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 2017

The board (the "Board") of directors (the "Directors") of CNQC International Holdings Limited (the "Company") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2017 (the "Reporting Period"), together with the comparative figures for the six months ended 30 June 2016 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

		Six months ended 30 June	
		2017	2016
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4, 5*	**7,711,221**	4,061,280
Cost of sales		**(6,621,514)**	(3,531,332)
Gross profit		**1,089,707**	529,948
Other income	*6*	**44,020**	1,440
Other (losses)/gains — net	*7*	**(30,714)**	2,235
Selling and marketing expenses		**(160,822)**	(52,915)
General and administrative expenses		**(186,324)**	(158,352)
Operating profit	*8*	**755,867**	322,356
Finance income		**37,048**	9,213
Finance costs		**(21,599)**	(14,060)
Finance income/(costs), net	*9*	**15,449**	(4,847)
Share of losses of associated companies		**(14,626)**	(865)
Share of profit of joint ventures		**291**	–

	Note	Six months ended 30 June 2017 HK$'000 (Unaudited)	2016 HK$'000 (Unaudited)
Profit before income tax		**756,981**	316,644
Income tax expense	*10*	**(131,787)**	(58,722)
Profit for the period		**625,194**	257,922
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
— Revaluation (loss)/gain on available-for-sale financial assets		**(22,226)**	19,039
— Currency translation differences		**89,833**	36,074
Total comprehensive income for the period		**692,801**	313,035
Profit for the period attributable to:			
Owners of the Company		**459,362**	237,186
Non-controlling interests		**165,832**	20,736
		625,194	257,922
Total comprehensive income for the period attributable to:			
Owners of the Company		**517,185**	289,112
Non-controlling interests		**175,616**	23,923
		692,801	313,035
Earnings per share attributable to owners of the Company during the period	*11*		
Basic earnings per share			
— ordinary shares (HK cents)		**27.45**	17.72
— convertible preference shares (HK cents)		**27.47**	17.72
Diluted earnings per share			
— ordinary shares (HK cents)		**27.45**	17.72
— convertible preference share (HK cents)		**27.47**	17.72

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2017

	Note	**30 June 2017** *HK$'000* **(Unaudited)**	31 December 2016 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**426,514**	441,715
Investment properties under development		**466,675**	426,723
Goodwill		**561,954**	561,954
Other intangible assets		**44,851**	54,340
Investments in associated companies		**1,320**	19,682
Investments in joint ventures		**670**	355
Deferred income tax assets		**42,626**	75,530
Available-for-sale financial assets		**74,620**	92,329
Derivative financial instruments		**42**	12,600
Prepayments and other receivables	*12*	**656,748**	344,878
		2,276,020	2,030,106
Current assets			
Development properties for sale		**4,452,133**	8,758,473
Trade and other receivables, prepayments and deposits	*12*	**3,535,193**	1,870,489
Amounts due from customers for contract work		**49,694**	65,240
Derivative financial instruments		**5,345**	20,343
Tax recoverable		**17,188**	10,686
Cash and cash equivalents		**2,286,699**	1,792,639
Pledged bank deposits		**242,410**	223,696
		10,588,662	12,741,566
Total assets		**12,864,682**	14,771,672
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — ordinary shares	*14*	**14,294**	14,294
Share capital — convertible preference shares	*14*	**2,437**	2,437
Share premium		**3,317,938**	3,317,938
Other reserves		**(1,160,181)**	(1,235,529)
Retained earnings		**1,156,599**	881,275
		3,331,087	2,980,415
Non-controlling interests		**239,325**	81,658
Total equity		**3,570,412**	3,062,073

	Note	30 June 2017 HK$'000 (Unaudited)	31 December 2016 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Borrowings		**3,921,654**	3,164,706
Derivative financial instruments		**2,177**	–
Deferred income tax liabilities		**62,477**	76,445
		3,986,308	3,241,151
Current liabilities			
Trade and other payables	*13*	**2,749,725**	4,734,569
Tax payables		**187,077**	191,537
Borrowings		**2,370,345**	3,542,342
Derivative financial instruments		**815**	–
		5,307,962	8,468,448
Total liabilities		**9,294,270**	11,709,599
Total equity and liabilities		**12,864,682**	14,771,672

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 the foundation and superstructure construction business in Hong Kong and Macau, and construction and property development businesses in Singapore.

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, 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 condensed consolidated interim financial information is presented in Hong Kong Dollar ("HK$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 30 August 2017.

