



青建國際控股有限公司

CNQC International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1240

2021

INTERIM REPORT



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Director

Mr. Chen Anhua

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Chan Tat Hung

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

STRATEGY AND INVESTMENT COMMITTEE

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

AUTHORIZED REPRESENTATIVES

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

LEGAL ADVISER AS TO HONG KONG LAWS

Norton Rose Fulbright Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

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

STOCK CODE

1240

WEBSITE

www.cnqc.com.hk

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 2021 (the "Reporting Period"), together with the comparative figures for the six months ended 30 June 2020 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	7	2,759,572	2,203,181
Cost of sales		(2,622,636)	(2,072,584)
Gross profit		136,936	130,597
Other income	8	49,927	77,582
Other (losses)/gains — net	9	(31,998)	3,305
Selling and marketing expenses		(21,154)	(26,056)
General and administrative expenses		(197,474)	(118,022)
Operating (loss)/profit	10	(63,763)	67,406
Finance income		28,726	29,723
Finance costs		(83,270)	(84,470)
Finance costs, net	11	(54,544)	(54,747)
Share of net profit of associated companies		261,601	14,704
Share of net (loss)/profit of joint ventures		(171)	1,982
Profit before income tax		143,123	29,345
Income tax credit/(expense)	12	1,058	(6,544)
Profit for the period		144,181	22,801
Other comprehensive loss			
Item that may be reclassified to profit or loss			
— Currency translation differences		(4,789)	(70,641)
Item that will not be reclassified to profit or loss			
— Fair value loss on financial assets at fair value through other comprehensive income		(3,361)	(345)
Total comprehensive income/(loss) for the period		136,031	(48,185)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		160,021	38,212
Non-controlling interests		(15,840)	(15,411)
		144,181	22,801
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		154,624	(25,844)
Non-controlling interests		(18,593)	(22,341)
		136,031	(48,185)
Earnings per share attributable to owners of the Company during the period			
	13		
Basic earnings per share			
— ordinary shares (HK\$)		0.097	0.024
— convertible preference shares (HK\$)		0.097	0.024
Diluted earnings per share			
— ordinary shares (HK\$)		0.097	0.024
— convertible preference share (HK\$)		0.097	0.024

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	509,495	512,034
Right-of-use assets	14	91,808	82,516
Investment properties	14	–	620,642
Goodwill	14	569,102	570,685
Other intangible assets	14	24,121	27,228
Investments in associated companies		552,363	317,457
Investments in joint ventures		–	–
Deferred income tax assets		45,443	47,369
Financial assets at fair value through profit or loss		486,591	432,635
Financial assets at fair value through other comprehensive income		3,573	6,907
Prepayments and other receivables	15	1,218,490	1,163,805
		3,500,986	3,781,278
Current assets			
Development properties for sale	16	4,603,157	4,874,264
Inventories		48,062	57,935
Trade and other receivables, prepayments and deposits	15	1,915,338	1,992,568
Contract assets		412,416	736,875
Tax recoverable		3,491	5,450
Pledged bank deposits		19,583	212,210
Cash and cash equivalents		1,318,892	1,173,976
		8,320,939	9,053,278
Assets classified as held for sale	17	636,924	–
Total current assets		8,957,863	9,053,278
Total assets		12,458,849	12,834,556

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — ordinary shares	20	15,183	15,183
Share capital — convertible preference shares	20	1,249	1,249
Share premium		3,261,225	3,261,225
Other reserves		(1,132,395)	(1,127,102)
Retained earnings		1,298,263	1,254,286
		3,443,525	3,404,841
Non-controlling interests		164,609	188,460
Total equity		3,608,134	3,593,301
LIABILITIES			
Non-current liabilities			
Borrowings	18	3,593,707	4,012,766
Lease liabilities		49,130	57,134
Derivative financial instruments		1,766	8,917
Deferred income tax liabilities		39,639	39,816
		3,684,242	4,118,633
Current liabilities			
Trade and other payables	19	1,967,728	2,162,157
Contract liabilities		372,992	440,056
Tax payables		54,435	128,909
Borrowings	18	2,073,040	2,358,681
Lease liabilities		46,343	26,419
Derivative financial instruments		2,764	6,400
		4,517,302	5,122,622
Liabilities directly associated with assets classified as held for sale	17	649,171	—
Total current liabilities		5,166,473	5,122,622
Total liabilities		8,850,715	9,241,255
Total equity and liabilities		12,458,849	12,834,556

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company							Total equity HK\$'000
	Share capital — ordinary shares HK\$'000	Share capital — convertible preference shares HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
For the six months ended 30 June 2020 (unaudited)								
Balance at 1 January 2020	15,183	1,249	3,261,225	(1,149,765)	1,101,957	3,229,849	210,559	3,440,408
Comprehensive income								
Profit/(loss) for the period	–	–	–	–	38,212	38,212	(15,411)	22,801
Other comprehensive loss								
Currency translation difference	–	–	–	(63,711)	–	(63,711)	(6,930)	(70,641)
Fair value change on financial assets at fair value through other comprehensive income	–	–	–	(345)	–	(345)	–	(345)
Total comprehensive (loss)/income	–	–	–	(64,056)	38,212	(25,844)	(22,341)	(48,185)
Transactions with owners in their capacity as owners								
Contribution from non-controlling interests	–	–	–	–	–	–	54,566	54,566
Employee share option scheme — share based compensation benefits	–	–	–	1,584	–	1,584	–	1,584
Dividend paid	–	–	–	–	(65,728)	(65,728)	–	(65,728)
Total transactions with owners in their capacity as owners	–	–	–	1,584	(65,728)	(64,144)	54,566	(9,578)
Balance at 30 June 2020 (unaudited)	15,183	1,249	3,261,225	(1,212,237)	1,074,441	3,139,861	242,784	3,382,645

