CNQC INTERNATIONAL HOLDINGS LIMITED
青建國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1240)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of CNQC International Holdings Limited (the "**Company**" and its subsidiaries, collectively the "**Group**") is pleased to present the Group's consolidated results for the year ended 31 December 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
Revenue	*3, 4*	**10,422,620**	8,272,122
Cost of sales	*5*	**(10,156,477)**	(8,312,472)
Gross profit/(loss)		**266,143**	(40,350)
Other income	*6*	**90,903**	129,061
Other gain/(loss) — net		**8,625**	(1,425)
Selling and marketing expenses	*5*	**(95,349)**	(73,829)
General and administrative expenses	*5*	**(326,990)**	(237,494)
Credit impairment loss	*5*	**(28,652)**	(2,926)
Operating loss		**(85,320)**	(226,963)
Finance income	*7*	**53,239**	58,701
Finance costs	*7*	**(327,730)**	(247,531)
Share of results of investments accounted for using the equity method		**33,177**	(67,919)

	Note	2023 HK$'000	2022 HK$'000
Loss before income tax		**(326,634)**	(483,712)
Income tax expense	*8*	**(44,617)**	(29,328)
Loss for the year		**(371,251)**	(513,040)
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss			
— Currency translation differences		**22,418**	1,796
Item that will not be reclassified to profit or loss			
— Fair value losses on financial assets at fair value through other comprehensive income		**–**	(2,182)
		22,418	(386)
Total comprehensive loss for the year		**(348,833)**	(513,426)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(490,335)**	(587,983)
Non-controlling interests		**119,084**	74,943
		(371,251)	(513,040)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(474,671)**	(588,964)
Non-controlling interests		**125,838**	75,538
		(348,833)	(513,426)
Loss per share for loss attributable to owners of the Company	*9*		
Basic loss per share			
— ordinary shares *(HK$)*		**(0.298)**	(0.358)
— convertible preference shares *(HK$)*		**(0.298)**	(0.358)
Diluted loss per share			
— ordinary shares *(HK$)*		**(0.298)**	(0.358)
— convertible preference shares *(HK$)*		**(0.298)**	(0.358)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	**31 December 2023** *HK$'000*	31 December 2022 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**474,578**	475,775
Right-of-use assets		**64,990**	78,249
Goodwill		**569,569**	568,831
Other intangible assets		**64,575**	70,840
Investments accounted for using the equity method		**557,574**	675,527
Deferred income tax assets		**64,415**	37,898
Financial assets at fair value through other comprehensive income		**1,425**	1,421
Financial assets at fair value through profit or loss		**167,380**	159,952
Prepayments and other receivables	*11*	**863,265**	744,037
		2,827,771	2,812,530
Current assets			
Development properties for sale	*12*	**1,577,647**	3,010,606
Inventories		**11,460**	47,435
Trade and other receivables, prepayments and deposits	*11*	**2,586,893**	2,928,013
Contract assets		**2,479,818**	1,467,013
Financial assets at fair value through profit or loss		**17,955**	403,937
Income tax recoverable		**723**	921
Pledged bank deposits		**15,014**	2,326
Cash and cash equivalents		**1,604,091**	1,506,649
		8,293,601	9,366,900
Total assets		**11,121,372**	12,179,430

	Note	31 December 2023 HK$'000	31 December 2022 HK$'000
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — ordinary shares		**15,183**	15,183
Share capital — convertible preference shares		**1,249**	1,249
Share premium		**3,261,225**	3,261,225
Other reserves		**(1,151,282)**	(1,142,286)
Retained earnings		**252,587**	710,718
		2,378,962	2,846,089
Non-controlling interests		**448,000**	322,162
Total equity		**2,826,962**	3,168,251
LIABILITIES			
Non-current liabilities			
Borrowings	*13*	**1,069,359**	1,932,167
Lease liabilities		**43,146**	37,529
Deferred income tax liabilities		**129,512**	68,075
		1,242,017	2,037,771
Current liabilities			
Trade and other payables	*14*	**2,982,563**	2,712,605
Contract liabilities		**45,631**	30,000
Income tax payables		**13,873**	7,495
Borrowings	*13*	**3,979,159**	4,186,036
Lease liabilities		**30,318**	37,272
Derivative financial instruments		**849**	–
		7,052,393	6,973,408
Total liabilities		**8,294,410**	9,011,179
Total equity and liabilities		**11,121,372**	12,179,430

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 (the "**Stock Exchange**").

These consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), unless otherwise stated.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

(i) Compliance with HKFRS and the disclosure requirements of HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance ("**HKCO**") Cap. 622.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments, which are measured at fair value.

(iii) Going concern basis

During the year ended 31 December 2023, the Group incurred a net loss of HK$371,251,000 and an operating cash outflow of HK$121,076,000. As at 31 December 2023, the Group had outstanding borrowings of HK$5,048,518,000 of which HK$3,979,159,000 was classified as current liabilities while maintained cash and cash equivalent of HK$1,604,091,000.

As at 31 December 2023, a syndicated borrowing of the Group amounting to HK$1,008,773,000 (“**Syndicated Borrowing**”) and certain short-term bank borrowings amounting to HK$634,500,000 (“**Short-Term Bank Borrowings**”) contained financial covenants and required the Group to meet certain financial ratio requirements. The Group had not complied with certain of these financial covenant requirements which constituted an event of default and resulted in the Syndicated Borrowing and Short-Term Bank Borrowings becoming immediately repayable if requested by the lenders. Consequently, the Syndicated Borrowing amounting to HK$771,415,000 with scheduled repayment dates beyond one year after 31 December 2023 was classified as current liabilities as at 31 December 2023. The above event of default also triggered cross-defaults of certain other bank borrowings of the Group (“**Other Short-Term Bank Borrowings**”) amounting to HK$1,350,047,000 as at 31 December 2023. Nevertheless, these Other Short-Term Bank Borrowings were classified as current liabilities as at 31 December 2023 based on their original contractual maturity terms.

The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as going concern. The following plans and measures have been implemented to mitigate the liquidity pressure and to improve its cash flows.