During the six months ended 30 June 2016, the Company's ultimate holding company has changed from Guotsing Holding Group Company Limited ("Guotsing PRC") to Hui Long Enterprises Limited as a result of the conversion of convertible preference shares into ordinary shares by Guotsing Holding Company Limited detailed in Note 14.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016 ("2016 Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited condensed consolidated interim financial information for the six months ended 30 June 2017 are consistent with the 2016 Financial Statements.

The Group has adopted the following new accounting standards and amendments to standards for accounting periods beginning on or after 1 January 2017:

Annual Improvements Project HKFRS 12 (Amendments)	Annual Improvements 2014–2016 Cycle
HKAS 7 (Amendments)	Disclosure Initiative
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these new accounting standards and amendments to standards does not result in significant impact on the Group's results and financial position.

The following new standards 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
Annual Improvements Project HKFRS 1 and HKAS 28 (Amendments)	Annual Improvements 2014–2016 Cycle	1 January 2018
HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 15 (Amendment)	Clarifications to HKFRS 15	1 January 2018
HK (IFRIC)–Int-22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKAS 40 (Amendments)	Transfers of Investment Property	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between Investor and its Associate or Joint Venture	To be determined

Management is in the process of making an assessment of the impact of these new standards and amendments to existing standards and is not yet in a position to state whether they will have a significant impact on the Group's results and financial position.

4 SEGMENT INFORMATION

The Group's reportable and operating segments, 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
- Construction — Singapore
- Property development — Singapore

Information regarding the above segments is reported below.

	Foundation and construction — Hong Kong and Macau *HK$'000*	Construction — Singapore *HK$'000*	Property development — Singapore *HK$'000*	Total *HK$'000*
Six months ended 30 June 2017 (Unaudited)				
Sales				
Sales to external parties	**748,366**	**923,756**	**6,039,099**	**7,711,221**
Inter-segment sales	**–**	**243,415**	**–**	**243,415**
Total segment sales	**748,366**	**1,167,171**	**6,039,099**	**7,954,636**
Adjusted segment profit	**4,296**	**54,030**	**604,106**	**662,432**
Depreciation	**31,083**	**10,265**	**889**	**42,237**
Amortisation	**–**	**12,277**	**–**	**12,277**
Share-based payment expenses	**3,027**	**4,445**	**963**	**8,435**
Six months ended 30 June 2016 (Unaudited)				
Sales				
Sales to external parties	908,841	1,264,894	1,887,545	4,061,280
Inter-segment sales	–	520,667	–	520,667
Total segment sales	908,841	1,785,561	1,887,545	4,581,947
Adjusted segment profit	116,773	20,524	191,767	329,064
Depreciation	31,264	9,589	1,044	41,897
Amortisation	2,167	–	–	2,167
Share-based payment expenses	3,465	7,620	1,651	12,736

The following tables present segment assets and liabilities as at 30 June 2017 and 31 December 2016 respectively.

	Foundation and construction — Hong Kong and Macau *HK$'000*	Construction — Singapore *HK$'000*	Property development — Singapore *HK$'000*	Total *HK$'000*
As at 30 June 2017 (Unaudited)				
Segment assets	**1,260,648**	**3,326,838**	**9,162,217**	**13,749,703**
Segment liabilities	**338,369**	**1,894,354**	**8,078,075**	**10,310,798**
Segment assets include:				
Additions to property, plant and equipment	**17,362**	**1,423**	**606**	**19,391**
Additions to investment properties	**–**	**–**	**16,943**	**16,943**
Additions to intangible assets	**–**	**113**	**–**	**113**
Increase in prepayments	**–**	**–**	**313,122**	**313,122**
As at 31 December 2016 (Audited)				
Segment assets	1,319,307	3,332,497	11,325,497	15,977,301
Segment liabilities	443,650	1,979,696	10,594,613	13,017,959
Segment assets include:				
Additions to property, plant and equipment	20,081	13,196	895	34,172
Additions to investment properties	–	–	446,589	446,589
Additions to intangible assets	–	82,375	–	82,375
Prepaid land costs	–	–	176,666	176,666
Investments in associated companies	–	6,740	12,942	19,682

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

	Six months ended 30 June	
	2017 ***HK$'000*** **(Unaudited)**	2016 *HK$'000* (Unaudited)
Adjusted segment profit for reportable segments	**662,432**	329,064
Unallocated expenses	**(13,828)**	(39,585)
Elimination	**107,263**	32,877
Finance income	**37,048**	9,213
Finance costs	**(21,599)**	(14,060)
Share of losses of associated companies	**(14,626)**	(865)
Share of profit of joint ventures	**291**	–
Profit before income tax	**756,981**	316,644