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash generated from operations	568,611	504,746
Interest paid	(99,714)	(129,055)
Income tax paid	(68,955)	(12,052)
	399,942	363,639
Cash flows from investing activities		
Additions of property, plant and equipment	(32,347)	(34,008)
Proceeds from disposal of property, plant and equipment and right-of-use assets	660	930
Additions of financial assets at fair value through profit or loss	(40,280)	(95,601)
Addition of investment properties	–	(6,107)
Repayment of loan to related parties	(51,363)	(68,070)
Interests received	33,499	29,723
Investment in an associated company	–	(2,214)
Dividends received	1,667	–
Settlement of derivative financial instruments	–	(410)
	(88,164)	(175,757)
Cash flows from financing activities		
(Distribution to)/contribution from non-controlling interests	(5,068)	54,566
Amount due from non-controlling interests of a subsidiary	(96,658)	–
Dividends paid	(131,646)	(65,728)
Drawdown on bank borrowings	1,321,325	2,146,495
Repayment of bank borrowings	(1,404,186)	(2,109,369)
Repayment on principal element of lease liabilities	(22,879)	(15,719)
Repayment on interest element of lease liabilities	(1,141)	(1,115)
Decrease in pledged bank deposits for bank borrowings	192,159	182,659
	(148,094)	191,789
Net increase in cash and cash equivalents	163,684	379,671
Cash and cash equivalents at beginning of the period	1,173,976	1,271,199
Exchange losses on cash and cash equivalents	(18,768)	(29,431)
	1,318,892	1,621,439

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2021 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 2020 (“2020 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, financial assets at fair value through other comprehensive income 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 2021 are consistent with the 2020 Financial Statements.

(a) Relevant new standard and amendments to existing standards effective for the financial year beginning 1 January 2021:

HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2
(Amendments)

The Group has elected to early adopt the amendments to HKFRS 16 Leases on COVID-19 Related Rent Concessions on 1 January 2020. The amendments to HKFRS 16 allow the Group as a lessee not to account for COVID-19 directly related rent concessions as lease modifications when certain criteria are met. These amendments are effective for annual reporting periods beginning on or after 1 June 2020.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (CONTINUED)

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

		Effective for annual periods beginning on or after
Annual Improvements Projects (Amendments)	Annual Improvements to HKFRSs 2018–2020	1 January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments	1 January 2022
AG 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts (new standard)	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
HK Int 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

Management is in the process of making an assessment of the financial impact of adoption of these new standard and amendments to existing standards. The management will adopt the new standard and amendments to standards when they become effective.

4 JUDGEMENTS AND ESTIMATES

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

In preparing this Interim Financial Information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Company for the year ended 31 December 2020.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

The Interim Financial Information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2020.

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

5.2 Liquidity risk

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

As at 30 June 2021, the Group had cash and cash equivalents of HK\$1,318,892,000 (31 December 2020: HK\$1,173,976,000) of which approximately 44% was held in Singapore Dollar ("SGD"), 6% was held in US Dollar, 33% was held in HK\$, 17% was held in Renminbi and the remaining was mainly held in Malaysian Ringgit, Australian Dollar, Macau Patacas, Indonesian Rupiah, and Vietnamese Dong. The gearing ratio of the Group as at 30 June 2021 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings plus lease liabilities less cash and cash equivalents and pledged bank deposits) was approximately 55% (31 December 2020: approximately 59%).

5.3 Fair value measurements

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2021 and 31 December 2020 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair value measurements (Continued)

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
30 June 2021				
Assets				
Financial assets at fair value through other comprehensive income	–	–	3,573	3,573
Financial assets at fair value through profit or loss				
— Unlisted investment funds	–	–	486,591	486,591
Liabilities				
Derivative financial instruments:				
— Foreign exchange forward contracts	–	4,530	–	4,530
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
31 December 2020				
Assets				
Financial assets at fair value through other comprehensive income	–	–	6,907	6,907
Financial assets at fair value through profit or loss				
— Unlisted investment funds	–	–	432,635	432,635
Liabilities				
Derivative financial instruments:				
— Foreign exchange forward contracts	–	15,317	–	15,317

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

The investments in unquoted financial assets at fair value through other comprehensive income held by the Group as at 31 December 2020 and 30 June 2021 are equity investments in property development companies that are not traded in an active market. The fair value of these investments is determined by using a dividend discount model for which the assumptions are based on the estimated future dividend plans of the underlying investments. These investments are classified as Level 3.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair value measurements (Continued)

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

Financial assets at fair value through profit or loss held by the Group as at 30 June 2021 are investment funds established for property development project in Singapore, medicine development project in the People's Republic of China (the "PRC") and an unlisted investment fund that are not traded in an active market. The fair value of these investments is determined by using a discounted cash flow model for which the assumptions are based on the estimated distribution of return of the underlying investments. These investments are classified as Level 3.

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

	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at fair value through profit or loss HK\$'000
1 January 2021	6,906	432,635
Additions	–	40,280
Fair value changes	(3,361)	16,244
Exchange differences	28	(2,568)
30 June 2021	3,573	486,591
1 January 2020	9,991	259,432
Additions	–	95,601
Fair value changes	(345)	9,605
Exchange differences	–	(9,755)
30 June 2020	9,646	354,883

During the six months ended 30 June 2021 and 2020, there were no transfers of financial assets and liabilities between level 1, level 2 and level 3.

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

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

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

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

6 SEGMENT INFORMATION

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

Information regarding the above segments is reported below.

	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
Six months ended 30 June 2021 (Unaudited)					
Sales					
Sales to external parties	681,437	–	1,651,998	426,137	2,759,572
Inter-segment sales	–	–	–	–	–
Total segment sales	681,437	–	1,651,998	426,137	2,759,572
Adjusted segment profit/(loss)	9,470	(10)	(61,661)	10,881	(41,320)
Depreciation of owned assets	27,669	–	6,049	66	33,784
Depreciation of right-of-use assets	2,834	–	16,125	1,365	20,324
Amortisation	–	–	2,978	–	2,978
Share-based payment expenses	104	–	–	–	104

	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 2020 (Unaudited)					
Sales					
Sales to external parties	600,719	–	1,174,143	428,319	2,203,181
Inter-segment sales	–	–	26,265	198	26,463
Total segment sales	600,719	–	1,200,408	428,517	2,229,644
Adjusted segment profit/(loss)	19,307	(1,746)	(8,094)	76,427	85,894
Depreciation of owned assets	31,276	–	5,373	126	36,775
Depreciation of right-of-use assets	1,627	–	11,784	1,471	14,882
Amortisation	–	–	2,950	–	2,950
Share-based payment expenses	503	–	472	–	975

