepayments	181,075	162,787
Deposits	73,944	71,825
Staff advances	2,347	2,714
Goods and services tax receivable	14,540	7,872
	<b>797,061</b>	759,474
Loans receivables		
— Associated companies ( <i>Note (e)</i> )	604,151	1,023,019
	<b>2,816,478</b>	3,128,868
<b>Non-current</b>		
Loans receivables		
— Associated companies ( <i>Note (e)</i> )	672,580	515,691
— Related parties	45,390	16,783
Prepayments and other receivables	777	772
	<b>718,747</b>	533,246

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

Notes:

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

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
1–30 days	<b>819,570</b>	795,483
31–60 days	<b>27,052</b>	15,567
61–90 days	<b>28,314</b>	7,462
Over 90 days	<b>86,034</b>	95,344
	<b>960,970</b>	913,856

During the six months ended 30 June 2022, no additional provision was recorded for its trade receivables (30 June 2021: Nil).

- (c) Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK\$332,539,000 (31 December 2021: HK\$284,302,000) are expected to be recovered in more than twelve months from the reporting date.
- (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 shareholding in these companies. The loans were unsecured, and interest-bearing at a fixed rate at 4% to 6% per annum as at 30 June 2022 (31 December 2021: same).

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.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16 DEVELOPMENT PROPERTIES FOR SALE

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Properties in the course of development</b>		
Leasehold land at cost	<b>3,530,721</b>	3,955,399
Development costs	<b>111,366</b>	118,669
Overheads expenditure capitalised	<b>26,966</b>	22,907
Interest expenses capitalised	<b>140,639</b>	150,687
	<b>3,809,692</b>	4,247,662

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 1.3% and 5.0% per annum (year ended 31 December 2021: between 1.6% and 5.0% per annum).

As at 30 June 2022, development properties with net carrying amounts of HK\$3,774,398,000 (31 December 2021: HK\$4,214,832,000) were pledged as securities for certain bank loans of the Group (Note 17(a)(i)).

## 17 BORROWINGS

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Current</b>		
Bank borrowings — secured (Note (a))	<b>300,322</b>	559,701
Bank borrowings — unsecured (Note (b))	<b>1,878,553</b>	1,588,898
Bank borrowings — mortgaged (Note (c))	<b>63,803</b>	66,296
Loans from non-controlling interests of subsidiaries — unsecured (Note (d))	<b>27,317</b>	25,673
	<b>2,269,995</b>	2,240,568
<b>Non-current</b>		
Bank borrowings — secured (Note (a))	<b>1,829,129</b>	2,037,337
Bank borrowings — unsecured (Note (b))	<b>349,730</b>	365,494
Bank borrowings — mortgaged (Note (c))	<b>6,833</b>	7,369
Loans from non-controlling interests of subsidiaries — unsecured (Note (d))	<b>1,198,695</b>	1,045,574
	<b>3,384,387</b>	3,455,774
Total borrowings	<b>5,654,382</b>	5,696,342



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 BORROWINGS (CONTINUED)

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

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Within 1 year	<b>2,012,129</b>	1,791,727
Between 1 and 2 years	<b>2,672,370</b>	126,424
Between 2 and 5 years	<b>935,300</b>	3,740,639
Later than 5 years	<b>34,583</b>	37,552
<b>Total</b>	<b>5,654,382</b>	5,696,342

(a) The details of secured bank borrowings are as follows:

	<i>Note</i>	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Secured by:</b>			
Development properties for sale and joint guarantee from directors of certain subsidiaries	(i)	<b>2,041,129</b>	2,249,337
Fixed bank deposits		–	171,781
Interests in construction contracts and corporate guarantee from an intermediate holding company	(ii)	<b>88,322</b>	175,920
		<b>2,129,451</b>	2,597,038
<b>Represented by:</b>			
— Current portion		<b>300,322</b>	559,701
— Non-current portion		<b>1,829,129</b>	2,037,337

Notes:

