



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



INTERIM
REPORT **2023**



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Cheng Wing On, Michael (*resigned on 24 February 2023*)
Mr. Wang Congyuan (*appointed as the Chairman on 24 February 2023*)
Dr. Du Bo
Mr. Li Jun (*appointed as the Chief Executive Officer on 24 February 2023*)
Mr. Du Dexiang (*appointed as the Co-Chief Executive Officer on 24 February 2023*)
Mr. Zhang Yuqiang (*resigned on 24 February 2023*)

Non-executive Director

Mr. Chen Anhua (*resigned on 24 February 2023*)
Mr. Ren Zhiqiang (*appointed on 24 February 2023*)

Independent Non-executive Directors

Mr. Ching Kwok Hoo, Pedro (*resigned on 24 February 2023*)
Mr. Tam Tak Kei, Raymond
Mr. Chan Kok Chung, Johnny
Mr. Liu Junchun (*appointed on 24 February 2023*)

COMPANY SECRETARY

Mr. Chan Tat Hung

AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond
(*Chairman of the Audit Committee*)
Mr. Ching Kwok Hoo, Pedro (*resigned on 24 February 2023*)
Mr. Chan Kok Chung, Johnny
Mr. Liu Junchun (*appointed on 24 February 2023*)

REMUNERATION COMMITTEE

Mr. Ching Kwok Hoo, Pedro (*resigned on 24 February 2023*)
(*Chairman of the Remuneration Committee*)
Mr. Liu Junchun (*appointed as the Chairman of the Remuneration Committee on 24 February 2023*)
Mr. Zhang Yuqiang (*resigned on 24 February 2023*)
Mr. Wang Congyuan
Mr. Chan Kok Chung, Johnny
Mr. Tam Tak Kei, Raymond
Mr. Du Dexiang (*appointed on 24 February 2023*)

NOMINATION COMMITTEE

Mr. Cheng Wing On, Michael (*resigned on 24 February 2023*)
(*Chairman of the Nomination Committee*)
Mr. Wang Congyuan (*appointed as the Chairman of the Nomination Committee on 24 February 2023*)
Dr. Du Bo
Mr. Tam Tak Kei, Raymond
Mr. Ching Kwok Hoo, Pedro (*resigned on 24 February 2023*)
Mr. Chan Kok Chung, Johnny
Mr. Liu Junchun (*appointed on 24 February 2023*)

STRATEGY AND INVESTMENT COMMITTEE

Mr. Wang Congyuan (*resigned as the Chairman but remained as a member of Strategy and Investment Committee on 24 February 2023*)
Mr. Li Jun (*appointed as the Chairman of the Strategy and Investment Committee on 24 February 2023*)
Dr. Du Bo
Mr. Cheng Wing On, Michael (*resigned on 24 February 2023*)
Mr. Zhang Yuqiang (*resigned on 24 February 2023*)
Mr. Chan Kok Chung, Johnny
Mr. Chen Anhua (*resigned on 24 February 2023*)
Mr. Du Dexiang (*appointed on 24 February 2023*)
Mr. Ren Zhiqiang (*appointed on 24 February 2023*)

AUTHORIZED REPRESENTATIVES

Mr. Cheng Wing On, Michael (*resigned on 24 February 2023*)
Mr. Li Jun (*appointed on 24 February 2023*)
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

CORPORATE INFORMATION

LEGAL ADVISERS 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 Hongkong and Shanghai Banking Corporation Limited
The Export-Import Bank Of China
The Bank of East Asia Limited
Hong Leong Finance Limited
China Minsheng Banking Corp., Ltd., Hong Kong Branch

STOCK CODE

1240

WEBSITE

www.cnqc.com.hk

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
	Note	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	7	4,228,508	3,839,967
Cost of sales		(4,150,095)	(3,629,272)
Gross profit		78,413	210,695
Other income	8	45,439	23,909
Other gains — net	9	11,687	20,248
Selling and marketing expenses		(34,700)	(23,302)
General and administrative expenses		(115,936)	(114,618)
Operating (loss)/profit	10	(15,097)	116,932
Finance income		18,065	30,808
Finance costs		(178,962)	(97,133)
Finance costs, net	11	(160,897)	(66,325)
Share of net profits of associated companies		45,960	66,653
Share of net (loss)/profit of joint ventures		(265)	1,015
(Loss)/profit before income tax		(130,299)	118,275
Income tax (expense)/credit	12	(7,823)	(18,553)
(Loss)/profit for the period		(138,122)	99,722
Other comprehensive losses			
Item that may be reclassified to profit or loss			
— Currency translation differences		(5,026)	(40,642)
Item that will not be reclassified to profit or loss			
— Fair value loss on financial assets at fair value through other comprehensive income		—	(185)
		(5,026)	(40,827)
Total comprehensive (loss)/income for the period		(143,148)	58,895

