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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the "**Board**") of directors (the "**Directors**") of CNQC International Holdings Limited (the "**Company**") is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**"), together with the comparative figures for the six months ended 30 June 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*5*	**4,228,508**	3,839,967
Cost of sales		**(4,150,095)**	(3,629,272)
Gross profit		**78,413**	210,695
Other income	*6*	**45,439**	23,909
Other gains — net	*7*	**11,687**	20,248
Selling and marketing expenses		**(34,700)**	(23,302)
General and administrative expenses		**(115,936)**	(114,618)
Operating (loss)/profit	*8*	**(15,097)**	116,932

	Note	Six months ended 30 June 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Finance income		**18,065**	30,808
Finance costs		**(178,962)**	(97,133)
Finance costs, net	*9*	**(160,897)**	(66,325)
Share of net profits of associated companies		**45,960**	66,653
Share of net (loss)/profit of joint ventures		**(265)**	1,015
(Loss)/profit before income tax		**(130,299)**	118,275
Income tax (expense)/credit	*10*	**(7,823)**	(18,553)
(Loss)/profit for the period		**(138,122)**	99,722
Other comprehensive losses			
Item that may be reclassified to profit or loss			
— Currency translation differences		**(5,026)**	(40,642)
Item that will not be reclassified to profit or loss			
— Fair value loss on financial assets at fair value through other comprehensive income		**–**	(185)
		(5,026)	(40,827)
Total comprehensive (loss)/income for the period		**(143,148)**	58,895
(Loss)/profit for the period attributable to:			
Owners of the Company		**(147,263)**	86,233
Non-controlling interests		**9,141**	13,489
		(138,122)	99,722

	Note	Six months ended 30 June 2023 HK$'000 (Unaudited)	2022 HK$'000 (Unaudited)
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**(151,127)**	37,184
Non-controlling interests		**7,979**	21,711
		(143,148)	58,895
(Loss)/earnings per share attributable to owners of the Company during the period	*11*		
Basic (loss)/earnings per share			
— ordinary shares (HK$)		**(0.090)**	0.052
— convertible preference shares (HK$)		**(0.090)**	0.052
Diluted (loss)/earnings per share			
— ordinary shares (HK$)		**(0.090)**	0.052
— convertible preference share (HK$)		**(0.090)**	0.052

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	**30 June 2023 HK$'000 (Unaudited)**	31 December 2022 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**473,323**	475,775
Right-of-use assets		**52,503**	78,249
Goodwill		**567,646**	568,831
Other intangible assets		**67,637**	70,840
Investments in associated companies		**691,909**	675,527
Investments in joint ventures		**8,334**	–
Deferred income tax assets		**40,625**	37,898
Financial assets at fair value through other comprehensive income		**1,415**	1,421
Financial assets at fair value through profit or loss		**159,864**	159,952
Prepayments and other receivables	*12*	**760,505**	744,037
Derivative financial instruments		**6,537**	–
		2,830,298	2,812,530
Current assets			
Development properties for sale		**2,429,459**	3,010,606
Inventories		**29,917**	47,435
Trade and other receivables, prepayments and deposits	*12*	**2,610,214**	2,928,013
Contract assets		**1,979,216**	1,467,013
Financial assets at fair value through profit or loss		**395,261**	403,937
Income tax recoverable		**4,060**	921
Pledged bank deposits		**14,910**	2,326
Cash and cash equivalents		**1,119,320**	1,506,649
Total current assets		**8,582,357**	9,366,900
Total assets		**11,412,655**	12,179,430

	Note	30 June 2023 HK$'000 (Unaudited)	31 December 2022 HK$'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — ordinary shares	*14*	**15,183**	15,183
Share capital — convertible preference shares	*14*	**1,249**	1,249
Share premium		**3,261,225**	3,261,225
Other reserves		**(1,146,150)**	(1,142,286)
Retained earnings		**563,455**	710,718
		2,694,962	2,846,089
Non-controlling interests		**330,141**	322,162
Total equity		**3,025,103**	3,168,251
LIABILITIES			
Non-current liabilities			
Borrowings		**3,292,229**	1,932,167
Lease liabilities		**29,820**	37,529
Deferred income tax liabilities		**81,758**	68,075
		3,403,807	2,037,771
Current liabilities			
Trade and other payables	*13*	**2,272,795**	2,712,605
Contract liabilities		**6,726**	30,000
Income tax payables		**5,431**	7,495
Borrowings		**2,679,933**	4,186,036
Lease liabilities		**18,860**	37,272
Total current liabilities		**4,983,745**	6,973,408
Total liabilities		**8,387,552**	9,011,179
Total equity and liabilities		**11,412,655**	12,179,430

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited.

