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 2022

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 2022 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	**2022** **HK$'000**	2021 HK$'000
Revenue	*3, 4*	**8,272,122**	6,098,655
Cost of sales	*5*	**(8,312,472)**	(5,904,618)
Gross (loss)/profit		**(40,350)**	194,037
Other income	*6*	**129,061**	73,708
Other (loss)/gain — net	*7*	**(1,425)**	129,808
Selling and marketing expenses	*5*	**(73,829)**	(57,487)
General and administrative expenses	*5*	**(240,420)**	(347,026)
Operating losses		**(226,963)**	(6,960)
Finance income	*8*	**58,701**	71,365
Finance costs	*8*	**(247,531)**	(172,317)
Share of net (loss)/profit of associated companies		**(18,244)**	385,302
Share of net losses of joint ventures		**(49,675)**	(16,671)

	Note	2022 HK$'000	2021 HK$'000
(Loss)/profit before income tax		**(483,712)**	260,719
Income tax expense	*9*	**(29,328)**	(7,074)
(Loss)/profit for the year		**(513,040)**	253,645
Other comprehensive losses			
Item that may be reclassified to profit or loss			
— Currency translation differences		**1,796**	(14,851)
Item that will not be reclassified to profit or loss			
— Fair value losses on financial assets at fair value through other comprehensive income		**(2,182)**	(3,556)
		(386)	(18,407)
Total comprehensive (loss)/income for the year		**(513,426)**	235,238
(Loss)/profit for the year attributable to:			
Owners of the Company		**(587,983)**	259,051
Non-controlling interests		**74,943**	(5,406)
		(513,040)	253,645
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(588,964)**	244,744
Non-controlling interests		**75,538**	(9,506)
		(513,426)	235,238
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company	*10*		
Basic (loss)/earnings per share			
— ordinary shares *(HK$)*		**(0.358)**	0.158
— convertible preference shares *(HK$)*		**(0.358)**	0.158
Diluted (loss)/earnings per share			
— ordinary shares *(HK$)*		**(0.358)**	0.158
— convertible preference shares *(HK$)*		**(0.358)**	0.158

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Note	**31 December 2022** *HK$'000*	31 December 2021 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**475,775**	531,015
Right-of-use assets		**78,249**	75,584
Goodwill		**568,831**	567,335
Other intangible assets		**70,840**	75,205
Investments in associated companies		**675,527**	683,278
Deferred income tax assets		**37,898**	56,617
Financial assets at fair value through other comprehensive income		**1,421**	4,711
Financial assets at fair value through profit or loss		**159,952**	511,932
Prepayments and other receivables	*12*	**744,037**	533,246
		2,812,530	3,038,923
Current assets			
Development properties for sale	*13*	**3,010,606**	4,247,662
Inventories		**47,435**	3,518
Trade and other receivables, prepayments and deposits	*12*	**2,928,013**	3,128,868
Contract assets		**1,467,013**	436,323
Financial assets at fair value through profit or loss		**403,937**	–
Income tax recoverable		**921**	872
Pledged bank deposits		**2,326**	199,866
Cash and cash equivalents		**1,506,649**	917,855
		9,366,900	8,934,964
Total assets		**12,179,430**	11,973,887
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		**(1,142,286)**	(1,141,305)
Retained earnings		**710,718**	1,397,293
		2,846,089	3,533,645
Non-controlling interests		**322,162**	195,124
Total equity		**3,168,251**	3,728,769

	Note	**31 December 2022** **HK$'000**	31 December 2021 HK$'000
LIABILITIES			
Non-current liabilities			
Other payables	*15*	**–**	26,100
Borrowings	*14*	**1,932,167**	3,455,774
Lease liabilities		**37,529**	41,910
Deferred income tax liabilities		**68,075**	45,856
		2,037,771	3,569,640
Current liabilities			
Trade and other payables	*15*	**2,712,605**	2,001,061
Contract liabilities		**30,000**	374,129
Income tax payables		**7,495**	23,213
Borrowings	*14*	**4,186,036**	2,240,568
Lease liabilities		**37,272**	33,965
Derivative financial instruments		**–**	2,542
		6,973,408	4,675,478
Total liabilities		**9,011,179**	8,245,118
Total equity and liabilities		**12,179,430**	11,973,887

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) Going concern basis

During the year ended 31 December 2022, the Group incurred a net loss of HK$513,040,000 and an operating cash outflow of HK$244,562,000. As at 31 December 2022, the Group had outstanding borrowings of HK$6,118,203,000 of which HK$4,186,036,000 was classified as current liabilities while maintained cash and cash equivalent of HK$1,506,649,000.

As at 31 December 2022, a syndicated borrowing of the Group amounting to HK$1,367,000,000 ("**Syndicated Borrowing**") and certain short-term bank borrowings amounting to HK$703,000,000 ("**Short-Term Bank Borrowings**") contain financial covenants and require the Group to meet certain financial ratio requirements. The Group had not complied with certain of these financial covenant requirements which constituted an event of default and resulted in the Syndicated Borrowing and Short-Term Bank Borrowings becoming immediately repayable if requested by the lenders. Consequently, the Syndicated Borrowing amounting to HK$1,298,650,000 with scheduled repayment dates beyond one year after 31 December 2022 was classified as current liabilities as at 31 December 2022.