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
	Note	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		(147,263)	86,233
Non-controlling interests		9,141	13,489
		(138,122)	99,722
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(151,127)	37,184
Non-controlling interests		7,979	21,711
		(143,148)	58,895
(Loss)/earnings per share attributable to owners of the Company during the period			
	13		
Basic (loss)/earnings per share			
— ordinary shares (HK\$)		(0.090)	0.052
— convertible preference shares (HK\$)		(0.090)	0.052
Diluted (loss)/earnings per share			
— ordinary shares (HK\$)		(0.090)	0.052
— convertible preference share (HK\$)		(0.090)	0.052

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 2023

	Note	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	473,323	475,775
Right-of-use assets	14	52,503	78,249
Goodwill	14	567,646	568,831
Other intangible assets	14	67,637	70,840
Investments in associated companies		691,909	675,527
Investments in joint ventures		8,334	–
Deferred income tax assets		40,625	37,898
Financial assets at fair value through other comprehensive income		1,415	1,421
Financial assets at fair value through profit or loss		159,864	159,952
Prepayments and other receivables	15	760,505	744,037
Derivative financial instruments		6,537	–
		2,830,298	2,812,530
Current assets			
Development properties for sale	16	2,429,459	3,010,606
Inventories		29,917	47,435
Trade and other receivables, prepayments and deposits	15	2,610,214	2,928,013
Contract assets		1,979,216	1,467,013
Financial assets at fair value through profit or loss		395,261	403,937
Income tax recoverable		4,060	921
Pledged bank deposits		14,910	2,326
Cash and cash equivalents		1,119,320	1,506,649
Total current assets		8,582,357	9,366,900
Total assets		11,412,655	12,179,430

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 2023

	Note	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — ordinary shares	19	15,183	15,183
Share capital — convertible preference shares	19	1,249	1,249
Share premium		3,261,225	3,261,225
Other reserves		(1,146,150)	(1,142,286)
Retained earnings		563,455	710,718
		2,694,962	2,846,089
Non-controlling interests		330,141	322,162
Total equity		3,025,103	3,168,251
LIABILITIES			
Non-current liabilities			
Borrowings	17	3,292,229	1,932,167
Lease liabilities		29,820	37,529
Deferred income tax liabilities		81,758	68,075
		3,403,807	2,037,771
Current liabilities			
Trade and other payables	18	2,272,795	2,712,605
Contract liabilities		6,726	30,000
Income tax payables		5,431	7,495
Borrowings	17	2,679,933	4,186,036
Lease liabilities		18,860	37,272
Total current liabilities		4,983,745	6,973,408
Total liabilities		8,387,552	9,011,179
Total equity and liabilities		11,412,655	12,179,430

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 2023

	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 2023 (unaudited)								
Balance at 1 January 2023	15,183	1,249	3,261,225	(1,142,286)	710,718	2,846,089	322,162	3,168,251
Comprehensive income								
(Loss)/profit for the period	-	-	-	-	(147,263)	(147,263)	9,141	(138,122)
Other comprehensive loss								
Currency translation difference	-	-	-	(3,864)	-	(3,864)	(1,162)	(5,026)
Total comprehensive (loss)/income	-	-	-	(3,864)	(147,263)	(151,127)	7,979	(143,148)
Balance at 30 June 2023 (unaudited)	15,183	1,249	3,261,225	(1,146,150)	563,455	2,694,962	330,141	3,025,103

