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## CNQC INTERNATIONAL HOLDINGS LIMITED

青建國際控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1240)**

### INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the “Board”) of directors (the “Directors”) of CNQC International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2022 (the “Reporting Period”), together with the comparative figures for the six months ended 30 June 2021 as follows:

#### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2022*

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	5	<b>3,839,967</b>	2,759,572
Cost of sales		<b>(3,629,272)</b>	(2,622,636)
<b>Gross profit</b>		<b>210,695</b>	136,936
Other income	6	<b>23,909</b>	49,927
Other gains/(losses) — net	7	<b>20,248</b>	(31,998)
Selling and marketing expenses		<b>(23,302)</b>	(21,154)
General and administrative expenses		<b>(114,618)</b>	(197,474)
<b>Operating profit/(loss)</b>	8	<b>116,932</b>	(63,763)

		<b>Six months ended 30 June</b>	
		<b>2022</b>	<b>2021</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Finance income		<b>30,808</b>	28,726
Finance costs		<b>(97,133)</b>	(83,270)
Finance costs, net	9	<b>(66,325)</b>	(54,544)
Share of net profit of associated companies		<b>66,653</b>	261,601
Share of net profit/(loss) of joint ventures		<b>1,015</b>	(171)
<b>Profit before income tax</b>		<b>118,275</b>	143,123
Income tax (expense)/credit	10	<b>(18,553)</b>	1,058
<b>Profit for the period</b>		<b>99,722</b>	144,181
<b>Other comprehensive losses</b>			
Item that may be reclassified to profit or loss			
— Currency translation differences		<b>(40,642)</b>	(4,789)
Item that will not be reclassified to profit or loss			
— Fair value loss on financial assets at fair value through other comprehensive income		<b>(185)</b>	(3,361)
		<b>(40,827)</b>	(8,150)
<b>Total comprehensive income for the period</b>		<b>58,895</b>	136,031
<b>Profit/(loss) for the period attributable to:</b>			
Owners of the Company		<b>86,233</b>	160,021
Non-controlling interests		<b>13,489</b>	(15,840)
		<b>99,722</b>	144,181

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Total comprehensive income/(loss) for the period attributable to:</b>			
Owners of the Company		<b>37,184</b>	154,624
Non-controlling interests		<b>21,711</b>	(18,593)
		<u><b>58,895</b></u>	<u>136,031</u>
<b>Earnings per share attributable to owners of the Company during the period</b>			
	<i>11</i>		
Basic earnings per share			
— ordinary shares (HK\$)		<b>0.052</b>	0.097
— convertible preference shares (HK\$)		<b>0.052</b>	0.097
		<u><b>0.052</b></u>	<u>0.097</u>
Diluted earnings per share			
— ordinary shares (HK\$)		<b>0.052</b>	0.097
— convertible preference share (HK\$)		<b>0.052</b>	0.097
		<u><b>0.052</b></u>	<u>0.097</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

	<i>Note</i>	<b>30 June 2022</b>	31 December 2021
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		499,135	531,015
Right-of-use assets		69,172	75,584
Goodwill		560,474	567,335
Other intangible assets		71,817	75,205
Investments in associated companies		733,256	683,278
Deferred income tax assets		46,520	56,617
Financial assets at fair value through other comprehensive income		4,412	4,711
Financial assets at fair value through profit or loss		519,865	511,932
Prepayments and other receivables	12	718,747	533,246
Derivative financial instruments		3,047	–
		3,226,445	3,038,923
<b>Current assets</b>			
Development properties for sale		3,809,692	4,247,662
Inventories		607	3,518
Trade and other receivables, prepayments and deposits	12	2,816,478	3,128,868
Contract assets		711,637	436,323
Income tax recoverable		954	872
Pledged bank deposits		4,514	199,866
Cash and cash equivalents		877,001	917,855
		8,220,883	8,934,964
<b>Total current assets</b>		<b>8,220,883</b>	<b>8,934,964</b>
<b>Total assets</b>		<b>11,447,328</b>	<b>11,973,887</b>