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

The following tables present segment assets and liabilities as at 30 June 2021 and 31 December 2020 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 2021 (Unaudited)					
Segment assets	1,130,268	673,537	4,135,316	7,422,715	13,361,836
Segment liabilities	717,589	646,335	2,666,698	6,826,038	10,856,660
	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 2020 (Audited)					
Segment assets	1,000,813	669,444	3,780,267	8,118,272	13,568,796
Segment liabilities	590,232	648,535	2,705,399	7,290,394	11,234,560

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Adjusted segment (loss)/profit for reportable segments	(41,320)	85,894
Unallocated expenses	(14,823)	(20,051)
Elimination	(7,620)	1,563
Finance income	28,726	29,723
Finance costs	(83,270)	(84,470)
Share of net profit of associated companies	261,601	14,704
Share of net (loss)/profit of joint ventures	(171)	1,982
Profit before income tax	143,123	29,345

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
	Segment assets	13,361,836
Unallocated	3,893,390	4,189,810
Elimination	(4,796,377)	(4,924,050)
Total assets	12,458,849	12,834,556

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

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

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Segment liabilities	10,856,660	11,234,560
Unallocated	2,790,432	2,930,745
Elimination	(4,796,377)	(4,924,050)
Total liabilities	8,850,715	9,241,255

7 REVENUE

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue		
Construction contracts income	2,331,476	1,771,893
Sales of development properties	426,137	426,664
Sales of goods	–	1,636
Income from loaning labour to other contractors	1,872	2,969
Service income	87	19
	2,759,572	2,203,181
Revenue from contracts with customers		
— recognised at a point in time	3,470	38,324
— recognised over time	2,756,102	2,164,857
	2,759,572	2,203,181

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 OTHER INCOME

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Management fee income	4,369	16,039
Rental income	17,815	1,190
Dividend income	1,667	–
Government grants (Note)	19,473	52,730
Forfeited customer deposits	2,847	2,661
Sundry income	3,756	4,962
	49,927	77,582

Note: Government grants represent subsidies granted by local governments against the COVID-19 pandemic, 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.

9 OTHER (LOSSES)/GAINS — NET

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Gain on disposal of property, plant and equipment	177	17
Gain on disposal of right-of-use assets	9	18
Foreign exchange forward contracts		
— fair value gain	10,791	4,780
— loss on settlement, net	(1,542)	(591)
Provision for foreseeable losses on certain construction contracts	(58,559)	(10,524)
Fair value gain on financial assets at fair value through profit or loss	16,244	9,605
Exchange difference	882	–
Other (losses)/gains— net	(31,998)	3,305

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 OPERATING (LOSS)/PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Contractor and material costs included in "Cost of sales"	1,901,280	1,550,395
Property development costs included in "Cost of sales"	338,284	323,692
Sales commissions	16,961	8,806
Show flat costs	891	336
Marketing expenses	3,302	16,914
Staff costs, including directors' emoluments	396,164	225,047
Depreciation of owned assets	33,784	36,775
Depreciation of right-of-use assets	20,324	14,882
Depreciation of investment properties	5,192	–
Amortisation of intangible assets	2,978	2,950
Legal and professional fees	7,997	9,270
Rental expenses on operating leases	82,986	12,127

During the six months ended 30 June 2021, staff costs included share-based payment expenses of approximately HK\$104,000 (six months ended 30 June 2020: approximately HK\$1,584,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 FINANCE COSTS — NET

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Finance income		
Interest income from bank deposits	2,316	4,252
Interest income from loans to associated companies	25,438	23,183
Interest income from loans to other related parties	559	532
Others	413	1,756
	28,726	29,723
Finance cost		
Interest expenses on finance lease	(124)	–
Interest expenses on lease liabilities	(1,141)	(1,115)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	(62,147)	(91,462)
Interest expenses on medium term note	–	(18,758)
Interest expenses on loans from non-controlling interests of subsidiaries	(15,503)	(19,720)
Others	(414)	–
	(79,329)	(129,055)
Less: Interest expenses capitalised	6,012	38,509
	(73,317)	(90,546)
Net foreign exchange (losses)/gains	(9,953)	6,076
	(83,270)	(84,470)
Finance costs — net	(54,544)	(54,747)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 INCOME TAX (CREDIT)/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 2021 and 2020 on the estimated assessable profit for the period in the respective jurisdiction.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying group entity in Hong Kong will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax expense		
— Hong Kong profits tax	1,271	1,139
— Singapore income tax	(4,324)	3,187
— Others	522	1,173
Deferred income tax	1,473	1,045
Income tax (credit)/expense	(1,058)	6,544

13 EARNINGS PER SHARE

Basic

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

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to ordinary shares	147,828	35,276
Profit attributable to convertible preference shares ("CPS")	12,193	2,936
Profit attributable to owners of the Company	160,021	38,212

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EARNINGS PER SHARE (CONTINUED)

Basic (Continued)

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	1,518,320	124,876	1,518,320	124,876
Basic earnings per share (HK\$)	0.097	0.097	0.024	0.024

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EARNINGS PER SHARE (CONTINUED)

Diluted

	Six months ended 30 June 2021		Six months ended 30 June 2020	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	1,518,320	124,876	1,518,320	124,876
Adjustments for outstanding share options (in thousands)	–	–	–	–
	1,518,320	124,876	1,518,320	124,876
Diluted earnings per share (HK\$)	0.097	0.097	0.024	0.024