- (i) As at 30 June 2022, the amounts comprise land and development loans of approximately HK\$2,041,129,000 (31 December 2021: HK\$2,248,511,000), and bore interest at rates from 1.35%–1.65% over Singapore Swap Offer Rate (31 December 2021: same) per annum. The loans were secured by mortgages over the Group's development properties for sale (Note 16) and legal assignment of all rights, title and interests in the construction contracts, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the development properties for sale and personal and joint guarantee of the directors of certain subsidiaries.
- (ii) As at 30 June 2022, the bank borrowings bore interest was at floating rate of 1.6% over the 6-months London Interbank Offered Rate ("LIBOR") per annum (31 December 2021: same).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 17 BORROWINGS (CONTINUED)

- (b) As at 30 June 2022 and 31 December 2021, unsecured bank borrowings were guaranteed by the Company.
- (c) As at 30 June 2022, bank borrowings of approximately HK\$70,636,000 (31 December 2021: approximately HK\$73,665,000) were secured by mortgages over part of the Group's leasehold land and buildings. The effective interest rates of the loan were between 1.2% and 4.2% (31 December 2021: between 1.1% to 6.3%) per annum as at 30 June 2022. The loans will be repaid by fixed monthly payment over 9 years to 12 years (31 December 2021: 10 years to 13 years).
- (d) The loans from non-controlling interests of subsidiaries were unsecured and not expected to be repaid within 1 year, except for the current portions which were expected to be repaid within 1 year. The loans are subject to variable interest rates which contractually re-price within 12 months from the financial reporting date. The effective interest rate was 4.0% and 5.0% as at 30 June 2022 (31 December 2021: 3.5% and 5.0%).
- (e) The fair values of the bank borrowings and the loans from related parties approximate their respective carrying values as at 30 June 2022 and 31 December 2021, as these borrowings were charged at market interest rates.
- (f) These committed banking facilities were subject to annual review. As at 30 June 2022, the undrawn banking facilities amounted to approximately HK\$837,882,000 (31 December 2021: approximately HK\$898,614,000).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 18 TRADE AND OTHER PAYABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Current</b>		
Trade payables to:		
— Related parties	<b>12,128</b>	10,778
— Non-controlling interests of subsidiaries	<b>612</b>	553
— Third parties	<b>1,080,612</b>	905,547
	<b>1,093,352</b>	916,878
Non-trade payables to:		
— Non-controlling interests of a subsidiary	<b>33,733</b>	42,198
— Related parties	<b>52,360</b>	61,921
— Associated companies	<b>35,754</b>	13,500
— Third parties	<b>54,181</b>	65,237
— Goods and services tax payable	<b>458</b>	3,670
	<b>176,486</b>	186,526
Consideration payable in relation to a business combination	<b>20,880</b>	20,880
Accruals for operating expenses	<b>82,906</b>	107,584
Accruals for construction costs	<b>421,662</b>	662,452
Deposits received from customers	<b>5,303</b>	13,099
Deferred gain	<b>5,195</b>	10,414
Provision for financial guarantees to a joint operation	<b>19,585</b>	24,688
Provision for foreseeable losses on certain construction contracts	<b>30,995</b>	53,913
Dividend payable — non-controlling interest of subsidiaries	<b>4,513</b>	4,627
	<b>591,039</b>	897,657
	<b>1,860,877</b>	2,001,061
<b>Non-current</b>		
Consideration payable in relation to a business combination	<b>15,660</b>	26,100

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 18 TRADE AND OTHER PAYABLES (CONTINUED)

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 of trading in nature) based on invoice date was as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
1–30 days	<b>811,806</b>	672,468
31–60 days	<b>159,034</b>	99,147
61–90 days	<b>13,887</b>	35,658
Over 90 days	<b>108,625</b>	109,605
	<b>1,093,352</b>	916,878

The amounts due to non-controlling interests of subsidiaries, associated companies, 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.