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

	As at 30 June 2017 *HK$'000* (Unaudited)	As at 31 December 2016 *HK$'000* (Audited)
Segment assets	**13,749,703**	15,977,301
Unallocated	**1,310,461**	347,861
Elimination	**(2,195,482)**	(1,553,490)
Total assets	**12,864,682**	14,771,672

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

	As at 30 June 2017 *HK$'000* (Unaudited)	As at 31 December 2016 *HK$'000* (Audited)
Segment liabilities	**10,310,798**	13,017,959
Unallocated	**659,630**	30,333
Elimination	**(1,676,158)**	(1,338,693)
Total liabilities	**9,294,270**	11,709,599

5 REVENUE

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue		
Construction contract income	**1,671,972**	2,173,550
Sales of development properties	**6,039,099**	1,887,545
Rental of equipment	**150**	185
	7,711,221	4,061,280

6 OTHER INCOME

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Income from default payments of development properties	**4,611**	1,092
Dividend income from available-for-sale financial assets	**28,003**	–
Management fee income from an associated company	**1,727**	–
Sundry income	**9,679**	348
	44,020	1,440

7 OTHER (LOSSES)/GAINS — NET

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Gain on disposal of property, plant and equipment	**1,023**	1,053
Fair value loss on derivative financial instruments	**(31,737)**	–
Others	**–**	1,182
Other (losses)/gains — net	**(30,714)**	2,235

8 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Contractor and material costs net of changes in construction contract work-in-progress included in "cost of sales"	**1,300,600**	1,685,094
Property development costs included in "cost of sales"	**5,045,837**	1,578,645
Sales commissions	**133,712**	17,203
Show flat costs	**2,497**	18,269
Marketing expenses	**24,613**	17,443
Staff costs, including directors' emoluments	**355,422**	270,030
Depreciation of owned assets	**27,017**	21,238
Depreciation of assets under finance leases	**15,220**	20,888
Amortisation of intangible assets	**12,277**	2,167
Legal and professional fees	**3,781**	12,515
Rental expenses on operating leases	**18,304**	46,114

During the six months ended 30 June 2017, staff costs included share-based payment expenses of approximately HK$17,525,000 (six months ended 30 June 2016: approximately HK$32,005,000).

9 FINANCE INCOME/(COSTS) — NET

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	**4,578**	3,972
Interest income from loans to associated companies	**3,929**	3,903
Interest income from loans to other related parties	**1,035**	1,338
	9,542	9,213
Net foreign exchange gains	**27,506**	–
	37,048	9,213
Finance costs		
Interest expenses on finance leases	**(1,131)**	(1,845)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	**(92,452)**	(93,769)
Interest expenses on loans from non-controlling shareholders of the subsidiaries	**(15,225)**	(30,795)
	(108,808)	(126,409)
Less: Interest expenses capitalised	**87,209**	112,132
	(21,599)	(14,277)
Net foreign exchange gains	**–**	217
Sub-total	**(21,599)**	(14,060)
Finance income/(costs) — net	**15,449**	(4,847)

10 INCOME TAX EXPENSE

Hong Kong profits tax, Macau profits tax and Singapore income tax have been provided for at the rate of 16.5%, 12% and 17% respectively for the six months ended 30 June 2017 and 2016 on the estimated assessable profit for the period in the respective jurisdiction.

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
— Hong Kong profits tax	**2,402**	19,322
— Macau profits tax	**–**	(9)
— Singapore income tax	**109,740**	42,337
Deferred income tax	**19,645**	(2,928)
Income tax expense	**131,787**	58,722

11 EARNINGS PER SHARE

Basic

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

	Six months ended 30 June	
	2017	2016
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to ordinary shares	**392,428**	114,377
Profit attributable to CPS	**66,934**	122,809
Profit attributable to owners of the Company	**459,362**	237,186

	Six months ended 30 June 2017		Six months ended 30 June 2016	
	Ordinary shares	**CPS**	Ordinary shares	CPS
	(Unaudited)	**(Unaudited)**	(Unaudited)	(Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	**1,429,396**	**243,680**	645,684	692,752
Basic earnings per share (HK cents)	**27.45**	**27.47**	17.72	17.72

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and convertible preference shares ("CPS") deemed to be in issue for each of the years presented.

