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KAISA CAPITAL INVESTMENT HOLDINGS LIMITED

佳兆業資本投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 936)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the “**Director(s)**” and the “**Board**”, respectively) of Kaisa Capital Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2023 (the “**Period**”) together with the unaudited comparative figures for the six months ended 30 June 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	5	125,076	95,689
Cost of sales and services		(55,529)	(32,850)
Gross profit		69,547	62,839
Other income and gains	6	930	3,090
Selling and distribution expenses		(1,347)	(884)
Administrative expenses		(27,731)	(24,493)
Other operating expenses	7	(28,429)	(31,111)
Finance costs	8	(5,465)	(4,898)

		Six months ended 30 June	
		2023	2022
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Profit before income tax	9	7,505	4,543
Income tax expense	10	<u>(3,425)</u>	<u>(723)</u>
Profit for the period		4,080	3,820
Other comprehensive income/(loss)			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>3,460</u>	<u>(1,928)</u>
Total comprehensive income for the period		<u>7,540</u>	<u>1,892</u>
Earnings per share			
– Basic and diluted (HK cents)	12	<u>0.38</u>	<u>0.36</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	189,082	206,043
Right-of-use assets	13	138,085	89,994
Intangible assets		825	1,511
Deferred tax assets		–	101
		327,992	297,649
Current assets			
Properties under development		136,410	133,630
Inventories and consumables		10,874	18,701
Trade receivables	14	71,385	53,603
Prepayments, deposits and other receivables		12,346	17,521
Cash and cash equivalents		25,023	38,442
		256,038	261,897
Current liabilities			
Trade payables	15	68,364	77,613
Accruals and other payables		119,339	109,227
Contract liabilities		6,802	15,910
Borrowings	16	18,033	20,378
Other loans	17	83,000	83,000
Lease liabilities		39,737	25,763
Tax payable		4,169	4,133
		339,444	336,024
Net current liabilities		(83,406)	(74,127)
Total assets less current liabilities		244,586	223,522

		As at 30 June 2023	As at 31 December 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Borrowings	16	25,983	33,435
Lease liabilities		69,388	51,438
Deferred tax liabilities		4,576	1,550
		<u>99,947</u>	<u>86,423</u>
Net assets		<u>144,639</u>	<u>137,099</u>
EQUITY			
Share capital		10,600	10,600
Reserves		134,039	126,499
Total equity		<u>144,639</u>	<u>137,099</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Kaisa Capital Investment Holdings Limited is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is 1901, 19/F., Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Company is an investment company and its subsidiaries (collectively known as the “**Group**”) are principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases and providing repair and maintenance services in respect of the construction machinery (“**Construction Equipment Business**”) and (ii) property development (“**Property Development Business**”).

The Company’s issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 19 July 2010. The immediate and ultimate holding companies of the Company are Mighty Empire Group Limited (“**Mighty Empire Group**”) and Kaisa Group Holdings Ltd. (“**Kaisa Group**”), respectively. Mighty Empire Group was incorporated in the British Virgin Islands (the “**BVI**”) and Kaisa Group was incorporated in the Cayman Islands. The issued shares of Kaisa Group are listed on the Main Board of the Stock Exchange.

The interim financial report for the six months ended 30 June 2023 (the “**Interim Financial Report**”) has been prepared in accordance with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The Interim Financial Report is presented in Hong Kong Dollars (“**HK\$**”), unless otherwise stated. The explanatory notes of the Interim Financial Report include explanations of events and transactions that are significant for an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements (the “**2022 Annual Financial Statements**”). The Interim Financial Report do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the “**HKFRSs**”) and should be read in conjunction with the 2022 Annual Financial Statements.

Certain comparative figures have been re-presented to conform to the current year’s presentation for grouping of net impairment loss on trade receivables in other income and gains to administrative expenses.

2. ACCOUNTING POLICIES

Other than changes in accounting policies resulting from application of new and amendments to HKFRSs, the accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the 2022 Annual Financial Statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Application of new and amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's Interim Financial Report:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The application of the new and amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in the Interim Financial Report.

4. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being identified as the chief operating decision makers (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

For management purpose, the Group is currently organised into two operating divisions as follows:

- a. Construction Equipment Business
- b. Property Development Business

These operating divisions are the basis of internal reports about components which are regularly reviewed by CODM, the executive directors of the Company, for the purpose of resources allocation and assessing their performance. Each of the operating division represents an operating segment and reporting segment.

During the current interim period, the comparative segment information has been re-presented to disclose the relevant information in a more precise way.

4. SEGMENT INFORMATION (CONTINUED)

- (a) Information regarding the Group's reportable segments as provided to the Group's executive directors is set out below:

	Construction Equipment Business	Property Development Business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 June 2023			
(unaudited)			
Reportable segment revenue	<u>125,076</u>	<u>–</u>	<u>125,076</u>
Reportable segment profit	8,295	–	8,295
Interest on other loans			(2,059)
Unallocated corporate expenses			
– Corporate staff costs			(717)
– Others			<u>(1,439)</u>
Profit for the period			<u><u>4,080</u></u>

(re-presented)

	Construction Equipment Business	Property Development Business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 June 2022			
(unaudited)			
Reportable segment revenue	<u>95,689</u>	<u>–</u>	<u>95,689</u>
Reportable segment profit/(loss)	9,082	(42)	9,040
Interest on other loans			(2,059)
Unallocated corporate expenses			
– Corporate staff costs			(2,531)
– Others			<u>(630)</u>
Profit for the period			<u><u>3,820</u></u>

4. SEGMENT INFORMATION (CONTINUED)

- (b) In the following table, revenue is disaggregated by primary geographical markets of which the external customers from within the Group's reportable segments. The table also includes a reconciliation of the disaggregated assets and liabilities by the Group's reportable segments.

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Construction Equipment Business		
Primary geographical markets		
Hong Kong (place of domicile)	40,334	17,935
Singapore	45,637	39,456
The People's Republic of China ("PRC")	26,659	35,938
Korea	3,871	686
Turkey	–	1,143
Vietnam	–	391
Thailand	–	140
Israel	1,341	–
Australia	7,234	–
	<hr/>	<hr/>
Total	125,076	95,689
	<hr/> <hr/>	<hr/> <hr/>

	Construction Equipment Business	Property Development Business	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30 June 2023 (unaudited)			
Reportable segment assets	446,901	136,470	583,371
Other unallocated segment asset			659
			<hr/>
Total assets			584,030
			<hr/> <hr/>
Reportable segment liabilities	324,071	2,876	326,947
Other loans			83,000
Other unallocated segment liability			29,444
			<hr/>
Total liabilities			439,391
			<hr/> <hr/>

4. SEGMENT INFORMATION (CONTINUED)

(b) (Continued)

(re-presented)

	Construction Equipment Business <i>HK\$'000</i>	Property Development Business <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2022 (audited)			
Reportable segment assets	424,267	133,723	557,990
Other unallocated segment asset			<u>1,556</u>
Total assets			<u><u>559,546</u></u>
Reportable segment liabilities	307,600	2,911	310,511
Other loans			83,000
Other unallocated segment liability			<u>28,936</u>
Total liabilities			<u><u>422,447</u></u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments except for certain property, plant and equipment, certain right-of-use assets, certain prepayment, deposits and other receivables and certain cash and cash equivalents; and
- all liabilities are allocated to operating segments except for certain receipt in advance, accruals and other payables, certain borrowings, other loans and certain lease liabilities.

5. REVENUE

Revenue from the Group's principal activities during the six months are as follows:

	Six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Construction Equipment Business		
<i>Revenue from Contract with Customers within the scope of HKFRS 15:</i>		
Sales of machinery	16,376	4,942
Sales of spare parts	663	1,789
Service income	23,314	9,190
	<u>40,353</u>	<u>15,921</u>
<i>Revenue from other sources:</i>		
Rental income from leasing of owned plant and machinery and right-of-use assets	68,177	60,457
Rental income from subleasing of short term leases related to plant and machinery	16,546	19,311
	<u>84,723</u>	<u>79,768</u>
	<u><u>125,076</u></u>	<u><u>95,689</u></u>

In following table, revenue is disaggregated by timing of revenue recognition. The table also includes revenue from other sources and a reconciliation of the disaggregated revenue within the Group's reportable segment.