## 19 SHARE CAPITAL

	<b>Number of shares (thousands)</b>	<b>Share capital HK\$'000</b>	<b>Treasury Shares HK\$'000</b>
<b>Authorised:</b>			
<i>Ordinary Shares</i>			
As 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	6,000,000	60,000	–
<i>CPS</i>			
As 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	1,000,000	10,000	–
<b>Issued and fully paid:</b>			
<i>Ordinary shares</i>			
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	1,518,320	15,183	–

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19 SHARE CAPITAL (CONTINUED)

	Number of shares (thousands)	Share capital HK\$'000	Treasury Shares HK\$'000
<b>Issued and fully paid: (Continued)</b>			
<i>CPS</i>			
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	124,876	1,249	–

## 20 DIVIDENDS

- (a) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: same).
- (b) At a meeting held on 31 March 2022, the directors recommended a final dividend of HK\$0.06 per ordinary share and CPS (totaling approximately HK\$98,592,000) for the year ended 31 December 2021, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 30 June 2022.

## 21 COMMITMENTS

### Capital commitments

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Contracted but not provided for:		
Development expenditure	<b>7,362</b>	14,154
Investment in unlisted funds	<b>520,144</b>	530,144
	<b>527,506</b>	544,298

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 22 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) The following is a summary of significant related party transactions, in addition to those disclosed elsewhere in the Interim Financial Information, which were carried out in accordance with the terms agreed between the Group and the related parties and in the ordinary and usual course of business:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2021 HK\$'000 (Unaudited)
Construction contracts revenue from an associated company	<b>88,309</b>	327,476
Construction contracts revenue from a related party	<b>42,651</b>	24,731
Construction services provided by related parties	<b>35,707</b>	14,360
Management fee income from an associated company	–	4,576
Interest income from related parties	<b>1,717</b>	603
Interest income from associated companies	<b>17,370</b>	25,394
Interest charged by non-controlling interests of subsidiaries	<b>17,055</b>	18,044

Outstanding balances as at the year-end dates arising from sale/purchase of goods and services, were unsecured and receivable/payable within 12 months from year-end dates, and were disclosed in Notes 15 and Note 18.

- (b) Key management compensation

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2021 HK\$'000 (Unaudited)
Directors' fee, salaries, wages and allowances	<b>12,288</b>	14,003
Share-based payments	–	104
Contribution to retirement benefit scheme	<b>216</b>	214
	<b>12,504</b>	14,321

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 23 CONTINGENT LIABILITIES

As at each statement of financial position date, the Group had the following contingent liabilities:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Guarantees on performance bonds in respect of construction contracts	<b>214,874</b>	201,666

Subsidiaries of the Group also issued corporate guarantees to banks for borrowings of the Group's associated companies and related companies in which subsidiaries of the Company are non-controlling shareholders. As at 30 June 2022, these bank borrowings amounted to HK\$3,902,576,000 (31 December 2021: HK\$3,818,531,000).



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the Reporting Period, the Group had two major sources of income from property development and construction business.

### Property development business — Singapore

As of 30 June 2022, the accumulative contracted sales rate of Jadescape (a private condominium development project of the Group at Shunfu Road) exceeded 99%, with 1,207 units sold (including 1,201 residential units and 6 commercial units).

As of 30 June 2022, the accumulative contracted sales rate of Forett at Bukit Timah (a private condominium development project of the Group at Toh Tuck Road) exceeded 91%, with 578 units sold.

During the Reporting Period, the Group was pleased to win the industry award as one of the Top Ten Singapore Developers from BCI Asia.

The sales revenue, sales area and average selling price (“ASP”) of the major development project realised by the Group are set out in the table below:

Project	Sales Revenue	ASP
	(HK\$' million)	(HK\$/sq.m)
	1H 2022	1H 2022
Forett at Bukit Timah	575.5	123,602

Forett at Bukit Timah is a private condominium project under development and it recognises the pre-sales money received as revenue based on percentage of construction completion. During the Reporting Period, it recognises sales revenue of approximately HK\$575.5 million.

As at 30 June 2022, the property projects under development with significant interest consisted of 3 private condominium development projects in Singapore.