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

Diluted

	Six months ended 30 June 2017		Six months ended 30 June 2016	
	Ordinary shares (Unaudited)	**CPS (Unaudited)**	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	**1,429,396**	**243,680**	645,684	692,752
Adjustments for outstanding share options (in thousands)	**43**	**–**	–	–
	1,429,439	**243,680**	645,684	692,752
Dilutive earnings per share (HK cents)	**27.45**	**27.47**	17.72	17.72

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares and CPS outstanding to assume conversion of all dilutive potential ordinary shares relating to the outstanding share options issued by the Company as at year end dates. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price of the Company's share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

12 TRADE AND OTHER RECEIVABLES

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current		
Trade receivables *(Note (b))*		
— An associated company	**65,746**	82,616
— Other related parties	**16,405**	36,236
— Third parties	**493,090**	403,987
	575,241	522,839
Retention receivables from customers for contract work from *(Note (c))*		
— Other related parties	**25,007**	23,743
— Third parties	**242,777**	242,283
	267,784	266,026
Development properties — due from customers	**2,460,445**	685,160
Other receivables *(Note (d))*		
— Associated companies	**19,835**	14,769
— Other related parties	**30,274**	26,283
— Third parties	**19,645**	23,689
Prepayments	**36,050**	137,191
Deposits	**52,669**	32,875
Staff advances	**549**	1,080
Goods and services tax receivable	**30,241**	113,553
	189,263	349,440
Loans to other related parties *(Note (e))*	**42,460**	47,024
Total	**3,535,193**	1,870,489
Non-current		
Loans to		
— Associated companies *(Note (e))*	**161,302**	153,152
Prepayments	**495,446**	191,276
	656,748	344,878

Notes:

(a) The credit periods granted to customers were 14 to 60 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 2017 *HK$'000* **(Unaudited)**	31 December 2016 *HK$'000* (Audited)
1–30 days	**413,587**	428,243
31–60 days	**127,255**	30,722
61–90 days	**29,299**	16,048
Over 90 days	**5,100**	47,826
	575,241	522,839

As at 30 June 2017, trade receivables of HK$166,191,000 (31 December 2016: HK$130,582,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and no provision has therefore been made.

There was no other class of financial assets that was past due or impaired.

(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$81,724,000 (31 December 2016: HK$39,791,000) are expected to be recovered in more than twelve months from the reporting date.

(d) The other receivables due from related parties included amounts due from associated companies and other related parties. These balances were unsecured, interest-free and repayable on demand. The other receivables did not contain any impaired assets.

(e) Loans to associated companies and other related companies were lent to companies in which the Group invested to develop real estates in Singapore. The loans were made in proportion to the percentages of the Group's shareholding in these companies. The loans were unsecured, and interest-bearing at a fixed rate at 5.0% per annum as at 30 June 2017 (0% to 7.0% per annum as at 31 December 2016).

The carrying amounts of the Group's trade and other receivables (excluding prepayments) approximated 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 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current		
Trade payables to:		
— Other related parties	**67,136**	79,993
— Third parties	**1,634,825**	1,699,234
	1,701,961	1,779,227
Non-trade payables to:		
— Non-controlling shareholders of the subsidiaries	**109,167**	99,761
— Other related parties	**60,954**	24,487
— Third parties	**54,011**	33,907
— Good and service tax payable	**21,478**	14,706
	245,610	172,861
Accruals for operating expenses	**153,562**	250,077
Accruals for construction costs	**46,122**	39,202
Advanced proceeds received from customers	**589,873**	2,481,499
Put option exercisable by non-controlling shareholder of the subsidiaries *(Note)*	**12,597**	11,703
	802,154	2,782,481
Total trade and other payables	**2,749,725**	4,734,569

Note:

On 20 December 2016, the Group entered into shareholders' agreement which granted the non-controlling shareholder of the subsidiaries the right to sell its interest in the subsidiaries to the Group at a pre-determined price. The put option is exercisable during the period from 30 March 2021 to 29 April 2021.

The credit terms granted by the suppliers were usually within 14 to 60 days. The aging analysis of trade payables (including amounts due to related parties of trading in nature) based on invoice date was as follows:

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
1–30 days	**1,622,589**	1,636,973
31–60 days	**66,292**	89,741
61–90 days	**6,525**	43,064
Over 90 days	**6,555**	9,449
	1,701,961	1,779,227

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

14 SHARE CAPITAL

	Six months ended 30 June			
	2017		2016	
	Number of ordinary shares	**Nominal amount**	Number of ordinary shares	Nominal amount
	(thousands)	***HK$'000***	*(thousands)*	*HK$'000*
Authorised:				
Ordinary Shares				
As at 1 January and 30 June	**6,000,000**	**60,000**	6,000,000	60,000
Convertible preference shares (Note (a))				
As at 1 January and 30 June	**1,000,000**	**10,000**	1,000,000	10,000
Issued and fully paid:				
Ordinary shares				
At 1 January	**1,429,396**	**14,294**	300,000	3,000
Issue of shares by placing *(Note (b))*	**–**	**–**	90,203	902
Issue of shares upon share subscription *(Note (c))*	**–**	**–**	110,000	1,100
Issue of shares upon conversion of CPS *(Note (a) and (c))*	**–**	**–**	600,000	6,000
At 30 June	**1,429,396**	**14,294**	1,100,203	11,002
CPS				
At 1 January	**243,680**	**2,437**	951,873	9,519
Conversion of CPS *(note (b) and (c))*	**–**	**–**	(600,000)	(6,000)
At 30 June	**243,680**	**2,437**	351,873	3,519