This unaudited condensed consolidated interim financial information ("Interim Financial Information") is presented in Hong Kong Dollar ("HK$"), unless otherwise stated.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix to the Rules Governing the Listing of Security on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2022 ("2022 Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by HKICPA.

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

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited Interim Financial Information for the six months ended 30 June 2023 are consistent with the 2022 Financial Statements.

(a) Relevant new standard and amendments to existing standards effective for the financial year beginning 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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 (amendments)
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Amendments to HKFRS 17
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

The adoption of these new standards and amendments to existing standards did not have a significant impact on the Group's results of operations and its financial position and did not require retrospective adjustments.

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

		Effective for annual periods beginning on or after
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 HKAS 7 and HKFRS 7	Supplier Finance Arrangements	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 amendments and interpretation to existing standards. The management will adopt these amendments and interpretation to standards when they become effective.

4 SEGMENT INFORMATION

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

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

Information regarding the above segments is reported below.

	Foundation and construction — Hong Kong and Macau *HK$'000*	Property development — Hong Kong *HK$'000*	Construction — Singapore and Southeast Asia *HK$'000*	Property development — Singapore and Southeast Asia *HK$'000*	Total *HK$'000*
Six months ended 30 June 2023 (Unaudited)					
Sales					
Sales to external parties	**1,543,822**	**–**	**1,735,537**	**949,149**	**4,228,508**
Inter-segment sales	**–**	**–**	**119,492**	**–**	**119,492**
Total segment sales	**1,543,822**	**–**	**1,855,029**	**949,149**	**4,348,000**
Adjusted segment profit/(loss)	**136,833**	**(3)**	**(304,261)**	**173,513**	**6,082**
Depreciation of owned assets	**23,858**	**–**	**7,181**	**124**	**31,163**
Depreciation of right-of-use assets	**6,145**	**–**	**21,237**	**905**	**28,287**
Amortisation of intangible assets	**56**	**–**	**3,116**	**–**	**3,172**

	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*
Six months ended 30 June 2022 (Unaudited)					
Sales					
Sales to external parties	977,751	–	2,266,271	595,945	3,839,967
Inter-segment sales	–	–	67,652	–	67,652
Total segment sales	977,751	–	2,333,923	595,945	3,907,619
Adjusted segment profit/(loss)	69,992	(14)	(31,925)	102,270	140,323
Depreciation of owned assets	27,244	–	11,173	49	38,466
Depreciation of right-of-use assets	4,247	–	19,929	1,344	25,520
Amortisation of intangible assets	–	–	2,911	–	2,911

The following tables present segment assets and liabilities as at 30 June 2023 and 31 December 2022 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 30 June 2023 (Unaudited)					
Segment assets	**2,127,748**	**706,792**	**3,816,411**	**5,849,809**	**12,500,760**
Segment liabilities	**1,547,864**	**668,977**	**3,266,301**	**5,166,637**	**10,649,779**

	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 (Audited)					
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

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Adjusted segment profit for reportable segments	**6,082**	140,323
Unallocated expenses	**(12,984)**	(15,774)
Elimination	**(8,195)**	(7,617)
Finance income	**18,065**	30,808
Finance costs	**(178,962)**	(97,133)
Share of net profit of associated companies	**45,960**	66,653
Share of net (loss)/profit of joint ventures	**(265)**	1,015
(Loss)/profit before income tax	**(130,299)**	118,275

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

	As at 30 June 2023	As at 31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment assets	**12,500,760**	12,885,573
Unallocated	**5,733,316**	6,392,835
Elimination	**(6,821,421)**	(7,098,978)
Total assets	**11,412,655**	12,179,430

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

	As at 30 June 2023	As at 31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Segment liabilities	**10,649,779**	11,297,400
Unallocated	**4,559,194**	4,812,757
Elimination	**(6,821,421)**	(7,098,978)
Total liabilities	**8,387,552**	9,011,179

5 REVENUE

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Construction contracts income	**3,278,709**	3,243,117
Sales of development properties	**949,149**	595,945
Income from loaning labour to other contractors	**650**	905
	4,228,508	3,839,967
Revenue from contracts with customers		
— recognised at a point in time	**6,518**	21,346
— recognised over time	**4,221,990**	3,818,621
	4,228,508	3,839,967

6 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Management fee income	**7,961**	3,926
Rental income	**6,723**	1,613
Dividend income from financial assets at FVOCI	**–**	68
Government grants *(Note)*	**4,057**	13,634
Performance bonus from construction projects	**24,746**	–
Forfeited customer deposits	**–**	2,072
Sundry income	**1,952**	2,596
	45,439	23,909

Note: Government grants represent subsidies granted by local governments for supporting construction of public-housing projects, and foreign worker levy rebates. These subsidies were granted in the form of cash payment. There were no unfulfilled condition and other contingencies affected to the receipts of these subsidies.