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

Diluted earnings per share for the periods ended 30 June 2021 and 2020 were the same as the basic earnings per share as potential ordinary shares arising from share options were not treated as dilutive as the conversion to ordinary shares would not decrease the earnings per share.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Right-of-use assets HK\$'000 (Unaudited)	Property, plant and equipment HK\$'000 (Unaudited)	Investment properties under development HK\$'000 (Unaudited)	Completed investment properties HK\$'000 (Unaudited)	Goodwill HK\$'000 (Unaudited)	Other intangible assets HK\$'000 (Unaudited)
Six months ended 30 June 2021						
Opening net book amount as at 1 January 2021	82,516	512,034	–	620,642	570,685	27,228
Additions	36,790	32,347	–	–	–	–
Disposals	(7,114)	(483)	–	–	–	–
Depreciation and amortisation	(20,324)	(33,784)	–	(5,192)	–	(2,978)
Exchange difference	(60)	(619)	–	(3,449)	(1,583)	(129)
Transfer to assets classified as held for sale	–	–	–	(612,001)	–	–
Closing amount as at 30 June 2021	91,808	509,495	–	–	569,102	24,121
Six months ended 30 June 2020						
Opening net book amount as at 1 January 2020	80,094	528,399	613,632	–	568,298	32,634
Additions	9,962	34,008	6,107	–	–	–
Disposals	(443)	(452)	–	–	–	–
Depreciation and amortisation	(14,882)	(36,775)	–	–	–	(2,950)
Exchange difference	(6,368)	(2,706)	(21,239)	–	(9,888)	(992)
Transfer upon completion	–	–	(598,500)	598,500	–	–
Closing amount as at 30 June 2020	68,363	522,474	–	598,500	558,410	28,692

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Current		
Trade receivables (<i>Note (b)</i>)		
— An associated company	69,193	140,637
— Other related parties	19,996	19,527
— Third parties	573,225	691,695
	662,414	851,859
Retention receivables from customers for contract work (<i>Note (c)</i>)		
— An associated company	1,323	247
— Other related parties	11,365	15,292
— Third parties	401,086	358,446
	413,774	373,985
Other receivables (<i>Note (d)</i>)		
— Associated companies	268,239	238,758
— Joint venture	111,447	125,450
— Non-controlling interests of a subsidiary	96,658	–
— Other related parties	15,643	22,525
— Third parties	63,336	138,528
Prepayments	208,203	182,896
Deposits	61,105	43,044
Staff advances	2,273	2,270
Goods and services tax receivable	10,334	7,471
Dividend receivable	–	20
	837,238	760,962
Loans receivables		
— An associated company (<i>Note (e)</i>)	1,912	5,762
	1,915,338	1,992,568
Non-current		
Loans receivables		
— Associated companies (<i>Note (e)</i>)	1,208,068	1,152,796
— Other related parties	10,162	10,221
Prepayments and other receivables	260	788
	1,218,490	1,163,805

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Notes:

- (a) The credit periods granted to customers were 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 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
1–30 days	536,392	712,156
31–60 days	21,180	54,739
61–90 days	21,640	18,030
Over 90 days	83,202	66,934
	662,414	851,859

During the six months ended 30 June 2021, no additional provision was recorded for its trade receivables (30 June 2020: 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\$236,686,000 (31 December 2020: HK\$159,548,000) are expected to be recovered in more than twelve months from the reporting date.
- (d) Other receivables due from associated companies, non-controlling interests of a subsidiary, joint venture, other related parties and third parties were unsecured, interest-free and repayable on demand. The other receivables did not contain any impaired assets.
- (e) Loans to associated companies were lent to companies in which the Group invested to develop properties in Singapore and Hong Kong. The loans were made in proportion to the percentages of the Group's shareholding in these companies. The loans were unsecured, and interest-bearing at a fixed rate at 5% to 6% per annum as at 30 June 2021 (31 December 2020: 5% to 6%).

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.

16 DEVELOPMENT PROPERTIES FOR SALE

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Properties in the course of development		
Leasehold land at cost	4,294,527	4,569,945
Development costs	131,844	127,241
Overheads expenditure capitalised	21,456	18,393
Interest expenses capitalised	155,330	158,685
	4,603,157	4,874,264

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 1.6% and 5.0% per annum (year ended 31 December 2020: between 1.6% and 5.0% per annum).

As at 30 June 2021, development properties with net carrying amounts of HK\$4,569,362,000 (31 December 2020: HK\$4,842,716,000) were pledged as securities for certain bank loans of the Group (Note 18(a)(i)).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 ASSETS CLASSIFIED AS HELD FOR SALE

On 12 May 2021, Qingjian Realty (BBC) Investment Pte. Ltd. ("QJR BBC"), an indirect wholly-owned subsidiary of the Company, together with the non-controlling interests of QJR BBC, entered into a Sale and Purchase Agreement with Firmus Property Fund 1 (the "Purchaser"), pursuant to which the Purchaser will acquire the entire equity interests of QJR BBC (the "Disposal") at the consideration equal to the adjusted net asset value of QJR BBC and the outstanding balance of QJR BBC's shareholders' loan on book at date of Disposal as stipulated by the Sale and Purchase Agreement. Accordingly, the following assets and liabilities of the Disposal were classified as held for sale as at 30 June 2021. The Disposal was completed on 25 August 2021.

	30 June 2021 HK\$'000 (Unaudited)
Assets classified as held for sale	
Investment properties	612,001
Trade and other receivables, prepayments and deposits	13,031
Cash and cash equivalents	11,892
	636,924
Liabilities directly associated with assets classified as held for sale	
Trade and other payables	12,552
Borrowings	636,619
	649,171
Total assets of the Disposal held for sale	636,924
Total liabilities of the Disposal held for sale	649,171

18 BORROWINGS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Current		
Bank borrowings — secured (Note (a))	503,308	697,163
Bank borrowings — unsecured (Note (b))	1,461,290	1,548,397
Bank borrowings — mortgaged (Note (c))	68,811	83,516
Loans from non-controlling interests of subsidiaries — unsecured (Note (d))	39,631	29,605
	2,073,040	2,358,681
Non-current		
Bank borrowings — secured (Note (a))	2,272,210	2,498,884
Bank borrowings — unsecured (Note (b))	569,515	714,756
Bank borrowings — mortgaged (Note (c))	7,692	8,106
Loans from non-controlling interests of subsidiaries — unsecured (Note (d))	744,290	791,020
	3,593,707	4,012,766
Total borrowings	5,666,747	6,371,447

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 BORROWINGS (CONTINUED)

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 year	1,325,356	1,730,499
Between 1 and 2 years	1,097,613	888,146
Between 2 and 5 years	3,197,860	3,703,906
Later than 5 years	45,918	48,896
Total	5,666,747	6,371,447