Note:

(a) Following the passing of the ordinary resolution at the Company's extraordinary general meeting held on 14 October 2015, the authorised share capital of the Company was increased from HK$20,000,000 divided into 2,000,000,000 ordinary shares of par value of HK$0.01 each to HK$70,000,000 divided into (i) 6,000,000,000 ordinary shares of HK$0.01 each and (ii) 1,000,000,000 CPS of HK$0.01 each. Save for the rights set out below, each CPS has the same rights as each of the ordinary shares:

- CPS are convertible into fully-paid ordinary shares at the option of the CPS holders at any time after the issue date according to a fixed conversion ratio of one CPS for one ordinary share, subject to the condition that the Company is able to meet the requirement of public float under the relevant listing rules of the Stock Exchange and no shareholders of the Company trigger any mandatory general offer obligation under Rule 26 of the Takeovers Code (unless a waiver from compliance with such requirement has otherwise been obtained).

- The CPS are non-redeemable by the Company or their holders.

- Each CPS shall confer on its holder the right to receive 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. The Company may, in its sole discretion, elect to defer or not pay a preferred distribution. No interest accrues on any unpaid preferred distribution. However, the Company shall not pay any dividends or distributions to the holders of ordinary shares of the Company unless at the same time it pays to the holders of the CPS any deferred or unpaid preferred distribution which was scheduled to be paid during the same financial year as such dividends or distributions were scheduled.

- Each CPS shall confer on its holder the right to receive, in addition to the above preferred distribution, any dividend pari passu with the holders of the ordinary shares.

- The holders of the CPS shall have priority over the holders of ordinary shares on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company up to an amount equal to the aggregate nominal amounts of the CPS issued (i.e. HK$9,519,000). Distributions beyond this amount are to be made on a pari passu basis among the holders of any class of shares including the CPS.

- The CPS do not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

Based on the terms of the CPS, it is accounted for as an equity instrument of the Company.

(b) On 12 January 2016, 90,202,500 ordinary shares were issued to certain third parties by way of share placement at a price of HK$2.40 per share. Of the gross proceeds of HK$216,486,000 received, HK$902,025 was credited as share capital whereas the remaining amounts of HK$215,583,975 was credited as share premium.

On the same date, 270,000,000 ordinary shares were issued by the Company to Guotsing Holding Company Limited as the latter elected to convert 270,000,000 CPS into ordinary shares in accordance with the terms and conditions stated in note (a) above.

(c) On 28 June 2016, 110,000,000 ordinary shares were issued to certain third parties at a subscription price of HK$2.45 per share. Of the gross proceeds of HK$269,500,000 received, HK$1,100,000 was credited as share capital whereas the remaining amounts of HK$268,400,000 was credited as share premium.

On the same date, 330,000,000 ordinary shares were issued by the Company to Guotsing Holding Company Limited as the latter elected to convert 330,000,000 CPS into ordinary shares in accordance with the terms and conditions stated in note (a) above.

15 DIVIDENDS

(a) At a meeting held on 30 August 2017, the directors declared an interim dividend of HK$0.06 per ordinary share and CPS (totalling approximately HK$100,385,000) for the year ending 31 December 2017. The dividend is not reflected as dividend payable in the interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2017. No interim dividends were paid for the six months ended 30 June 2017.

(b) At a meeting held on 28 March 2017, the directors recommended a final dividend of HK$0.11 per ordinary share and CPS (totalling approximately HK$184,038,000) for the year ended 31 December 2016, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 30 June 2017.

16 COMMITMENTS

Capital commitment

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted but not provided for:		
Development expenditure	**28,298**	49,871
Land	**3,191,000**	3,438,000

Operating lease commitments — Group as lessee

The Group leases land, offices, warehouse and construction equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities as at 30 June 2017 and 31 December 2016 were as follows:

	30 June 2017	31 December 2016
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Not later than 1 year	**18,693**	21,344
1–5 years	**23,262**	20,849
Later than 5 years	**30,953**	31,127
	72,908	73,320

17 CONTINGENT LIABILITIES

(a) Guarantees

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

	30 June 2017 *HK$'000* **(Unaudited)**	31 December 2016 *HK$'000* (Audited)
Guarantees on performance bonds in respect of contracts	**127,320**	107,548

Subsidiaries of the Group also issued corporate guarantees to banks for borrowings of the Group's associated companies and related companies in which subsidiaries of the Company are non-controlling shareholders. As at 30 June 2017, these bank borrowings amounted to HK$356,482,000 (31 December 2016: HK$333,859,000).