		<b>30 June 2022</b>	31 December 2021
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital — ordinary shares	<i>14</i>	<b>15,183</b>	15,183
Share capital — convertible preference shares	<i>14</i>	<b>1,249</b>	1,249
Share premium		<b>3,261,225</b>	3,261,225
Other reserves		<b>(1,190,354)</b>	(1,141,305)
Retained earnings		<b>1,384,934</b>	1,397,293
		<b>3,472,237</b>	3,533,645
<b>Non-controlling interests</b>		<b>216,468</b>	195,124
<b>Total equity</b>		<b>3,688,705</b>	3,728,769
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other payables	<i>13</i>	<b>15,660</b>	26,100
Borrowings		<b>3,384,387</b>	3,455,774
Lease liabilities		<b>39,221</b>	41,910
Deferred income tax liabilities		<b>45,616</b>	45,856
		<b>3,484,884</b>	3,569,640
<b>Current liabilities</b>			
Trade and other payables	<i>13</i>	<b>1,860,877</b>	2,001,061
Contract liabilities		<b>94,492</b>	374,129
Income tax payables		<b>19,208</b>	23,213
Borrowings		<b>2,269,995</b>	2,240,568
Lease liabilities		<b>29,167</b>	33,965
Derivative financial instruments		<b>—</b>	2,542
<b>Total current liabilities</b>		<b>4,273,739</b>	4,675,478
<b>Total liabilities</b>		<b>7,758,623</b>	8,245,118
<b>Total equity and liabilities</b>		<b>11,447,328</b>	11,973,887

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

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

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

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

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

## 2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2022 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 2021 (“2021 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 2022 are consistent with the 2021 Financial Statements.

**(a) Relevant new standard and amendments to existing standards effective for the financial year beginning 1 January 2022:**

HKFRS 16 (Amendment) Annual improvements Projects (Amendments)	COVID-19-Related Rent Concessions beyond 2021 Annual Improvements to HKFRSs 2018-2020
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope Amendments
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations

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

**(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:**

		<b>Effective for annual periods beginning on or after</b>
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts (new standard)	1 January 2023
HKFRS 17 (Amendments)	Amendments to HKFRS 17	1 January 2023
HK Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (2020))	1 January 2023
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

#### 4 SEGMENT INFORMATION

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

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

Information regarding the above segments is reported below.

	Foundation and construction — Hong Kong and Macau <i>HK\$'000</i>	Property development — Hong Kong <i>HK\$'000</i>	Construction — Singapore and Southeast Asia <i>HK\$'000</i>	Property development — Singapore and Southeast Asia <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2022</b>					
<b>(Unaudited)</b>					
<b>Sales</b>					
Sales to external parties	977,751	–	2,266,271	595,945	3,839,967
Inter-segment sales	–	–	5,853	–	5,853
Total segment sales	<u>977,751</u>	<u>–</u>	<u>2,272,124</u>	<u>595,945</u>	<u>3,845,820</u>
<b>Adjusted segment profit/(loss)</b>	<b>69,992</b>	<b>(14)</b>	<b>(31,925)</b>	<b>102,270</b>	<b>140,323</b>
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



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

The following tables present segment assets and liabilities as at 30 June 2022 and 31 December 2021 respectively.

	Foundation and construction — Hong Kong and Macau <i>HK\$'000</i>	Property development — Hong Kong <i>HK\$'000</i>	Construction — Singapore and Southeast Asia <i>HK\$'000</i>	Property development — Singapore and Southeast Asia <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 June 2022 (Unaudited)</b>					
Segment assets	<u>1,550,402</u>	<u>693,085</u>	<u>3,959,508</u>	<u>6,147,492</u>	<u>12,350,487</u>
Segment liabilities	<u>1,094,899</u>	<u>662,552</u>	<u>2,904,270</u>	<u>5,476,836</u>	<u>10,138,557</u>
<b>As at 31 December 2021</b>					
<b>(Audited)</b>					
Segment assets	<u>1,028,672</u>	<u>676,001</u>	<u>3,821,652</u>	<u>7,006,675</u>	<u>12,533,000</u>
Segment liabilities	<u>656,367</u>	<u>645,147</u>	<u>2,905,736</u>	<u>6,440,443</u>	<u>10,647,693</u>

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

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Adjusted segment profit/(loss) for reportable segments	<b>140,323</b>	(41,320)
Unallocated expenses	<b>(15,774)</b>	(14,823)
Elimination	<b>(7,617)</b>	(7,620)
Finance income	<b>30,808</b>	28,726
Finance costs	<b>(97,133)</b>	(83,270)
Share of net profit of associated companies	<b>66,653</b>	261,601
Share of net profit/(loss) of joint ventures	<b>1,015</b>	(171)
	<u><b>118,275</b></u>	<u>143,123</u>
Profit before income tax	<u><b>118,275</b></u>	<u>143,123</u>

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

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Segment assets	<b>12,350,487</b>	12,533,000
Unallocated	<b>5,328,389</b>	5,142,192
Elimination	<b>(6,231,548)</b>	(5,701,305)
	<u><b>11,447,328</b></u>	<u>11,973,887</u>
Total assets	<u><b>11,447,328</b></u>	<u>11,973,887</u>