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Secured by:		
Development properties for sale, investment properties and joint guarantee from directors of certain subsidiaries	2,513,527	2,710,884
Fixed bank deposits	–	174,216
Interests in construction contracts and corporate guarantee from an intermediate holding company	261,991	310,947
	2,775,518	3,196,047
Represented by:		
— Current portion	503,308	697,163
— Non-current portion	2,272,210	2,498,884

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 BORROWINGS (CONTINUED)

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

Notes:

- (i) As at 30 June 2021, the amounts comprise land and development loans of approximately HK\$2,513,527,000 (31 December 2020: HK\$2,710,884,000), and bore interest at rates from 2% over the relevant bank's one month SGD Cost of Funds ("COF") and 1.65% over Singapore Swap Offer Rate (31 December 2020: same) per annum. The loans were secured by mortgages over the Group's development properties for sale (Note 16), investment properties (Note 14) and legal assignment of all rights, title and interests in the construction contracts, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the development properties for sale and personal and joint guarantee of the directors of certain subsidiaries.
- (ii) As at 30 June 2021, the bank borrowings bore interest at fixed rates of 3.5% (31 December 2020: same) and floating rate at 1.6% over the 6-months London Interbank Offered Rate ("LIBOR") per annum (31 December 2020: same).
- (b) As at 30 June 2021 and 31 December 2020, unsecured bank borrowings were guaranteed by the Company.
- (c) As at 30 June 2021, bank borrowings of approximately HK\$76,503,000 (31 December 2020: approximately HK\$91,622,000) were secured by mortgages over part of the Group's leasehold land and buildings. The effective interest rates of the loan were between 1.2% and 3.3% (31 December 2020: between 2.8% and 3.7%) per annum as at 30 June 2021. The loans will be repaid by fixed monthly payment over 15 years to 20 years (31 December 2020: same).
- (d) The loans from non-controlling interests of subsidiaries were unsecured and not expected to be repaid within 1 year, except for the current portions which were expected to be repaid within 1 year. The loans are subject to variable interest rates which contractually re-price within 12 months from the financial reporting date. The effective interest rate was 3.5% and 5.0% as at 30 June 2021 (31 December 2020: same).
- (e) The fair values of the bank borrowings and the loans from related parties approximate their respective carrying values as at 30 June 2021 and 31 December 2020, as these borrowings were charged at market interest rates.
- (f) These committed banking facilities were subject to annual review. As at 30 June 2021, the undrawn banking facilities amounted to approximately HK\$921,101,000 (31 December 2020: approximately HK\$794,307,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Current		
Trade payables to:		
— Other related parties	10,220	2,801
— Non-controlling interests of subsidiaries	434	386
— Third parties	971,182	1,026,442
	981,836	1,029,629
Non-trade payables to:		
— Non-controlling interests of a subsidiary	35,433	49,606
— Other related parties	15,468	15,557
— An associated company	21,901	11,154
— Third parties	144,918	98,509
— Goods and services tax payable	5,658	7,364
	223,378	182,190
Accruals for operating expenses	119,766	106,453
Accruals for construction costs	535,869	672,509
Deposits received from customers	4,176	8,813
Deferred gain	13,052	38,347
Provision for financial guarantees to a joint operation	8,290	8,089
Put option exercisable by non-controlling interests of subsidiaries	–	15,035
Provision for foreseeable losses on certain construction contracts	78,173	52,357
Dividend payable — non-controlling interest of subsidiaries	3,188	48,735
	762,514	950,338
Total trade and other payables	1,967,728	2,162,157

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 TRADE AND OTHER PAYABLES (CONTINUED)

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

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
1–30 days	814,471	856,244
31–60 days	79,087	69,090
61–90 days	41,955	22,821
Over 90 days	46,323	81,474
	981,836	1,029,629

The amounts due to non-controlling interests of subsidiaries, an associated company, other 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.

20 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK\$'000	Treasury Shares HK\$'000
Authorised:			
<i>Ordinary Shares</i>			
As 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	6,000,000	60,000	–
<i>CPS</i>			
As 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	1,000,000	10,000	–
Issued and fully paid:			
<i>Ordinary shares</i>			
At 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	1,518,320	15,183	–

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 SHARE CAPITAL (CONTINUED)

	Number of shares (thousands)	Share capital HK\$'000	Treasury Shares HK\$'000
Issued and fully paid: (Continued)			
<i>CPS</i>			
At 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021	124,876	1,249	–

21 DIVIDENDS

- (a) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: same).
- (b) At a meeting held on 21 May 2021, the directors recommended a final dividend of HK\$0.08 per ordinary share and CPS (totaling approximately HK\$131,456,000) for the year ended 31 December 2020, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 30 June 2021.

22 COMMITMENTS

Capital commitments

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Contracted but not provided for:		
Development expenditure	16,093	16,642
Investment in unlisted funds	540,144	560,144
	556,237	576,786

23 RELATED PARTY TRANSACTIONS

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Construction contracts revenue from an associated company	327,476	191,541
Construction contracts revenue from a related party	24,731	3,818
Construction services provided by related parties	14,360	2,446
Management fee income from an associated company	4,576	16,039
Interest income from related parties	603	532
Interest income from associated companies	25,394	23,183
Interest charged by non-controlling interests of subsidiaries	18,044	19,720

Outstanding balances as at the year-end dates arising from sale/purchase of goods and services, were unsecured and receivable/payable within 12 months from year-end dates, and were disclosed in Notes 15 and Note 19.

- (b) Key management compensation

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Directors' fee, salaries, wages and allowances	14,003	10,529
Share-based payments	104	1,079
Contribution to retirement benefit scheme	214	89
	14,321	11,697

24 CONTINGENT LIABILITIES

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
	Guarantees on performance bonds in respect of construction contracts in Hong Kong	238,072

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 2021, these bank borrowings amounted to HK\$4,397,974,000 (31 December 2020: HK\$3,793,433,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Property development business — Singapore

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

Projects	Sales	ASP
	Revenue 1H 2021 (HK\$' million)	1H 2021 (HK\$/sq.m)
I. Le Quest	23	87,973
II. Forett at Bukit Timah	401	121,368

The Group started to hand over units at Le Quest which obtained its Temporary Occupation Permit (“TOP”) in March 2020. Le Quest is a private condominium development project and it recognizes sales revenue based on its percentage of completion. The Group holds 73% interest of this project.