Project	Location	Intended use	Site area sq.m.	Total SFA sq.m.	Cumulative contracted sales area sq.m.	Cumulative contracted sales amount (HK\$ billion)	% of completion as at 30 June 2022	Estimated year of construction completion	Ownership interest
Jadescape	314-319 Shunfu Road, Singapore	Residential, Private and Retail Space	37,991	107,259	106,610	11.0	99.5%	October 2022	45%
Forett at Bukit Timah	32-46 Toh Tuck Road, Singapore	Residential, Private and Retail Space	33,457	50,003	45,182	5.4	29.4%	December 2023	51%
Phoenix Road Project	2/2A/2B-24/24A/24B Phoenix Road, Singapore	Residential, Private and Retail Space	6,465	9,687	0	0	0%	March 2025	63%

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Jadescape (45% owned by the Group)**

Jadescape is a private condominium project consisting of 7 blocks of 21 to 23-storey apartments with 1,206 residential units and 6 retail shops, basement carparks and communal facilities. The project is located at 314-319 Shunfu Road.

The total SFA of this project is 107,259 sq.m. (including residential units 106,955 sq.m. and retail shops 304 sq.m.) and the percentage of saleable area pre-sold was 99.4% as at 30 June 2022. The construction is scheduled to be completed in October 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 carparks 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 50,003 sq.m. (including residential units 49,859 sq.m. and retail shops 144 sq.m.) and the percentage of saleable area pre-sold was 90.6% as at 30 June 2022. The construction is scheduled to be completed in December 2023.

## **Phoenix Road Project (63% owned by the Group)**

This is a private condominium project on a leasehold land with a lease term of 99 years. The total land site area is 6,465 sq.m. and the total SFA is 9,687 sq.m.. It is intended to be developed into 3 blocks 5-storey apartments with around 100 residential units, underground carparks 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 March 2025.

As at 30 June 2022, the Group owned minority shareholdings in the following 2 Executive Condominium (“EC”) development projects in Singapore.

## **Tampines EC Project**

It is an executive condominium project on a leasehold land with a lease term of 99 years. The total land site area is 23,799 sq.m. and the total SFA is estimated at 62,180 sq.m.. It is intended to be developed into 11 blocks 15-storey apartments with around 616 residential units, 1 block of multi-storey carpark lots and 1 floor of underground carparks. It has communal facilities and landscape views. The project is located at Tampines Street 62 and the construction is scheduled to be completed in June 2025.

## **Bukit Batok EC Project**

It is an executive condominium project on a leasehold land with a lease term of 99 years. The total land site area is 12,499 sq.m. and the total SFA is estimated at 38,842 sq.m.. It is intended to be developed into 6 blocks of 15-storey apartments with around 360 residential units, 1 block of multi-storey carpark lots and 1 floor of underground carparks. It has communal facilities and landscape views. The project is located at Bukit Batok West Avenue 8 and the construction is scheduled to be completed in March 2026.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## Land bank status

### (1) Yau Tong project, Hong Kong

The Group acquired the land parcels at Yau Tong Marine Lot No. 58 and 59 and the 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. Planning application for amendments to the original scheme was approved in March 2022. Foundation works and land exchange procedures are currently in progress.

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

As at 30 June 2022, the Group and joint venture partners have acquired over 90% ownership in two blocks of residential buildings at 163-169 Yee Kuk Street, Sham Shui Po, Hong Kong. It is intended to redevelop the site into a residential building with a commercial podium. General Building Plans were approved by the Buildings Department in October 2020. Lands Tribunal Court Trial for a Compulsory Sale Order is expected to take place in September 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 development. General Building Plans were approved by the Buildings Department in December 2021. Site foundation works and excavation works have been commenced since the fourth quarter of 2021.

## Construction business — Hong Kong and Macau

The construction projects undertaken by the Group can be broadly divided into foundation works, ancillary services with particular specialisation in piling works and superstructure construction. The foundation work relates to projects in both the public sector, including building and infrastructure related projects, and the private sector in Hong Kong and Macau. The Group also provides for superstructure works for developers and government projects.