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

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Audited)
Segment liabilities	<b>10,138,557</b>	10,647,693
Unallocated	<b>3,851,614</b>	3,298,730
Elimination	<b>(6,231,548)</b>	(5,701,305)
	<u><b>7,758,623</b></u>	<u>8,245,118</u>
Total liabilities	<u><b>7,758,623</b></u>	<u>8,245,118</u>

## 5 REVENUE

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Construction contracts income	3,243,117	2,331,476
Sales of development properties	595,945	426,137
Income from loaning labour to other contractors	905	1,872
Service income	–	87
	<u>3,839,967</u>	<u>2,759,572</u>
Revenue from contracts with customers		
— recognised at a point in time	21,346	3,470
— recognised over time	3,818,621	2,756,102
	<u>3,839,967</u>	<u>2,759,572</u>

## 6 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Management fee income	3,926	4,369
Rental income	1,613	17,815
Dividend income from financial assets at FVOCI	68	1,667
Government grants ( <i>Note</i> )	13,634	19,473
Forfeited customer deposits	2,072	2,847
Sundry income	2,596	3,756
	<u>23,909</u>	<u>49,927</u>

*Note:* Government grants represent subsidies granted by local governments against the COVID-19 pandemic, and foreign worker levy rebates. These subsidies were granted in the form of cash payment. There were no unfulfilled condition and other contingencies affected to the receipts of these subsidies.

## 7 OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
(Loss)/gain on disposal of property, plant and equipment	(17)	177
Gain on disposal of right-of-use assets	—	9
Foreign exchange forward contracts		
— fair value gain	5,617	10,791
— gain/(loss) on settlement, net	1,445	(1,542)
Reversal of provision/(provision) for foreseeable losses on certain construction contracts	7,802	(58,559)
Fair value gain on financial assets at FVPL	7,787	16,244
Exchange difference	(2,291)	882
Others	(95)	—
	<u>20,248</u>	<u>(31,998)</u>
Other gains/(losses) — net	<u>20,248</u>	<u>(31,998)</u>

## 8 OPERATING PROFIT/(LOSS)

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Contractor and material costs included in “Cost of sales”	2,743,959	1,901,280
Property development costs included in “Cost of sales”	465,018	338,284
Sales commissions	20,294	16,961
Show flat costs	1,979	891
Marketing expenses	1,030	3,302
Staff costs, including directors’ emoluments	313,966	396,164
Depreciation of owned assets	38,466	33,784
Depreciation of right-of-use assets	25,520	20,324
Depreciation of investment properties	—	5,192
Amortisation of intangible assets	2,911	2,978
Other legal and professional fees	13,330	7,997
Rental expenses on operating leases	118,917	82,986

No share-based payment expense was incurred during the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$104,000).

## 9 FINANCE COSTS — NET

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Finance income</b>		
Interest income from bank deposits	2,320	2,316
Interest income from loans to associated companies	28,196	25,438
Interest income from loans to related parties	292	559
Others	—	413
	<u>30,808</u>	<u>28,726</u>
	-----	-----
<b>Finance cost</b>		
Interest expenses on lease liabilities	(580)	(1,265)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	(60,073)	(62,147)
Interest expenses on loans from non-controlling interests in subsidiaries	(22,008)	(15,503)
Others	—	(414)
	<u>(82,661)</u>	<u>(79,329)</u>
Less: Interest expenses capitalised	1,394	6,012
	<u>(81,267)</u>	<u>(73,317)</u>
	(15,866)	(9,953)
Net foreign exchange losses	<u>(15,866)</u>	<u>(9,953)</u>
	-----	-----
	<u>(97,133)</u>	<u>(83,270)</u>
	-----	-----
<b>Finance costs — net</b>	<u>(66,325)</u>	<u>(54,544)</u>

## 10 INCOME TAX EXPENSE/(CREDIT)

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 2022 and 2021 on the estimated assessable profit for the period in the respective jurisdiction.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
— Hong Kong profits tax	—	1,271
— Singapore income tax	9,578	(4,324)
— Others	217	522
Deferred income tax	8,758	1,473
	<u>18,553</u>	<u>(1,058)</u>
Income tax expense/(credit)	<u>18,553</u>	<u>(1,058)</u>

## 11 EARNINGS PER SHARE

### Basic

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attributable to ordinary shares	79,648	147,828
Profit attributable to convertible preference shares (“CPS”)	6,585	12,193
	<u>86,233</u>	<u>160,021</u>
Profit attributable to owners of the Company	<u>86,233</u>	<u>160,021</u>

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	1,518,320	124,876	1,518,320	124,876
Basic earnings per share (HK\$)	<u>0.052</u>	<u>0.052</u>	<u>0.097</u>	<u>0.097</u>

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

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

### Diluted

	Six months ended 30 June 2022		Six months ended 30 June 2021	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	1,518,320	124,876	1,518,320	124,876
Adjustments for outstanding share options (in thousands)	—	—	—	—
	<b>1,518,320</b>	<b>124,876</b>	1,518,320	124,876
Diluted earnings per share (HK\$)	<b>0.052</b>	<b>0.052</b>	0.097	0.097

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

Diluted earnings per share for the periods ended 30 June 2022 and 2021 were the same as the basic earnings per share as potential ordinary shares arising from share options were not treated as dilutive as the conversion to ordinary shares would not decrease the earnings per share.