Forett at Bukit Timah is a private condominium project under development and it recognizes sales revenue based on its percentage of completion. The Group holds 51% interest of this project.

As at 30 June 2021, the Group’s portfolio of property projects under development with significant interest consisted of 3 projects across Singapore, focusing on the development of private apartments.

Project	Location	Intended use	Site Area sq.m.	Total SFA sq.m.	Cumulative Contracted sales area sq.m.	Cumulative Contracted sales amount (HK\$ billion)	% of completion as at 30 June 2021	Estimated year of construction completion	Ownership interest
1 Jadescape	314-319 Shunfu Road, Singapore	Residential, Private & Retail Space	37,991	106,955	98,417	10.4	85%	June 2022	45%
2 Forett at Bukit Timah	32-46 Toh Tuck Road, Singapore	Residential, Private & Retail Space	33,457	49,859	31,692	3.8	13%	June 2023	51%
3 Phoenix Road Project	2/2A/2B-24/24A/24B Phoenix Road, Singapore	Residential, Private & Retail Space	5,938	8,313	N/A	N/A	0%	March 2025	63%

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 and the lease modification procedures are currently in progress. Site foundation works have commenced in the third quarter of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

(2) Sham Shui Po project, Hong Kong

As at 30 June 2021, the Group and joint venture partners have acquired over 86% ownership in two blocks of residential buildings at 163-169 Yee Kuk Street, Sham Shui Po, Hong Kong. It is intended to redevelop the site into a residential building with a commercial podium. Application for Compulsory Sales for Redevelopment is currently being handled by Lands Tribunal and additional hearings are expected to be held in the second half of 2021. General Building Plan approval was granted by the Buildings Department in October 2020.

(3) Tai Po project, Hong Kong

In July 2020, Vanke Property (Hong Kong) Company Limited and the Group were awarded a land site at Ma Wo Road in New Territories, Hong Kong under Tai Po Town Lot No.243 from the Government at a land premium of approximately HK\$3.7 billion. The site area is approximately 243,353 sq.ft. and the maximum gross floor area is 781,897 sq.ft.. It is intended for residential development. Site foundation works and excavation works are expected to commence in the fourth quarter of this year.

Construction business — Hong Kong and Macau

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

Revenue from the construction contracts in Hong Kong and Macau for the Reporting Period was approximately HK\$681.4 million (six months ended 30 June 2020: approximately HK\$600.7 million). During the Reporting Period, the Group had undertaken 12 new projects, mainly foundation and superstructure work for residential and commercial projects in Hong Kong and Macau. The total contract sum of these projects was approximately HK\$1.7 billion. As at 30 June 2021, there were 33 projects on hand with outstanding contract sums of HK\$2.7 billion.

Construction business — Singapore and Southeast Asia

The Group's revenue from Singapore and Southeast Asia for the Reporting Period was approximately HK\$1,652.0 million (six months ended 30 June 2020: approximately HK\$1,174.1 million). The Group completed 3 Housing and Development Board ("HDB") construction projects. As at 30 June 2021, there were 31 construction projects on hand and the outstanding contract sums were approximately HK\$10.0 billion.

Investment in medical fund

In 2020, the Group entered into subscription agreements to subscribe for limited partnership interests in a fund which is engaged in the investment in healthcare and biotechnology related business at an aggregate subscription amount of up to US\$25.64 million (equivalent to approximately HK\$200 million). As at 30 June 2021, the Group subscribed for the limited partnership interests at an aggregate subscription amount of approximately US\$12.82 million (equivalent to HK\$100 million). The fund is focusing on research and development of certain new medicines including super antibiotics against super bacteria, and new drugs for the treatment of rheumatoid arthritis, chronic obstructive pulmonary disease and atopic dermatitis. Please refer to the announcement of the Company dated 21 May 2020 for further details.

Based on the latest research and development progress, the new medicine for the treatment of chronic obstructive pulmonary disease was approved as an investigational new drug for clinical trial in the first half of 2021 and the other three new medicines are expected to submit application as an investigational new drug for clinical trial in the second half of 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Reporting Period was approximately HK\$2,759.6 million (six months ended 30 June 2020: approximately HK\$2,203.2 million), representing an increase of approximately 25.3% over the six months ended 30 June 2020. The increase was mainly due to more revenue from construction projects during the Reporting Period. During the period from April to June 2020, all construction and property sales activities were temporarily suspended due to the coronavirus lockdown measures imposed by the Singapore government and therefore the Group recognised less revenue during the first half of 2020. The construction and property sales activities have gradually resumed since the second half of 2020.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 5.0% (six months ended 30 June 2020: approximately 5.9%). The decrease in margin was mainly due to the temporary shortage of construction workers and the increase in labor cost in Singapore after the Covid-19.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK\$21.2 million (six months ended 30 June 2020: approximately HK\$26.1 million), which was approximately 0.8% (six months ended 30 June 2020: approximately 1.2%) of the Group's total revenue. The decrease was mainly due to the higher promotion costs incurred for new property sales launch during the first half of 2020.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$197.5 million (six months ended 30 June 2020: approximately HK\$118.0 million), representing an increase of approximately 67.4% over the six months ended 30 June 2020. This was mainly attributable to the increase in staff remuneration and accrual of a one-off discretionary bonus for a property development project during the Reporting Period.

Net Profit

During the Reporting Period, the Group recorded a net profit of approximately HK\$144.2 million (six months ended 30 June 2020: approximately HK\$22.8 million), representing an increase of approximately 532% over the six months ended 30 June 2020. The profit attributable to owners of the Company was approximately HK\$160.0 million (six months ended 30 June 2020: HK\$38.2 million), representing an increase of 319% over the six months ended 30 June 2020. The increase in the net profit was mainly due to the increase in share of net profits of associated companies in property development projects.

Basic earnings per share was HK\$0.097 (six months ended 30 June 2020: HK\$0.024).