7 OTHER GAINS — NET

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss on disposal of property, plant and equipment	**(932)**	(17)
Gain on disposal of right-of-use assets	**16**	–
Foreign exchange forward contracts		
— fair value gain	**6,623**	5,617
— gain on settlement, net	**–**	1,445
Reversal of provision for foreseeable losses on certain construction contracts	**–**	7,802
Fair value (loss)/gain on financial assets at FVPL	**(88)**	7,787
Exchange difference	**(360)**	(2,291)
Others	**6,428**	(95)
Other gains — net	**11,687**	20,248

8 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging the following:

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Contractor and material costs included in "Cost of sales"	**3,007,124**	2,743,959
Property development costs included in "Cost of sales"	**750,682**	465,018
Sales commissions	**33,800**	20,294
Show flat costs	**533**	1,979
Marketing expenses	**366**	1,030
Staff costs, including directors' emoluments	**337,809**	313,966
Depreciation of owned assets	**31,163**	38,466
Depreciation of right-of-use assets	**28,287**	25,520
Amortisation of intangible assets	**3,172**	2,911
Other legal and professional fees	**12,228**	13,330
Rental expenses on operating leases	**72,543**	118,917

9 FINANCE COSTS — NET

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	**2,431**	2,320
Interest income from loans to associated companies	**13,427**	28,196
Interest income from loans to related parties	**2,207**	292
	18,065	30,808
Finance cost		
Interest expenses on lease liabilities	**(869)**	(580)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	**(148,827)**	(60,073)
Interest expenses on loans from non-controlling interests in subsidiaries and other related parties	**(35,727)**	(22,008)
	(185,423)	(82,661)
Less: Interest expenses capitalised	**14,793**	1,394
	(170,630)	(81,267)
Net foreign exchange losses	**(8,332)**	(15,866)
	(178,962)	(97,133)
Finance costs — net	**(160,897)**	(66,325)

10 INCOME TAX EXPENSE

Hong Kong profits tax and Singapore income tax have been provided for at the rate of 16.5% and 17% respectively, others have been provided for at the applicable rate for the six months ended 30 June 2023 and 2022 on the estimated assessable profit for the period in the respective jurisdiction.

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
— Hong Kong profits tax	**–**	–
— Singapore income tax	**1,669**	9,578
— Others	**546**	217
Deferred income tax	**5,608**	8,758
Income tax expense	**7,823**	18,553

11 (LOSS)/EARNINGS PER SHARE

Basic

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/profit attributable to ordinary shares	**(136,040)**	79,648
(Loss)/profit attributable to convertible preference shares ("CPS")	**(11,223)**	6,585
(Loss)/profit attributable to owners of the Company	**(147,263)**	86,233

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Ordinary shares	**CPS**	Ordinary shares	CPS
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
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$)	**(0.090)**	**(0.090)**	0.052	0.052

Basic (loss)/earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and CPS outstanding for each of the periods presented.

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

Diluted

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Ordinary shares (Unaudited)	**CPS (Unaudited)**	Ordinary shares (Unaudited)	CPS (Unaudited)
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
Diluted (loss)/earnings per share (HK$)	**(0.090)**	**(0.090)**	0.052	0.052

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 period end dates. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price of the Company's share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted (loss)/earnings per share.

Diluted (loss)/earnings per share for the periods ended 30 June 2023 and 2022 were the same as the basic (loss)/earnings per share as potential ordinary shares arising from share options were not treated as dilutive as the conversion to ordinary shares would have anti-dilutive impact to the basic (loss)/earnings per share for the period ended 30 June 2023 (for the period ended 30 June 2022: would not decrease the earnings per share).

12 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current		
Trade receivables *(Note (b))*		
— Associated companies	**61,870**	19,711
— A related party	**15,626**	27,732
— A joint partner of a joint operation	**2,016**	–
— Third parties	**1,161,604**	1,159,473
	1,241,116	1,206,916
Retention receivables from customers for contract work *(Note (c))*		
— Associated companies	**8,559**	6,891
— A related party	**10,147**	10,718
— A joint partner of a joint operation	**109**	–
— Third parties	**506,400**	498,089
	525,215	515,698
Other receivables *(Note (d))*		
— Associated companies	**265,492**	324,439
— Related parties	**98,586**	75,836
— Third parties	**29,835**	35,325
Prepayments	**140,357**	175,788
Deposits	**104,230**	106,801
Staff advances	**2,550**	2,571
Goods and services tax receivable	**11,940**	19,123
	652,990	739,883
Loans receivables		
— Associated companies *(Note (e))*	**30,403**	246,544
— A joint venture *(Note (f))*	**111,450**	111,450
— A related company *(Note (g))*	**49,040**	107,522
	190,893	465,516
	2,610,214	2,928,013
Non-current		
Loans receivables		
— Associated companies *(Note (e))*	**715,833**	742,717
— A related company	**43,497**	–
Prepayments and other receivables	**1,175**	1,320
	760,505	744,037

Notes:

(a) The credit periods granted to customers were generally 30 days. No interest was charged on the outstanding balance.