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 2023

	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 2022 (unaudited)								
Balance at 1 January 2022	15,183	1,249	3,261,225	(1,141,305)	1,397,293	3,533,645	195,124	3,728,769
Comprehensive income								
Profit for the period	–	–	–	–	86,233	86,233	13,489	99,722
Other comprehensive loss								
Currency translation difference	–	–	–	(48,864)	–	(48,864)	8,222	(40,642)
Fair value change on financial assets at fair value through other comprehensive income	–	–	–	(185)	–	(185)	–	(185)
Total comprehensive (loss)/income	–	–	–	(49,049)	86,233	37,184	21,711	58,895
Transactions with owners in their capacity as owners								
Dividend paid	–	–	–	–	(98,592)	(98,592)	(367)	(98,959)
Total transactions with owners in their capacity as owners	–	–	–	–	(98,592)	(98,592)	(367)	(98,959)
Balance at 30 June 2022 (unaudited)	15,183	1,249	3,261,225	(1,190,354)	1,384,934	3,427,237	216,468	3,688,705

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Cash flows from operating activities		
Net cash used in operations	(224,833)	(156,719)
Interest paid	(147,445)	(78,642)
Income tax refunded/(paid)	2,320	(13,274)
Net cash used in operating activities	(369,958)	(248,635)
Cash flows from investing activities		
Additions of property, plant and equipment	(5,522)	(10,318)
Proceeds from disposal of property, plant and equipment and right-of-use assets	(185)	–
Additions of financial assets at fair value through profit or loss	–	(10,000)
Repayment from loans to related parties	301,507	233,372
Interests received	74,315	30,881
Investment in an associated company	–	(7,569)
Investment in a joint venture	(8,599)	–
Proceeds from acquisition of a subsidiary, net of cash acquired	4,609	–
Dividends received	3	68
(Increase)/decrease in pledged bank deposits for derivative financial instruments	(12,584)	3,384
Payment for consideration in relation to a business combination	(10,440)	(10,440)
Net cash generated from investing activities	343,104	229,378
Cash flows from financing activities		
Dividends paid	–	(98,959)
Drawdown on bank borrowings	928,684	852,845
Repayment of bank borrowings	(1,259,036)	(925,304)
Repayment on principal element of lease liabilities	(28,594)	(27,754)
Repayment on interest element of lease liabilities	(869)	(507)
Decrease in pledged bank deposits for bank borrowings	–	185,985
Net cash used in financing activities	(359,815)	(13,694)
Net decrease in cash and cash equivalents	(386,669)	(32,951)
Cash and cash equivalents at beginning of the period	1,506,649	917,855
Exchange losses on cash and cash equivalents	(660)	(7,903)
Cash and cash equivalents at end of the period	1,119,320	877,001

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 Hong Kong Dollar (“HK\$”), unless otherwise stated.

2 BASIS OF PREPARATION

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

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

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

3 ACCOUNTING POLICIES

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

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules (amendments)
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Amendments to HKFRS 17
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

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

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
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

4 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 2022.

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 does 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 2022.

There have been no changes in the risk management policies since 2022 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 2023, the Group had cash and cash equivalents of HK\$1,119,320,000 (31 December 2022: HK\$1,506,649,000) of which approximately 70.7% was held in Singapore Dollar ("SGD"), 7.8% was held in US Dollar, 18.6% was held in HK\$, 0.2% 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 2023 (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 61.8% (31 December 2022: approximately 59.7%).

5.3 Fair value measurements

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2023 and 31 December 2022 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 2023				
Assets				
Financial assets at fair value through other comprehensive income				
— Unlisted equity investment	–	–	1,415	1,415
Financial assets at fair value through profit or loss				
— Unlisted fund investments	–	–	555,125	555,125
Derivative financial instruments				
— Foreign exchange forward contracts	–	6,537	–	6,537
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
31 December 2022				
Assets				
Financial assets at fair value through other comprehensive income				
— Unlisted equity investment	–	–	1,421	1,421
Financial assets at fair value through profit or loss				
— Unlisted fund investments	–	–	563,889	563,889
Derivative financial instruments				
— Foreign exchange forward contracts	–	–	–	–

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 forward foreign exchange contracts is determined using forward exchange rates at the interim condensed consolidated statement of financial position 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 2022 and 30 June 2023 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 2023 are investment funds established for property development project in Singapore, investment in healthcare and biotechnology related business and investments in a investment collective scheme 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 2023	1,421	563,889
Fair value changes	–	(88)
Exchange differences	(6)	(8,676)
30 June 2023	1,415	555,125
1 January 2022	4,711	511,932
Additions	–	10,000
Fair value changes	(184)	7,787
Exchange differences	(115)	(9,854)
30 June 2022	4,412	519,865