	For the six months ended 30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Construction Equipment Business		
Timing of revenue recognition under HKFRS 15		
At a point in time	17,039	6,731
Transferred over time	23,314	9,190
	<u>40,353</u>	<u>15,921</u>
Revenue from other sources	84,723	79,768
	<u><u>125,076</u></u>	<u><u>95,689</u></u>

6. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Government subsidy	21	759
Compensation received (<i>Note</i>)	467	385
Gain on sales of material	208	207
Others	234	1,739
	<u>930</u>	<u>3,090</u>

Note: Amount represented claim received from the insurance company.

7. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	16,727	14,208
Depreciation of right-of-use assets	11,016	15,942
Amortisation of intangible assets	686	961
	<u>28,429</u>	<u>31,111</u>

8. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest charges on financial liabilities stated at amortised cost:		
– Borrowings	1,120	332
– Other loans	2,059	2,059
– Lease liabilities	2,286	2,507
	<u>5,465</u>	<u>4,898</u>

9. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Impairment loss on/(recovery of impairment loss of) trade receivables, net	839	(1,469)
Loss on disposal of property, plant and equipment	282	–
Employee costs, included in cost of sales and services and administrative expenses		
– Wages, salaries and bonus	16,724	15,359
– Contribution to defined contribution plans	1,568	1,677
	<u>18,292</u>	<u>17,036</u>
Net foreign exchange loss	<u>681</u>	<u>2,774</u>

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax		
– Provision for PRC Enterprise Income Tax (“EIT”)	219	720
Deferred tax		
– Charge for the period	<u>3,206</u>	<u>3</u>
Total income tax expense	<u>3,425</u>	<u>723</u>

11. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company during the period (six months ended 30 June 2022: Nil).

12. EARNINGS PER SHARE

(i) Basic earnings per share

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

	Six months ended 30 June	
	2023	2022
Basic and diluted earnings per share (HK cents)	<u>0.38</u>	<u>0.36</u>

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the periods ended 30 June 2022 and 2023.

(ii) Reconciliations of earnings used in calculating earnings per share

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit		
Profit for the purpose of basic and diluted earnings per share	<u>4,080</u>	<u>3,820</u>

(iii) Weighted average number of shares used as the denominator

	Six months ended 30 June	
	2023	2022
Number of shares		
Weighted average number of ordinary shares	<u>1,060,000,000</u>	<u>1,060,000,000</u>

13. CAPITAL EXPENDITURES

During the period, the Group had additions of property, plant and equipment of approximately HK\$1,819,000 (six months ended 30 June 2022: HK\$17,937,000) and right-of-use assets of HK\$60,581,000 (six months ended 30 June 2022: HK\$18,868,000), respectively.

14. TRADE RECEIVABLES

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Trade receivables, gross	74,715	56,176
Less: Loss allowance	<u>(3,330)</u>	<u>(2,573)</u>
Trade receivables, net	<u><u>71,385</u></u>	<u><u>53,603</u></u>

The ageing analysis of trade receivables as at the reporting date, net of impairment, based on invoice date, is as follows:

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
0-30 days	32,175	26,738
31-60 days	9,393	3,739
61-90 days	2,214	924
Over 90 days	<u>27,603</u>	<u>22,202</u>
	<u><u>71,385</u></u>	<u><u>53,603</u></u>

15. TRADE PAYABLES

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

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
0-30 days	5,235	12,473
31-60 days	1,481	3,207
61-90 days	7,583	873
Over 90 days	<u>54,065</u>	<u>61,060</u>
	<u><u>68,364</u></u>	<u><u>77,613</u></u>

16. BORROWINGS

	As at 30 June 2023 <i>HK\$'000</i> (Unaudited)	As at 31 December 2022 <i>HK\$'000</i> (Audited)
Bank borrowings	24,380	29,667
Non-bank borrowings	19,636	24,146
	44,016	53,813
Borrowings repayable:		
Within one year	18,033	20,378
More than one year, but not exceeding two years	17,721	21,147
More than two years, but not exceeding five years	8,262	12,288
	44,016	53,813
Portion classified as current liabilities	(18,033)	(20,378)
Non-current portion	25,983	33,435

The borrowings denominated in Singapore dollars and Renminbi bore interest at variable interest rates with effective interest rates from 2.90% to 6.25% (at 31 December 2022: from 2.90% to 6.25%) per annum.