Revenue from the construction contracts in Hong Kong and Macau for the Reporting Period was approximately HK\$977.8 million (six months ended 30 June 2021: approximately HK\$681.4 million). During the Reporting Period, the Group had undertaken 11 new projects, mainly foundation and superstructure work for residential and commercial projects in Hong Kong. The total contract sum of these projects was approximately HK\$951.6 million. As at 30 June 2022, there were 41 projects on hand with outstanding contract sums of HK\$3,285.8 million.

## Construction business — Singapore and Southeast Asia

The Group's revenue from Singapore and Southeast Asia for the Reporting Period was approximately HK\$2,266.3 million (six months ended 30 June 2021: approximately HK\$1,652.0 million). During the Reporting Period, the Group completed 3 construction projects. As at 30 June 2022, there were 28 construction projects on hand and the outstanding contract sums were approximately HK\$7,546.2 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Investment in medicine fund

In 2020 the Group entered into subscription agreements to subscribe for a 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 approximately HK\$200 million). As at 30 June 2022, the Group subscribed for the limited partnership interests of approximately US\$15.4 million (equivalent to HK\$120 million) (As of 31 December 2021: US\$14.1 million (equivalent to HK\$110 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.

The progress of the research and development progress of the new 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 new medicine for the treatment of atopic dermatitis was approved as an investigational new drug for Phase I clinical trial in March 2022.
3. The application as investigational new drugs for Phase I clinical trial for the treatment of rheumatoid arthritis was submitted in June 2022.
4. The application as investigational new drugs for Phase I clinical trial for the super antibiotics is expected to be submitted in the second half of 2022.

## FINANCIAL REVIEW

### Revenue

The Group's total revenue for the Reporting Period was approximately HK\$3,840.0 million (six months ended 30 June 2021: approximately HK\$2,759.6 million), representing an increase of approximately 39.2% over the six months ended 30 June 2021. The increase was mainly due to more sales revenue from construction and property development projects as economic and social activities in Singapore have been gradually resumed to normal during the Reporting Period.

### Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 5.5% (six months ended 30 June 2021: approximately 5.0%).

### Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK\$23.3 million (six months ended 30 June 2021: approximately HK\$21.2 million), which was approximately 0.6% (six months ended 30 June 2021: approximately 0.8%) of the Group's total revenue. The increase was mainly due to the higher sales commission paid for the property development projects recognised during the Reporting Period.

### General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$114.6 million (six months ended 30 June 2021: approximately HK\$197.5 million), representing a decrease of approximately 42.0% over the six months ended 30 June 2021. This was mainly attributable to the accrual of a one-off discretionary bonus for a property development project during the first half of 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Net Profit

During the Reporting Period, the Group recorded a net profit of approximately HK\$99.7 million (six months ended 30 June 2021: approximately HK\$144.2 million), representing a decrease of approximately 30.9% over the six months ended 30 June 2021. The profit attributable to owners of the Company was approximately HK\$86.2 million (six months ended 30 June 2021: HK\$160.0 million), representing a decrease of 46.1% over the six months ended 30 June 2021.

The decrease in the net profit was mainly due to the significant decrease in share of profits of an associated company with property development projects. As of 31 December 2021, the property development project of the associated company has pre-sold almost all the units available for sale and therefore the profit contribution from the associated company dropped significantly during the Reporting Period.

Basic earnings per share was HK\$0.052 (for the six months ended 30 June 2021: HK\$0.097).

## OUTLOOK

In the first half of 2022, the global outbreak of COVID-19 remained recurrent, with continued mutations and faster spread of the virus. To combat the pandemic, vaccinations and boosters have been stepped up around the world, and the number of severe cases is on the decline. In mid-2022, the Hong Kong government said it would continue to control the development of the pandemic in an efficient and targeted manner, ensuring that preventive measures would not have excessive impact on the livelihood and the economy, and that access to the outside world would be restored gradually. Since the beginning of April this year, Singapore has eased most of its local and travel restrictions, providing support for its economic revival. It seems that the global outbreak of COVID-19 has become the new normal.