The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as going concern. The following plans and measures have been implemented to mitigate the liquidity pressure and to improve its cash flows.

- Subsequent to 31 December 2022, the Group has repaid HK$262,000,000 of the Short-Term Bank Borrowings outstanding as at 31 December 2022 based on the original scheduled repayment dates. On 31 March 2023, the Group obtained written consents for waivers from the non-compliance of the relevant financial covenants from the lenders of both the Syndicated Borrowing and certain of the Short-Term Bank Borrowings of HK$637,000,000. The written consent of the Syndicated Borrowing also included revision to the scheduled repayment dates and the relevant repayable amounts, including a repayment of 10% of the outstanding Syndicated Borrowing as of 31 December 2022 in June 2023; revision of certain financial covenant requirements and waiver of compliance from certain financial covenants for the financial period ending 30 June 2023. The written consent of the Short-Term Bank Borrowings of HK$637,000,000 includes revision of certain financial covenant requirements and waivers from compliance of certain financial covenants for the financial period ending 30 June 2023;

- The directors consider that the Group has sufficient funds to fulfil its financial obligations on the Short-Term Bank Borrowings of HK$66,000,000 which have not obtained formal written waiver of compliance of the relevant financial covenants from the lenders. The Group is still in active negotiations with the lenders to obtain waiver from the non-compliance and will consider to repay the outstanding Short-Term Bank Borrowings of HK$66,000,000 in full, if needed;

- The Group had unutilised uncommitted banking facilities of HK$125,629,000 as at 31 December 2022 and will work with the lenders to seek for extension of such facilities upon its expiry. The Group will also negotiate with financial institutes to secure new borrowing facilities. Subsequent to 31 December 2022, the Group has secured additional uncommitted borrowing facilities of HK$581,510,000. The directors are of the opinion that these banking facilities will be available as and when needed to provide sufficient funding for the Group's working capital needs and operating expenditures;

- The Group will continue to monitor its compliance with the covenant requirements of all its borrowings in future. Should the Group be unable to comply with the covenant requirements, the Group will continue to discuss and negotiate with the respective lenders on timely basis and will seek to revise the terms and covenant requirements or obtain a waiver of compliance with the covenant requirements from the lenders, if needed; and

- The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

The directors have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2022. They are of the opinion that, taking into account of the anticipated cash flow generated from the Group's operations, the possible changes in its operating performance, the Group's ability to continue to comply with the terms of loan agreement and the ability to draw down from its existing bank facilities, the Group will have sufficient financial resources to satisfy its future obligations as and when they fall due within the next twelve months from 31 December 2022. Accordingly, the directors consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

(iv) 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 2022:

Amendments to Annual Improvements Project	Annual Improvements to HKFRSs 2018–2020
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 2021
Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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.

(v) 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 2023 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
HKAS 8	Definition of Accounting Estimates	1 January 2023
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKFRS 17	Amendments to HKFRS 17	1 January 2023
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	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 (loss)/profit before income tax. The adjusted (loss)/profit before income tax is measured consistently with the Group's (loss)/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	Property development — Hong Kong	Construction — Singapore and Southeast Asia	Property development — Singapore and Southeast Asia	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2022					
Sales					
Sales to external parties	**2,104,536**	**–**	**4,202,812**	**1,964,774**	**8,272,122**
Inter-segment sales	**–**	**–**	**11,604**	**–**	**11,604**
Total segment sales	**2,104,536**	**–**	**4,214,416**	**1,964,774**	**8,283,726**
Adjusted segment profit/(loss)	**33,323**	**(66)**	**(620,349)**	**403,099**	**(183,993)**
Depreciation of right-of-use assets	**10,261**	**–**	**39,587**	**2,662**	**52,510**
Depreciation of owned assets	**52,579**	**–**	**20,407**	**122**	**73,108**
Impairment on property, plant and equipment	**–**	**–**	**6,911**	**–**	**6,911**
Amortisation of intangible assets	**102**	**–**	**5,874**	**–**	**5,976**

	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*
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	1,435,607	–	3,646,862	1,041,113	6,123,582
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

During the year ended 31 December 2022, revenue of approximately HK$2,257,031,000 (2021: HK$1,880,555,000) representing 27% (2021: 31%) of the Group's total revenue was derived from a single external customer within the "Construction — Singapore and Southeast Asia" segment.

The following tables present segment assets and liabilities as at 31 December 2022 and 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***
As at 31 December 2022					
Segment assets	**2,094,011**	**703,712**	**4,106,143**	**5,981,707**	**12,885,573**
Segment liabilities	**1,645,834**	**672,299**	**3,615,854**	**5,363,413**	**11,297,400**

	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*
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

A reconciliation of segment results to (loss)/profit before income tax is as follows:

	2022	2021
	HK$'000	*HK$'000*
Adjusted segment (loss)/profit for reportable segments	**(183,993)**	29,200
Unallocated expenses	**(29,120)**	(20,156)
Elimination	**(13,850)**	(16,004)
Finance income	**58,701**	71,365
Finance costs	**(247,531)**	(172,317)
Share of net (loss)/profit of associated companies	**(18,244)**	385,302
Share of net losses of joint ventures	**(49,675)**	(16,671)
(Loss)/profit before income tax	**(483,712)**	260,719