## 12 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
<b>Current</b>		
Trade receivables ( <i>Note (b)</i> )		
— Associated companies	71,453	82,526
— A related party	30,028	30,455
— Third parties	859,489	800,875
	<u>960,970</u>	<u>913,856</u>
Retention receivables from customers for contract work ( <i>Note (c)</i> )		
— An associated company	6,684	3,685
— Related parties	10,790	11,337
— Third parties	436,822	417,497
	<u>454,296</u>	<u>432,519</u>
Other receivables ( <i>Note (d)</i> )		
— Associated companies	317,512	301,872
— Joint venture	111,450	111,450
— Related parties	13,402	34,331
— Third parties	82,791	66,623
Prepayments	181,075	162,787
Deposits	73,944	71,825
Staff advances	2,347	2,714
Goods and services tax receivable	14,540	7,872
	<u>797,061</u>	<u>759,474</u>
Loans receivables		
— Associated companies ( <i>Note (e)</i> )	604,151	1,023,019
	<u>2,816,478</u>	<u>3,128,868</u>
<b>Non-current</b>		
Loans receivables		
— Associated companies ( <i>Note (e)</i> )	672,580	515,691
— Related parties	45,390	16,783
Prepayments and other receivables	777	772
	<u>718,747</u>	<u>533,246</u>



*Notes:*

- (a) The credit periods granted to customers were generally 30 days. No interest was charged on the outstanding balance.
- (b) The aging analysis of trade receivables based on invoice date is as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
1–30 days	<b>819,570</b>	795,483
31–60 days	<b>27,052</b>	15,567
61–90 days	<b>28,314</b>	7,462
Over 90 days	<b>86,034</b>	95,344
	<b>960,970</b>	913,856

During the six months ended 30 June 2022, no additional provision was recorded for its trade receivables (30 June 2021: 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\$332,539,000 (31 December 2021: HK\$284,302,000) 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, interest-free and repayable on demand. The other receivables did not contain any impaired assets.
- (e) Loans to associated companies were lent to companies in which the Group invested to develop properties in Singapore and Hong Kong. The loans were made in proportion to the percentages of the Group's shareholding in these companies. The loans were unsecured, and interest-bearing at a fixed rate at 4% to 6% per annum as at 30 June 2022 (31 December 2021: same).

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

### 13 TRADE AND OTHER PAYABLES

	30 June 2022 <i>HK\$'000</i> (Unaudited)	31 December 2021 <i>HK\$'000</i> (Audited)
<b>Current</b>		
Trade payables to:		
— Related parties	12,128	10,778
— Non-controlling interests of subsidiaries	612	553
— Third parties	1,080,612	905,547
	<u>1,093,352</u>	<u>916,878</u>
Non-trade payables to:		
— Non-controlling interests of a subsidiary	33,733	42,198
— Related parties	52,360	61,921
— Associated companies	35,754	13,500
— Third parties	54,181	65,237
— Goods and services tax payable	458	3,670
	<u>176,486</u>	<u>186,526</u>
Consideration payable in relation to a business combination	20,880	20,880
Accruals for operating expenses	82,906	107,584
Accruals for construction costs	421,662	662,452
Deposits received from customers	5,303	13,099
Deferred gain	5,195	10,414
Provision for financial guarantees to a joint operation	19,585	24,688
Provision for foreseeable losses on certain construction contracts	30,995	53,913
Dividend payable — non-controlling interest of subsidiaries	4,513	4,627
	<u>591,039</u>	<u>897,657</u>
	<u>1,860,877</u>	<u>2,001,061</u>
<b>Non-current</b>		
Consideration payable in relation to a business combination	<u>15,660</u>	<u>26,100</u>

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

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

	<b>30 June 2022</b>	31 December 2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
1–30 days	<b>811,806</b>	672,468
31–60 days	<b>159,034</b>	99,147
61–90 days	<b>13,887</b>	35,658
Over 90 days	<b>108,625</b>	109,605
	<b><u>1,093,352</u></b>	<b><u>916,878</u></b>