As expected by the market, the US Federal Reserve raised interest rate repeatedly in the first half of 2022 to curb inflation, with an accumulative increase rate of 2.25%. The US Federal Reserve officials suggest that interest rate may need to stay up for some time. The banking industry expected that interest rates in the US may rise in the first quarter of next year to the peak of this round of fixing, but probably will see a reduction in the second half of 2023 due to the market's concern about the recession in the US economy. The property sector predicted that the raising of interest rates may slow down the pace of participation in the market in the short term with purchasers turning prudent, but will not affect the medium and long term development of the property market. In order to mitigate the impact of rising market interest rates on the Group's operations, the Group will prudently consider possible increases in interest costs when reviewing new construction and property projects, and will further strengthen the cash flow management of the Group and take measures such as reducing the overall financing amount.

Hong Kong and Singapore are two key markets of the Group which have been contributing material cash flow and profits to the Company and will remain as our core business areas. Benefiting from the development of the Northern Metropolis, the construction market of Hong Kong in the next decade will show a very strong momentum. In addition, as announced by the Housing & Development Board of Singapore at the end of 2021, they would further launch a large number of public housing units in 2022 and 2023 with an increase of approximately 35%, in order to meet the housing demand of local citizens. It is noted that the government of Singapore is preparing for the development of various healthcare facilities and the project of expansion of Cross Island Line, therefore, the number of local construction projects is expected to rise steadily in the future. The Group will continue to be actively engaged in the layout of these markets, and explore more premium projects with development potential, so as to reinforce the Group's strength and market competitiveness.

Hence, the Company hopes it will be able to seize development opportunities to further intensify the technological innovation and upgrade of the Modular Integrated Construction (MiC) method, and continue to improve project quality with advanced green building technology, aiming to achieve sustainability in environmental protection and energy-saving. Also, by adopting the development model of driving construction growth with property investment, the Company will explore opportunities for expanding a new market in the Guangdong-Hong Kong-Macao Greater Bay Area to further enhance the market share and competitiveness of the Group and formulate a stable development blueprint in the longer term, thereby creating higher returns for our shareholders.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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\$5.8 billion as at 31 December 2021 to approximately HK\$5.7 billion as at 30 June 2022. These banking facilities were mainly secured by the Group's development properties for sale with net carrying amounts of HK\$3,774,398,000 (As at 31 December 2021: HK\$4,214,832,000).

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.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through capital contributions from the Shareholders, bank borrowings and cash inflows from the operating activities.

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$0.9 billion (As at 31 December 2021: HK\$0.9 billion) of which approximately 77.1% was held in Singapore Dollar, 19.2% was held in Hong Kong dollar, 1.1% was held in US Dollars, 0.9% 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 30 June 2022 (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 56.8% (As at 31 December 2021: approximately 55.5%).

During the Reporting Period, the Group has employed foreign exchange forward contracts for 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 and has not adopted any currency hedging policy or other hedging instruments other than disclosed in "Liquidity, Financial Resources and Capital Structure" during the Reporting Period.

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the Reporting Period, there was no significant investment, material acquisition and disposal of subsidiaries, associated companies and joint ventures by the Company.

## CAPITAL COMMITMENTS

As at 30 June 2022, the Group had capital commitments of approximately HK\$7.4 million (31 December 2021: HK\$14.1 million) for development expenditure, HK\$520.1 million (31 December 2021: HK\$530.1 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 23 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 June 2022 and 31 December 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EVENT AFTER THE REPORTING PERIOD

Save as otherwise disclosed in this report, there are no significant events after the Reporting Period and up to the date of this Report.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, the Group had 2,552 full-time employees (31 December 2021: 2,318 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 are periodically reviewed. Apart from mandatory 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 Reporting Period was approximately HK\$314.0 million compared to approximately HK\$396.2 million for the six months ended 30 June 2021.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Share Option Scheme. Pursuant to the Share Option Scheme, the Board is authorised, at its absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe for Shares to any employees (full-time or part-time), directors, consultants or advisor of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group.

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 were 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 30 June 2022, 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.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on 11 September 2012 and has expired on 10 September 2022. The Company is considering whether to adopt a new share option scheme, and will make further announcement(s) as and when appropriate and comply with the relevant requirements under the Listing Rules.