(b) Pending litigation

In the ordinary course of the Group's contract works business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group. No provision has been made in respect of these claims in the financial statements.

18 SUBSEQUENT EVENT

On 16 May 2017, a direct wholly-owned subsidiary of the Company entered into a Limited Partnership Agreement and a Subscription Agreement with an independent third party and a related party in relation to a formation of fund. The fund was formed primarily for the purpose of investing in the Shunfu Ville Enbloc Project in Singapore. On 17 August 2017, as all the conditions precedent under the agreements have been fulfilled, the formation of fund was completed. Pursuant to the agreements, the Group had agreed to commit a cash contribution of US$90 million (equivalent to approximately HK$700.8 million) to the fund.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Construction business — Hong Kong and Macau

The construction projects undertaken by the Group can be broadly divided into construction work with focus on 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. In the meantime, the Group also contracts for superstructure construction for private developers.

Revenue from the construction contracts in Hong Kong for the Reporting Period was approximately HK$748.4 million (six months ended 30 June 2016: approximately HK$908.8 million). During the Reporting Period, the Group had undertaken eight new projects, including the foundation work for Sports Centre, Community Hall & Football Pitches in Area 1, Tai Po, and the foundation work for a development project at Castle Peak Road in Tuen Mun. The total contract sum of these projects was approximately HK$87.2 million.

The revenue contribution of these projects together with other ongoing significant projects, including the Public Rental Housing Development Phase 1 at Diamond Hill, Lamma Island Power Station Extension, Ma On Shan Town Lot No. 482, No.101–111 Wanchai Road and Area 56A Kau To, Highway Structures Phase 3, Shatin accounted for approximately HK$706.5 million (representing approximately 94.4% of the total revenue from our Hong Kong construction business) during the Reporting Period. As at 30 June 2017, there were 17 projects on hand with outstanding contract sums of HK$1.51 billion.

Construction business — Singapore

The Group's revenue from the Singapore construction contracts for the Reporting Period was approximately HK$923.8 million (six months ended 30 June 2016: approximately HK$1,264.9 million). The Group completed 6 construction projects including 2 Housing & Development Board ("HDB") construction project, 1 private property development projects and 3 owned property development projects. As at 30 June 2017, there were 13 external construction projects on hand with another 2 construction projects from the Group's property development segment and the outstanding contract sums are approximately HK$3.09 billion and HK$1.06 billion respectively.

Property development business — Singapore

During the Reporting Period, the sales revenue, sales area and average selling price ("ASP") realised by the Group are set out in the table below:

Project	Sales Revenue (HK$'billion) 1H 2017	Sales Area Sq.m. 1H 2017	ASP (HK$/sq.m) 1H 2017
I Bellewoods	2.34	50,846	45,990
II Bellewaters	3.27	70,216	46,537
III West Star	0.40	24,562	16,449

The Group started to hand over units at Bellewoods and Bellewaters which obtained their Temporary Occupation Permit ("TOP") in March and May 2017 respectively. The Group also started to hand over units at West Star which obtained its TOP in March 2017. As at 30 June 2017, the Group's portfolio of property development projects with significant interest consisted of 4 projects across Singapore, with majority focusing on the development of Executive Condominium ("EC") and private apartments.

Project	Location	Intended use	Site Area *sq.m.*	Total GFA *sq.m.*	% of completion as at 30 June 2017	Estimated year of construction completion	Ownership interest
Property projects which the Group held a majority interest							
1 Visionaire	Sembawang Road/ CanberraLink, Singapore	Residential, EC	28,746	66,398	65.3%	Jun-18	77%
2 Le Quest	Butik Batok West Avenue 6	Residential, Private & Retail Space	14,697	47,850	8.0%	Mar-20	73%
Property projects which the Group held 30% interest or more							
3 iNz Residence	Choa Chu Kang Avenue 5 and Brickland road junction	Residential, EC	16,386	54,074	17%	Jun-19	46%
4 Shunfu Project	314–319 Shunfu Road	Residential, Private	37,990	117,011	0%	Apr-21	45%