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

#### 14 SHARE CAPITAL

	<b>Number of shares (thousands)</b>	<b>Share capital <i>HK\$'000</i></b>	<b>Treasury Shares <i>HK\$'000</i></b>
<b>Authorised:</b>			
<i>Ordinary Shares</i>			
As 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	<u>6,000,000</u>	<u>60,000</u>	<u>–</u>
<i>CPS</i>			
As 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	<u>1,000,000</u>	<u>10,000</u>	<u>–</u>
<b>Issued and fully paid:</b>			
<i>Ordinary shares</i>			
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	<u>1,518,320</u>	<u>15,183</u>	<u>–</u>
<i>CPS</i>			
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	<u>124,876</u>	<u>1,249</u>	<u>–</u>

## 15 DIVIDENDS

- (a) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: same).
- (b) At a meeting held on 31 March 2022, the directors recommended a final dividend of HK\$0.06 per ordinary share and CPS (totaling approximately HK\$98,592,000) for the year ended 31 December 2021, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 30 June 2022.

## 16 COMMITMENTS

### Capital commitments

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Contracted but not provided for:		
Development expenditure	7,362	14,154
Investment in unlisted funds	<u>520,144</u>	<u>530,144</u>
	<u><b>527,506</b></u>	<u>544,298</u>

## 17 CONTINGENT LIABILITIES

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

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Guarantees on performance bonds in respect of construction contracts	<u><b>214,874</b></u>	<u>201,666</u>

Subsidiaries of the Group also issued corporate guarantees to banks for borrowings of the Group's associated companies and related companies in which subsidiaries of the Company are non-controlling shareholders. As at 30 June 2022, these bank borrowings amounted to HK\$3,902,576,000 (31 December 2021: HK\$3,818,531,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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

#### *Property development business — Singapore*

As of 30 June 2022, the accumulative contracted sales rate of Jadescape (a private condominium development project of the Group at Shunfu Road) exceeded 99%, with 1,207 units sold (including 1,201 residential units and 6 commercial units).

As of 30 June 2022, the accumulative contracted sales rate of Forett at Bukit Timah (a private condominium development project of the Group at Toh Tuck Road) exceeded 91%, with 578 units sold.

During the Reporting Period, the Group was pleased to win the industry award as one of the Top Ten Singapore Developers from BCI Asia.

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:

<b>Project</b>	<b>Sales</b>	
	<b>Revenue</b>	<b>ASP</b>
	<b>(HK\$' million)</b>	<b>(HK\$/sq.m)</b>
	<b>1H 2022</b>	<b>1H 2022</b>
Forett at Bukit Timah	575.5	123,602

Forett at Bukit Timah is a private condominium project under development and it recognises the pre-sales money received as revenue based on percentage of construction completion. During the Reporting Period, it recognises sales revenue of approximately HK\$575.5 million.

As at 30 June 2022, the property projects under development with significant interest consisted of 3 private condominium development projects in Singapore.

Project	Location	Intended use	Site area sq.m.	Total SFA sq.m.	Cumulative contracted sales area sq.m.	Cumulative contracted sales amount (HK\$ billion)	% of completion as at 30 June 2022	Estimated year of construction completion	Ownership interest
Jadescape	314-319 Shunfu Road, Singapore	Residential, Private and Retail Space	37,991	107,259	106,610	11.0	99.5%	October 2022	45%
Forett at Bukit Timah	32-46 Toh Tuck Road, Singapore	Residential, Private and Retail Space	33,457	50,003	45,182	5.4	29.4%	December 2023	51%
Phoenix Road Project	2/2A/2B-24/24A/24B Phoenix Road, Singapore	Residential, Private and Retail Space	6,465	9,687	0	0	0%	March 2025	63%

### ***Jadescape (45% owned by the Group)***

Jadescape is a private condominium project consisting of 7 blocks of 21 to 23-storey apartments with 1,206 residential units and 6 retail shops, basement car parks and communal facilities. The project is located at 314-319 Shunfu Road.

The total SFA of this project is 107,259 sq.m. (including residential units 106,955 sq.m. and retail shops 304 sq.m.) and the percentage of saleable area pre-sold was 99.4% as at 30 June 2022. The construction is scheduled to be completed in October 2022.

### ***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 (total 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.

The total SFA of this project is 50,003 sq.m. (including residential units 49,859 sq.m. and retail shops 144 sq.m.) and the percentage of saleable area pre-sold was 90.6% as at 30 June 2022. The construction is scheduled to be completed in December 2023.