## MANAGEMENT SHARE SCHEME

Pursuant to the Share Purchase Agreement dated 23 May 2015 entered into between the Company and Guotsing Holding (South Pacific) Investment Pte. Ltd. in respect of the Company's acquisition of the entire issued share capital of Wang Bao Development Limited, a management share scheme (the "**Management Share Scheme**") was set up and a trust (the "**Trust**") was constituted on 15 October 2015. Under the Management Share Scheme, awards (the "**Awards**") had been conditionally granted to certain senior management and employees of Guotsing Holding Group Co. Limited and its subsidiaries to purchase from the Trust up to a total of 304,599,273 CPS in accordance with the terms and conditions of the Management Share Scheme. The Management Share Scheme had expired on 1 April 2022. Since 1 January 2022 and up to the expiry of the Management Share Scheme, no CPS was granted, exercised or lapsed. Upon expiry of the Management Share Scheme, 124,875,197 CPS remained under the Trust. Pursuant to the rules of the Management Share Scheme, all the CPS remaining under the Trust shall be transferred to Guotsing Holding Company Limited ("**Guotsing BVI**") by the trustee of the Trust upon expiry of the Management Share Scheme.

For further details of the Management Share Scheme, 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

## PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

On 27 May 2022, the Shareholders granted a general mandate (the "**Repurchase Mandate**") to the Directors to repurchase Shares 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 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.



# DISCLOSURE OF INTEREST

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF THE ASSOCIATED CORPORATIONS

As at 30 June 2022, interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules are as follows:

### Interests in the Shares and underlying Shares of the Company

Name of director	Capacity	Number of Shares and underlying Shares held in long position	Approximate percentage of interests
Mr. Wang Congyuan	Beneficiary of a trust (note 1)	6,189,663	0.409%
	Beneficial owner	1,547,416	0.102%
Dr. Du Bo	Beneficial owner (note 2)	1,024,759,528	67.49%
	Beneficiary of a trust (note 1)	45,689,892	3.01%
	Beneficial owner	12,504,972	0.82%
Mr. Zhang Yuqiang	Beneficiary of a trust (note 1)	2,010,540	0.133%
	Beneficial owner	502,635	0.033%

#### Notes:

- This represents long position in the underlying CPS under the Awards granted under the Management Share Scheme. The Management Share Scheme had expired on 1 April 2022. Pursuant to the rules of the Management Share Scheme, all the CPS remaining under the Trust shall be transferred to Guotsing BVI by the trustee of the Trust upon expiry of the Management Share Scheme. Please refer to the paragraph headed “Management Share Scheme” in this report for more details.
- The 1,024,759,528 Shares are deemed to be interest by Dr. Du Bo, as the Shares are held by Guotsing BVI, which is a company wholly owned by Hao Bo Investments Limited, which in turn is held as to 48.55% by Top Elate Investments Limited and 51.45% by Bliss Wave Holding Investments Limited. Bliss Wave Holding Investments Limited is a company held as to 74.53% by Hui Long Enterprises Limited, which is a company wholly-owned by Dr. Du Bo. Top Elate Investments Limited is a company wholly-owned by Qingdao Qingjian Holdings Co. which in turn is held as to 99.98% by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership).

Save as disclosed above, as at 30 June 2022, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