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

	2022	2021
	HK$'000	*HK$'000*
Segment assets	**12,885,573**	12,163,606
Unallocated	**6,392,835**	5,511,586
Elimination	**(7,098,978)**	(5,701,305)
Total assets	**12,179,430**	11,973,887

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

	2022	2021
	HK$'000	*HK$'000*
Segment liabilities	**11,297,400**	10,280,294
Unallocated	**4,812,757**	3,666,129
Elimination	**(7,098,978)**	(5,701,305)
Total liabilities	**9,011,179**	8,245,118

4 REVENUE

	2022	2021
	HK$'000	*HK$'000*
Construction contracts income	**6,305,274**	5,068,298
Sales of development properties	**1,964,774**	1,000,111
Income from loaning labour to other contractors	**2,074**	1,699
Sales of goods	**–**	6,684
Rental income	**–**	21,863
	8,272,122	6,098,655
Revenues from contracts with customers		
— recognised at a point in time	**67,960**	25,037
— recognised over time	**8,204,162**	6,051,755
	8,272,122	6,076,792
Revenue from other sources		
— rental income	**–**	21,863
	8,272,122	6,098,655

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

	2022	2021
	HK$'000	*HK$'000*
Singapore	**5,824,324**	4,366,176
Hong Kong and Macau	**2,104,536**	1,435,607
Southeast Asia	**343,262**	296,872
	8,272,122	6,098,655

5 EXPENSES BY NATURE

	2022	2021
	HK$'000	*HK$'000*
Contractor and material costs included in "Cost of sales"	**5,954,682**	4,345,651
Property development costs included in "Cost of sales"	**1,534,840**	790,613
Staff costs, including directors' emoluments	**704,997**	737,511
Sales commissions	**68,691**	36,885
Show flat costs	**3,171**	14,451
Marketing expenses	**1,967**	6,151
Travel and entertainment expenses	**4,970**	3,297
Depreciation of owned assets	**73,108**	74,596
Depreciation of investment properties	**–**	6,654
Depreciation of right-of-use assets	**52,510**	45,643
Amortisation of intangible assets	**5,976**	5,915
Rental expenses on operating leases	**148,122**	158,243
Auditors' remuneration		
— audit and audit related services	**7,457**	7,170
— non-audit services	**456**	269
Other legal and professional fees	**18,110**	17,457
Impairment charge on property, plant and equipment	**6,911**	6,047
Other expenses	**40,753**	52,578
Total cost of sales, selling and marketing expenses, general and administrative expenses	**8,626,721**	6,309,131

6 OTHER INCOME

	2022	2021
	HK$'000	*HK$'000*
Dividend income from financial assets at FVOCI	**83**	3,279
Performance bonus from construction contracts	**71,594**	–
Forfeited customer deposits	**873**	5,088
Government grants *(Note)*	**19,193**	35,486
Management fee income	**10,165**	17,787
Waive of shareholder's loan interest	**14,942**	–
Rental income from temporary staff quarters	**4,692**	2,948
Scrap sales	**4,810**	2,193
Sundry income	**2,709**	6,927
	129,061	73,708

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 (LOSS)/GAIN — NET

	2022	2021
	HK$'000	*HK$'000*
Gains on disposals of property, plant and equipment	**150**	366
Foreign exchange forward contracts		
— fair value gains	**2,497**	12,715
— gains/(losses) on settlement, net	**3,724**	(1,418)
Provision for foreseeable losses on certain construction contracts	**(14,905)**	(43,140)
Fair value gains on financial assets at fair value through profit and loss	**15,367**	30,820
Gain on disposal of a subsidiary *(Note)*	**–**	130,915
(Loss)/gain on disposal of right of use assets	**(1,195)**	13
Exchange difference	**(6,871)**	(134)
Others	**(192)**	(329)
Other (loss)/gain — net	**(1,425)**	129,808

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

	2022	2021
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**2,521**	5,887
Interest income from loans to associated companies	**54,926**	63,706
Interest income from loans to related parties	**1,254**	1,505
Others	**–**	267
	58,701	71,365
Finance costs		
Interest expenses on lease liabilities	**(1,802)**	(2,403)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	**(195,066)**	(128,700)
Interest expenses on loans from non-controlling interests in subsidiaries	**(52,833)**	(35,845)
Others	**–**	(411)
	(249,701)	(167,359)
Less: Interest expenses capitalised	**11,637**	9,720
	(238,064)	(157,639)
Net foreign exchange losses	**(9,467)**	(14,678)
	(247,531)	(172,317)
Finance costs — net	**(188,830)**	(100,952)

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 2022 and 2021 on the estimated assessable profit in the respective jurisdictions, adjusted for those items which are not assessable or deductible for income tax purpose.