- On 25 March 2024, the Company entered into a 3-year committed term loan facility with two of the lenders of the Syndicated Borrowing for the principal amount of HK$546,000,000 (“**Term Loan**”) for refinancing the Syndicated Borrowing. The Term Loan will be used to repay any outstanding Syndicated Borrowing and the Group is in the process of applying for drawdowns of the Term Loan to repay the outstanding Syndicated Borrowing. Additionally, subsequent to 31 December 2023, the Group has already repaid HK$68,570,000 of the Syndicated Borrowing based on the scheduled repayment date. The directors are of the opinion that the Group has sufficient cash to settle the remaining principal amount of HK$394,203,000 of the Syndicated Borrowing and therefore the Group expects the Syndicated Borrowing will be fully repaid in April 2024. Furthermore, the Term Loan is subject to compliance of certain financial covenants which the Group will continue to monitor;

- Subsequent to 31 December 2023, the Group repaid approximately HK$299,623,000 of the Short-Term Bank Borrowings and approximately HK$524,745,000 of the Other Short-Term Bank Borrowings outstanding as at 31 December 2023 based on the original scheduled repayment dates. In March 2024, the Group obtained written consents for waivers from the non-compliance of the relevant financial covenants from the lenders of the Short-Term Bank Borrowings of HK$634,500,000 and the waiver for cross-defaults as at 31 December 2023 from the lenders of the Other Short-Term Bank Borrowings of HK$1,350,047,000. The written consent of the Short-Term Bank Borrowings of HK$560,000,000 also included revision of certain financial covenant requirements and waiver of compliance from certain financial covenants until 31 December 2024. The aforesaid defaults on the Short-Term Bank Borrowings and cross-defaults on the Other Short-Term Bank Borrowings were released subsequently;

- Subsequent to 31 December 2023, the Group had drawn down HK$218,960,000 and HK$273,000,000 from the existing credit as at 31 December 2023 and a newly secured credit in March 2024, respectively. The Group will work with the lenders to renew these credits upon their expiries. The Group will also negotiate with financial institutes to secure new borrowing credits and the directors are of the opinion that these banking credits will be available as and when needed to provide sufficient funding for the Group's working capital needs and operating expenditures;

- The Group will continue to monitor its compliance with the covenant requirements of all its borrowings in future. Should the Group be unable to comply with the covenant requirements, the Group will continue to discuss and negotiate with the respective lenders on timely basis and will seek to revise the terms and covenant requirements or obtain a waiver of compliance with the covenant requirements from the lenders, if needed; and

- The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

The directors have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2023. They are of the opinion that, taking into account the anticipated net proceeds generated from delivering the Group's secured but uncompleted construction contract amount of approximately HK$15.4 billion as at 31 December 2023, the anticipated receipts of sales proceeds upon completion of a residential property development project located in Singapore, the anticipated cash flow generated from the Group's other operations, the possible changes in its operating performance, the Group's ability to continue to comply with the terms of the loan agreements and the ability to draw down from its existing bank facilities, the Group will have sufficient financial resources to satisfy its future obligations as and when they fall due within the next twelve months from 31 December 2023. Accordingly, the directors consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

(iv) New and amended standards and practice statement adopted by the Group

The Group has applied the following new and amended standards and practice statement for the first time for their annual reporting period commencing 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimate
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
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

The new and amended standards and practice statement listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the amount or future period.

(v) Amended standards and interpretation not yet adopted by the Group

The following are amendments and interpretations to standards that have been published and are not mandatory for the Group's accounting periods beginning on or after 1 January 2024 and have not been early adopted by the Group:

		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 HKAS 21	Lack of Exchangeability	1 January 2025
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 new standards and amendments to existing standards. Management will adopt the new standards and amendments to standards when they become effective.

3 SEGMENT INFORMATION

The chief operating decision-maker ("**CODM**") has been identified as the executive directors of the Company.

The CODM reviews the performance of the Group's operations mainly from a business operation perspective. The Group is organised into four main business segments, namely (i) Foundation and construction — Hong Kong and Macau; (ii) Property development — Hong Kong; (iii) Construction — Singapore and Southeast Asia and (iv) Property development — Singapore and Southeast Asia.

The "Foundation and construction — Hong Kong and Macau" segment mainly represents provision of foundation and construction work to property developers, loaning of labour and rental of equipment in Hong Kong and Macau. The "Property development — Singapore and Southeast Asia" and "Property development — Hong Kong" segment represent the sales of completed property units in Singapore and Southeast Asia and Hong Kong. The "Construction — Singapore and Southeast Asia" segment mainly represents provision of construction work to property developers, sales of goods, loaning of labour and rental of equipment in Singapore and Southeast Asia.

Segment performance is evaluated based on reportable segment results, which is a measure of adjusted (loss)/profit before income tax. The adjusted (loss)/profit before income tax is measured consistently with the Group's (loss)/profit before income tax except that finance income, finance costs, inter-segment transactions as well as the head office and corporate expenses are excluded from such measurement.

Segment assets and liabilities exclude other unallocated head office and corporate assets and liabilities as these assets and liabilities are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the above segments is reported below.

	Foundation and construction — Hong Kong and Macau	Property development — Hong Kong	Construction — Singapore and Southeast Asia	Property development — Singapore and Southeast Asia	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2023					
Sales					
Sales to external parties	**3,433,430**	**–**	**4,350,520**	**2,638,670**	**10,422,620**
Inter-segment sales	**–**	**–**	**348,470**	**–**	**348,470**
Total segment sales	**3,433,430**	**–**	**4,698,990**	**2,638,670**	**10,771,090**
Adjusted segment profit/(loss)	**63,055**	**(58)**	**(610,726)**	**501,049**	**(46,680)**
Depreciation of right-of-use assets	**9,785**	**–**	**40,138**	**2,263**	**52,186**
Depreciation of owned assets	**44,974**	**–**	**17,512**	**240**	**62,726**
Amortisation of intangible assets	**191**	**–**	**6,215**	**–**	**6,406**

	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*
Year ended 31 December 2022					
Sales					
Sales to external parties	2,104,536	–	4,202,812	1,964,774	8,272,122
Inter-segment sales	–	–	237,983	–	237,983
Total segment sales	2,104,536	–	4,440,795	1,964,774	8,510,105
Adjusted segment (loss)/profit	33,323	(66)	(620,349)	403,099	(183,993)
Depreciation of right-of-use assets	10,261	–	39,587	2,662	52,510
Depreciation of owned assets	52,579	–	20,407	122	73,108
Impairment on property, plant and equipment	–	–	6,911	–	6,911
Amortisation of intangible assets	102	–	5,874	–	5,976

During the year ended 31 December 2023, revenue of approximately HK$3,190,683,000 (2022: HK$2,257,031,000) representing 31% (2022: 27%) of the Group's total revenue was derived from a single external customer within the "Construction — Singapore and Southeast Asia" segment.