# DISCLOSURE OF INTEREST

## SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2022, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

### Long position in the Shares and underlying Shares

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares and underlying Shares held/interested	Approximate Shareholding Percentage
Hui Long Enterprises Limited	Interest in controlled corporation (Note 1)	1,024,759,528	67.49%
Bliss Wave Holding Investments Limited	Interest in controlled corporation (Note 1)	1,024,759,528	67.49%
Top Elate Investments Limited	Interest in controlled corporation (Note 1)	1,024,759,528	67.49%
Hao Bo Investments Limited	Interest in controlled corporation (Note 1)	1,024,759,528	67.49%
Guotsing Holding Company Limited	Beneficial owner (Note 1) Interest in controlled corporation (Notes 1, 2 and 3)	756,421,520 268,338,008	49.82% 17.67%
Trustee	Trustee (Note 4)	124,875,197	8.22%
Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership)	Interest in controlled corporation (Note 1)	1,024,759,528	67.49%
Qingdao Qingjian Holdings Co	Interest in controlled corporation (Note 1)	1,024,759,528	67.49%
CNQC Development Limited	Beneficial owner (Note 2)	224,145,000	14.76%
Guotsing Finance Holding Limited	Interest in controlled corporation (Note 3)	44,193,008	2.91%
Guotsing Asset Management Limited	Interest in controlled corporation (Note 3)	44,193,008	2.91%
Guotsing Growth Fund LP I	Beneficial owner	44,193,008	2.91%
China Great Wall AMC (International) Holdings Company Limited	Beneficial owner	142,000,000	9.35%
Sino Concord Ventures Limited	Beneficial owner	100,000,000	6.59%
Sun East Development Limited	Interest in Controlled corporation (Note 5)	100,000,000	6.59%

# DISCLOSURE OF INTEREST

## Notes:

- (1) Guotsing BVI is a company wholly owned by Hao Bo Investments Limited, which in turn is held as to 48.55% by Top Elate Investments Limited and 51.45% by Bliss Wave Holding Investments Limited. Bliss Wave Holding Investments Limited is a company held as to 74.53% by Hui Long Enterprises Limited, which is a company wholly-owned by Dr. Du Bo. Top Elate Investments Limited is a company wholly-owned by Qingdao Qingjian Holdings Co. which in turn is held as to 99.98% by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership). Thus, Dr. Du Bo is deemed to be interested in the 1,024,759,528 Shares.
- (2) The 224,145,000 Shares were held by CNQC Development Limited ("**CNQC Development**") as at 30 June 2021. CNQC Development is wholly-owned by Guotsing BVI.
- (3) Guotsing Asset Management Limited is the General Partner of Guotsing Growth Fund LP I, and is in turn wholly held by Guotsing Finance Holding Limited, which is wholly-owned by Guotsing BVI.
- (4) This represents the CPS under the Awards held by the trustee pursuant to the Management Share Scheme. The Management Share Scheme had expired on 1 April 2022. Pursuant to the rules of the Management Share Scheme, all the CPS remaining under the Trust shall be transferred to Guotsing BVI by the trustee of the Trust upon expiry of the Management Share Scheme. Please refer to the paragraph headed "Management Share Scheme" in this report for more details.
- (5) Sino Concord Ventures Limited is owned as to 80% by Sun East Development Limited.

Save as disclosed above, as at 30 June 2022, to the best information, knowledge and belief of the Directors, no person (other than the Directors and chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

# SHARE OPTION SCHEME

Reference is made to the “Share Options” section of Management Discussion and Analysis in this report.

The Company adopted a share option scheme (the “**Share Option Scheme**” or the “**Scheme**”) to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme. Pursuant to the Scheme, the Board is authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to any employees (full-time or part-time), directors, consultants or advisor of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group. The Scheme shall be valid and effective for a period of ten years commencing on 11 September 2012 and has expired on 10 September 2022.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the Shares in issue on 18 October 2012, the date of listing of the Company. The Company may at any time refresh such limit, subject to the shareholders’ approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue unless approved by the shareholders of the Company and issue of a circular in compliance with the Listing Rules.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

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 30 June 2022, the total number of securities available for issue under the Scheme was 66,020,250 Shares, which represented 4.35% of the issued share capital of the Company and no Directors had interest in the share options to subscribe for the Shares.

The Company is considering whether to adopt a new share option scheme, and will make further announcement(s) as and when appropriate and comply with the relevant requirements under the Listing Rules.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## 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 with the Company’s management the accounting principles and practices adopted by the Group and discussed internal controls, risk management and financial reporting matters including the review of the unaudited interim financial statements for the Reporting Period.

By order of the Board

**Mr. Cheng Wing On, Michael**

*Chairman*

Hong Kong  
31 August 2022