OUTLOOK

In 2021, the epidemic of COVID-19 is still persistent. Virus variation has occurred in many countries, resulting in easier reproduction and faster transmission of the virus, which creates uncertainties to vaccine and drug research and development and epidemic control. Since the beginning of this year, citizens have been requested by their countries to speed up vaccination. After vaccination, it is generally found that the number of deaths or severe cases caused by infection with COVID-19 has decreased significantly. However, many experts believe that the uneven global distribution of vaccines may pose risks on the subsequent development of epidemic control. In addition to epidemic factors, there are also other uncertainties in the global economy, including the future development of China-US economic and trade relations and geopolitical risks. The global economy is still facing many challenges.

MANAGEMENT DISCUSSION AND ANALYSIS

Despite the uncertainty of the epidemic, the market is still cautiously optimistic about the economic recovery. According to the latest World Economic Outlook Report published by the International Monetary Fund (“**IMF**”), it maintained the estimate on the global economic growth rate of 6% for this year, which will be the fastest growth rate in nearly half a century. The economic growth in 2022 is still expected to be 4.5%. Both estimates are higher than the figures released in April.

On the other hand, according to the Global House Price Index Report published by Knight Frank, a real estate consulting firm, as of the end of March 2021, global house prices rose by an average of 7.3% in the past 12 months, the fastest growth rate since the fourth quarter of 2006. In addition, in line with the decision of the US Federal Reserve to keep the interest rate unchanged after the recent interest rate meeting, market participants generally believe that countries will still adopt quantitative easing policy in the coming days, and the market interest rate should remain at a relatively low level, which is conducive to the global economic recovery.

As the global economy is expected to recover gradually, on the one hand, the Group consolidates its property development and construction business, on the other hand, it strives to seize opportunities in the recovery environment. Looking ahead to the Singapore market, private house prices rose by 6.1% over the past year due to the low interest rate environment and the spillover demand from the collective sale market, the largest increase in Asia. The management believes that Singapore is still a hot spot for investment in the region and remains one of the core business growth of the Group in the future. The Group will continue to seek for opportunities to increase land bank in the region.

As for the Hong Kong market, the Group continues to actively evaluate suitable prestigious land sites and real estate projects, including cooperation with large local developers and investors. In order to maintain product quality, the Group will continue to improve and apply green construction technology, including the adoption of “Modular Integrated Construction” (“**MiC**”) in Hong Kong, which is called “Prefabricated Prefinished Volumetric Construction” (“**PPVC**”) in Singapore. In fact, in recent years, many government or private projects require builders to adopt this construction technology. At present, the Group has established prefabricated component factories in Shandong and Hong Kong. After the factory in Shandong commenced operation at the end of last year, the Hong Kong factory are expected to be officially put into operation in the second half of this year, so as to further strengthen the operating capacity of the local construction sector and make contributions to the local construction industry and society.

In addition to the above regions, the Group continues to explore countries and regions along the Belt and Road, including Malaysia, Indonesia, Vietnam and Cambodia, and seize the development opportunities of Guangdong-Hong Kong-Macao Greater Bay Area, so as to bring sustained and steady growth and development to the Group.

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\$6.5 billion as at 31 December 2020 to approximately HK\$5.8 billion as at 30 June 2021. These banking facilities were secured by the Group’s property, plant and equipment and development properties for sale with net carrying amounts of HK\$251,811,000 (As at 31 December 2020: HK\$256,408,000) and HK\$4,569,362,000 (As at 31 December 2020: HK\$4,842,716,000), 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.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through capital contributions from the shareholders of the Company (the “**Shareholders**”), bank borrowings and cash inflows from the operating activities.

As at 30 June 2021, the Group had cash and cash equivalents of approximately HK\$1.3 billion (As at 31 December 2020: approximately HK\$1.2 billion) of which approximately 44% was held in Singapore Dollar, 33% was held in Hong Kong dollar, 6% was held in US Dollars, 14% was held in RMB and the remaining was mainly held in Macau Patacas and Indonesian Rupiah. The gearing ratio of the Group as at 30 June 2021 (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 55.1% (As at 31 December 2020: approximately 58.5%).

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

On 12 May 2021, the Group signed a sale and purchase agreement and agreed to dispose of the shares and shareholder’s loan in Qingjian Realty (BBC) Pte. Ltd., a then non-wholly owned subsidiary of the Company, and the transaction was completed on 25 August 2021 upon satisfaction of all conditions precedent. Please refer to the announcement of the Company dated 12 May 2021 for further details.

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

CAPITAL COMMITMENTS

As at 30 June 2021, the Group had capital commitments of approximately HK\$16.1 million (31 December 2020: HK\$16.6 million) for development expenditure, HK\$540.1 million (31 December 2020: HK\$560.1 million) for investment in unlisted investment funds accounted for as financial assets at fair value through profit or loss.

CONTINGENT LIABILITIES

Save as disclosed in note 24 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 June 2021 and 31 December 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING PERIOD

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2021, the Group had 2,351 full-time employees (31 December 2020: 2,026 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\$396.2 million compared to approximately HK\$225.0 million for the six months ended 30 June 2020.

CONTINUING CONNECTED TRANSACTION

On 29 April 2021, the Company entered into the 2021 Framework Agreement with Singapore Bai Chuan Investment Pte. Ltd, an indirect subsidiary of 國清控股集團有限公司 (Guotsing Holding Group Co. Ltd.*), which is under the common control of the ultimate beneficial owner of 國清控股有限公司 (Guotsing Holding Company Limited*), the Company's controlling shareholder, in relation to the continuing connected transactions contemplated under the 2021 Framework Agreement in respect of the period from 1 January 2021 to 31 December 2023. Please refer to the announcement of the Company dated 29 April 2021 for further details.

SHARE OPTIONS

Share Option Scheme

On 28 April 2016, the Company offered to grant an aggregate of 10,500,000 (the "**2016 Share Options**") to certain Directors (the "**2016 Grantees**"), subject to acceptance of the 2016 Grantees, under its share option scheme adopted on 11 September 2012 (the "**Share Option Scheme**"). The 2016 Share Options will enable the 2016 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 details, 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 up to the date of this interim report nor is there any option being exercised.