Financial Review

Revenue

The Group's total revenue for the Reporting Period was approximately HK$7,711.2 million (six months ended 30 June 2016: approximately HK$4,061.3 million), representing an increase of approximately 89.9% over the six months ended 30 June 2016. The increase was mainly due to the growth in more revenue from sales of development properties recognized in the Reporting Period.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 14.1% (six months ended 30 June 2016: approximately 13.0%). The slight increase in margin is mainly due to the higher proportion of sales revenue from property development segment which has a higher profit margin than construction segment in the Reporting Period.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK$160.8 million (six months ended 30 June 2016: approximately HK$52.9 million), which was approximately 2.1% (six months ended 30 June 2016: approximately 1.3%) of the Group's total revenue. The increase was mainly attributable to the increase in sales commission in relation to the property development projects of Bellewoods and Bellewaters in the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK$186.3 million (six months ended 30 June 2016: approximately HK$158.4 million), representing an increase of approximately 17.6% over the six months ended 30 June 2016. This was mainly attributable to the increase in staff remuneration during the Reporting Period.

Net Profit

During the Reporting Period, the Group recorded a net profit attributable to owners of the Company of approximately HK$459.4 million (six months ended 30 June 2016: approximately 237.2 million), representing an increase of approximately 93.7% over the six months ended 30 June 2016. This is mainly attributable to the increase in revenue and profit from sales of development properties being recognized during the Reporting Period.

Prospects

Regarding the property development segment in Singapore, the Singapore Government's real estate cooling measures have been relaxed. On 10 March 2017, Ministry of National Development and the Ministry of Finance (Singapore) announced to relax the real estate cooling measures on the seller's stamp duty ("SSD") and the Total Debt Servicing Ratio ("TDSR") framework from 11 March 2017. The Levy period of the SSD upon properties was reduced to a maximum of three years from the previous four years, and the SSD rates at all levels would decline by four percentage. For the property resold within one year, the SSD rate would drop from 16% to 12%.

As such, there is a recovery trend of rigid demand for residential apartments in Singapore. On the first day of sales launch, all the apartments for the first sales launch at Le Quest, a mixed development in Bukit Batok and being 73% owned by the Group, were sold out. The number of units sold is more than half of the total units available for sale. The achieved selling price is better than expected and the hot response from buyers is due to the recovering property market and the general public's appreciation on our brand name and product quality.

In order to capture the growing demand for residential apartments in Singapore, we will work closely with our partners in acquiring land banks with good potential. As disclosed in the Company's announcement dated 16 May 2017, the Group has formed an investment fund with prestigious partners to invest in property development projects including Shunfu Ville which has a site area of approximately 38,000 sq.m. with an estimated gross floor area of 117,000 sq.m. It is intended to be developed as a private condominium with about 1,200 apartments.

The Group also actively responded to the call of China's national policy "One belt, One Road" to seek investment opportunities in Southeast Asian countries. The Group would actively evaluate and seek appropriate projects with local partners at the major Southeast Asian cities. Our office at Ho Chi Minh, Vietnam commenced operation in June 2017 and will focus on potential construction and property development projects in Vietnam. Besides, the Group is evaluating potential construction and property development projects in other countries in the Southeast Asia region, for example, Malaysia, Sri Lanka and Indonesia.

As per the Half-yearly Economic Report 2017 released by Hong Kong SAR Government, Hong Kong economy sustained above-trend growth in Q2, expanding 3.8% year-on-year in real terms. The latest real GDP growth forecast for 2017 revised up to 3–4% and therefore the domestic demand would continue to display strength.

In Hong Kong, the Group will place more resources on the superstructure construction business while developing the current foundation and construction business. Besides, the Group is evaluating property development projects in Hong Kong and Guangdong to capture the future prospect associated with the Guangdong-Hong Kong-Macau Big Bay Area initiative.

The Group will actively explore the opportunities and leverage on its listing platform to create long term shareholder value through localization of customers, resources and culture, globalization of materials and equipment purchase and business development, and integration of our construction and property development expertise.

Debts and Charge on Assets

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, decreased from approximately HK$6.71 billion as at 31 December 2016 to approximately HK$6.29 billion as at 30 June 2017. These banking facilities were secured by the Group's property, plant and equipment, leasehold land and buildings, investment properties under construction, development properties and pledged bank deposits with net carrying amounts of HK$139.2 million (As at 31 December 2016: HK$155.0 million), HK$37.0 million (As at 31 December 2016: HK$35.4 million), HK$466.7 million (As at 31 December 2016: HK$426.7 million), HK$4,452.1 million (As at 31 December 2016: HK$8,758.5 million) and HK$192.7 million (As at 31 December 2016: HK$165.6 million), 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 2017, the Group had cash and cash equivalents of approximately HK$2.29 billion (As at 31 December 2016: HK$1.79 billion) of which approximately 64.1% was held in Singapore Dollar, 18.4% was held in Hong Kong dollar, 16.4% was held in US Dollars and the remaining was mainly held in Macau Patacas, Indonesian Rupiah and Vietnamese Dong. The gearing ratio of the Group as at 30 June 2017 (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 51.3% (As at 31 December 2016: approximately 60.5%).