	2022	2021
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**152**	–
— Singapore income tax	**4,870**	15,334
— Cambodia income tax	**289**	706
— Vietnam income tax	**4**	17
(Over)/under-provision in prior years		
— Singapore income tax	**(16,157)**	8,250
— Malaysia income tax	**–**	(1,381)
— Vietnam income tax	**–**	(173)
Total current income tax (credit)/expense	**(10,842)**	22,753
Deferred income tax	**40,170**	(15,679)
Income tax expense	**29,328**	7,074

10 (LOSS)/EARNINGS PER SHARE

Basic

	2022 *HK$'000*	2021 *HK$'000*
(Loss)/profit attributable to ordinary shares	**(543,331)**	239,333
(Loss)/profit attributable to convertible preference shares ("**CPS**")	**(44,652)**	19,718
(Loss)/profit attributable to owners of the Company	**(587,983)**	259,051

	2022 **Ordinary shares**	**2022** **CPS**	2021 Ordinary shares	2021 CPS
Weighted average number of issued shares for the purpose of calculating basic (loss)/earnings per share *(in thousands)*	**1,518,320**	**124,876**	1,518,320	124,876
Basic (loss)/earnings per share *(HK$)*	**(0.358)**	**(0.358)**	0.158	0.158

Basic (loss)/earnings per share is calculated by dividing the (loss)/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 (loss)/earnings per share.

Diluted

	2022		2021	
	Ordinary shares	**CPS**	Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic (loss)/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 (loss)/earnings per share *(HK$)*	**(0.358)**	**(0.358)**	0.158	0.158

Diluted (loss)/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 (loss)/earnings per share. For the years ended 31 December 2022 and 2021, the calculation of diluted (loss)/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 (loss)/earnings per share.

11 DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: HK$98,592,000).

	2022	2021
	HK$'000	*HK$'000*
Proposed final dividend of HK$Nil (2021: HK$0.06) per ordinary share and per CPS	**–**	98,592

12 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2022	2021
	HK$'000	*HK$'000*
Current		
Trade receivables *(Note (b))*		
— An associated company	**19,711**	82,526
— Related parties	**27,732**	30,455
— Third parties	**1,159,473**	800,875
	1,206,916	913,856
Retention receivables from customers for construction contract work *(Note (c))*		
— An associated company	**6,891**	3,685
— Related parties	**10,718**	11,337
— Third parties	**498,089**	417,497
	515,698	432,519
Other receivables *(Note (d))*		
— Associated companies	**324,439**	301,872
— Joint venture	**111,450**	111,450
— Related parties	**75,836**	34,331
— Third parties	**35,325**	66,623
Prepayments	**175,788**	162,787
Deposits	**106,801**	71,825
Staff advances	**2,571**	2,714
Goods and services tax receivable	**19,123**	7,872
	851,333	759,474
Loans receivables		
— An associated company *(Note (e))*	**246,544**	1,023,019
— A related company *(Note (f))*	**107,522**	–
	354,066	1,023,019
	2,928,013	3,128,868
Non-current		
Loans receivables		
— Associated companies *(Note (e))*	**742,717**	515,691
— Related parties	**–**	16,783
Prepayments and other receivables	**1,320**	772
	744,037	533,246

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:

	2022	2021
	HK$'000	*HK$'000*
1–30 days	**990,381**	795,483
31–60 days	**109,252**	15,567
61–90 days	**16,770**	7,462
Over 90 days	**90,513**	95,344
	1,206,916	913,856

(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$285,698,000 (2021: HK$284,302,000) are expected to be recovered in more than twelve months from 31 December 2022.

(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 4% to 5% (2021: 5% to 6%) per annum as at 31 December 2022.

(f) As at 31 December 2022, loan to a related party primarily represents loan lent to the property development fund with interest-bearing at a fixed rate of 5% per annum.

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

	2022	2021
	HK$'000	*HK$'000*
Properties in the course of development		
Leasehold land at cost	**2,786,890**	3,955,399
Development costs	**85,761**	118,669
Overheads expenditure capitalised	**17,541**	22,907
Interest expenses capitalised	**120,414**	150,687
	3,010,606	4,247,662

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 3.0% and 5.9% per annum (2021: 1.6% and 5.0%).

As at 31 December 2022, development properties for sale with net carrying amounts of HK$2,974,381,000 (2021: HK$4,214,832,000) were pledged as securities for certain bank borrowings of the Group.

14 BORROWINGS

	2022	2021
	HK$'000	*HK$'000*
Current		
Bank borrowings — secured	**1,806,306**	559,701
Bank borrowings — unsecured	**2,288,691**	1,588,898
Bank borrowings — mortgaged	**61,525**	66,296
Loans from non-controlling interests of subsidiaries-unsecured	**29,514**	25,673
	4,186,036	2,240,568
Non-current		
Bank borrowings — secured	**–**	2,037,337
Bank borrowings — unsecured	**703,633**	365,494
Bank borrowings — mortgaged	**6,787**	7,369
Loans from non-controlling interests of subsidiaries-unsecured	**1,221,747**	1,045,574
	1,932,167	3,455,774
Total borrowings	**6,118,203**	5,696,342

At 31 December 2022, the Group's borrowings were repayable as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 1 year (on demand and within 1 year)	**4,186,036**	2,240,568
Between 1 and 2 years	**1,081,907**	596,684
Between 2 and 5 years	**846,577**	2,854,764
Later than 5 years	**3,683**	4,326
Total	**6,118,203**	5,696,342

As at 31 December 2022, a Syndicated Borrowing of the Group amounting to HK$1,367,000,000 and certain Short-Term Bank Borrowings amounting to HK$703,000,000 contain financial covenants and require the Group to meet certain financial ratio requirements. The Group had not complied with certain of these financial covenant requirements which constituted an event of default and resulted in the Syndicated Borrowing and Short-Term Bank Borrowings becoming immediately repayable if requested by the lenders. Consequently, the Syndicated Borrowing amounting to HK$1,298,650,000 with scheduled repayment dates beyond one year after 31 December 2022 was classified as current liabilities and on demand as at 31 December 2022. On 31 March 2023, the Group obtained written consents for waivers from the non-compliance of the relevant financial covenants from the lenders of both the Syndicated Borrowing and certain of the Short-Term Bank Borrowings of HK$637,000,000.

15 TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Current		
Trade payables to:		
— Related parties	**6,737**	10,778
— Non-controlling interests of subsidiaries	**437**	553
— Third parties	**1,627,787**	905,547
	1,634,961	916,878
Non-trade payables to:		
— Non-controlling interests of subsidiaries	**104,256**	42,198
— Related parties	**56,598**	75,421
— An associated company	**37,326**	–
— Third parties	**40,257**	65,237
— Goods and services tax payable	**1,158**	3,670
	239,595	186,526
Consideration payable in relation to business combination	**26,100**	20,880
Accruals for operating expenses	**97,601**	107,584
Accruals for construction costs	**665,492**	662,452
Deposits received from customers	**7,814**	13,099
Deferred gain	**16,316**	10,414
Provision for financial guarantees to a joint venture	**7,268**	24,688
Provision for foreseeable losses on certain construction contracts	**12,806**	53,913
Dividend payable — non-controlling interests of subsidiaries	**4,652**	4,627
	838,049	897,657
	2,712,605	2,001,061
Non-current		
Consideration payable in relation to business combination	**–**	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:

	2022	2021
	HK$'000	*HK$'000*
1–30 days	**1,063,077**	672,468
31–60 days	**246,434**	99,147
61–90 days	**157,589**	35,658
Over 90 days	**167,861**	109,605
	1,634,961	916,878

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

16 SHARE CAPITAL

	Number of shares *(thousands)*	Share capital *HK$'000*
Authorised:		
Ordinary shares		
At 1 January 2021, 31 December 2021 and 31 December 2022	6,000,000	60,000
CPS		
At 1 January 2021, 31 December 2021 and 31 December 2022	1,000,000	10,000
Issued and fully paid:		
Ordinary shares		
At 1 January 2021, 31 December 2021 and 31 December 2022	1,518,320	15,183
CPS		
At 1 January 2021, 31 December 2021 and 31 December 2022	124,876	1,249

17 CONTINGENT LIABILITIES

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

	2022	2021
	HK$'000	*HK$'000*
Guarantees on performance bonds in respect of construction contracts in Hong Kong	**108,946**	201,666

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 2022, these bank borrowings amounted to HK$3,694,216,000 (2021: HK$3,818,531,000).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend in respect of the year ended 31 December 2022 (2021: HK$0.06 per ordinary share and CPS).

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the forthcoming annual general meeting on Wednesday, 31 May 2023, the register of members of the Company will be closed from Thursday, 25 May 2023 to Wednesday, 31 May 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 24 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore Property Market Review

Singapore's GDP in 2022 grew by 3.6%, which was slower than that of last year. During the Reporting Period, the private residential price in Singapore's property market continued to increase. The private residential price index increased by 8.6% throughout 2022, which was lower than the 10.6% of last year. During 2022, a total of 4,528 private residential houses were launched for sale and a total of 7,099 private residential houses (excluding EC flats) were sold, representing a decrease of 56.9% and 45.5%, respectively, as compared with 2021. In order to maintain a sustainable property market, the Housing & Development Board, the Ministry of National Development and the Monetary Authority of Singapore jointly announced on 29 September 2022 that a new round of property market cooling measures would take effect from the 30th day of that month. The robust performance of Singapore's property market was driven by strong demand for local properties as more and more foreigners and capital go to Singapore.

Singapore Construction Market Review

According to the report of the Building and Construction Authority (the "**BCA**"), Singapore's actual demand of construction in 2022 has reached S$29.8 billion, falling within the forecast range of S$27.0 billion to S$32.0 billion. The demand of construction was similar to that recorded in 2021, indicating that demand of construction has remained stable over the past two years.

Much of such demand was contributed by residential and infrastructure projects, particularly those from the government sector. Construction demand from the government sector accounted for 60% of the overall construction demand, mainly from the Cross-Island MRT Line, Jurong District MRT Line, healthcare facilities and pre-sold HDB flats.

Hong Kong Property Market Review

In the first half of 2022, the property market of Hong Kong was sluggish due to the combined impact of the fifth wave of the COVID-19 pandemic and the increase of interest rates by the United States Federal Reserve, leading to a decrease in the volume of transactions in primary market by 45% year-on-year to approximately 9,100. According to the Rating and Valuation Department of Hong Kong, the Private Domestic-Price Indices dropped by approximately 15% throughout the year of 2022, ending the successive upward trend of 13 years. However, as Hong Kong gradually resumes cross-border business and tourism activities by the end of 2022, the market showed signs of bottoming out.

Hong Kong Construction Market Review

In the 2022 Policy Address, the Chief Executive of Hong Kong announced the construction plan of "Light Public Housing". A total of 8 sites have been selected in districts as Tuen Mun, Yuen Long, Sheung Shui, Kai Tak, Ngau Tau Kok and Chai Wan to build around 30,000 "Light Public Housing" units by adopting Modular Integrated Construction ("**MiC**"). The construction period will be about one to two years, which is expected to improve the housing needs of grassroots citizens in the short term.

During the year, the Group had been granted by the government a number of MiC projects in Hong Kong, including a major construction contract for a transitional housing project in Tai Po, Hong Kong which was awarded to its subsidiary by Lok Sin Tong, Kowloon in August 2022. This transitional housing project is the first steel MiC project conducted by the Group in Hong Kong and the first MiC project in Hong Kong which recycle and re-use the previously completed MiC units from the transitional modular housing project in Hong Kong "Nam Cheong 220", as commissioned by the government.

Business Review

Property Development Business

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

As of the end of 2022, the cumulative contract sales rate of Jadescape (a private condominium development associate project of the Group at Shunfu Road, Singapore) exceeded 100%, with 1,212 units sold (including 1,206 residential units and 6 commercial units). The project was granted a temporary Occupation Permit and delivery commenced in December 2022.

As of the end of 2022, the cumulative contract sales rate of Forett at Bukit Timah (a private condominium development project of the Group at Toh Tuck Road, Singapore) exceeded 97%, with 617 units sold.

Sales of the Tenet (an Executive Condominium development project of the Group at Tampines Street 62, Singapore) has commenced before the end of 2022. 449 units with option to purchase were contracted. Contracts for the sale of these units were signed in late 2022 or early 2023.

During the Reporting Period, the Group was granted a number of industrial awards, including Top 10 Developers in Singapore (新加坡十大開發商) from BCI Asia and the Best Executive Condominium (最佳執行共管公寓) from Asia Property Awards for the Tenet project.

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

Project	**Sales Revenue 2022** *(HK$' million)*	**ASP 2022** *(HK$/sq.m.)*
Forett at Bukit Timah	1,898.9	122,523

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$1,898.9 million.

As at 31 December 2022, the Group's current portfolio of property projects under development consisted of 2 private condominium development projects and 2 executive condominium development projects across Singapore. The total salable area is approximately 160,700 sq. m. The project details are as follows:

Project	Location	Intended use	Site area	Total SFA	Cumulative Contracted sales area	Cumulative Contracted sales amount	% of completion as at 31 December 2022	Estimated year of construction completion	Ownership interest
			sq.m.	*sq.m.*	*sq.m.*	*HK$ billion*			
Forett at Bukit Timah	32-46 Toh Tuck Road, Singapore	Residential, Private and Retail Space	33,457	50,003	48,600	6.04	49.7%	June 2024	51%
The Arden	2/2A/2B — 24/24A/24B Phoenix Road, Singapore (even numbers)	Residential, Private and Retail Space	6,465	9,687	0	0	0%	March 2025	63%
Tenet	Tampines Street 62, Singapore	Residential	23,799	62,159	378	0.03	0%	June 2025	6.072%
Bukit Batok EC project	Bukit Batok West Avenue 8	Residential	12,499	38,842	0	0	0%	March 2026	10.03%

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 (with a total of 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, Singapore.

The total SFA of this project is 50,003 sq.m. (including residential units of 49,859 sq.m. and commercial units of 144 sq.m.) and the percentage of saleable area pre-sold was 97% as at 31 December 2022. The construction is scheduled to be completed in the first half of 2024.

The Arden (63% owned by the Group)

The Arden is a private condominium project on a leasehold land with land use right of 99 years. The project has a land site area of approximately 6,465 sq.m. and the total estimated gross floor area is 9,687 sq.m.. It is planned to be redeveloped into 3 blocks of 5-storey apartments with about 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, Singapore.

Tenet (6.072% owned by the Group)

Tenet is an executive condominium project on a leasehold land with land use right of 99 years with 11 blocks of 15-storey residential buildings with 618 units, 1 block of multi-storey carparks and 1 floor of underground carpark. It has communal facilities and landscape views. The project is located at Tampines Street 62, Singapore.

The project total SFA is 62,159 sq.m. and it was launched in November 2022. As of 31 December 2022, the percentage of area sold was 0.65% and the construction is scheduled to be completed in June 2025.

Bukit Batok EC project (10.03% owned by the Group)

The project is an executive condominium project on a leasehold land with a land use right 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 carpark. It has communal facilities and landscape views. The project is located at Bukit Batok West Avenue 8, Singapore.

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

The Land Compulsory Sale Order (Cap. 545) for the lots were granted by the Lands Tribunal in October 2022. The sale of the lots by public auction took place in early December 2022. The Group and the joint venture partners have now completely acquired 100% aggregate ownership of all 4 lots located at 163–169 Yee Kuk Street in Sham Shui Po. The site will be redeveloped into a residential building with a commercial podium. General Building Plans were approved by the Buildings Department in October 2020. Building works are expected to commence in the second half of 2023.

(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. General Buildings Plans for the development were approved in December 2021. Superstructure works are expected to commence in the second half of 2023.

The management believes that it is essential to replenish its land bank 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 has been engaged in the Group's property development projects whereas in Hong Kong & Macau, the Group is mainly responsible for superstructure construction, foundation works and provision of 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$4,202.8 million (year ended 31 December 2021: approximately HK$3,634.4 million). The revenue attributable to the Hong Kong & Macau segment was approximately HK$2,104.5 million (year ended 31 December 2021: approximately HK$1,435.6 million).

During the Reporting Period, for the Singapore segment, the Group completed 6 external construction projects including 2 public residential projects, 3 private residential apartment projects and 1 factory project. In 2022, the Group obtained 1 HDB public residential project and 1 executive condominium project with aggregated contract sum of approximately HK$3,577.4 million. As at 31 December 2022, the Group had 22 external construction projects on hand and the outstanding contract sums were approximately HK$8,938.1 million.

During the Reporting Period, for the Southeast Asia construction market, the Group completed 1 external hotel project and 2 private apartment projects. As of 31 December 2022, the Group obtained 1 residential apartment project and 1 hotel renovation project with aggregated contract sum of approximately HK$122.6 million. As at 31 December 2022, the outstanding contract sums of the 4 construction projects on hand were approximately HK$685.3 million.

As for the Hong Kong & Macau segment, the Group was awarded 24 new foundation and superstructure construction projects with aggregated contract sums of approximately HK$2.79 billion during the Reporting Period. As at 31 December 2022, the outstanding contract sums of the 44 projects on hand were approximately HK$3.99 billion.

Investment in medicine fund

In 2021, 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 2022, the Group subscribed for the limited partnership interests at an aggregate subscription amount of approximately US$17.95 million (equivalent to HK$140 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 new medicine for treatment of atopic dermatitis was approved as an investigational new drug for Phase I clinical trial in the first half of 2022.

3. The new medicine of the super antibiotics was approved as an investigational new drug for Phase I clinical trial in the second half of 2022.

4. The application as investigational new drugs for Phase I clinical trial for treatment of rheumatoid arthritis is expected to be approved in the first half of 2023.

Financial Review

Revenue

The Group's total revenue for the Reporting Period was approximately HK$8.3 billion (2021: approximately HK$6.1 billion), representing an increase of 36.1% as compared with last year. The increase was mainly due to the significant increase in revenue from the Singapore property development and Hong Kong construction segments.

During the Reporting Period, the revenue of the "Foundation and construction — Hong Kong and Macau" segment was approximately HK$2.1 billion (2021: HK$1.4 billion), representing an increase of approximately 50% over that of last year.

During the Reporting Period, revenue derived from the projects in Singapore and South East Asia was approximately HK$6.2 billion (2021: approximately HK$4.7 billion).

Out of the HK$6.2 billion revenue derived from the Singapore segment, the aggregate contracted sales of properties amounted to HK$2.0 billion, representing an increase of 90.9% over that of last year.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately -0.5% (2021: approximately 3.2%). The decrease in gross profit margin was mainly due to serious delay of the progress of some of the private construction projects in Singapore obtained by the Group before the Covid-19 pandemic due to the pandemic. In order to catch up on the construction schedule for delivery, the Company needed to accelerate the progress of construction during the year. At the same time, due to the impact of labour shortage and significant increase in the price of construction materials, some of the downstream sub-contractors were not able to fulfill the contracts or went into liquidation. As a result, the Group needed to find other suitable sub-contractors for replacement at a much higher price when compared to that before the pandemic. The contract price of such construction projects is not subject to adjustments and therefore cannot catch up on the significant increase in construction costs.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK$73.8 million (2021: approximately HK$57.5 million), which was approximately 0.9% (2021: approximately 0.9%) of the Group's total revenue.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK$240.4 million (2021: approximately HK$347.0 million), which was approximately 2.9% (2021: approximately 5.7%) of the Group's total revenue. The decrease was mainly attributable to the decrease in share based payment and staff costs recognized during the Reporting Period.

Finance Costs

In 2022, the market interest rate started to increase significantly resulting in a sharp increase in the Group's interest costs to HK$247.5 million in 2022 as compared to HK$172.3 million in 2021.

Net loss

During the Reporting Period, the Group reported a net loss of approximately HK$513.0 million (2021: net profit of approximately HK$253.6 million). The net loss attributable to owners of the Company was HK$588.0 million. (2021: net profit attributable of approximately HK$259.1 million). The loss per share was HK$0.358 (2021: earnings per share of HK$0.158)

In addition to the reasons stated above in relation to the decrease in gross profit margin, the net loss was mainly due to the following factors:

1. In December 2022, Jadescape, a development project of the Group's associated company, obtained the temporary occupation permit and proceeded to delivery. The project has already realised and recorded most of its profit contribution in 2021, resulting in a reduction in the profit contribution to the Group in 2022.

2. As at the end of 2022, the cumulative contract sales of Forett at Bukit Timah, a private apartment development project of the Group located at Toh Tuck Road, have exceeded 97% with 617 units sold. The project realised and recorded its pre-sales revenue based on the percentage of completion of construction. Affected by the Covid-19 pandemic, the progress of the project's construction has been delayed, resulting in less revenue being realised and recorded than expected and affecting the Group's profitability in 2022.

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 also 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. Only the independent non-executive Directors will be involved in the decision-making process of the Group in deciding whether to exercise the aforementioned right of first refusal, to avoid any potential conflicts of interest.

Prospects

Looking into 2023, as the economic growth of most major economies will be further slowed down, the Ministry of Trade and Industry of Singapore forecasted that the GDP of Singapore will grow by 0.5%~2.5%. Entering the post-pandemic era, Singapore, as a well-known investment haven and winner of confidence from investors in the potential of realising long-term capital appreciation, will continue to be attractive for incoming foreign and local buyers. It is expected that the property market in Singapore will see an upward trend, bringing about opportunities for the sales of the Group's projects.

In February 2023, a budget themed "Moving Forward In A New Era" was introduced in Singapore, which draws the new direction for the joint efforts of the government and its people. Driving economic growth is one of the key areas of the budget. Meanwhile, Buyer Stamp Duty for residential properties valued at over S$1.5 million was announced to move up the top tax rate to 6%. Such measure will not only increases state income but also promotes the just and progressiveness of the overall taxation and welfare system. In the long term, the economy of Singapore remains competitive. According to the IMD World Competitiveness Ranking, Singapore ranked third among the most competitive economies of the world in 2022, while maintaining the first place in the Asia-Pacific region, climbing two spots as compared to that in 2021. In terms of the property market, in accordance to the Emerging Trends in Real Estate® Asia Pacific 2023 (《二零二三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 6.48 on property investment prospects for 2023, ranking first among 22 cities in the Asia-Pacific region, which demonstrates properties in Singapore are of high investment value and have promising prospects. The Singapore market will continue to provide long-term and high value growth opportunities for the Group. The Group will remain its root in the Singapore market to seek for quality projects and capitalise its leading strengths in the property development business to consolidate its market position and competitiveness as a major local developer.

According to the forecasts by the BCA in Singapore, the construction demand for 2023 is estimated to reach between S$27.0 billion and S$32.0 billion, most of which will still come from tenders of government departments, including advance purchase of flats, industrial and constitutional buildings, construction of water treatment facilities, education buildings and community centres. In 2023, the Land Transport Authority will continue to support the development of more MRT routes and infrastructure projects. The demand for construction projects in Singapore will continue to grow, driving stable development across the industry.

For the Hong Kong property market, according to the 2023–24 Land Sale Programme rolled out by the Hong Kong Government, the government will launch 12 residential sites, together with railway property development projects, private development and renewal projects and the projects of the Urban Renewal Authority. The potential supply of housing for the next year will be approximately 20,000 units. Another 3 commercial sites and 3 industrial sites will also provide about 200,000 sq. m. of commercial GFA and 170,000 sq. m. of industrial GFA, respectively, showing the government's intention to stabilise the supply of land and housing continuously. Meanwhile, in order to prevent the reoccurrence of manipulation, the government emphasised that there is no plan to withdraw the strict measures for the property market. However, for sale and purchase or transfer of residential property or non-residential property that is subject to AVD at Scale 2 rates, the government has adjusted downward the applicable value bands on which the Scale 2 rates apply in order to reduce the burden on common households when buying self-occupied properties in particular small and medium-sized flats.

According to the latest budget of the government, in order to further promote the innovation and technology standard of the local construction industry, the government has earmarked HK$75 million for the establishment of the Building Testing and Research Institute, the construction of the Advanced Manufacturing Centre and the promotion in studying the supply chain of MiC, which will benefit the local construction industry. The Group will continue to follow up the environmental development trend of the industry and expand the application of the advanced green building technology MiC, so as to have first mover advantages in grasping the tremendous opportunities brought by environmental production and energy saving to the construction industry and further facilitate the fulfillment of the sustainable development of the society.

Debts and Charge on Assets

The total interest bearing bank borrowings of the Group, including bank loans, finance leases and lease liabilities, increased from approximately HK$5.8 billion as at 31 December 2021 to approximately HK$6.2 billion as at 31 December 2022. 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$203,866,000 (2021: HK$247,313,000), and HK$2,974,381,000 (2021: HK$4,214,832,000), 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 2022, the Group had cash and cash equivalents of approximately HK$1.5 billion (2021: approximately HK$0.9 billion) of which approximately 74.6% was held in Singapore Dollar, 18.3% was held in Hong Kong dollar, 0.2% was held in Renminbi, 5.6% was held in US Dollars, 0.4% 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 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 59.7% (2021: approximately 55.5%).

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

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

Capital Commitments

As at 31 December 2022, the Group had capital commitments of approximately HK$5.1 million (2021: HK$14.1 million) for development expenditure and HK$58.9 million (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 17 to the financial information in this announcement, the Group had no other contingent liabilities as at 31 December 2022 and 31 December 2021.

Event after the Reporting Period

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

Employees and Remuneration Policy

As at 31 December 2022, the Group had 2,609 full-time employees (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 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$705.0 million (2021: approximately HK$737.5 million).

Share Options

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. During the Reporting Period, no share options were granted, exercised or cancelled and as at 31 December 2022 all the outstanding share options granted but yet to be exercised (i.e. 10,500,000 share options) have lapsed. Following the expiry of the Share Option Scheme, no further option can be granted under the scheme. As at the date of this announcement, the number of shares of the Company available for issue in respect thereof was nil.

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.

Purchase, Sale and Redemption of the Company's Securities

On 27 May 2022, 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 2022 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. Wang Congyuan
Chairman

Hong Kong, 31 March 2023

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Wang Congyuan (Chairman), Dr. Du Bo, Mr. Li Jun (Chief Executive Officer), and Mr. Du Dexiang (Co-Chief Executive Officer); (ii) one non-executive Director, namely Mr. Ren Zhiqiang; and (iii) three independent non-executive Directors, namely Mr. Tam Tak Kei, Raymond, Mr. Chan Kok Chung, Johnny and Mr. Liu Junchun.