During the six months ended 30 June 2023 and 2022, 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 2023 (Unaudited)					
Sales					
Sales to external parties	1,543,822	–	1,735,537	949,149	4,228,508
Inter-segment sales	–	–	119,492	–	119,492
Total segment sales	1,543,822	–	1,855,029	949,149	4,348,000
Adjusted segment profit/(loss)	136,833	(3)	(304,261)	173,513	6,082
Depreciation of owned assets	23,858	–	7,181	124	31,163
Depreciation of right-of-use assets	6,145	–	21,237	905	28,287
Amortisation of intangible assets	56	–	3,116	–	3,172

	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
Six months ended 30 June 2022 (Unaudited)					
Sales					
Sales to external parties	977,751	–	2,266,271	595,945	3,839,967
Inter-segment sales	–	–	67,652	–	67,652
Total segment sales	977,751	–	2,333,923	595,945	3,907,619
Adjusted segment profit/(loss)	69,992	(14)	(31,925)	102,270	140,323
Depreciation of owned assets	27,244	–	11,173	49	38,466
Depreciation of right-of-use assets	4,247	–	19,929	1,344	25,520
Amortisation of intangible assets	–	–	2,911	–	2,911

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 2023 and 31 December 2022 respectively.

	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
As at 30 June 2023 (Unaudited)					
Segment assets	2,127,748	706,792	3,816,411	5,849,809	12,500,760
Segment liabilities	1,547,864	668,977	3,266,301	5,166,637	10,649,779

	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
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As at 31 December 2022 (Audited)

Segment assets	2,094,011	703,712	4,106,143	5,981,707	12,885,573
Segment liabilities	1,645,834	672,299	3,615,854	5,363,413	11,297,400

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

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

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 REVENUE

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

8 OTHER INCOME

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 OTHER GAINS — NET

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

10 OPERATING (LOSS)/PROFIT

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 FINANCE COSTS — NET

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 INCOME TAX EXPENSE

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

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

13 (LOSS)/EARNINGS PER SHARE

Basic

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 (LOSS)/EARNINGS PER SHARE (CONTINUED)

Basic (Continued)

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic (loss)/earnings per share (in thousands)	1,518,320	124,876	1,518,320	124,876
Basic (loss)/earnings per share (HK\$)	(0.090)	(0.090)	0.052	0.052

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

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

Diluted

	Six months ended 30 June 2023		Six months ended 30 June 2022	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic (loss)/earnings per share (in thousands)	1,518,320	124,876	1,518,320	124,876
Diluted (loss)/earnings per share (HK\$)	(0.090)	(0.090)	0.052	0.052

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	Right-of-use assets HK\$'000	Property plant and equipment HK\$'000	Goodwill HK\$'000	Other intangible assets HK\$'000
Six months ended 30 June 2023 (unaudited)				
Opening net book amount as at 1 January 2023	78,249	475,775	568,831	70,840
Additions	3,265	5,522	–	–
Disposals	(674)	(747)	–	–
Depreciation and amortisation	(28,287)	(31,163)	–	(3,172)
Acquisition of a subsidiary	–	24,839	–	–
Exchange difference	(50)	(903)	(1,185)	(31)
Closing amount as at 30 June 2023 (unaudited)	52,503	473,323	567,646	67,637
Six months ended 30 June 2022 (unaudited)				
Opening net book amount as at 1 January 2022	75,584	531,015	567,335	75,205
Additions	20,267	10,318	–	–
Disposals	–	(17)	–	–
Depreciation and amortisation	(25,520)	(38,466)	–	(2,911)
Exchange difference	(1,159)	(3,715)	(6,861)	(477)
Closing amount as at 30 June 2022 (unaudited)	69,172	499,135	560,474	71,817

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

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

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 generally 30 days. No interest was charged on the outstanding balance.
- (b) The ageing analysis of trade receivables based on invoice date is as follows:

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

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

- (c) Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK\$288,871,000 (31 December 2022: HK\$285,698,000) are expected to be recovered in more than twelve months from the reporting date.
- (d) Other receivables due from associated companies, joint venture, related parties, and third parties were unsecured and interest-free. As at 30 June 2023, other receivable of HK\$239,193,000 (31 December 2022: HK\$291,636,000 from associated companies represents interest receivables in relation to the loans receivables from associated companies. The other receivables did not contain any impaired assets.
- (e) Loans receivables to associated companies of HK\$746,236,000 (31 December 2022: HK\$989,261,000) represent shareholders' loans provided by the Group to various associated companies that engage in property development in Singapore and Hong Kong. In accordance with the shareholders' agreements, the Group and the other shareholders contributed minimal amount of capital and substantially all portion of the associates' capital expenditures and working capital were funded through shareholders' loans and other external financings. The shareholders' loans were provided pursuant to the commitments set out in the respective shareholders' agreements entered into when the property development companies were established and were made in proportion to the percentages of the Group's shareholdings in these property development companies. Loans receivables to associated companies are unsecured and have no fixed repayment terms. The shareholders' loans are repayable in part or in full on any date to be agreed between the associated companies and its shareholders and are interest-bearing at a fixed rate ranging from 4% to 5% (31 December 2022: 4% to 6%) per annum as at 30 June 2023.

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

Notes: (Continued)

(e) (Continued)

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

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

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

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

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

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

The carrying amounts of the Group's trade and other receivables (excluding prepayments) approximate their fair values. The Group did not hold any collateral as security for its trade and other receivables.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 DEVELOPMENT PROPERTIES FOR SALE

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Properties in the course of development		
Leasehold land at cost	2,224,880	2,786,890
Development costs	68,322	85,761
Overheads expenditure capitalised	15,974	17,541
Interest expenses capitalised	120,283	120,414
	2,429,459	3,010,606

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 3.9% and 5.0% per annum (31 December 2022: between 3.0% and 5.9% per annum).

As at 30 June 2023, development properties with net carrying amounts of HK\$2,389,649,000 (31 December 2022: HK\$2,974,381,000) were pledged as securities for certain bank loans of the Group (Note 17(a)(i)).

17 BORROWINGS

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Current		
Bank borrowings — secured (Note (a))	1,366,284	1,806,306
Bank borrowings — unsecured (Note (b))	1,232,338	2,288,691
Bank borrowings — mortgaged (Note (c))	60,175	61,525
Loans from non-controlling interests of subsidiaries — unsecured (Note (d))	21,136	29,514
	2,679,933	4,186,036
Non-current		
Bank borrowings — unsecured (Note (b))	1,935,221	703,633
Bank borrowings — mortgaged (Note (c))	22,687	6,787
Loans from non-controlling interests of subsidiaries and other related parties — unsecured (Note (d))	1,334,321	1,221,747
	3,292,229	1,932,167
Total borrowings	5,972,162	6,118,203

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 BORROWINGS (CONTINUED)

As at 30 June 2023, the Group's borrowings were repayable as follows:

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Within 1 year (on demand and within 1 year)	2,679,933	4,186,036
Between 1 and 2 years	1,667,168	1,081,907
Between 2 and 5 years	1,607,151	846,577
Later than 5 years	17,910	3,683
Total	5,972,162	6,118,203

As at 30 June 2023, a short-term bank borrowing amounting to HK\$81,000,000 ("Short-Term Bank Borrowing") contains financial covenants and requires the Group to meet certain financial ratio requirements. The Group had not complied with the relevant financial ratio requirements for the period ended 30 June 2023 according to the loan agreement and resulted in the Short-Term Bank Borrowing becoming immediately repayable if so requested by the lender. As of date of this report, no immediately repayment of the Short-Term Bank Borrowing was demanded by the lender. The Group is in advance discussion with the lender to obtain waiver from the non-compliance. The directors are of the opinion that, the Short-Term Bank Borrowing is not significant to the Group's operations, and taking into account of the anticipated cash flow generated from the Group's operations and the possible changes in its operating performance, the Group will have sufficient financial resources to satisfy its future obligations.

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

	Note	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Secured by:			
Development properties for sale and joint guarantee from directors of certain subsidiaries	(i)	1,366,284	1,806,306
		1,366,284	1,806,306
Represented by:			
— Current portion		1,366,284	1,806,306

Notes:

- (i) As at 30 June 2023, the amounts comprise land and development loans of approximately HK\$1,366,284,000 (31 December 2022: HK\$1,806,306,000), and bore interest at rates from 1.35%–1.65% over Singapore Swap Offer Rate (31 December 2022: same) per annum. The loans were secured by mortgages over the Group's development properties for sale (Note 16) 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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 BORROWINGS (CONTINUED)

- (b) As at 30 June 2023 and 31 December 2022, unsecured bank borrowings were guaranteed by the Company which bore interest at 1.75%–1.90% over one month HIBOR and 1.35% over one month SIBOR.
- (c) As at 30 June 2023, bank borrowings of approximately HK\$82,862,000 (31 December 2022: approximately HK\$68,663,000) were secured by mortgages over part of the Group's leasehold land and buildings. The effective interest rates of the loans were between 4.8% and 6.0% (31 December 2022: between 2.4% to 6.3%) per annum as at 30 June 2023. The loans will be repaid by fixed monthly payment over 8 years to 12 years (31 December 2022: 9 years to 12 years).
- (d) The loans from non-controlling interests of subsidiaries and other related parties 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 4.0% and 5.0% as at 30 June 2023 (31 December 2022: 4.0% and 5.0%).
- (e) The fair values of the bank borrowings and the loans from related parties approximate their respective carrying values as at 30 June 2023 and 31 December 2022, as these borrowings were charged at market interest rates.
- (f) These committed banking facilities were subject to annual review. As at 30 June 2023, the undrawn banking facilities amounted to approximately HK\$312,000,000 (31 December 2022: approximately HK\$125,629,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 TRADE AND OTHER PAYABLES

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 TRADE AND OTHER PAYABLES (CONTINUED)

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

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

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

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

19 SHARE CAPITAL

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 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 2022, 30 June 2022, 1 January 2023 and 30 June 2023	124,876	1,249	–

20 DIVIDENDS

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

21 COMMITMENTS

Capital commitments

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 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.

- (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	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Construction contracts revenue from associated companies	77,666	88,309
Construction contracts revenue from a related party	1,565	42,651
Construction services provided by a related party	2,986	35,707
Management fee income from associated companies	7,401	4,066
Interest income from associated companies	13,427	28,196
Interest charged by non-controlling interests of subsidiaries and other related parties	35,727	22,008

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 18.

- (b) Key management compensation

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' fee, salaries, wages and allowances	19,162	12,288
Contribution to retirement benefit scheme	236	216
	19,398	12,504

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 CONTINGENT LIABILITIES

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

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

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

24 EVENT AFTER REPORTING PERIOD

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Property development business — Singapore

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

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

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

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

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

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

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

Project	Location	Intended use	Site area sq.m.	Total saleable floor area ("SFA") sq.m.	Cumulative contracted sales area sq.m.	Cumulative contracted sales amount (HK\$ billion)	% of completion as at 30 June 2023	Estimated year of construction completion	Ownership interest
Forett at Bukit Timah	32-46 Toh Tuck Road, Singapore	Residential, Private and Retail Space	33,457	50,003	49,630	6.1	63.7%	June 2024	51%
The Arden	2/2A/2B-24/24A/24B Phoenix Road, Singapore	Residential, Private	6,465	9,689	0	0	0%	December 2025	63%
Tenet	Tampines Street 62, Singapore	Residential	23,799	62,159	3,210	5.1	18.2%	June 2025	6.07%
Altura	Bukit Batok West Avenue 8, Singapore	Residential	12,499	38,957	0	0	0%	March 2026	10.03%

MANAGEMENT DISCUSSION AND ANALYSIS

Forett at Bukit Timah (51% owned by the Group)

Forett at Bukit Timah is a private condominium project on a freehold land which consists of 4 blocks of 9-storey apartments, 9 blocks of 5-storey apartments (a total of 633 residential units and 2 retail shops), underground car parks and communal facilities. The project is located at the even numbers of 32-46 Toh Tuck Road in Bukit Timah Planning Area in Singapore.

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

The Arden (63% owned by the Group)

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

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

Tenet (6.07% owned by the Group)

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

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

Altura (10.03% owned by the Group)

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Land bank status

(1) Yau Tong project, Hong Kong

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

(2) Sham Shui Po project, Hong Kong

A Land Compulsory Sale Order for the lots were granted by the Lands Tribunal on the 19 October 2022. The Sale of the Lots by public auction took place on the 1 December 2022. The Group and the joint venture partners have now acquired 100% aggregate ownership in all 4 lots located at 163–169 Yee Kuk St in Sham Shui Po. It is intended to be redeveloped into a residential building with a commercial podium. General Building Plans were approved by the Buildings Department in October 2020. Demolition works are expected to commence in the third quarter of 2023.

(3) Tai Po project, Hong Kong

In July 2020, Vanke Property (Hong Kong) Company Limited and the Group were awarded a land site at Ma Wo Road in the New Territories, Hong Kong under Tai Po Town Lot No. 243 from the Government at a land premium of approximately HK\$3.7 billion. The site area is approximately 243,353 sq.ft. and the maximum gross floor area is 781,897 sq.ft.. It is intended for residential development. General Building Plans were approved by the Buildings Department in December 2021. Foundation works are expected to be completed at the end of 2023 and superstructure works are expected to commence in the first quarter of 2024.

Construction business — Hong Kong and Macau

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

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

Construction business — Singapore and Southeast Asia

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

MANAGEMENT DISCUSSION AND ANALYSIS

Investment in medicine fund

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

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

1. A new medicine for the treatment of chronic obstructive pulmonary disease was approved as an investigational new drug for Phase I clinical trial in the first half of 2021, and have received patents in the European Union and Japan in the first half of 2023
2. The new medicine for the treatment of atopic dermatitis was approved as an investigational new drug for Phase I clinical trial in March 2022
3. The new medicine for the treatment of rheumatoid arthritis is expected to be approved as an investigational new drug for Phase I clinical trial by the end of 2023 or early 2024
4. The new medicine of the super antibiotics was approved as an investigational new drug for Phase I clinical trial in December 2022, and received patents in Hong Kong, Macau and Japan in the first half of 2023

FINANCIAL REVIEW

Revenue

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

Gross Profit Margin

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

Selling and Marketing Expenses

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

General and Administrative Expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs, Net

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

Net Loss

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

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

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

OUTLOOK

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

DEBTS AND CHARGE ON ASSETS

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

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

Details of borrowings are set out in note 17 to the unaudited condensed consolidated interim financial information.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 30 June 2023, the Group had cash and cash equivalents of approximately HK\$1.1 billion (As at 31 December 2022: HK\$1.5 billion) of which approximately 70.7% was held in Singapore Dollar, 18.6% was held in Hong Kong dollar, 7.8% was held in US Dollars, and the remaining was mainly held in Malaysian Ringgit, Australian Dollar, Macau Patacas, Indonesian Rupiah and Vietnamese Dong. The gearing ratio of the Group as at 30 June 2023 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings less cash and cash equivalents and pledged bank deposits) was approximately 61.8% (As at 31 December 2022: approximately 59.7%).

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

FOREIGN EXCHANGE

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURE

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

CAPITAL COMMITMENTS

As at 30 June 2023, the Group had capital commitments of approximately HK\$4.7 million (31 December 2022: HK\$5.1 million) for development expenditure, HK\$58.9 million (31 December 2022: HK\$58.9 million) for investment in unlisted investment funds accounted for as financial assets at fair value through profit or loss.

CONTINGENT LIABILITIES

Save as disclosed in note 23 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 June 2023 and 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENT AFTER THE REPORTING PERIOD

As at 30 June 2023, the Group owned 47% equity interest in an associated company Shangdong Taixun Prefabricated Building Technology Co., Ltd. (山東泰迅裝配式建築科技有限公司). In July 2023, the Group sold a portion of the equity interest in the associated company to a third party at a consideration of RMB 21.0 million (equivalent to HK\$22.8 million). After the said disposal, the Group owns 33% equity interest in the associated company.

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

EMPLOYEES AND REMUNERATION POLICY

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

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

MANAGEMENT SHARE SCHEME

Pursuant to the Share Purchase Agreement dated 23 May 2015 entered into between the Company and Guotsing Holding (South Pacific) Investment Pte. Ltd. in respect of the Company's acquisition of the entire issued share capital of Wang Bao Development Limited ("**Acquisition**"), a management share scheme (the "**Management Share Scheme**") was set up by Guotsing Holding Company Limited and a trust was constituted on 15 October 2015. Part of the consideration for the Acquisition was settled by the Company issuing 304,599,273 new non-redeemable convertible preference shares (the "**CPS**") of the Company to the trustee of the Trust for the purpose of the Management Share Scheme. The Management Share Scheme had a term commencing from the completion of the Acquisition and expired on 1 April 2020 ("**Expiry Date**"). The Management Share Scheme involves only existing CPS.

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

There are no other information that are required to be disclosed under rule 17.07 of the Listing Rules regarding the Management Share Scheme.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

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

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

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

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

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 2023, 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. Wang Congyuan	Beneficiary of a trust (note 1)	6,189,663	0.41%
	Beneficial owner	1,944,916	0.10%
Mr. Li Jun	Beneficiary of a trust (note 1)	2,602,497	0.17%
	Beneficial owner	990,624	0.06%
Dr. Du Bo	Beneficial owner (note 2, note 3)	1,124,759,528	74.08%
	Beneficiary of a trust (note 1)	45,689,892	3.01%
	Beneficial owner	12,504,972	0.82%
Mr. Du Dexiang	Beneficial owner (note 3)	100,000,000	6.59%

Notes:

- 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).
- The 100,000,000 Shares are deemed to be interest by Dr. Du Bo and Mr. Du Dexiang, as the Shares are held by Victorious Path International Limited, which is a company wholly owned by Guotsing Group (HK) Limited, which in turn is wholly owned by Hyday (South Pacific) Investment Pte Ltd, which in turn is wholly owned by Guotsing Holding (South Pacific) Investment Pte. Ltd., which in turn is wholly owned by Guotsing Holding Group Co. Ltd. Guotsing Holding Group Co. Ltd is a company held as to 42.1% by Shanghai Heliyuan Investment Ltd and 51.9% by Qingdao Qingjian Group Co Ltd which in turn is held as to 99.98% by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership). Shanghai Heliyuan Investment Ltd is a company held as to 59.5% by Dr. Du Bo and 40% by Mr. Du Dexiang.

Save as disclosed above, as at 30 June 2023, 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 2023, 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)	756,421,520	49.82%
	Interest in controlled corporation (Notes 1, 2 and 3)	268,338,008	17.67%
Trustee	Trustee (Note 5)	124,875,197	8.22%
Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership)	Interest in controlled corporation (Note 1)	1,124,759,528	74.08%
Qingdao Qingjian Holdings Co	Interest in controlled corporation (Note 1)	1,124,759,528	74.08%
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%
Shanghai Heliyuan Investment Limited	Interest in controlled corporation (Note 4)	100,000,000	6.59%
Guotsing Holding Group Co. Limited	Interest in controlled corporation (Note 4)	100,000,000	6.59%
Victorious Path International Limited	Beneficial owner	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 1,124,759,528 Shares.
- (2) The 224,145,000 Shares were held by CNQC Development Limited ("**CNQC Development**") as at 30 June 2023. 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) GUOTSING Group (HK) Ltd is a company wholly own Victorious Path International Limited, and is in turn wholly held by Hyday (South Pacific) Investment Pte Ltd, which is wholly-owned by Guotsing Holding (South Pacific) Investment Pte. Ltd. Guotsing Holding (South Pacific) Investment Pte. Ltd is a company wholly owned by Guotsing Holding Group Limited, which in turn is held as to 57.9% by Qingdao Qingjian Holdings Co. and 42.1% by Shanghai Heliyuan Investment Limited.
- (5) 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.

Save as disclosed above, as at 30 June 2023, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As of 30 June 2023, the Group provided financial assistance to its affiliated companies in an aggregate amount of approximately HK\$1,857.4 million. The aggregate amount of the Group's financial assistance given to its affiliated companies (as defined under Rule 13.11(2)(a)) of the Listing Rules) exceeded 8% of the relevant percentage ratios under the Listing Rules. The Group has equity interests ranging from 5% to 50% in these affiliated companies.

See note 15 to the unaudited condensed consolidated interim financial information for details of the financial assistance provided to the Company's affiliated companies.

A pro forma combined statement of financial position of these affiliated companies with financial assistance from the Group and the Group's attributable interests in these affiliated companies as of 30 June 2023 were as follows:

	Combined statement of financial position <i>HK\$'000</i>	Group's attributable interests <i>HK\$'000</i>
Non-current assets	265,553	120,489
Current assets	13,667,794	4,187,360
Current liabilities	(4,679,374)	(1,285,219)
Total assets less current liabilities	9,253,973	3,022,630
Non-current liabilities	(7,791,822)	(2,360,107)
Net assets	1,462,151	662,523

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. Wang Congyuan
Chairman

Hong Kong
31 August 2023