(b) The aging analysis of trade receivables based on invoice date is as follows:

	30 June 2023 *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
1–30 days	**1,017,660**	990,381
31–60 days	**71,317**	109,252
61–90 days	**8,500**	16,770
Over 90 days	**143,639**	90,513
	1,241,116	1,206,916

During the six months ended 30 June 2023, no additional provision was recorded for its trade receivables (30 June 2022: Nil).

(c) Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK$288,871,000 (31 December 2022: HK$285,698,000) are expected to be recovered in more than twelve months from the reporting date.

(d) Other receivables due from associated companies, joint venture, related parties, and third parties were unsecured and interest-free. As at 30 June 2023, other receivable of HK$239,193,000 (31 December 2022: HK$291,636,000 from associated companies represents interest receivables in relation to the loans receivables from associated companies. The other receivables did not contain any impaired assets.

(e) Loans receivables to associated companies of HK$746,236,000 (31 December 2022: HK$989,261,000) represent shareholders' loans provided by the Group to various associated companies that engage in property development in Singapore and Hong Kong. In accordance with the shareholders' agreements, the Group and the other shareholders contributed minimal amount of capital and substantially all portion of the associates' capital expenditures and working capital were funded through shareholders' loans and other external financings. The shareholders' loans were provided pursuant to the commitments set out in the respective shareholders' agreements entered into when the property development companies were established and were made in proportion to the percentages of the Group's shareholdings in these property development companies. Loans receivables to associated companies are unsecured and have no fixed repayment terms. The shareholders' loans are repayable in part or in full on any date to be agreed between the associated companies and its shareholders and are interest-bearing at a fixed rate ranging from 4% to 5% (31 December 2022: 4% to 6%) per annum as at 30 June 2023.

The directors of Company assessed the impairment of loans receivables to the associated companies on a regular basis with reference to the financial position, the financial budget and the estimated future cash flows of the associated companies, which the Group has full access to the financial statements and the complete books and records of the associated companies. Factors including the pre-sale of the relevant development properties (for property development projects in Singapore), progress of construction of the development properties and other current market conditions are considered in the impairment assessment.

Based on the assessment performed by the directors, no provision for impairment was recognised against the loans receivables, interest receivables and other receivables to associated companies as at 30 June 2023 (31 December 2022: Nil).

Details of the material loans receivables to associated companies of the Group as at 30 June 2023 are as follows:

As at 30 June 2023, loan receivable of HK$357,299,000 (31 December 2022: HK$358,824,000) represent shareholders' loan to TQS, an associated company of the Group that engage in property development in Singapore. The loan receivable is unsecured and interest bearing at a fixed rate of 4% per annum. The directors of the Company consider that the loan receivable from TQS will be settled after the development properties are delivered to the customers and the issuance of Temporary Occupation Permit ("TOP") by the Building and Construction Authority of Singapore, hence, it is classified as non-current asset in the interim condensed consolidated statement of financial position.

As at 30 June 2023, loan receivable of HK$230,383,000 (31 December 2022: HK$263,741,000) represent shareholders' loan to TQS(2), an associated company of the Group that engage in property development in Singapore. The loan receivable is unsecured and interest-bearing at a fixed rate of 4% per annum. The directors of the Company consider that the loan receivable from TQS(2) will be settled after the development properties are delivered to the customers and the issuance of TOP by the Building and Construction Authority of Singapore, hence, it is classified as non-current asset in the interim condensed consolidated statement of financial position.

As at 30 June 2023, loan receivable of HK$128,151,000 (31 December 2022: HK$120,151,000) represent shareholders' loan to Jubilant Castle Limited, an associated company of the Group that engage in property development in Hong Kong through its subsidiary, Wealth Honour Limited. The loan receivable is unsecured and interest-bearing at a fixed rate of 5% per annum. The directors of the Company consider that the loan receivable from Jubilant Castle Limited and will not be repayable within one year from the end of the reporting period, hence, it is classified as non-current assets in the interim condensed consolidated statement of financial position accordingly.

(f) As at 30 June 2023, loan receivable of HK$111,450,000 (31 December 2022: HK$111,450,000) represents shareholders' loan to CNQC & SAMBO Co. Ltd, a joint venture of the Group that engages in property development in Hong Kong through its non-wholly owned subsidiary, Apex Intelligence Limited. The loan receivable is unsecured, interest-free and repayable on demand. Given the loan receivable is repayable on demand, it is classified as current assets in the interim condensed consolidated statement of financial position accordingly.