The following tables present segment assets and liabilities as at 31 December 2023 and 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 31 December 2023					
Segment assets	**2,184,565**	**709,598**	**3,762,509**	**5,700,258**	**12,356,930**
Segment liabilities	**1,600,804**	**669,182**	**3,463,672**	**4,836,505**	**10,570,163**

	Foundation and construction — Hong Kong and Macau *HK$'000*	Property development — Hong Kong *HK$'000*	Construction — Singapore and Southeast Asia *HK$'000*	Property development — Singapore and Southeast Asia *HK$'000*	Total *HK$'000*
As at 31 December 2022					
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 loss before income tax is as follows:

	2023	2022
	HK$'000	*HK$'000*
Adjusted segment loss for reportable segments	**(46,680)**	(183,993)
Unallocated expenses	**(23,527)**	(29,120)
Elimination	**(15,113)**	(13,850)
Finance income	**53,239**	58,701
Finance costs	**(327,730)**	(247,531)
Share of results of investments accounted for using the equity method	**33,177**	(67,919)
Loss before income tax	**(326,634)**	(483,712)

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

	2023	2022
	HK$'000	*HK$'000*
Segment assets	**12,356,930**	12,885,573
Unallocated	**5,928,432**	6,392,835
Elimination	**(7,163,990)**	(7,098,978)
Total assets	**11,121,372**	12,179,430

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

	2023	2022
	HK$'000	*HK$'000*
Segment liabilities	**10,570,163**	11,297,400
Unallocated	**4,888,237**	4,812,757
Elimination	**(7,163,990)**	(7,098,978)
Total liabilities	**8,294,410**	9,011,179

4 REVENUE

	2023	2022
	HK$'000	*HK$'000*
Construction contracts income	**7,782,591**	6,305,274
Sales of development properties	**2,638,670**	1,964,774
Income from loaning labour to other contractors	**1,359**	2,074
	10,422,620	8,272,122
Revenues from contracts with customers		
— recognised at a point in time	**7,277**	67,960
— recognised over time	**10,415,343**	8,204,162
	10,422,620	8,272,122

The Group primarily operates in Singapore, Southeast Asia, Hong Kong and Macau, and its revenue by geographical area is as follows:

	2023	2022
	HK$'000	*HK$'000*
Singapore	**6,792,185**	5,824,324
Hong Kong and Macau	**3,433,430**	2,104,536
Southeast Asia	**197,005**	343,262
	10,422,620	8,272,122

5 EXPENSES BY NATURE

	2023	2022
	HK$'000	*HK$'000*
Contractor and material costs included in "Cost of sales"	**7,203,713**	5,954,682
Property development costs included in "Cost of sales"	**2,026,165**	1,534,840
Staff costs, including directors' emoluments	**919,875**	704,997
Sales commissions	**91,257**	68,691
Show flat costs	**743**	3,171
Marketing expenses	**3,349**	1,967
Travel and entertainment expenses	**4,899**	4,970
Depreciation of owned assets	**62,726**	73,108
Depreciation of right-of-use assets	**52,186**	52,510
Amortisation of intangible assets	**6,406**	5,976
Rental expenses on operating leases	**144,983**	148,122
Auditors' remuneration		
— audit and audit related services	**8,358**	7,457
— non-audit services	**380**	456
Other legal and professional fees	**22,375**	18,110
Impairment charge on property, plant and equipment	**–**	6,911
Credit impairment loss	**28,652**	2,926
Reversal for foreseeable losses on construction contracts	**(9,022)**	–
Other expenses	**40,423**	37,827
Total cost of sales, selling and marketing expenses, general and administrative expenses and credit impairment loss	**10,607,468**	8,626,721

6 OTHER INCOME

	2023	2022
	HK\$'000	*HK\$'000*
Dividend income from financial assets at fair value through other comprehensive income	**–**	83
Performance bonus from construction contracts	**40,367**	71,594
Forfeited customer deposits	**919**	873
Government grants *(Note)*	**5,976**	19,193
Management fee income	**10,030**	10,165
Rental income from temporary staff quarters	**18,292**	4,692
Scrap sales	**9,489**	4,810
Others	**5,830**	17,651
	90,903	129,061

Note:

Government grants primarily represent subsidies granted by local governments for foreign worker levy rebates. These subsidies were granted in the form of cash payment. There were no unfulfilled condition and other contingencies attached to the receipts of those subsidies.

7 FINANCE COSTS — NET

	2023	2022
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**19,895**	2,521
Interest income from loans to associated companies	**33,344**	54,926
Interest income from loans to related parties	**–**	1,254
	53,239	58,701
Finance costs		
Interest expenses on lease liabilities	**(3,061)**	(1,802)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	**(276,081)**	(195,066)
Interest expenses on loans from non-controlling interests in subsidiaries	**(50,392)**	(52,833)
	(329,534)	(249,701)
Less: Interest expenses capitalised	**9,557**	11,637
	(319,977)	(238,064)
Net foreign exchange losses	**(7,753)**	(9,467)
	(327,730)	(247,531)
Finance costs — net	**(274,491)**	(188,830)

8 INCOME TAX EXPENSE

Hong Kong profits tax, Macau complementary tax, Singapore corporate income tax, Malaysia corporate income tax, Indonesia corporate income tax, Cambodia corporate income tax and Vietnam corporate income tax have been provided for at the rate of 16.5%, 12%, 17%, 24%, 22%, 20% and 20% respectively for the years ended 31 December 2023 and 2022 on the estimated assessable profit in the respective jurisdictions, adjusted for those items which are not assessable or deductible for income tax purpose.

	2023	2022
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**1,781**	152
— Singapore corporate income tax	**8,873**	4,870
— Cambodia corporate income tax	**186**	289
— Vietnam corporate income tax	**–**	4
(Over)/under-provision in prior years		
— Singapore corporate income tax	**(1,695)**	(16,157)
— Indonesia corporate income tax	**522**	–
Total current income tax expense/(credit)	**9,667**	(10,842)
Deferred income tax	**34,950**	40,170
Income tax expense	**44,617**	29,328

9 LOSS PER SHARE

Basic

	2023	2022
	HK$'000	*HK$'000*
Loss attributable to ordinary shares	**(453,104)**	(543,331)
Loss attributable to convertible preference shares ("**CPS**")	**(37,231)**	(44,652)
Loss attributable to owners of the Company	**(490,335)**	(587,983)

	2023		2022	
	Ordinary shares	**CPS**	Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic loss per share *(in thousands)*	**1,518,320**	**124,876**	1,518,320	124,876
Basic loss per share *(HK$)*	**(0.298)**	**(0.298)**	(0.358)	(0.358)

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

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

Diluted

	2023		2022	
	Ordinary shares	**CPS**	Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic loss per share *(in thousands)*	**1,518,320**	**124,876**	1,518,320	124,876
Adjustments for outstanding share options *(in thousands)*	**–**	**–**	–	–
	1,518,320	**124,876**	1,518,320	124,876
Diluted loss per share *(HK$)*	**(0.298)**	**(0.298)**	(0.358)	(0.358)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares and CPS outstanding to assume conversion of all dilutive potential ordinary shares relating to the outstanding share options issued by the Company as at year end dates. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price of the Company's share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted loss per share. For the years ended 31 December 2023 and 2022, the calculation of diluted loss per share does not assume the exercise of the share options issued by the Company as they would have anti-dilutive impact to the basic loss per share.

10 DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

11 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2023	2022
	HK$'000	*HK$'000*
Current		
Trade receivables *(Note (b))*		
— Associated companies	**34,097**	19,711
— Related parties	**8,155**	27,732
— Third parties	**1,668,224**	1,159,473
	1,710,476	1,206,916
Retention receivables from customers for construction contract work *(Note (c))*		
— Associated companies	**4,407**	6,891
— Related parties	**500**	10,718
— Third parties	**447,523**	498,089
	452,430	515,698
Other receivables *(Note (d))*		
— Associated companies	**16,269**	324,439
— Related parties	**81,701**	75,836
— Third parties	**15,580**	35,325
Prepayments	**86,983**	175,788
Deposits	**67,966**	106,801
Staff advances	**4,713**	2,571
Goods and services tax receivable	**7,446**	19,123
	280,658	739,883
Loans and interest receivables		
— Associated companies *(Note (e))*	**31,879**	246,544
— A joint venture *(Note (g))*	**111,450**	111,450
— A related company *(Note (f))*	**–**	107,522
	143,329	465,516
	2,586,893	2,928,013
Non-current		
Loans and interest receivables		
— Associated companies *(Note (e))*	**800,386**	742,717
— Investment accounted for as financial assets at fair value through other comprehensive income *(Note (h))*	**60,562**	–
Prepayments and other receivables	**2,317**	1,320
	863,265	744,037

Notes:

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

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

	2023	2022
	HK$'000	*HK$'000*
1–30 days	**1,596,698**	990,381
31–60 days	**32,861**	109,252
61–90 days	**23,543**	16,770
Over 90 days	**57,374**	90,513
	1,710,476	1,206,916

(c) Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of the respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK$338,588,000 (2022: HK$285,698,000) are expected to be recovered in more than twelve months from 31 December 2023.

(d) Other receivables due from associated companies, related parties, and third parties were unsecured and interest-free.

(e) Loans receivables to associated companies of HK$832,265,000 (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 of 5% (2022: 4% to 5%) per annum as at 31 December 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 31 December 2023 (2022: same).

Details of the material loans receivables to associated companies of the Group as at 31 December 2023 are as follows:

As at 31 December 2023, loan receivable of HK$375,980,000 (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 consolidated statement of financial position.

As at 31 December 2023, loan receivable of HK$266,186,000 (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 consolidated statement of financial position.

As at 31 December 2023, loan receivable of HK$158,220,000 (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 will not be repayable within one year from the end of the reporting period, hence, it is classified as non-current asset in the consolidated statement of financial position accordingly.

As at 31 December 2022, loan receivable of HK$216,037,000 represent shareholders' loan to Qingjian Realty (Marymount) Pte. Ltd. an associated company of the Group that engage in property development in Singapore. The loan receivable has been fully recovered during the year ended 31 December 2023.

(f) As at 31 December 2022, loan to a related party represents a loan lent to One Belt & One Road (BVI) Investment Limited, an entity controlled by the Property Development Fund. The loan receivable has been fully recovered during the year ended 31 December 2023.

(g) As at 31 December 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 asset in the consolidated statement of financial position accordingly.

(h) As at 31 December 2023, loan receivable of HK$60,562,000 represents shareholders' loan to ZACD LV Development Pte. Ltd., an investment company that engages in property development in Singapore. The investment is accounted for as financial assets at fair value through other comprehensive income. The loan is unsecured and interest bearing at a fixed rate of 5% per annum. The directors of the Company consider that the loan receivable from ZACD LV Development Pte. Ltd. will not be repayable within one year from the end of the reporting period, hence, it is classified as non-current asset in the consolidated statement of financial position accordingly.

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.

12 DEVELOPMENT PROPERTIES FOR SALE

	2023	2022
	HK$'000	*HK$'000*
Properties in the course of development		
Leasehold land at cost	**1,460,049**	2,786,890
Development costs	**46,946**	85,761
Overheads expenditure capitalised	**10,372**	17,541
Interest expenses capitalised	**60,280**	120,414
	1,577,647	3,010,606

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 5.3% and 6.0% per annum (2022: 3.0% and 5.9%).

As at 31 December 2023, development properties for sale with net carrying amounts of HK$1,538,858,000 (2022: HK$2,974,381,000) were pledged as securities for certain bank borrowings of the Group.

13 BORROWINGS

	2023	2022
	HK$'000	*HK$'000*
Current		
Bank borrowings — secured	**1,350,047**	1,806,306
Bank borrowings — unsecured	**1,850,998**	2,288,691
Bank borrowings — mortgaged	**58,128**	61,525
Loans from non-controlling interests of subsidiaries-unsecured	**719,986**	29,514
	3,979,159	4,186,036
Non-current		
Bank borrowings — unsecured	**553,898**	703,633
Bank borrowings — mortgaged	**22,404**	6,787
Loans from non-controlling interests of subsidiaries-unsecured	**493,057**	1,221,747
	1,069,359	1,932,167
Total borrowings	**5,048,518**	6,118,203

At 31 December 2023, the Group's borrowings were repayable as follows:

	2023	2022
	HK$'000	*HK$'000*
Within 1 year (on demand and within 1 year)	**3,979,159**	4,186,036
Between 1 and 2 years	**437,839**	1,081,907
Between 2 and 5 years	**611,684**	846,577
Later than 5 years	**19,836**	3,683
Total	**5,048,518**	6,118,203

As at 31 December 2023, a Syndicated Borrowing of the Group amounting to HK$1,008,773,000 and certain Short-Term Bank Borrowings amounting to HK$634,500,000 contain financial covenants and require the Group to meet certain financial ratio requirements. The Group had not complied with certain of these financial covenant requirements which constituted an event of default and resulted in the Syndicated Borrowing and Short-Term Bank Borrowings becoming immediately repayable if requested by the lenders. Consequently, the Syndicated Borrowing amounting to HK$771,415,000 with scheduled repayment dates beyond one year after 31 December 2023 was classified as current liabilities and on demand as at 31 December 2023. In March 2024, the Group obtained written consents for waivers from the non-compliance of the relevant financial covenants from the lenders of the Short-Term Bank Borrowings of HK$634,500,000. On 25 March 2024, the Company entered into a 3-year committed term loan facility with two of the lenders of the Syndicated Borrowing for the principal amount of HK$546,000,000 for refinancing the Syndicated Borrowing. The Term Loan will be used to repay any outstanding Syndicated Borrowing and the Group is in the process of applying for drawdowns of the Term Loan to repay the outstanding Syndicated Borrowing.

14 TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Current		
Trade payables to:		
— Related parties	**3,529**	6,737
— An associated company	**154**	–
— Non-controlling interests of subsidiaries	**–**	437
— Third parties	**1,753,946**	1,627,787
	1,757,629	1,634,961
Non-trade payables to:		
— Non-controlling interests of subsidiaries	**116,501**	104,256
— Related parties	**44,836**	56,598
— Associated companies	**288,679**	37,326
— Third parties	**65,733**	40,257
— Goods and services tax payable	**13,624**	1,158
	529,373	239,595
Consideration payable in relation to business combination	**–**	26,100
Accruals for operating expenses	**135,445**	97,601
Accruals for construction costs	**507,211**	665,492
Deposits received from customers	**6,000**	7,814
Deferred gain	**44,471**	16,316
Provision for financial guarantees to a joint venture	**–**	7,268
Provision for foreseeable losses on construction contracts	**2,434**	12,806
Dividend payable — non-controlling interests of subsidiaries	**–**	4,652
	695,561	838,049
	2,982,563	2,712,605

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

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

	2023	2022
	HK$'000	*HK$'000*
1–30 days	**1,254,018**	1,063,077
31–60 days	**276,900**	246,434
61–90 days	**108,548**	157,589
Over 90 days	**118,163**	167,861
	1,757,629	1,634,961

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

15 CONTINGENT LIABILITIES

At each consolidated statement of financial position date, the Group had the following contingent liabilities:

	2023	2022
	HK$'000	*HK$'000*
Guarantees on performance bonds in respect of construction contracts in Hong Kong	**390,628**	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 31 December 2023, corporate guarantees issued in relation to these bank borrowings amounted to HK$772,204,000 (2022: HK$971,889,000).

FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2023 (2022: Nil).

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the forthcoming annual general meeting on Friday, 21 June 2024, the register of members of the Company will be closed from Monday, 17 June 2024 to Friday, 21 June 2024, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 14 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore Construction Market Review

According to the report of the Building and Construction Authority (the "**BCA**"), Singapore's actual demand for construction in 2023 has reached S$33.8 billion, higher than the forecast range of S$27 billion to S$32 billion as a result of higher tendering prices. Such demand for construction was mainly driven by the public sectors such as public residential developments and the Cross-Island MRT line. This trend will continue in 2024.

Construction demand in private sectors also increased from S$12.5 billion in 2022 to S$14.3 billion in 2023. Demand mainly came from residential development under government land sales and previous en-bloc sales of land, mixed-use developments and large-scale hotel refurbishments.

During the Reporting Period, the Group was awarded 3 HDB projects in Singapore by the Housing and Development Board of Singapore (HDB), namely, the Punggol North Contract 15 residential project, the Choa Chu Kang Neighbourhood 8 Contract 12 residential project and the Bukit Batok Neighbourhood 4 Contract 26 residential project in Singapore. In particular, Choa Chu Kang Neighbourhood 8 Contract 12 adopted the MiC method, while the other two projects were partially composite building projects (prefabricated toilets).

Hong Kong Construction Market Review

The total nominal value of construction works in 2023 announced by the Census and Statistics Department of the Hong Kong Government is about HK$269 billion, which is basically in line with the Construction Industry Council's projection that the total volume of construction works in Hong Kong in the next ten years will be from $240 billion to $375 billion. One of the main reasons that the construction industry has maintained a high growth rate amidst the downturn in the private construction market is the Hong Kong Government's vigorous promotion of public housing construction. The 2023 Policy Address has again proposed the provision of 21,000 transitional housing units and 30,000 simple public housing units within five years, some of which have already been completed in 2023, and the planned construction of 410,000 new public housing units in the next ten years. That will greatly facilitate the development of the construction industry in Hong Kong.

During the Reporting Period, the Group was granted one public housing construction project by the Hong Kong Housing Authority in Hong Kong for the Tai Wo Hau Road public housing development projects Phase I and Phase II and one MiC method construction project, which was the major construction contract for a transitional housing project on Choi Hing Road in Choi Hung Hong Kong awarded by the Lok Sin Tong Benevolent Society, Kowloon to its subsidiary in March 2023. The project is the first eight-storey transitional housing in Hong Kong.

Malaysia Construction Market Review

In 2023, the post-pandemic era in Malaysia, the private sector became the key contributor to the growth of the construction industry. High-rise residential developments with mixed-use concepts, industrial-type factory projects and data centre projects were crucial areas of growth for the construction industry. In 2023, the construction industry in Malaysia continued to see its growth momentum in 2022, with an annual growth of 6.3%. The total output value of projects achieved RM54.71 billion from January to October 2023.

Singapore Property Market Review

In 2023, Singapore's GDP grew by 1.2%, which was slightly slower than previously anticipated. As the private residential price in Singapore's property market increased for the seventh consecutive year, the growth in 2023 has slowed down, with a shrinking rise of 6.8% in prices for the year, lower than the 8.6% of in 2022. Throughout 2023, a total of 7,551 private residential houses were launched for sale, representing an increase in supply of approximately 66.7% as compared to 4,528 in 2022. Meanwhile, a total of 6,421 private residential houses (excluding EC flats) were sold, representing a decrease of 9.5% as compared with 2022. In order to maintain a sustainable property market, the Housing & Development Board, the Ministry of National Development and the Monetary Authority of Singapore jointly announced on 26 April 2023 that a new round of property market cooling measures would take effect from the 27th day of that month.

Hong Kong Property Market Review

In 2023, amidst the uncertain global economic outlook, including the Israeli-Palestinian conflict, geopolitical tension, sluggish local demand and the impact of continuous interest rate hikes by the United States Federal Reserve, the overall property market witnessed fewer transactions. Although the transaction volume in the primary market increased by 4.1% over the previous year to approximately 10,000, it hit the second-lowest level in the past decade. According to the Rating and Valuation Department of Hong Kong, the Private Domestic-Price Indices dropped by approximately 6.75% throughout the year 2023.

BUSINESS REVIEW

Construction Business

The construction projects undertaken by the Group can be broadly divided into two major geographical segments, namely "Singapore & other Southeast Asia" and "Hong Kong & Macau". In Singapore & Southeast Asia, the Group tenders for public construction works, and external private construction works and has been engaged in the Group's property development projects, whereas in Hong Kong & Macau, the Group is mainly responsible for superstructure construction, foundation works and provision of ancillary services with particular specialisation in piling works.

The Group's revenue from the Singapore and Southeast Asia construction contracts for the Reporting Period was approximately HK$4,350.5 million (year ended 31 December 2022: approximately HK$4,202.8 million). The revenue from construction contracts of the Hong Kong & Macau segment was approximately HK$3,433.4 million (year ended 31 December 2022: approximately HK$2,104.5 million).

During the Reporting Period, for the Singapore segment, the Group completed 5 external construction projects, including 1 public residential project, 3 private residential apartment projects and 1 factory project. In 2023, the Group obtained 3 HDB public residential projects and 1 condominium project with an aggregated contract sum of approximately HK$3,918.5 million. As at 31 December 2023, the Group had 20 external construction projects on hand and the outstanding contract sums were approximately HK$9,149.1 million.

During the Reporting Period, for the Southeast Asia construction market, the Group completed 1 private apartment project and 1 private facility project with an aggregated contract sum of approximately HK$277.1 million. As at 31 December 2023, the outstanding contract sums of the 5 projects on hand were approximately HK$802.4 million.

As for the Hong Kong & Macau segment, the Group was awarded 29 new foundation and superstructure construction business projects with aggregated contract sums of approximately HK$4,565.2 million. As at 31 December 2023, the outstanding contract sums of the 48 projects on hand were approximately HK$5,432.1 million.

Property Development Business

The Group focused on the development and sale of quality residential projects in Singapore.

As of the end of 2023, the cumulative contract sales rate of Forett at Bukit Timah (a private condominium development project of the Group at Toh Tuck Road) achieved 100%, with 633 units sold.

As of the end of 2023, the cumulative contract sales rate of Tenet (an Executive Condominium development project of the Group at Tampines Street 62) was approximately 99%, with 614 units sold.

As of the end of 2023, the cumulative contract sales rate of Altura (an Executive Condominium development project of the Group at Bukit Batok West Avenue 8) was approximately 82%, with 303 units sold.

As of the end of 2023, the cumulative contract sales rate of the Arden (a private condominium development project of the Group at Phoenix Road, Singapore) was approximately 34%, with 44 units sold.

During the Reporting Period, the Group was granted a number of industrial awards, including Top 10 Developers in Singapore (新加坡十大開發商) from BCI Asia.

The sales revenue and the average selling price ("**ASP**") realised by the Group are set out in the table below:

Project	**Sales Revenue 2023** *(HK$' million)*	**ASP 2023** *(HK$/sq.m.)*
Forett at Bukit Timah	2,601.9	126,681
The Arden	31.1	120,645

Forett at Bukit Timah is a mid-end private condominium development project. The project recognised the sales revenue based on the percentage of construction completion throughout the year of 2023. Therefore, it recognised pre-sales revenue of approximately HK$2,602 million.

The Arden is a mid-end private condominium development project. The project recognised the sales revenue based on the percentage of construction completion throughout the year of 2023. Therefore, it recognised pre-sales revenue of approximately HK$31 million.

As at 31 December 2023, the Group's current portfolio of property development projects consisted of 2 private condominium development projects and 2 executive condominium projects across Singapore. The total salable area ("**SFA**") is approximately 160,700 sq.m. The project details are as follows:

Project	Location	Intended use	Site area	Total SFA	Cumulative contracted sales area	Cumulative contracted sales amount	% of completion as at 31 December 2023	Estimated year of construction completion	Ownership relationship
			sq.m.	*sq.m.*	*sq.m.*	*HK$ billion*			
Forett at Bukit Timah	32–46 Toh Tuck Road, Singapore	Residential, Private and Retail Space	33,457	50,003	49,859	6.32	89.6%	June 2024	Subsidiary
The Arden	2/2A/2B–24/24A/24B Phoenix Road, Singapore (even numbers)	Residential, Private and Retail Space	6,465	9,687	3,256	0.37	7.9%	March 2025	Subsidiary
Tenet	Tampines Street 62, Singapore	Residential	23,799	62,159	61,787	54.42	0%	June 2025	Associated company
Altura	Bukit Batok West Avenue 8, Singapore	Residential	12,499	38,951	31,969	30.06	0%	March 2026	Associated company

Forett at Bukit Timah

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

The total SFA of this project is 50,003 sq.m. (including residential units of 49,859 sq.m. and commercial units of 144 sq.m.) and the percentage of saleable area pre-sold was 100% as at 31 December 2023. The construction is scheduled to be completed in the first half of 2024.

The Arden

The Arden is a private condominium project on a leasehold land with land use right of 99 years. The project has a total land site area of 6,465 sq.m. and the total estimated gross floor area is 9,687 sq.m.. It is planned to be developed into 3 blocks of 5-storey with about 100 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.

The total SFA of this project is 9,687 sq.m. and it was launched in August 2023. As of 31 December 2023, the percentage of saleable area sold was 34% and the construction is scheduled to be completed in March 2025.

Tenet

Tenet is an executive condominium project on a leasehold land with a lease term of 99 years, including 11 blocks of 15-storey residential buildings with 618 units, 1 block of multi-storey car park and 1 floor of underground car park. It has communal facilities and landscape views. The project is located at Tampines Street 62.

The total SFA of this project is 62,159 sq.m. and it was launched in November 2022. As of 31 December 2023, the percentage of saleable area sold was 99% and the construction is scheduled to be completed in June 2025.

Altura

Altura is an executive condominium project on a leasehold land with a land use right of 99 years. The total land site area is 12,499 sq.m. and the SFA is estimated at 38,951 sq.m.. It is intended to be developed into 6 blocks of 15-storey residential buildings with around 360 residential units, 1 block of multi-storey car park and 1 floor of underground car park. It has communal facilities and landscape views. The project is located at Bukit Batok West Avenue 8.

The project's total SFA is 38,951 sq.m. and it was launched in August 2023. As of 31 December 2023, the percentage of saleable area sold was 82% and the construction is scheduled to be completed in 2026.

Land bank status

(1) Media Circle project, Singapore

As at 8 February 2024, the Group and Forsea Residence won a bid in respect of the land on Media Circle located in one-north mediapolis in Singapore at the consideration of S$395.29 million. The site, is a private condominium project on a leasehold land with land use right of 99 years. The total land site area is 10,632 sq.m. and the total SFA is estimated at 30,834 sq.m. It is intended to be developed into one floor of commercial space and 1 floor of underground car park with around 350 residential units, equipped with communal facilities and landscape.

(2) Yau Tong project, Hong Kong

The Group acquired the land parcel located at Yau Tong Marine Lot No. 58 & 59 and their extensions thereto for a total consideration of HK$530 million. The site area for 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. The amendment planning of project was approved in March 2022. Land exchange procedures are currently in progress.

(3) Sham Shui Po project, Hong Kong

In January 2023, the Group completed the acquisition for 100% aggregate ownership of all 4 lots located at 163–169 Yee Kuk St in Sham Shui Po. Together with its joint-venture partners, the site will be redeveloped into a residential building with a commercial podium. General Building Plans were approved by the Buildings Department in October 2020. Demolition works for the existing buildings were completed in the 4th quarter of 2023.

(4) Tai Po project, Hong Kong

The Group, in partnership with Vanke Property (Hong Kong) Company Limited, was awarded the site located along Ma Wo Road, Tai Po, New Territories held under Tai Po Town Lot No. 243 in July 2020 at the premium price of HK$3.705 billion. Tai Po Town Lot No. 243 has a site area of approximately 243,353 sq. ft. and is designed for private residential purposes. The maximum gross floor area is 781,897 sq. ft. General Buildings Plans for the development were approved in December 2021.

The management believes that it is essential to replenish its land bank for the Group's sustainable project development in the coming years. The Group will follow its current strategy on land bank reserve whilst taking a prudent approach in selecting quality land at a reasonable price suitable for the Group's investment.

Investment in medicine fund

In 2021, the Group entered into subscription agreements to subscribe for limited partnership interests in a fund which is engaged in the investment in healthcare and biotechnology related business at an aggregate subscription amount of up to US$25.64 million (equivalent to HK$200 million). As at 31 December 2023, the Group had an aggregate subscription amount of approximately US$20.92 million (equivalent to HK$163 million). The fund is focusing on research and development of certain new medicines, including super antibiotics against super bacteria, and new drugs for the treatment of rheumatoid arthritis, chronic obstructive pulmonary disease and atopic dermatitis. Please refer to the announcement of the Company dated 21 May 2020 for further details.

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

1. The 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.

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

3. The new medicine of the super antibiotics was approved as an investigational new drug for Phase I clinical trial in the second half of 2022.

4. The application as investigational new drugs for Phase I clinical trial for treatment of rheumatoid arthritis was approved in the second half of 2023.

Currently, the relevant clinical plans for the four new drugs have been formulated and further adjustments will be made given the changing market situation. In view of the overall downturn in the biopharmaceutical market, the research and development procedures for entering the clinic have been delayed. In addition, the Company has communicated with the fund manager and does not rule out the possibility of finding suitable industrial partners for joint research and development or the transfer of interests.

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Reporting Period was approximately HK$10.4 billion (2022: approximately HK$8.3 billion), representing an increase of 26% as compared with that for the year ended 31 December 2022. The increase was mainly due to the significant increase in revenue from Hong Kong construction segments during the Reporting Period.

During the Reporting Period, the revenue of the "Foundation and construction — Hong Kong and Macau" segment was approximately HK$3.4 billion (2022: approximately HK$2.1 billion), representing an increase of approximately 63% over the same period last year.

During the Reporting Period, revenue derived from the projects in Singapore and South East Asia was approximately HK$7.0 billion (2022: approximately HK$6.2 billion). Out of the HK$7.0 billion revenue derived from the Singapore segment, revenue derived from construction business was HK$4.4 billion, representing an increase of 4% over the same period last year ; the aggregate contracted sales of properties amounted to HK$2.6 billion, representing an increase of 30% over the same period last year.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 2.6% (2022: approximately -0.5%). The increase in gross profit margin was mainly due to the completion of some private construction projects of the Group in Singapore that were delayed impacted from the Covid-19 pandemic and the stable improvement of profit margins in newly bidding construction projects in Singapore and Hong Kong.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK$95.3 million (2022: approximately HK$73.8 million), which was approximately 0.9% (2022: approximately 0.9%) of the Group's total revenue. The increase was mainly due to the increase in sales commissions in relation to the development projects recognised during the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK$327.0 million (2022: approximately HK$237.5 million), which was approximately 3.1% (2022: approximately 2.9%) of the Group's total revenue. The increase was mainly due to the increase in staff costs recognised during the Reporting Period.

Finance Costs

In 2023, the market interest rate increased significantly resulting in a sharp increase in the Group's interest costs to HK$327.7 million in 2023 as compared to HK$247.5 million in 2022.

Net Loss

As a result of the foregoing, during the Reporting Period, the Group recorded a net loss of approximately HK$371.3 million (2022: net loss of approximately HK$513.0 million). Net loss attributable to owners of the Company amounted to HK$490.3 million (2022: net loss attributable of approximately HK$588.0 million). Loss per share was HK$0.298 (2022: loss per share was HK$0.358).

NON-COMPETITION DEED

To minimise the potential competition, the Group and Guotsing Holding Group Co. Limited ("**Guotsing PRC**") and Guotsing Holding Company Limited ("**Guotsing BVI**") (collectively, the "**Covenantors**") entered into a deed of non-competition dated 22 September 2015 (the "**Non-Competition Deed**"), pursuant to which the Covenantors have severally and jointly undertaken that they will not engage in property development or property construction in Hong Kong, Macau and Singapore (the "**Restricted Territories**").

In addition, they have also given the right of first refusal to the Company whereby any of the Covenantors must submit a formal written application to the Company if they wish to engage in any of the above restricted businesses in the Restricted Territories, and the Company must decide within 30 days whether or not it shall participate in such business. Only the independent non-executive Directors will be involved in the decision-making process of the Group in deciding whether to exercise the aforementioned right of first refusal to avoid any potential conflicts of interest.

PROSPECTS

Looking forward to 2024, the Ministry of Trade and Industry in Singapore anticipates an improvement in economic conditions, with GDP growth ranging from 1% to 3%. In February 2024, a budget with the theme of Building Our Shared Future Together was introduced in Singapore. At the same time, the first batch of Forward SG programmes will be released to help local families and businesses cope with current challenges while also looking to the medium- and long-term economic development of Singapore. In the long term, it is expected that Singapore's economy will remain competitive. According to the IMD World Competitiveness Ranking, Singapore ranked fourth among the most competitive economies of the world in 2023 while maintaining first place in the Asia-Pacific region.

It is anticipated that the prospect for Singapore's construction industry will remain vibrant in 2024. The Building and Construction Authority expects that construction demand will reach S$31 billion to S$38 billion per annum between 2025 and 2028 and 55% of such demand will be contributed by tenders from the public sector of Singapore's construction industry, such as HDB's pre-sold government flat developments, LTA's contract for the CrossIsland Line, the infrastructure works for the future Terminal 5 at Changi Airport, and the development of Tuas Harbour. The Group will focus on Singapore government projects, maintaining its existing dominant position in the HDB market, while exploring bidding opportunities for other construction projects, such as infrastructure projects.

As we embark on the post-pandemic period, Singapore's reputation as an investment paradise and investors' confidence in the long-term capital appreciation potential will continue to attract both foreign and local investors. It is expected that the Singapore property market will exhibit an upward trend in 2024, presenting opportunities for sales of the Group's project. The property market in Singapore continues to show good investment prospects. According to the Emerging Trends in Real Estate® Asia Pacific 2023 (《二零二三年亞太房地產市場新興趨勢報告》) jointly published by PricewaterhouseCoopers and the Urban Land Institute, Singapore scored 5.95 on property investment prospects for 2023, ranking the fourth among 22 cities in the Asia-Pacific region. In addition, based on the latest report issued by Henley & Partners, a London-based consultancy of investment immigration, Singapore, at the heart of a booming economic region, is attractive to foreigners considering immigration and the third best place in the world, followed by Switzerland and the United States, to migrate and establish family fortune. The Singapore market continues to offer the Group long-term growth opportunities and room for expansion. The Group will retain its roots in the Singapore market to seek quality projects and capitalise on its leading strengths in the property development business to consolidate its market position as a major local developer.

The Group has invested in various digital, robotic and automated innovation solutions, such as the latest BIM software. We have introduced a robotic plastering machine that is undergoing trials in one of the Group's HDB projects. The Group is also working closely with various organisations such as BCA and HDB to evaluate the productivity improvement and feasibility of these robotic machines on site.

According to the Economic Outlook 2024 (《二零二四年經濟財政展望報告書》) of Malaysia, the growth rate of Malaysia's gross domestic product (GDP) in 2024 is expected to reach 4% to 5%. Meanwhile, the government is committed to solidifying the country's economic foundation in order to realise prosperous, inclusive and sustainable economic growth. The construction industry of Malaysia is expected to grow at 6.8% in 2024.

In 2023, the Malaysian government took measures to enhance public transport and boost economic growth in the region through various national infrastructure projects, including the rollout of the 5G network, which would meet the growing demand for data centres in the Asia-Pacific region, and the expansion of the Mass Rapid Transit (MRT), which would create many jobs during the construction phase. The emergence of public transport projects has brought about a series of transport-oriented developments in the Klang Valley and along the intercity railways, which will serve as a catalyst for property renaissance in the surrounding areas. The aforementioned measures will be implemented in 2024. The Malaysian market still provides the Group with long-term growth opportunities and room for expansion. The Group will develop with stability in the Malaysian construction market and continue to seek more quality projects.

The Chief Executive of Hong Kong mentioned in the 2023 Policy Address that about 410,000 public housing units could be built in the next decade, of which the total supply of public housing, including Light Public Housing, would reach 172,000 units in the first five years (i.e. from 2024–25 to 2028–29), and that the Hong Kong Housing Authority would continue to adopt the Modular Integrated Construction (MiC) method in suitable projects so that not less than half of the total public housing units (about 238,000 units) to be completed from 2028–29 to 2032–33 would adopt the MiC method, while the remaining projects would adopt the Design for Manufacturing and Assembly (DfMA) method. The Hong Kong Housing Authority will continue to apply innovative building technologies and develop the second generation of the Modular Integrated Construction (MiC 2.0) method to further speed up the construction process and enhance its efficiency. The development of the Northern Metropolis will be continuously promoted, with the expectation of about 500,000 new housing units in the future. The Group has won a number of tenders from the Hong Kong Government for transitional housing and public housing construction projects. In the future, the Group will continue to focus on the public housing construction market and will certainly benefit from the rich experience of the MiC construction project in Singapore and gain more development opportunities.

For the Hong Kong property market, according to the latest budget of the government, the Hong Kong Government has withdrawn all demand-side management measures for residential properties, and all sales and purchases of residential property are no longer subject to additional buyer’s stamp duty, buyer’s stamp duty and new residential stamp duty, which means comprehensively withdrawing the strict measures for the property market. Given the recent performance of the property market, there has been a significant increase in the number of transactions that empowers property replacement, provides first-time home buyers with more choices, and accelerates the property market’s recovery.

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$5.1 billion as at 31 December 2023. Borrowings were denominated mainly in Singapore Dollar, Hong Kong Dollar 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.

These banking facilities were secured by the Group's property, plant and equipment and development properties for sale with net carrying amounts of HK$223,852,000 (2022: HK$203,866,000), and HK$1,538,858,000 (2022: HK$2,974,381,000), respectively.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has funded the liquidity and capital requirements primarily through medium term notes issuance, bank borrowings and cash inflows from operating activities.

As at 31 December 2023, the Group had cash and cash equivalents of approximately HK$1.6 billion (2022: approximately HK$1.5 billion) of which approximately 68.9% was held in Singapore Dollar, 21.9% was held in Hong Kong dollar, 5.2% was held in US Dollars, 3.4% was held in Malaysian Ringgit and the remaining was mainly held in Macau Patacas, Vietnamese Dong, and Indonesian Rupiah. The gearing ratio of the Group as at 31 December 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 54.9% (2022: approximately 59.7%).

During the Reporting Period, the Group employed financial instrument for currency 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. During the Reporting Period, the Group minimises its foreign exchange exposure of borrowing by way of entering into forward contracts with reputable financial institutions. The hedging policies are regularly reviewed by the Group.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had capital commitments of approximately HK$3.9 million (2022: HK$5.1 million) for development expenditure, HK$35.8 million (2022: HK$58.9 million) for investment in unlisted investment funds accounted for as financial assets at fair value through profit or loss and HK$10.6 million (2022: Nil) for purchase of property, plant and equipment.

CONTINGENT LIABILITIES

Save as disclosed in note 15 to the financial information in this announcement, the Group had no other contingent liabilities as at 31 December 2023 and 31 December 2022.

EVENT AFTER THE REPORTING PERIOD

Saved as disclosed above, there are no other significant events after the Reporting Period and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 2,857 full-time employees (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 were periodically reviewed. Apart from provident funds and in-house training programmes, salary increments and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for the Reporting Period was approximately HK$919.9 million (2022: approximately HK$705.0 million).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

On 31 May 2023, the Company's shareholders granted a general mandate (the "**Repurchase Mandate**") to the directors of the Company to repurchase shares of the Company 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 of the Company as at the date of the AGM, on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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

CORPORATE GOVERNANCE

Corporate Governance Code

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Part 2 of the Appendix C1 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 C3 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 the Company's management accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters related to the preparation of the consolidated financial statements for the Reporting Period. It has also reviewed the audited consolidated financial statements for the Reporting Period and recommended them to the Board for approval.

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

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

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. Wang Congyuan (Chairman), Dr. Du Bo, Mr. Li Jun (Chief Executive Officer), and Mr. Du Dexiang (Co-Chief Executive Officer); (ii) one non-executive Director, namely Mr. Ren Zhiqiang; and (iii) three independent non-executive Directors, namely Mr. Tam Tak Kei, Raymond, Mr. Chan Kok Chung, Johnny and Mr. Liu Junchun.