17. OTHER LOANS

Since 2018, the Company has entered into several unsecured other loan agreements with Harbour Luck Investments Limited (“**Harbour Luck**”), a substantial shareholder of the Company until 29 April 2021. The loans are unsecured, bear interest at 5% per annum and repayable on demand. As at 30 June 2023, the outstanding balance of the other loans was HK\$83,000,000 (31 December 2022: HK\$83,000,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group Results

For the Period, the Group generated revenue of approximately HK\$125.1 million (six months ended 30 June 2022: approximately HK\$95.7 million) with a profit for the Period of approximately HK\$4.1 million (six months ended 30 June 2022: approximately HK\$3.8 million).

The increase in the revenue for the Period was mainly attributable to the increase in service income and amount of sale of machinery.

Revenue from sales of machinery of approximately HK\$16.4 million was recorded for the Period, representing an increase of approximately 231.4% of the amount we achieved in the six months ended 30 June 2022. This was due to the increase in demands of new cranes in Hong Kong and Singapore.

Our rental income increased to approximately HK\$84.7 million for the Period, representing an increase of approximately 6.2% as compared with approximately HK\$79.8 million for the six months ended 30 June 2022.

Sales of spare parts of approximately HK\$0.7 million was recorded for the Period, representing a decrease of approximately 62.9% from the amount recorded for the same period in 2022. The decrease was mainly due to the change in market demand of spare parts for the machinery. Service income was recorded at approximately HK\$23.3 million for the Period, approximately 153.7% higher than that of approximately HK\$9.2 million for the same period in 2022. This was due to the increase in demand for services including chargeable climbing and dismantling activities during the Period.

Hong Kong

Revenue increased by approximately HK\$22.4 million, or 124.9%, from approximately HK\$17.9 million for the six months ended 30 June 2022 to approximately HK\$40.3 million for the Period. It was mainly due to the increase in the number of cranes and utilisation rate of cranes.

Singapore and other Asian market other than Hong Kong and PRC

Revenue increased by approximately HK\$16.3 million, or 38.9%, from approximately HK\$41.8 million for the six months ended 30 June 2022 to approximately HK\$58.1 million for the Period. It was mainly due to the increased number of heavy tower cranes, which earned higher rental values.

PRC

Revenue decreased by approximately HK\$9.3 million, or 25.8%, from approximately HK\$35.9 million for the six months ended 30 June 2022 to approximately HK\$26.7 million for the Period. It was mainly due to the slowdown of construction activities of the real estate development company.

As at 30 June 2023, the Group had one property development project under development in Hong Kong and it commenced in the second quarter of 2020. There was no sale during the Period.

The Group's Property Development Project as at 30 June 2023

Project name	Location/ Postal address	Interests Attributable to the Group	Total Site Area (sq. ft.)	Status	Estimated completion time (Note)	Usage
Mong Kok	Lot No. 11238 at Reclamation Street and Shanghai Street, Mong Kok, Kowloon, Hong Kong	100%	2,718	Under development	March 2025	Residential

Note: The estimated completion time is made based on the present situation and progress of the project.

Analysis of Properties Under Development as at 30 June 2023

Project name	Total GFA* (sq. ft.)	GFA under development/ completed (sq. ft.)	Total Saleable GFA* (sq. ft.)	Accumulated GFA* sold as at 30 June 2023 (sq. ft.)	Accumulated GFA* delivered as at 30 June 2023 (sq. ft.)	Average Selling Price (HK\$/sq. ft.)
Mong Kok	17,910	0	10,308	0	0	Not applicable

* GFA means gross floor area

Overall, the Group incurred total administrative and other operating expenses of approximately HK\$56.2 million for the Period, representing an increase of approximately 1.0% over the amount incurred in the six months ended 30 June 2022.