(g) As at 30 June 2023, loan to a related party of HK$49,050,000 (31 December 2022: HK$107,522,000) represents a loan lent to One Belt & One Road (BVI) Investment Limited, an entity controlled by the Property Development Fund. The loan was made to the Property Development Fund for the purpose of general working capital of the Property Development Fund. The loan is unsecured, interest-bearing at a fixed rate of 9% per annum and is expected to be repaid within one year from the end of the reporting period.

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 TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current		
Trade payables to:		
— Related parties	**8,463**	6,737
— Non-controlling interests of subsidiaries	**31**	437
— Third parties	**1,414,210**	1,627,787
	1,422,704	1,634,961
Non-trade payables to:		
— Non-controlling interests of subsidiaries	**146,939**	104,256
— Related parties	**57,395**	56,598
— Associated companies	**28**	37,326
— Third parties	**45,388**	40,257
— Goods and services tax payable	**5,455**	1,158
	255,205	239,595
Consideration payable in relation to a business combination	**15,660**	26,100
Accruals for operating expenses	**91,375**	97,601
Accruals for construction costs	**434,411**	665,492
Deposits received from customers	**10,582**	7,814
Deferred gain	**34,297**	16,316
Provision for financial guarantees to a joint operation	**–**	7,268
Provision for foreseeable losses on certain construction contracts	**8,561**	12,806
Dividend payable — non-controlling interest of subsidiaries	**–**	4,652
	594,886	838,049
	2,272,795	2,712,605

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

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

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
1–30 days	**1,045,284**	1,063,077
31–60 days	**243,610**	246,434
61–90 days	**37,712**	157,589
Over 90 days	**96,098**	167,861
	1,422,704	1,634,961

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

14 SHARE CAPITAL

	Number of shares (thousands)	**Share capital**	**Treasury Shares**
		HK$'000	*HK$'000*
Authorised:			
Ordinary Shares			
As 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	6,000,000	60,000	–
CPS			
As 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	1,000,000	10,000	–
Issued and fully paid:			
Ordinary shares			
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	1,518,320	15,183	–
CPS			
At 1 January 2022, 30 June 2022, 1 January 2023 and 30 June 2023	124,876	1,249	–

15 DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: same).

16 COMMITMENTS

Capital commitments

	30 June 2023 ***HK$'000*** **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Contracted but not provided for:		
Development expenditure	**4,688**	5,106
Investment in unlisted funds	**58,902**	58,908
	63,590	64,014

17 CONTINGENT LIABILITIES

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

	30 June 2023 ***HK$'000*** **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Guarantees on performance bonds in respect of construction contracts	**119,647**	108,946

The Company also issued corporate guarantees to banks for borrowings of the Group's associated companies and a joint venture of which the subsidiaries of the Company are non-controlling shareholders. As at 30 June 2023, corporate guarantees issued in relation to these bank borrowings amounted to HK$999,890,000 (31 December 2022: HK$971,889,000).

18 EVENT AFTER REPORTING PERIOD

Subsequent to the reporting period, the Group completed a partial disposal of equity interests in an associated company Shangdong Taixun Prefabricated Building Technology Co., Ltd. ("Shangdong Taixun") (山東泰迅裝配式建築科技有限公司) to an independent third party at a consideration of RMB21.0 million (equivalent to approximately HK$22.8 million). Upon the completion of the partial disposal, the Group's equity interests in Shangdong Taixun reduced from 47% to 33%, the Group continues to retain significant influence over Shangdong Taixun and account for Shangdong Taixun as an associated company.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Property development business — Singapore

As of 30 June 2023, the accumulative contracted sales rate of Forett at Bukit Timah (a private condominium development project of the Group at Toh Tuck Road, Singapore) was approximately 99%, with 630 units sold.

As of 30 June 2023, the accumulative contracted sales rate of Tenet (an executive condominium development project of the Group at Tampines Street 62, Singapore) was approximately 95%, with 588 units sold.

During the Reporting Period, the Group won several industry awards including the 2023 International Property Awards (Asia Pacific) for best apartment/condominium development and landscape design.

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

Project	**Sales Revenue** *(HK$' million)* **1H 2023**	**ASP** *(HK$/sq.m.)* **1H 2023**
Forett at Bukit Timah	943.3	125,781

Forett at Bukit Timah is a private condominium project under development and it recognises revenue from the pre-sales money received based on percentage of construction completion. During the Reporting Period, it recognises sales revenue of approximately HK$943.3 million.

As at 30 June 2023, the property projects under development under the Group's supervision consisted of 2 private condominium development projects and 2 executive condominium development projects in Singapore.