On 29 April 2016, an ordinary resolution was passed by the Shareholders to approve the proposed refreshment of the 10% scheme mandate limit of the Share Option Scheme. Based on 660,202,500 Shares in issue as at the 2016 annual general meeting, the Directors are authorised to issue share options to subscribe for a total of 66,020,250 Shares, representing 10% of the total number of Shares in issue as at the date of refreshment. As at 30 June 2021, the maximum number of options issuable under the Scheme was 66,020,250 Shares, which represented 4.35% of the issued share capital of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Share Scheme

Pursuant to the terms of the Share Purchase Agreement dated 23 May 2015 entered into between the Company and Guotsing Holding (South Pacific) Investment Pte. Ltd., a management share scheme (the **"Management Share Scheme"**) was set up and a trust (the **"Trust"**) was constituted whereby awards (the **"Awards"**) were conditionally granted to certain senior management and employees of 國清控股集團有限公司 (Guotsing Holding Group Co. Ltd.*) and its subsidiaries (the **"Selected Participants"**) to purchase from the Trust up to a total of 304,599,273 new non-redeemable convertible preference shares of the Company (the **"CPS"**) in accordance with the terms and conditions of the Management Share Scheme. For further details of the Management Share Scheme, including the list of the Selected Participants, please refer to the announcements of the Company dated 23 May 2015, 8 June 2015, 12 June 2015, 23 July 2015, 25 September 2015 and 15 October 2015 and the circular of the Company dated 25 September 2015.

During the Reporting Period, no CPS were transferred to the Selected Participants. As at the date of this report, 124,875,197 CPS remained under the Trust.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: same).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

On 21 May 2021, the Shareholders granted a general mandate (the **"Repurchase Mandate"**) to the Directors to repurchase Shares at the annual general meeting (the **"AGM"**). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 151,832,003 Shares, being 10% of the total number of issued Shares as at the date of the AGM, on The Stock Exchange of Hong Kong Limited (the **"Stock Exchange"**).

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

DISCLOSURE OF INTEREST

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

As at 30 June 2021, interests or short positions in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 to the Listing Rules are as follows:

Interests in the Shares and underlying Shares of the Company

Name of director	Capacity	Number of Shares and underlying Shares held in long position	Approximate percentage of interests
Mr. Cheng Wing On, Michael	Beneficial owner (note 1)	3,000,000	0.198%
Mr. Wang Congyuan	Beneficial owner (note 1)	2,100,000	0.139%
	Beneficiary of a trust (note 2)	6,189,663	0.409%
	Beneficial owner	1,547,416	0.102%
Dr. Du Bo	Beneficial owner (note 3)	1,024,759,528	67.49%
	Beneficiary of a trust (note 2)	45,689,892	3.01%
	Beneficial owner	12,504,972	0.82%
Mr. Zhang Yuqiang	Beneficiary of a trust (note2)	2,010,540	0.133%
	Beneficial owner	502,635	0.033%

Notes:

- This represents long position in the underlying Shares under share options granted on 28 April 2016 pursuant to the share option scheme of the Company.
- This represents long position in the underlying CPS under the Awards granted under the Management Share Scheme. Please refer to the paragraph headed “Management Share Scheme” in this report for more details.
- The 1,024,759,528 Shares are deemed to be interest by Dr. Du Bo, as the Shares are held by Guotsing Holding Company Limited (“Guotsing BVI”), which is a company wholly owned by Hao Bo Investments Limited, which in turn is held as to 48.55% by Top Elate Investments Limited and 51.45% by Bliss Wave Holding Investments Limited. Bliss Wave Holding Investments Limited is a company held as to 74.53% by Hui Long Enterprises Limited, which is a company wholly-owned by Dr. Du Bo. Top Elate Investments Limited is a company wholly-owned by Qingdao Qingjian Holdings Co. which in turn is held as to 99.98% by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership).

Save as disclosed above, as at 30 June 2021, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTEREST

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

As at 30 June 2021, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares and underlying Shares

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

DISCLOSURE OF INTEREST

Notes:

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

Save as disclosed above, as at 30 June 2021, to the best information, knowledge and belief of the Directors, no person (other than the Directors and chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

SHARE OPTION SCHEME

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

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

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

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

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

On 29 April 2016, an ordinary resolution was passed by the Shareholders to approve the proposed refreshment of the 10% scheme mandate limit of the Share Option Scheme. Based on 660,202,500 Shares in issue as at the 2016 annual general meeting, the Directors are authorised to issue share options to subscribe for a total of 66,020,250 Shares, representing 10% of the total number of Shares in issue as at the date of refreshment.

As at the date of this report, the total number of securities available for issue under the Scheme was 66,020,250 Shares, which represented 4.35% of the issued share capital of the Company.

SHARE OPTION SCHEME

The outstanding share options granted entitled the relevant grantees to subscribe for an aggregate 30,000,000 new Shares of HK\$0.01 each in the share capital of the Company. Detail of movements of the options granted under the Scheme for the period ended 30 June 2021 is as follows:

Grantees	Date of Grant	Exercise price per share	As at 01/01/2021	Granted during the period	Number of options			As at 30/06/2021	Vesting Period	Exercise period
					Exercised during the period	Lapsed during the period	Cancelled during the period			
Executive Directors										
Cheng Wing On, Michael	28/04/2016	HK\$3.022	3,000,000	-	-	-	-	3,000,000	28/04/2017	28/04/2017-27/04/2022
Wang Congyuan	28/04/2016	HK\$3.022	2,100,000	-	-	-	-	2,100,000	28/04/2017	28/04/2017-27/04/2022
Employees of the Group in aggregate	28/04/2016	HK\$3.022	5,400,000	-	-	-	-	5,400,000	28/04/2017	28/04/2017-27/04/2022
			10,500,000	-	-	-	-	10,500,000		

Save as disclosed above, as at 30 June 2021, no Directors had interest in the share options to subscribe for the Shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

Corporate Governance Code

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

Code of Conduct Regarding Directors’ Securities Transactions

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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

By order of the Board

Mr. Cheng Wing On, Michael

Chairman

Hong Kong
31 August 2021