Interim Dividend

The board of directors of Kaisa Capital Investment Holdings Limited (the “**Company**”, the “**Directors**” and the “**Board**”, respectively) has resolved not to declare the payment of an interim dividend in respect of the six months ended 30 June 2023 (the “**Period**”) (six months ended 30 June 2022: Nil).

Outlook

In the first half of 2023, a number of major projects in Hong Kong were launched, including the MTR Tung Chung East Station, Tung Chung West Station and Kwu Tung Station; public housing construction projects in Tung Chung, the West Kowloon Reclamation and Kwu Tung North; and public facility being the second phase of the Kwong Wah Hospital Redevelopment Project. Major projects in the second half of the year include the Tuen Mun South Station and Tuen Mun A16 Station of the MTR Tuen Mun South Extension, as well as public housing construction projects, including the second phase of the Fanling North Area 15 East site, the Wu Shan Road site in Tuen Mun, the Kai Tak site, the redevelopment of Mei Tung Estate (Older Part), and the Light Public Housing project. These construction projects will directly drive the demand for tower cranes, especially for heavy tower cranes, and the Group’s Hong Kong segment will actively participate in and grasp the opportunity to win bids for these projects.

The growth in business volume of the Group’s operations in Shenzhen and Singapore has maintained at a high level in recent years. The Singapore operations has benefited from the strong recovery of the construction industry in Singapore, where construction activity has steadily returned to pre-pandemic levels. The awarded contract value in Singapore’s construction industry in the first half of 2023 totalled S\$14.5 billion. For the full year 2023, the Building and Construction Authority of Singapore estimated that the contract value would reach between S\$27 billion and S\$32 billion. Data has shown that there is a significant decline of the awarded contract value from public and private sectors in the second quarter of 2023 as compared to the first quarter, and it is believed that more projects will be launched by the public housing authority in the second half of the year. In addition, construction demand is estimated to develop at a steady pace from 2024 to 2027 at S\$25 billion to S\$32 billion per year. While the Singapore government continues to look at building public rental housing (also known as HDB) to meet public demand, private housing development will also continue to grow steadily. Demand from the construction and real estate industries will also be maintained, thereby stabilising the demand in the tower crane rental industry.

Regarding the Group's Shenzhen operations, the tower crane rental business now covers basically all key regions in the Greater Bay Area. According to relevant information, the value added of the construction industry in Mainland China grew by more than RMB8.3 trillion in 2022, representing a year-on-year increase of 4%. The annual contract value of the construction industry in the PRC was RMB71 trillion, of which Guangdong Province ranked first with a contract value of RMB6.8 trillion, demonstrating the still enormous development potential of the construction industry in the Greater Bay Area. It is expected that the construction output and value added of the industry will grow steadily in 2023, and by the end of the year, the amount of construction projects commenced in the Greater Bay Area will exceed 200,000. There are 1,530 new provincial key projects that commenced construction during the year, with a planned annual investment of RMB1,000 billion, and half of which will commence construction in the second half of 2023. With the commencement of these new projects, the demand for tower cranes in the market will be boosted significantly.

The Group will leverage on the competitive advantages of its respective operating platforms in Singapore, Hong Kong and Mainland China to strengthen inter-regional linkages, such as rapidly facilitating the leasing of tower cranes from Mainland China to Hong Kong to participate in local construction projects, as well as the deployment of machinery between Hong Kong and Singapore to participate in more high-quality project tenders and win tender bids.

Subsequent Event After Reporting Period

The Group did not have any other material subsequent event after the reporting period and up to the date of this announcement.

Liquidity and Financial Resources

As at 30 June 2023, the Group had cash and cash equivalents of approximately HK\$25.0 million (At 31 December 2022: approximately HK\$38.4 million).

As at 30 June 2023, the Group's total assets amounted to approximately HK\$584.0 million, representing an increase of approximately HK\$24.5 million as compared to those as at 31 December 2022.

The Group's gearing ratio as at 30 June 2023 was 1.6 (At 31 December 2022: 1.6), which is calculated by dividing the total debts (sum of carrying amounts of other loans, borrowings, and lease liabilities) by the total equity as at the respective dates.

During the Period and as at 30 June 2023, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore was primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. For foreign currency purchases, hedging arrangements against foreign exchange fluctuations may be entered into. However, no hedging arrangement was undertaken for revenue generated from our Singapore and the PRC operations.

As at 30 June 2023, the Group had net current liabilities of approximately HK\$83.4 million (At 31 December 2022: approximately HK\$74.1 million).

The Group generally finances its ordinary operations with internally generated resources or banking facilities. The interest rates of most of the borrowings and finance lease arrangements are charged by reference to prevailing market rates.

The debts (including other loans, borrowings, and lease liabilities) of the Group were denominated in HK\$, Renminbi and Singapore dollar, of which approximately HK\$140.8 million is repayable within one year after 30 June 2023 (At 31 December 2022: approximately HK\$129.1 million) and approximately HK\$95.4 million is repayable more than one year (At 31 December 2022: approximately HK\$84.9 million).

Capital Structure

As at 30 June 2023, the Company's share capital comprised 1,060,000,000 issued ordinary shares with par value of HK\$0.01 each. There was no change in the share capital of the Company during the Period.

Investment Position and Planning

During the Period, the Group acquired approximately HK\$62.4 million of plant and equipment and right-of-use assets (2022: approximately HK\$36.8 million).

Pledge of Group Assets and Contingent Liabilities

As at 30 June 2023:

- (a) the Group's banking facilities were secured by a building of the Group with an aggregate carrying amount of approximately HK\$27.7 million (At 31 December 2022: approximately HK\$28.5 million), property, plant and equipment of approximately HK\$3.2 million (At 31 December 2022: HK\$5.9 million), and corporate guarantees executed by the Company and certain subsidiaries;
- (b) the Group's lease liabilities were secured by property, plant and equipment of approximately HK\$89.6 million (At 31 December 2022: approximately HK\$82.4 million);
- (c) the Group's other borrowings were secured by property, plant and equipment of approximately HK\$31.9 million (At 31 December 2022: approximately HK\$27.1 million) and corporate guarantees executed by the Company and certain subsidiaries; and
- (d) the Group and the Company did not have any significant contingent liabilities (At 31 December 2022: Nil).

Employment and Remuneration Policy

As at 30 June 2023, the Group had a total of 113 (At 31 December 2022: 102) employees in Hong Kong, Singapore and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce.

Significant Investments / Material Acquisitions and Disposals

Save as disclosed in this announcement, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

Future Plan for Material Investments or Capital Assets

Save as disclosed in this announcement, the Group did not have other plans for material investments and capital assets as at 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has, throughout the Period, complied with all the code provisions as set out in Part 2 of the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the “CG Code”).

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established with written terms of reference on 25 June 2010. In order to comply with the relevant code provisions of the CG Code, the written terms of reference had been revised on 27 March 2012 and were further revised on 31 December 2015, 22 March 2017 and 24 December 2018.

Currently, the members of the Audit Committee comprise three independent non-executive Directors (“**INEDs**”), namely Mr. Xu Xiaowu (chairman of the Audit Committee), Mr. Li Yongjun and Mr. Diao Yingfeng.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management auditing, risk management, internal controls and financial reporting matters, including the review of the Group’s unaudited interim financial report for the Period.

The independent auditor of the Company has also reviewed the Group’s interim financial report for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS

None of the Directors, the controlling shareholders (as defined under the Listing Rules) of the Company or their respective close associates (as defined under the Listing Rules) (a) had interests in any business apart from the Group’s business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group and (b) had or might have any other conflicts of interest with the Group during the Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

PUBLICATION OF 2023 INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (<https://kaisa-capital.com>). The interim report of the Company for the Period, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to the shareholders of the Company and published on the same websites in due course in the manner as required by the Listing Rules.

By order of the Board
Kaisa Capital Investment Holdings Limited
Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 29 August 2023

As at the date of this announcement, the Board comprises Mr. Kwok Ying Shing (Chairman), Mr. Zheng Wei and Ms. Lee Kin Ping Gigi as executive Directors; and Mr. Xu Xiaowu, Mr. Li Yongjun and Mr. Diao Yingfeng as INEDs.