Project	Location	Intended use	Site area	Total saleable floor area ("SFA")	Cumulative contracted sales area	Cumulative contracted sales amount	% of completion as at 30 June 2023	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	49,630	6.1	63.7%	June 2024	51%
The Arden	2/2A/2B-24/24A/24B Phoenix Road, Singapore	Residential, Private	6,465	9,689	0	0	0%	December 2025	63%
Tenet	Tampines Street 62, Singapore	Residential	23,799	62,159	3,210	5.1	18.2%	June 2025	6.07%
Altura	Bukit Batok West Avenue 8, Singapore	Residential	12,499	38,957	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 (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 in Singapore.

The total SFA of this project is approximately 50,003 sq.m. (including residential units of 49,859 sq.m. and retail shops of 144 sq.m.) and the percentage of saleable area pre-sold was approximately 99% as at 30 June 2023. The construction is scheduled to be completed in June 2024.

The Arden (63% owned by the Group)

This is a private condominium project on a leasehold land with a lease term of 99 years. It is intended to be developed into 3 blocks of 5-storey apartments with 105 residential units, underground carparks and communal facilities. The project is located at the even numbers of 2/2A/2B-24/24A/24B Phoenix Road in Singapore. The SFA of this project is approximately 9,689 sq.m.

The project has launched its first pre-sale in mid-August 2023 and 27 residential units (equivalent to approximately 26% of total number of units) with option to purchase contracted at an average price of S$1,750 per sq.ft. (equivalent to approximately HK$941 per sq.m.).

Tenet (6.07% owned by the Group)

It is an executive condominium project on a leasehold land with a lease term of 99 years. It is intended to be developed into 11 blocks of 15-storey apartments with 618 residential units, 1 block of multi-storey carpark lots and 1 floor of underground carparks. It has communal facilities and landscape views. The project is located at Tampines Street 62 in Singapore.

The total SFA of this project is approximately 62,159 sq.m.. As of 30 June 2023, the percentage of area sold was approximately 95% and the construction is scheduled to be completed in June 2025.

Altura (10.03% owned by the Group)

It is an executive condominium project on a leasehold land with a lease term of 99 years. It is intended to be developed into 6 blocks of 15-storey apartments with 360 residential units, 1 block of multi-storey carpark lots and 1 floor of underground carparks. It has communal facilities and landscape views. The project is located at Bukit Batok West Avenue 8 in Singapore. The total SFA of this project is approximately 38,957 sq.m..

The project has launched its first pre-sale in early August 2023 and 220 residential units (equivalent to 61% of total units) with option to purchase were contracted. The average price is approximately S$1,433 per sq.ft. (equivalent to HK$771 per sq.m.) which is a record launch price of executive condominium projects in Singapore.

Land bank status

(1) Yau Tong project, Hong Kong

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

(2) Sham Shui Po project, Hong Kong

A Land Compulsory Sale Order for the lots were granted by the Lands Tribunal on the 19 October 2022. The Sale of the Lots by public auction took place on the 1 December 2022. The Group and the joint venture partners have now acquired 100% aggregate ownership in all 4 lots located at 163–169 Yee Kuk St in Sham Shui Po. It is intended to be redeveloped into a residential building with a commercial podium. General Building Plans were approved by the Buildings Department in October 2020. Demolition works are expected to commence in the third quarter 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 the New Territories, Hong Kong under Tai Po Town Lot No. 243 from the Government at a land premium of approximately HK$3.7 billion. The site area is approximately 243,353 sq.ft. and the maximum gross floor area is 781,897 sq.ft.. It is intended for residential development. General Building Plans were approved by the Buildings Department in December 2021. Foundation works are expected to be completed at the end of 2023 and superstructure works are expected to commence in the first quarter of 2024.

Construction business — Hong Kong and Macau

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

Revenue from the construction contracts in Hong Kong and Macau for the Reporting Period was approximately HK$1,543.8 million (six months ended 30 June 2022: approximately HK$977.8 million). During the Reporting Period, the Group had undertaken 14 new projects, mainly foundation and superstructure work for residential and commercial projects in Hong Kong. The total contract sum of these projects was approximately HK$2,650 million. As at 30 June 2023, there were 49 projects on hand with outstanding contract sums of HK$5,000 million.

Construction business — Singapore and Southeast Asia

The Group's revenue from Singapore and Southeast Asia for the Reporting Period was approximately HK$1,735.5 million (six months ended 30 June 2022: approximately HK$2,266.3 million). During the Reporting Period, the Group completed 5 construction projects. As at 30 June 2023, there were 27 construction projects on hand and the outstanding contract sums were approximately HK$10,075.1 million.

Investment in medicine fund

In 2020, the Group entered into subscription agreements to subscribe for a limited partnership interests in a fund which is engaged in the investment in healthcare and biotechnology related business at an aggregate subscription amount of up to US$25.64 million (equivalent to approximately HK$200 million). As at 30 June 2023, the Group subscribed for the limited partnership interests of approximately US$17.95 million (equivalent to approximately HK$140 million) (as at 31 December 2022: US$17.95 million (equivalent to approximately HK$140 million)). The fund is focused on research and development of certain new medicines including super antibiotics against super bacteria, and new drugs for the treatment of rheumatoid arthritis, chronic obstructive pulmonary disease and atopic dermatitis.

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

1. A 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, and have received patents in the European Union and Japan in the first half of 2023

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

3. The new medicine for the treatment of rheumatoid arthritis is expected to be approved as an investigational new drug for Phase I clinical trial by the end of 2023 or early 2024

4. The new medicine of the super antibiotics was approved as an investigational new drug for Phase I clinical trial in December 2022, and received patents in Hong Kong, Macau and Japan in the first half of 2023

Financial Review

Revenue

The Group's total revenue for the Reporting Period was approximately HK$4,228.5 million (six months ended 30 June 2022: approximately HK$3,840.0 million), representing an increase of approximately 10.1% over the six months ended 30 June 2022. The increase was mainly due to the increase in sales revenue recognised in relation to property development projects as a result of the gradual catch-up of construction progress during the Reporting Period.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 1.9% (six months ended 30 June 2022: approximately 5.5%). The decrease in gross profit margin was mainly due to the continual increase of construction cost in Singapore and hence the gross profit margin declined during the Reporting Period when compared to the corresponding period of 2022.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK$34.7 million (six months ended 30 June 2022: approximately HK$23.3 million), which was approximately 0.8% (six months ended 30 June 2022: approximately 0.6%) of the Group's total revenue. The increase was mainly due to the higher sales commission expenses incurred for property sales launch during the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK$115.9 million (six months ended 30 June 2022: approximately HK$114.6 million), representing an increase of approximately 1.1% over the six months ended 30 June 2022. The increase was mainly due to the increase in staff costs recognized during the Reporting Period.

Finance Costs, Net

Since the market interest rates continued to increase significantly, there was a sharp increase in the Group's net finance costs to approximately HK$160.9 million during the Reporting Period (six months ended 30 June 2022: approximately HK$66.3 million).

Net Loss

During the Reporting Period, the Group recorded a net loss of approximately HK$138.1 million (six months ended 30 June 2022: net profit of approximately HK$99.7 million). The loss attributable to owners of the Company was approximately HK$147.3 million (six months ended 30 June 2022: net profit attributable to owners of the Company of HK$86.2 million).

The net loss was primarily attributable to, among others, the following factors: (i) the construction cost in Singapore has continued to rise and hence the gross profit margin for the Reporting Period declined when compared to the corresponding period of 2022; and (ii) the market interest rate has continued to increase significantly in 2023 which resulted in a sharp increase of the Group's net finance costs for the Reporting Period when compared to the corresponding period of 2022.

Loss per Share was HK$0.090 (for the six months ended 30 June 2022: earnings per Share of HK$0.052).

Outlook

As we stepped into 2023, the global economy continues to recover from the COVID-19 pandemic and the Russia-Ukraine conflict gradually, but is still subject to faltering growth in the long term. As the health crisis caused by COVID-19 is gradually subsiding, and supply chain activities have resumed to pre-pandemic levels, traveler and cargo figures have significantly rebounded worldwide, which will provide greater momentum for economic recovery in various regions. Despite the challenging business environment, economic activities in the first quarter of this year demonstrated resilience under a strong labour market. Additionally, as energy and food prices have retreated from their peak levels, the pressure of energy and food prices is expected to relieve gradually.

In order to curb the high inflation, the US Federal Reserve had increased interest rates for several times since March 2022, and the inflation rate began to go down. According to the "World Economic Outlook" released by International Monetary Fund (IMF) in July 2023, the global headline inflation is expected to fall from 8.7% in 2022 to 6.8% in 2023 and 5.2% in 2024. However, IMF projected that the global growth will fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024, higher than the growth of 2.8% as projected in April 2023. According to IMF, the US Federal Reserve is now expected to raise rates by a higher than expected amount in the April WEO — to a peak of 5.6%– before reducing them in 2024, which is favorable to the global economy in the medium to long term.

Riding on development of the northern metropolis, it is expected that the development of Hong Kong's construction market will see a boost in the next 10 years. The Group will stick to its advantage of the use of MiC method and strives to expand its transitional housing and light public housing projects. In addition, Singapore will increase the number of public housing units and prepare for projects such as various healthcare facility development and cross-island railway expansion engineering. Therefore, the local construction work is expected to increase steadily. The Group will continue to take Hong Kong and Singapore as its major markets to explore more quality projects, thereby to constantly consolidate its strength to achieve sustainable development.

Furthermore, the Company will implement the development model of driving construction work with real estate investments and seek opportunities to expand into the new market of Guangdong-Hong Kong-Macao Greater Bay Area, so as to further increase the Group's market share and competitiveness; and develop a development blueprint aiming at stability in the long run, bringing shareholders sustainable return on investment.

Debts and Charge on Assets

The total interest bearing bank borrowings of the Group, including bank loans, finance leases and lease liabilities, decreased from approximately HK$6.2 billion as at 31 December 2022 to approximately HK$6.0 billion as at 30 June 2023. These banking facilities were secured by the Group's property, plant and equipment and development properties for sale with net carrying amounts of HK$199,864,000 (As at 31 December 2022: HK$203,866,000) and HK$2,389,649,000 (As at 31 December 2022: HK$2,974,381,000), respectively.

Borrowings were denominated mainly in Singapore Dollar, Hong Kong Dollar, Renminbi and US Dollar. Interests on bank borrowings were charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

Liquidity, Financial Resources and Capital Structure

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

As at 30 June 2023, the Group had cash and cash equivalents of approximately HK$1.1 billion (As at 31 December 2022: HK$1.5 billion) of which approximately 70.7% was held in Singapore Dollar, 18.6% was held in Hong Kong dollar, 7.8% was held in US Dollars, and the remaining was mainly held in Malaysian Ringgit, Australian Dollar, Macau Patacas, Indonesian Rupiah and Vietnamese Dong. The gearing ratio of the Group as at 30 June 2023 (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 61.8% (As at 31 December 2022: approximately 59.7%).

During the Reporting Period, the Group has employed foreign exchange forward contracts for hedging purposes.

Foreign Exchange

Since the Group mainly operates in Singapore and Hong Kong and most of the revenue and transactions arising from its operations were settled in Singapore Dollar and Hong Kong Dollar, and the Group's assets and liabilities were primarily denominated in Singapore Dollar and Hong Kong Dollar, the Board believes that the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments other than disclosed in "Liquidity, Financial Resources and Capital Structure" during the Reporting Period.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries 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 30 June 2023, the Group had capital commitments of approximately HK$4.7 million (31 December 2022: HK$5.1 million) for development expenditure, HK$58.9 million (31 December 2022: HK$58.9 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 unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 June 2023 and 31 December 2022.

Event after the Reporting Period

As at 30 June 2023, the Group owned 47% equity interest in an associated company Shangdong Taixun Prefabricated Building Technology Co., Ltd. (山東泰迅裝配式建築科技有限公司). In July 2023, the Group sold a portion of the equity interest in the associated company to a third party at a consideration of RMB21.0 million (equivalent to HK$22.8 million). After the said disposal, the Group owns 33% equity interest in the associated company.

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

Employees and Remuneration Policy

As at 30 June 2023, the Group had 2,601 full-time employees (31 December 2022: 2,609 full-time employees). Most of the Group's employees were based in Singapore and Hong Kong. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for Reporting Period was approximately HK$337.8 million compared to approximately HK$314.0 million for the six months ended 30 June 2022.

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 ("**Acquisition**"), a management share scheme (the "**Management Share Scheme**") was set up by Guotsing Holding Company Limited and a trust was constituted on 15 October 2015. Part of the consideration for the Acquisition was settled by the Company issuing 304,599,273 new non-redeemable convertible preference shares (the "**CPS**") of the Company to the trustee of the Trust for the purpose of the Management Share Scheme. The Management Share Scheme had a term commencing from the completion of the Acquisition and expired on 1 April 2020 ("**Expiry Date**"). The Management Share Scheme involves only existing CPS.

Following the expiry of the Management Share Scheme, no further grant of CPS is allowed. As at 1 January 2023 and the date of this announcement, there was no unvested CPS under the Management Share Scheme and during the Reporting Period, no CPS was granted, vested, cancelled or lapsed under the Management Share Scheme. The amount of the CPS that was available for issue under the Scheme and the percentage of issued CPS that it represents as at the Expiry Date and the date of the interim report is nil.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

Purchase, Sale and Redemption of the Company's Securities

On 31 May 2023, the Shareholders granted a general mandate (the "**Repurchase Mandate**") to the Directors to repurchase Shares at the annual general meeting (the "**AGM**"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 151,832,003 Shares, being 10% of the total number of issued Shares as at the date of the AGM, on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

Corporate Governance

Corporate Governance Code

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

Code of Conduct Regarding Directors' Securities Transactions

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

Audit Committee and Review of Financial Information

The audit committee of the Company has reviewed with the Company's management the accounting principles and practices adopted by the Group and discussed internal controls, risk management and financial reporting matters including the review of the unaudited interim financial statements for the Reporting Period.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Company (www.cnqc.com.hk) and the Stock Exchange (www.hkexnews.hk). The 2023 interim report will be despatched to the Shareholders and available on the above websites in due course.

By order of the Board
CNQC International Holdings Limited
Mr. Wang Congyuan
Chairman

Hong Kong, 31 August 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.