### ***Phoenix Road Project (63% owned by the Group)***

This is a private condominium project on a leasehold land with a lease term of 99 years. The total land site area is 6,465 sq.m. and the total SFA is 9,687 sq.m.. It is intended to be developed into 3 blocks 5-storey apartments with around 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 construction is scheduled to be completed in March 2025.

As at 30 June 2022, the Group owned minority shareholdings in the following 2 Executive Condominium (“EC”) development projects in Singapore.

### ***Tampines EC Project***

It is an executive condominium project on a leasehold land with a lease term of 99 years. The total land site area is 23,799 sq.m. and the total SFA is estimated at 62,180 sq.m.. It is intended to be developed into 11 blocks 15-storey apartments with around 616 residential units, 1 block of multi-storey carpark lots and 1 floor of underground carparks. It has communal facilities and landscape views. The project is located at Tampines Street 62 and the construction is scheduled to be completed in June 2025.

### ***Bukit Batok EC Project***

It is an executive condominium project on a leasehold land with a lease term of 99 years. The total land site area is 12,499 sq.m. and the total SFA is estimated at 38,842 sq.m.. It is intended to be developed into 6 blocks of 15-storey apartments with around 360 residential units, 1 block of multi-storey carpark lots and 1 floor of underground carparks. It has communal facilities and landscape views. The project is located at Bukit Batok West Avenue 8 and the construction is scheduled to be completed in March 2026.

Remarks: The estimated year of construction completion of the above projects has been delayed due to the impact of Covid-19.

### ***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. Planning application for amendments to the original scheme was approved in March 2022. Foundation works and land exchange procedures are currently in progress.

#### ***(2) Sham Shui Po project, Hong Kong***

As at 30 June 2022, the Group and joint venture partners have acquired over 90% ownership in two blocks of residential buildings at 163-169 Yee Kuk Street, Sham Shui Po, Hong Kong. It is intended to redevelop the site into a residential building with a commercial podium. General Building Plans were approved by the Buildings Department in October 2020. Lands Tribunal Court Trial for a Compulsory Sale Order is expected to take place in September 2022.

### *(3) Tai Po project, Hong Kong*

In July 2020, Vanke Property (Hong Kong) Company Limited and the Group were awarded a land site at Ma Wo Road in New Territories, Hong Kong under Tai Po Town Lot No.243 from the Government at a land premium of approximately HK\$3.7 billion. The site area is approximately 243,353 sq.ft. and the maximum gross floor area is 781,897 sq.ft.. It is intended for residential development. General Building Plans were approved by the Buildings Department in December 2021. Site foundation works and excavation works have been commenced since the fourth quarter of 2021.

### ***Construction business — Hong Kong and Macau***

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

Revenue from the construction contracts in Hong Kong and Macau for the Reporting Period was approximately HK\$977.8 million (six months ended 30 June 2021: approximately HK\$681.4 million). During the Reporting Period, the Group had undertaken 11 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\$951.6 million. As at 30 June 2022, there were 41 projects on hand with outstanding contract sums of HK\$3,285.8 million.

### ***Construction business — Singapore and Southeast Asia***

The Group's revenue from Singapore and Southeast Asia for the Reporting Period was approximately HK\$2,266.3 million (six months ended 30 June 2021: approximately HK\$1,652.0 million). During the Reporting Period, the Group completed 3 construction projects. As at 30 June 2022, there were 28 construction projects on hand and the outstanding contract sums were approximately HK\$7,546.2 million.



### ***Investment in medicine fund***

In 2020 the Group entered into subscription agreements to subscribe for a limited partnership interests in a fund which is engaged in the investment in healthcare and biotechnology related business at an aggregate subscription amount of up to US\$25.64 million (equivalent to approximately HK\$200 million). As at 30 June 2022, the Group subscribed for the limited partnership interests of approximately US\$15.4 million (equivalent to HK\$120 million) (As of 31 December 2021: US\$14.1 million (equivalent to HK\$110 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.

The progress of the research and development progress of the new 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 March 2022.
3. The application as investigational new drugs for Phase I clinical trial for the treatment of rheumatoid arthritis was submitted in June 2022.
4. The application as investigational new drugs for Phase I clinical trial for the super antibiotics is expected to be submitted in the second half of 2022.

### **Financial Review**

#### ***Revenue***

The Group's total revenue for the Reporting Period was approximately HK\$3,840.0 million (six months ended 30 June 2021: approximately HK\$2,759.6 million), representing an increase of approximately 39.2% over the six months ended 30 June 2021. The increase was mainly due to more sales revenue from construction and property development projects as economic and social activities in Singapore have been gradually resumed to normal during the Reporting Period.

#### ***Gross Profit Margin***

The Group's gross profit margin during the Reporting Period was approximately 5.5% (six months ended 30 June 2021: approximately 5.0%).

### ***Selling and Marketing Expenses***

The Group's selling and marketing expenses for the Reporting Period were approximately HK\$23.3 million (six months ended 30 June 2021: approximately HK\$21.2 million), which was approximately 0.6% (six months ended 30 June 2021: approximately 0.8%) of the Group's total revenue. The increase was mainly due to the higher sales commission paid for the property 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\$114.6 million (six months ended 30 June 2021: approximately HK\$197.5 million), representing a decrease of approximately 42.0% over the six months ended 30 June 2021. This was mainly attributable to the accrual of a one-off discretionary bonus for a property development project during the first half of 2021.

### ***Net Profit***

During the Reporting Period, the Group recorded a net profit of approximately HK\$99.7 million (six months ended 30 June 2021: approximately HK\$144.2 million), representing a decrease of approximately 30.9% over the six months ended 30 June 2021. The profit attributable to owners of the Company was approximately HK\$86.2 million (six months ended 30 June 2021: HK\$160.0 million), representing a decrease of 46.1% over the six months ended 30 June 2021.

The decrease in the net profit was mainly due to the significant decrease in share of profits of an associated company with property development projects. As of 31 December 2021, the property development project of the associated company has pre-sold almost all the units available for sale and therefore the profit contribution from the associated company dropped significantly during the Reporting Period.

Basic earnings per share was HK\$0.052 (for the six months ended 30 June 2021: HK\$0.097).

## Outlook

In the first half of 2022, the global outbreak of COVID-19 remained recurrent, with continued mutations and faster spread of the virus. To combat the pandemic, vaccinations and boosters have been stepped up around the world, and the number of severe cases is on the decline. In mid-2022, the Hong Kong government said it would continue to control the development of the pandemic in an efficient and targeted manner, ensuring that preventive measures would not have excessive impact on the livelihood and the economy, and that access to the outside world would be restored gradually. Since the beginning of April this year, Singapore has eased most of its local and travel restrictions, providing support for its economic revival. It seems that the global outbreak of COVID-19 has become the new normal.

As expected by the market, the US Federal Reserve raised interest rate repeatedly in the first half of 2022 to curb inflation, with an accumulative increase rate of 2.25%. The US Federal Reserve officials suggest that interest rate may need to stay up for some time. The banking industry expected that interest rates in the US may rise in the first quarter of next year to the peak of this round of fixing, but probably will see a reduction in the second half of 2023 due to the market's concern about the recession in the US economy. The property sector predicted that the raising of interest rates may slow down the pace of participation in the market in the short term with purchasers turning prudent, but will not affect the medium and long term development of the property market. In order to mitigate the impact of rising market interest rates on the Group's operations, the Group will prudently consider possible increases in interest costs when reviewing new construction and property projects, and will further strengthen the cash flow management of the Group and take measures such as reducing the overall financing amount.

Hong Kong and Singapore are two key markets of the Group which have been contributing material cash flow and profits to the Company and will remain as our core business areas. Benefiting from the development of the Northern Metropolis, the construction market of Hong Kong in the next decade will show a very strong momentum. In addition, as announced by the Housing & Development Board of Singapore at the end of 2021, they would further launch a large number of public housing units in 2022 and 2023 with an increase of approximately 35%, in order to meet the housing demand of local citizens. It is noted that the government of Singapore is preparing for the development of various healthcare facilities and the project of expansion of Cross Island Line, therefore, the number of local construction projects is expected to rise steadily in the future. The Group will continue to be actively engaged in the layout of these markets, and explore more premium projects with development potential, so as to reinforce the Group's strength and market competitiveness.

Hence, the Company hopes it will be able to seize development opportunities to further intensify the technological innovation and upgrade of the Modular Integrated Construction (MiC) method, and continue to improve project quality with advanced green building technology, aiming to achieve sustainability in environmental protection and energy-saving. Also, by adopting the development model of driving construction growth with property investment, the Company will explore opportunities for expanding a new market in the Guangdong-Hong Kong-Macao Greater Bay Area to further enhance the market share and competitiveness of the Group and formulate a stable development blueprint in the longer term, thereby creating higher returns for our shareholders.

### **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\$5.8 billion as at 31 December 2021 to approximately HK\$5.7 billion as at 30 June 2022. These banking facilities were mainly secured by the Group's development properties for sale with net carrying amounts of HK\$3,774,398,000 (As at 31 December 2021: HK\$4,214,832,000).

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

### **Liquidity, Financial Resources and Capital Structure**

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

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$0.9 billion (As at 31 December 2021: HK\$0.9 billion) of which approximately 77.1% was held in Singapore Dollar, 19.2% was held in Hong Kong dollar, 1.1% was held in US Dollars, 0.9% was held in Malaysian Ringgit and the remaining was mainly held in Macau Patacas and Indonesian Rupiah. The gearing ratio of the Group as at 30 June 2022 (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 56.8% (As at 31 December 2021: approximately 55.5%).

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

## **Foreign Exchange**

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

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

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

## **Capital Commitments**

As at 30 June 2022, the Group had capital commitments of approximately HK\$7.4 million (31 December 2021: HK\$14.1 million) for development expenditure, HK\$520.1 million (31 December 2021: HK\$530.1 million) for investment in unlisted investment funds accounted for as financial assets at fair value through profit or loss.

## **Contingent Liabilities**

Save as disclosed in note 17 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 June 2022 and 31 December 2021.

## **Event after the Reporting Period**

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

## **Employees and Remuneration Policy**

As at 30 June 2022, the Group had 2,552 full-time employees (31 December 2021: 2,318 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\$314.0 million compared to approximately HK\$396.2 million for the six months ended 30 June 2021.

### **Share Option Scheme**

The Company adopted a share option scheme (the “Share Option Scheme”) to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Share Option Scheme. Pursuant to the Share Option Scheme, the Board is authorised, at its absolute discretion and subject to the terms of the Share Option Scheme, to grant options to subscribe for Shares to any employees (full-time or part-time), directors, consultants or advisor of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of the Group.

On 29 April 2016, an ordinary resolution was passed by the Shareholders to approve the proposed refreshment of the 10% scheme mandate limit of the Share Option Scheme. Based on 660,202,500 Shares in issue as at the 2016 annual general meeting, the Directors were authorised to issue share options to subscribe for a total of 66,020,250 Shares, representing 10% of the total number of Shares in issue as at the date of refreshment. As at 30 June 2022, the maximum number of options issuable under the Scheme was 66,020,250 Shares, which represented 4.35% of the issued share capital of the Company.

The Share Option Scheme shall be valid and effective for a period of ten years commencing on 11 September 2012 and shall expire on 10 September 2022. The Company is considering whether to adopt a new share option scheme, and will make further announcement(s) as and when appropriate and comply with the relevant requirements under the Listing Rules.

### **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, a management share scheme (the “Management Share Scheme”) was set up and a trust (the “Trust”) was constituted on 15 October 2015. Under the Management Share Scheme, awards (the “Awards”) had been conditionally granted to certain senior management and employees of Guotsing Holding Group Co. Limited and its subsidiaries to purchase from the Trust up to a total of 304,599,273 CPS in accordance with the terms and conditions of the Management Share Scheme. The Management Share Scheme had expired on 1 April 2022. Since 1 January 2022 and up to the expiry of the Management Share Scheme, no CPS was granted, exercised or lapsed. Upon expiry of the Management Share Scheme, 124,875,197 CPS remained under the Trust. Pursuant to the rules of the the Management Share Scheme, all the CPS remaining under the Trust shall be transferred to Guotsing Holding Company Limited (“Guotsing BVI”) by the trustee of the Trust upon expiry of the Management Share Scheme.

For further details of the Management Share Scheme, please refer to the announcements of the Company dated 23 May 2015, 8 June 2015, 12 June 2015, 23 July 2015, 25 September 2015, 15 October 2015 and the circular of the Company dated 25 September 2015.

### **Interim Dividend**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: same).

### **Purchase, Sale and Redemption of the Company's Securities**

On 27 May 2022, the Shareholders granted a general mandate (the "Repurchase Mandate") to the Directors to repurchase Shares at the annual general meeting (the "AGM"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 151,832,003 Shares, being 10% of the total number of issued Shares as at the date of the AGM, on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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

### **Corporate Governance**

#### ***Corporate Governance Code***

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

#### ***Code of Conduct Regarding Directors' Securities Transactions***

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

### **Audit Committee and Review of Financial Information**

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

## **Publication of Interim Results Announcement and Interim Report**

This announcement is published on the websites of the Company ([www.cnqc.com.hk](http://www.cnqc.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2022 interim report will be despatched to the Shareholders and available on the above websites in due course.

By order of the Board  
**CNQC International Holdings Limited**  
**Mr. Cheng Wing On, Michael**  
*Chairman*

Hong Kong, 31 August 2022

*As at the date of this announcement, the Board comprises (i) four executive directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan (Chief Executive Officer), Dr. Du Bo and Mr. Zhang Yuqiang; (ii) one non-executive director, namely Mr. Chen Anhua; and (iii) three independent non-executive directors, namely, Mr. Ching Kwok Hoo, Pedro, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny.*