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

Foreign Exchange

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

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

During the Reporting Period, there was no significant acquisitions and disposals of subsidiaries and associated companies.

Capital Commitments

The Group had capital commitments of approximately HK$3.22 billion as at 30 June 2017 (31 December 2016: HK$3.49 billion).

Contingent Liabilities

Save as disclosed in note 17 to this announcement, the Group had no other contingent liabilities as at 30 June 2017 and 31 December 2016.

Event after the Reporting Period

Reference is made to the announcement of the Company dated 16 May 2017 and the circular of the Company dated 28 July 2017.

As all the conditions precedent under the subscription agreement entered into by CNQC Asset Management Limited ("CNQC Asset Management") have been fulfilled, the subscriptions by CNQC Asset Management, Great Wall International Investment I Limited and Guotsing Asset Management Limited of their respective limited partnership interests in the Great Wall and CNQC B&R Industrial Development Fund L.P. were completed on 17 August 2017.

Employees and Remuneration Policy

As at 30 June 2017, the Group had 2,112 full-time employees (31 December 2016: 2,143 full-time employees). Most of the Group's employees were based in Singapore, Hong Kong and Vietnam. 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$355.4 million compared to approximately HK$270.0 million for the six months ended 30 June 2016.

Share Options

Share Option Scheme

On 27 June 2014, the Company offered to grant an aggregate of 19,500,000 share options (the "2014 Share Options") to certain Directors, employees and consultants of the Group (collectively, the "2014 Grantees"), subject to acceptance of the Grantees, under its share option scheme adopted on 11 September 2012 (the "Share Option Scheme"). The Share

Options will enable the Grantees to subscribe for an aggregate of 19,500,000 new Shares, representing 6.5% of the issued share capital of the Company as at the date of grant subject to certain vesting periods. For further detail, please refer to the announcement of the Company dated 27 June 2014.

On 28 April 2016, the Company offered to grant an aggregate of 10,500,000 share options (the "2016 Share Options") to certain Directors, employees and consultants of the Group (collectively, the "2016 Grantees"), subject to acceptance of the Grantees, under the Share Option Scheme. The Share Options will enable the Grantees to subscribe for an aggregate of 10,500,000 new Shares, representing 1.59% of the issued share capital of the Company as at the date of grant subject to certain vesting periods. For further detail, please refer to the announcement of the Company dated 28 April 2016.

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

The Shareholders have approved at the annual general meeting of the Company held on 29 April 2016 the refreshment of the 10% scheme mandate limit of the Share Option Scheme, which the Directors are authorized to issue options to subscribe for a total of 66,020,250 Shares.

Management Share Scheme

A management share scheme (the "Management Share Scheme") was constituted pursuant to which awards were conditionally granted to certain senior management and employees (the "Selected Participants") of Guotsing Holding Group Co. Ltd. ("Guosting PRC", together with its subsidiaries, "Guotsing Group") to purchase from the trust up to a total of 304,599,273 CPS in accordance with the terms and conditions of the Management Share Scheme. For further details, please refer to the circular of the Company dated 25 September 2015. As at the date of this announcement, there was 243,679,421 CPS remain under the trust.

Interim Dividend

The Board has resolved to declare an interim dividend of HK$0.06 (six months ended 30 June 2016: HK$0.05) per ordinary share and per CPS for the six months ended 30 June 2017 to the Shareholders whose names appear in the register of members of the Company on Friday, 6 October 2017. It is expected that the payment of the interim dividend will be made on or before Friday, 27 October 2017.

Closure of Register of Members

The register of members of the Company will be closed from Tuesday, 3 October 2017 to Friday, 6 October 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 September 2017.

Purchase, Sale and Redemption of the Company's Securities

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 2017 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. Cheng Wing On, Michael
Chairman

Hong Kong, 30 August 2017

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan, Mr. Ho Chi Ling, Mr. Zhang Yuqiang and Mr. Wang Linxuan; (ii) two non-executive Directors, namely Dr. Sun Huiye and Mr. Wang Xianmao; and (iii) four independent non-executive Directors, namely Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny.