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 2019

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 2019 (the "Reporting Period"), together with the comparative figures for the year ended 31 December 2018 (as restated) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019**	2018 (Restated) *(Note 2(iii))*
		HK$'000	*HK$'000*
Revenue	*3, 4*	**7,873,375**	7,507,891
Cost of sales	*5*	**(7,344,321)**	(6,571,383)
Gross profit		**529,054**	936,508
Other income		**37,585**	51,970
Other gains/(losses) — net	*6*	**185,175**	(33,461)
Selling and marketing expenses	*5*	**(92,263)**	(93,867)
General and administrative expenses	*5*	**(308,418)**	(327,684)
Operating profit		**351,133**	533,466
Finance income	*7*	**56,957**	74,380
Finance costs	*7*	**(111,668)**	(167,488)
Share of net losses of associated companies		**(7,497)**	(65,799)
Share of net profits of joint ventures		**30,283**	12,772
Profit before income tax		**319,208**	387,331
Income tax expense	*8*	**(75,941)**	(85,474)
Profit for the year		**243,267**	301,857

	Note	2019 HK$'000	2018 (Restated) (Note 2(iii)) HK$'000
Other comprehensive (loss)/income			
Item that may be reclassified to profit or loss			
— Currency translation differences		**(26,682)**	34,607
Item that will not be reclassified to profit or loss			
— Fair value gains/(losses) on financial assets at fair value through other comprehensive income		**1,024**	(17,514)
		(25,658)	17,093
Total comprehensive income for the year		**217,609**	318,950
Profit for the year attributable to:			
Owners of the Company		**238,842**	225,298
Non-controlling interests		**4,425**	76,559
		243,267	301,857
Total comprehensive income for the year attributable to:			
Owners of the Company		**214,080**	223,616
Non-controlling interests		**3,529**	95,334
		217,609	318,950
Earnings per share for profit attributable to owners of the Company	9		
Basic earnings per share			
— ordinary shares (HK$)		**0.145**	0.135
— convertible preference shares (HK$)		**0.145**	0.135
Diluted earnings per share			
— ordinary shares (HK$)		**0.145**	0.135
— convertible preference shares (HK$)		**0.145**	0.135

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	**31 December 2019** *HK$'000*	31 December 2018 (Restated) *(Note 2(iii))* *HK$'000*	1 January 2018 (Restated) *(Note 2(iii))* *HK$'000*
ASSETS				
Non-current assets				
Property, plant and equipment		**528,399**	331,481	414,202
Right-of-use assets		**80,094**	–	–
Investment properties under development		**613,632**	561,012	518,546
Goodwill		**568,298**	563,327	565,755
Other intangible assets		**32,634**	38,475	44,708
Financial assets at fair value through profit or loss		**259,432**	340,568	230,696
Investments in associated companies		**2,899**	25,523	21,081
Investments in joint ventures		**30,092**	13,049	415
Deferred income tax assets		**24,216**	38,788	54,698
Financial assets at fair value through other comprehensive income		**9,991**	8,914	28,489
Prepayments and other receivables	*11*	**924,183**	915,709	973,127
		3,073,870	2,836,846	2,851,717
Current assets				
Development properties for sale	*12*	**5,162,395**	2,087,185	4,192,404
Inventories		**13,967**	–	–
Trade and other receivables, prepayments and deposits	*11*	**1,709,788**	2,135,144	1,180,085
Contract assets		**1,504,861**	843,682	607,939
Tax recoverable		**3,265**	27,534	25,981
Pledged bank deposits		**199,106**	188,314	247,889
Cash and cash equivalents		**1,271,199**	1,511,833	3,168,184
		9,864,581	6,793,692	9,422,482
Total assets		**12,938,451**	9,630,538	12,274,199

	Note	31 December 2019 HK$'000	31 December 2018 (Restated) (Note 2(iii)) HK$'000	1 January 2018 (Restated) (Note 2(iii)) HK$'000
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital — ordinary shares	15	**15,183**	14,559	14,852
Share capital — convertible preference shares	15	**1,249**	1,879	1,879
Share premium		**3,261,225**	3,262,361	3,317,938
Treasury shares	15	**–**	(1,142)	–
Other reserves		**(1,149,765)**	(1,133,342)	(1,149,943)
Retained earnings		**1,101,957**	1,051,707	1,093,502
		3,229,849	3,196,022	3,278,228
Non-controlling interests		**210,559**	120,068	205,705
Total equity		**3,440,408**	3,316,090	3,483,933
LIABILITIES				
Non-current liabilities				
Borrowings	13	**3,978,257**	2,268,331	2,566,405
Lease liabilities		**58,988**	–	–
Derivative financial instruments		**–**	1,146	5,298
Deferred income tax liabilities		**100,262**	61,494	55,150
		4,137,507	2,330,971	2,626,853
Current liabilities				
Trade and other payables	14	**2,008,119**	2,021,884	2,388,655
Contract liabilities		**54,277**	63,118	1,190,407
Tax payables		**102,291**	71,718	142,256
Borrowings	13	**3,170,190**	1,824,714	2,438,880
Lease liabilities		**23,804**	–	–
Derivative financial instruments		**1,855**	2,043	3,215
		5,360,536	3,983,477	6,163,413
Total liabilities		**9,498,043**	6,314,448	8,790,266
Total equity and liabilities		**12,938,451**	9,630,538	12,274,199

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 Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

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

These consolidated financial statements are presented in thousands of units of Hong Kong dollars ("**HK$'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and 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) New standards, amendments to standards and new interpretation adopted by the Group

The following new standards, amendments to standards and new interpretation have been adopted by the Group for the first time for the Group's accounting period, beginning on 1 January 2019.

HKAS 19 (Amendments)	Employee Benefits
HKAS 28 (Amendments)	Long-term investment in associate and joint ventures
HKFRS 9 (Amendments)	Prepayment features with negative compensation
HKFRS 16	Leases
Annual improvement projects	Annual improvements 2015–2017 Cycle (Amendments)
HK (IFRIC)-Int 23	Uncertainty over income tax treatments

This note explains the impact of the adoption of HKFRS 16 "Leases" on the Group's consolidated financial statements and also disclose the new accounting policies that have been applied from 1 January 2019, where they are different to those applied in prior periods.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was ranging from 2.6% to 5.8%.

For leases previously classified as finance leases, the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	90,188
Discounted using the lessee's incremental borrowing rate of at the date of initial application	84,208
Add: finance lease liabilities recognised as at 31 December 2018	5,660
(Less): short-term leases recognised on a straight-line basis as expenses	(32,465)
Lease liabilities recognised as at 1 January 2019	57,403
Of which are:	
Current lease liabilities	9,864
Non-current lease liabilities	47,539
	57,403

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	31 December 2019 *HK$'000*	1 January 2019 *HK$'000*
Leasehold land	**2,971**	–
Properties	**51,496**	43,902
Machines	**22,955**	5,405
Motor vehicles	**2,672**	1,093
Total right-of-use assets	**80,094**	50,400

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease".

(ii) The Group's leasing activities and how these are accounted for

The Group leases various leasehold land, offices, warehouses, machines and motor vehicles. The rental contracts are typically made for fixed periods of 1 to 5 years. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but the leased assets may not be used as a security for any borrowing purposes.

Until the year ended 31 December 2018, the leases of property, plant and equipment were classified as either the finance or operating leases. Payments made under the operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee should use its incremental borrowing rate, ie, the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The payments associated with short-term leases are recognised on a straight-line basis as expense in profit or loss. The short-term leases are leases with a lease term of 12 months or less.

(b) *The changes of accounting policies of interest capitalisation of development properties for sale*

During the year ended 31 December 2019, the International Financial Reporting Standard Interpretation Committee ("IFRIC") has finalised an agenda decision on the capitalisation of borrowing costs in relation to the construction of a residential multi-unit estate development. For the entities which revenue recognised overtime under International Financial Reporting Standard ("IFRS") 15 for sales of residential units in the development, no borrowing cost should be capitalised due to the lack of qualifying assets. The HKFRS follows the aforementioned agenda decision.

The following table shows the adjustments in relation to the change in accounting policy of the interest capitalisation of development properties for sale and the adoption of HKFRS 16 "Leases" recognised for each individual line item in the consolidated statement of financial position as at 31 December 2018 and 1 January 2019, respectively:

	As at 31 December 2018, as originally presented *HK$'000*	**Effect of the change in accounting policy of interest capitalisation of development properties for sale** *HK$'000*	**As at 31 December 2018, as restated** *HK$'000*	**Effect of the adoption of HKFRS 16** *HK$'000*	**As at 1 January 2019, as restated** *HK$'000*
Consolidated statement of financial position					
Property, plant and equipment	331,481	–	331,481	(6,498)	324,983
Right-of-use assets	–	–	–	50,400	50,400
Deferred income tax assets	33,646	5,142	38,788	–	38,788
Development properties for sale	2,102,129	(14,944)	2,087,185	–	2,087,185
Trade and other receivables, prepayments and deposits	3,063,600	(12,747)	3,050,853	–	3,050,853
Trade and other payables	2,038,087	(16,203)	2,021,884	–	2,021,884
Lease liabilities	–	–	–	57,403	57,403
Borrowings	4,093,045	–	4,093,045	(5,660)	4,087,385
Other reserves	1,133,277	65	1,133,342	–	1,133,342
Retained earnings	1,054,224	(2,517)	1,051,707	(7,841)	1,043,866
Non-controlling interests	123,832	(3,764)	120,068	–	120,068

(iv) New standards and amendments to standards that have been issued but not yet effective and not yet adopted by the Group

The following are new standards and amendments to standards that have been published and are not mandatory for the Group's accounting periods beginning on or after 1 January 2019, and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendment to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Amendment to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting	1 January 2020
Amendment to HKFRS 3	Definition of a business	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting	1 January 2020*
HKFRS 17	Insurance contracts	1 January 2021
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	To be determined

* The HKICPA will start using the revised Conceptual Framework immediately when revising or developing Standards or Accounting Guidelines. The revised Conceptual Framework has an effective date of 1 January 2020 for companies that use the Conceptual Framework to develop accounting policies when no Standards or Accounting Guidelines applies to a particular transaction. Earlier application is permitted.

Management is in the process of making an assessment of the financial impact of adoption of these new standards and amendments to existing standards. The 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 profit before income tax. The adjusted profit before income tax is measured consistently with the Group's 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 *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 2019					
Sales					
Sales to external parties	**935,705**	**–**	**3,075,924**	**3,861,746**	**7,873,375**
Inter-segment sales	**–**	**–**	**368,569**	**–**	**368,569**
Total segment sales	**935,705**	**–**	**3,444,493**	**3,861,746**	**8,241,944**
Adjusted segment (loss)/profit	**(45,747)**	**(3,666)**	**157,158**	**368,433**	**476,178**
Depreciation of right-of-use assets	**3,251**	**–**	**22,313**	**2,066**	**27,630**
Depreciation of owned assets	**53,685**	**–**	**19,633**	**190**	**73,508**
Amortisation	**–**	**–**	**5,902**	**–**	**5,902**
Share-based payment expenses	**852**	**–**	**7,005**	**576**	**8,433**

	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 2018, as restated					
Sales					
Sales to external parties	1,103,925	–	2,560,417	3,843,549	7,507,891
Inter-segment sales	–	–	417,312	–	417,312
Total segment sales	1,103,925	–	2,977,729	3,843,549	7,925,203
Adjusted segment (loss)/profit	(106,417)	(2,330)	100,136	461,650	453,039
Depreciation	56,388	–	20,196	1,450	78,034
Amortisation	–	–	5,828	–	5,828
Share-based payment expenses	3,847	–	13,254	1,182	18,283

During the year ended 31 December 2019, revenue of approximately HK$1,681,770,000 (2018: HK$886,924,000) representing 21% (2018: 12%) of the Group's total revenue was derived from a single external customer within the "Construction — Singapore and Southeast Asia" (2018: Construction — Singapore and Southeast Asia) segment.

The following tables present segment assets and liabilities as at 31 December 2019 and 2018 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 2019					
Segment assets	**971,789**	**644,631**	**3,548,908**	**8,432,040**	**13,597,368**
Segment liabilities	**560,397**	**222,511**	**2,640,058**	**7,243,315**	**10,666,281**
Segment assets include:					
Additions to right-of-use assets	**22,457**	**–**	**31,840**	**3,570**	**57,867**
Additions to property, plant and equipment	**271,077**	**–**	**8,709**	**32**	**279,818**
Additions to investment properties	**–**	**–**	**–**	**49,927**	**49,927**
Investments in associated companies	**–**	**–**	**2,899**	**–**	**2,899**
Investments in joint ventures	**–**	**–**	**30,092**	**–**	**30,092**

	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 2018, as restated					
Segment assets	698,483	644,017	3,696,481	4,406,008	9,444,989
Segment liabilities	513,698	216,713	2,730,784	3,642,636	7,103,831
Segment assets include:					
Additions to property, plant and equipment	11,362	–	14,442	–	25,804
Additions to investment properties	–	–	–	52,420	52,420
Investments in associated companies	–	–	12,581	12,942	25,523
Investments in joint ventures	–	–	13,049	–	13,049

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

	2019	2018
		(Restated)
		(Note 2(a)(iii))
	HK$'000	*HK$'000*
Adjusted segment profit for reportable segments	**476,178**	453,039
Unallocated expenses *(Note)*	**(29,655)**	(28,923)
Elimination	**(95,390)**	109,350
Finance income	**56,957**	74,380
Finance costs	**(111,668)**	(167,488)
Share of net losses of associated companies	**(7,497)**	(65,799)
Share of net profits of joint ventures	**30,283**	12,772
Profit before income tax	**319,208**	387,331

Note:

During the years ended 31 December 2018 and 2019, the majority of unallocated expenses related to share-based payment expenses recognised for services rendered by certain management members at corporate level.

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

	2019	2018
		(Restated)
		(Note 2(a)(iii))
	HK$'000	*HK$'000*
Segment assets	**13,597,368**	9,444,989
Unallocated	**2,744,722**	2,193,395
Elimination	**(3,403,639)**	(2,007,846)
Total assets	**12,938,451**	9,630,538

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

	2019	2018
		(Restated)
		(Note 2(a)(iii))
	HK$'000	*HK$'000*
Segment liabilities	**10,666,281**	7,103,831
Unallocated	**2,238,540**	726,721
Elimination	**(3,406,778)**	(1,516,104)
Total liabilities	**9,498,043**	6,314,448

4 REVENUE AND GEOGRAPHICAL SEGMENT INFORMATION

	2019 *HK$'000*	2018 *HK$'000*
Construction contracts income	**4,006,143**	3,655,134
Sales of development properties	**3,836,776**	3,838,886
Sales of goods	**19,673**	6,583
Income from loaning labour to other contractors	**9,348**	1,360
Rental of equipment	**211**	5,049
Service income	**1,224**	879
	7,873,375	7,507,891
Revenue from contracts with customers:		
— recognised at a point in time	**3,659,680**	3,083,657
— recognised over time	**4,213,484**	4,419,185
	7,873,164	7,502,842
Revenue from other sources:		
— rental of equipment	**211**	5,049
	7,873,375	7,507,891

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

	2019 *HK$'000*	2018 *HK$'000*
Singapore	**6,251,673**	5,985,372
Hong Kong	**923,503**	955,225
Macau	**12,202**	146,608
Southeast Asia	**685,997**	420,686
	7,873,375	7,507,891

5 EXPENSES BY NATURE

	2019	2018
		(Restated)
		(Note 2(iii))
	HK$'000	*HK$'000*
Contractor and material costs included in "Cost of sales"	**3,340,055**	3,057,639
Property development costs included in "Cost of sales"	**3,438,214**	3,011,920
Sales commissions	**74,317**	70,540
Show flat costs	**4,249**	6,832
Marketing expenses	**13,256**	16,495
Travel and entertainment expenses	**10,101**	11,538
Depreciation of owned assets	**73,508**	73,432
Depreciation of assets under finance leases	**–**	4,602
Depreciation of right-of-use assets	**27,630**	–
Amortisation of intangible assets	**5,902**	5,828
Auditors' remuneration		
— audit and audit related services	**7,431**	7,227
— non-audit services	**888**	2,534
Staff costs, including directors' emoluments	**637,423**	595,463
Rental expenses on operating leases	**56,815**	69,349
Other legal and professional fees	**18,843**	14,732
Other expenses	**36,370**	44,803
Total cost of sales, selling and marketing expenses, general and administrative expenses	**7,745,002**	6,992,934

6 OTHER GAINS/(LOSSES) — NET

	2019	2018
	HK$'000	*HK$'000*
Losses on disposal of property, plant and equipment	**(1,129)**	(10,838)
Foreign exchange forward contracts		
— fair value gains	**1,345**	–
— (losses)/gains on settlement, net	**(2,269)**	2,260
Provision for foreseeable losses on certain construction contracts	**(11,205)**	(28,284)
Fair value gains on financial assets at fair value through profit and loss	**35,139**	–
Gain on deemed disposal of previously owned interest in an associated company *(Note 16)*	**168,671**	–
Gain on disposal of right of use assets	**465**	–
Others	**(5,842)**	3,401
Other gains/(losses) — net	**185,175**	(33,461)

7 FINANCE (COSTS)/INCOME — NET

	2019	2018 (Restated) *(Note 2(iii))*
	HK$'000	*HK$'000*
Finance income		
Interest income from bank deposits	**10,969**	19,255
Interest income from loans to associated companies	**43,785**	55,125
Interest income from loans to other related parties	**767**	–
Others	**1,436**	–
	56,957	74,380
Finance costs		
Interest expenses on lease liabilities	**(2,836)**	–
Interest expenses on finance leases	**–**	(562)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	**(187,861)**	(125,900)
Interest expenses on medium term notes	**(28,849)**	(29,144)
Interest expenses on loans from non-controlling interests of the subsidiaries	**(34,986)**	(14,012)
	(254,532)	(169,618)
Less: Interest expenses capitalised	**137,629**	20,837
	(116,903)	(148,781)
Net foreign exchange gains/(losses)	**5,235**	(18,707)
	(111,668)	(167,488)
Finance (costs)/income — net	**(54,711)**	(93,108)

8 INCOME TAX EXPENSE

Hong Kong profits tax, Macau profits tax, Singapore income tax, Malaysia income tax, Indonesia income tax and Cambodia income tax have been provided for at the rate of 16.5%, 12%, 17%, 24%, 25% and 20% respectively for the years ended 31 December 2019 and 2018 on the estimated assessable profit in the respective jurisdictions, adjusted for those items which are not assessable or deductible for income tax purpose.

	2019	2018 (Restated) *(Note 2(iii))*
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**1,382**	2,049
— Macau profits tax	**–**	548
— Singapore income tax	**75,248**	54,819
— Malaysia income tax	**2,686**	1,802
— Indonesia income tax	**4,701**	–
— Cambodia income tax	**1,074**	–
Under/(over)-provision in prior years		
— Hong Kong profits tax	**(185)**	(30)
— Macau profits tax	**4,147**	–
— Singapore income tax	**12,286**	2,154
— Malaysia income tax	**(1,193)**	–
— Indonesia income tax	**100**	–
Total current income tax	**100,246**	61,342
Deferred income tax	**(24,305)**	24,132
Income tax expense	**75,941**	85,474

9 EARNINGS PER SHARE

Basic

	2019	2018 (Restated) *(Note 2(iii))*
	HK$'000	*HK$'000*
Profit attributable to ordinary shares	**218,627**	199,856
Profit attributable to convertible preference shares ("**CPS**")	**20,215**	25,442
Profit attributable to owners of the Company	**238,842**	225,298

	2019		2018 (Restated) *(Note 2(iii))*	
	Ordinary shares	**CPS**	Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	**1,504,373**	**138,837**	1,478,490	187,837
Basic earnings per share (HK$)	**0.145**	**0.145**	0.135	0.135

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and convertible preference shares ("**CPS**") 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 earnings per share.

Diluted

	2019		2018 (Restated) *(Note 2(iii))*	
	Ordinary shares	**CPS**	Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	**1,504,373**	**138,837**	1,478,490	187,837
Adjustments for outstanding share options (in thousands)	**–**	**–**	–	–
	1,504,373	**138,837**	1,478,490	187,837
Diluted earnings per share (HK$)	**0.145**	**0.145**	0.135	0.135

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

10 DIVIDENDS

A final dividend in respect of the year ended 31 December 2019 of HK$0.04 per share, amounting to a total dividend of HK$65,728,000, is to be proposed at the 2020 annual general meeting. These consolidated financial statements do not reflect this final dividend payable but will be reflected as an appropriation of retained earnings for the year ending 31 December 2020 once approved at the annual general meeting.

	2019	2018
	HK$'000	*HK$'000*
Interim dividend of HK$0.06 (2018: HK$0.06) per ordinary share and per CPS	**98,592**	99,793
Proposed final dividend of HK$0.04 (2018: HK$ 0.05) per ordinary share and per CPS	**65,728**	82,160

11 TRADE AND OTHER RECEIVABLES

	2019	2018
		(Restated)
		(Note 2(iii))
	HK$'000	*HK$'000*
Current		
Trade receivables *(Note (b))*		
— An associated company	**146,274**	224,538
— Other related parties	**–**	2,439
— Third parties	**594,609**	560,234
	740,883	787,211
Retention receivables from customers for contract work *(Note (c))*		
— Other related parties	**–**	656
— Third parties	**337,904**	280,729
	337,904	281,385
Development properties — due from customers	**–**	3,353
Other receivables *(Note (d))*		
— Associated companies	**173,850**	151,247
— Joint venture	**111,450**	112,204
— Other related parties	**890**	17,164
— Third parties	**141,409**	171,874
Prepayments	**144,248**	387,043
Deposits	**48,667**	48,380
Staff advances	**4,408**	3,410
Goods and services tax receivable	**5,215**	8,416
Dividend receivable	**864**	–
	631,001	899,738
Loans receivables		
— An associated company *(Note (e))*	**–**	163,457
	1,709,788	2,135,144
Non-current		
Loans receivables		
— Associated companies *(Note (e))*	**912,072**	858,835
— Other related parties	**10,133**	37,244
Prepayments and other receivables	**1,978**	19,630
	924,183	915,709

Notes:

(a) The credit periods granted to customers were 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:

	2019	2018
	HK$'000	*HK$'000*
1–30 days	**615,701**	704,899
31–60 days	**74,104**	35,759
61–90 days	**12,760**	2,062
Over 90 days	**38,318**	44,491
	740,883	787,211

(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$42,555,100 (2018: HK$9,039,000) are expected to be recovered in more than twelve months from 31 December 2019.

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

(e) Loans to associated companies were lent to companies in which the Group invested to develop properties in Singapore. The loans were made in proportion to the percentages of the Group's shareholdings in these companies. The loans were unsecured, and interest-bearing at a fixed rate 5% (2018: 5%) per annum as at 31 December 2019.

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

	2019	2018 (Restated) *(Note 2(iii))*
	HK$'000	*HK$'000*
Properties in the course of development		
Leasehold land at cost	**4,131,090**	1,096,230
Development costs	**850,182**	860,671
Overheads expenditure capitalised	**18,256**	20,349
Interest expenses capitalised	**162,867**	109,935
	5,162,395	2,087,185

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 3.2% and 5.0% per annum (2018: between 1.4% and 2.9% per annum).

As at 31 December 2019, development properties for sale with net carrying amounts of HK$4,539,629,000 (2018: HK$2,085,163,000) were pledged as securities for certain bank borrowings of the Group.

13 BORROWINGS

	2019	2018
	HK$'000	*HK$'000*
Current		
Bank borrowings — secured	**753,396**	1,763,097
Bank borrowings — unsecured *(Note (a))*	**1,799,552**	–
Bank borrowings — mortgaged	**20,672**	18,394
Medium term notes	**575,081**	–
Loans from non-controlling interests of subsidiaries-unsecured	**21,489**	40,099
Finance lease liabilities	**–**	3,124
	3,170,190	1,824,714
Non-current		
Bank borrowings — secured	**2,632,656**	1,336,889
Bank borrowings — unsecured *(Note (a))*	**436,726**	–
Bank borrowings — mortgaged	**80,333**	9,444
Medium term notes	**–**	571,768
Loans from non-controlling interests of subsidiaries-unsecured	**828,542**	347,694
Finance lease liabilities	**–**	2,536
	3,978,257	2,268,331
Total borrowings	**7,148,447**	4,093,045

Note:

(a) As at 31 December 2019, unsecured bank borrowings were guaranteed by the Company.

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

	2019	2018
	HK$'000	*HK$'000*
Within 1 year	**3,170,190**	1,612,714
Between 1 and 2 years	**671,201**	1,857,419
Between 2 and 5 years	**3,246,421**	616,056
Later than 5 years	**60,635**	6,856
Total	**7,148,447**	4,093,045

14 TRADE AND OTHER PAYABLES

	2019	2018
		(Restated)
		(Note 2(iii))
	HK$'000	*HK$'000*
Current		
Trade payables to:		
— Other related parties	**3,296**	29,643
— Third parties	**701,133**	945,220
	704,429	974,863
Non-trade payables to:		
— Non-controlling interests of the subsidiaries	**51,066**	44,184
— Other related parties	**47,676**	18,742
— An associated company	**18,696**	–
— Third parties	**100,912**	42,362
— Goods and services tax payable	**10,215**	9,401
	228,565	114,689
Accruals for operating expenses	**91,144**	129,016
Accruals for construction costs	**795,501**	670,351
Deposits received from customers	**5,787**	–
Deferred gain	**50,378**	91,067
Put option exercisable by non-controlling interests of the subsidiaries	**14,278**	13,614
Provision for foreseeable losses on certain construction contracts	**39,047**	28,284
Dividend payable — non-controlling interests of the subsidiaries	**78,990**	–
	1,075,125	932,332
Total trade and other payables	**2,008,119**	2,021,884

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 and a fellow subsidiary of trading in nature) based on invoice date was as follows:

	2019	2018
	HK$'000	*HK$'000*
1–30 days	**551,331**	919,787
31–60 days	**100,718**	24,822
61–90 days	**14,760**	3,965
Over 90 days	**37,620**	26,289
	704,429	974,863

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

15 SHARE CAPITAL

	Number of shares *(thousands)*	Share capital *HK$'000*	Treasury Shares *HK$'000*
Authorised:			
Ordinary shares			
At 1 January 2018, 31 December 2018 and 31 December 2019	6,000,000	60,000	–
CPS			
At 1 January 2018, 31 December 2018 and 31 December 2019	1,000,000	10,000	–
Issued and fully paid:			
Ordinary shares			
At 1 January 2018	1,485,239	14,852	–
Share Repurchase	–	–	(57,012)
Cancellation of shares	(29,298)	(293)	55,870
At 31 December 2018 and 1 January 2019	1,455,941	14,559	(1,142)
Conversion of CPS	62,961	630	–
Cancellation of shares	(582)	(6)	1,142
At 31 December 2019	1,518,320	15,183	–
CPS			
At 1 January 2018, 31 December 2018 and 1 January 2019	187,837	1,879	–
Conversion during the year	(62,961)	(630)	–
At 31 December 2019	124,876	1,249	–

The Group bought back a total of 29,880,000 shares during the year ended 31 December 2018. The total consideration paid to repurchase these shares was approximately HK$57,012,000, which has been deducted from equity attributable to the owners of the Company. There were no repurchase of shares during the year ended 31 December 2019.

16 BUSINESS COMBINATION

On 25 February 2019, Bohai Investments (Sengkang) Pte. Ltd ("Bohai"), an indirectly wholly-owned subsidiary of the Company, acquired 5% of equity interest in Qingjian Realty (Choa Chu Kang) Pte. Ltd. ("QJR CCK") for a consideration of SGD2,500,000 (equivalent to approximately HK$14,531,000). After the acquisition, the Group's interest in QJR CCK increased from 46% to 51% equity interest and QJR CCK changed from an associated company to a subsidiary of the Group. As a result, a gain on deemed disposal of previously owned interest in QJRCCK of HK$168,671,000 was recognised in "other gains/(losses) — net" (Note 6).

The following table summarises the consideration paid for QJR CCK, the fair value of assets acquired and liabilities assumed at the acquisition date.

	HK$'000
Consideration:	
Cash	14,531
Fair value of existing shares held by the Group	155,573
Total considerations	170,104
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	130,219
Trade and other receivables and prepayments	54,763
Development properties for sale	2,437,048
Deferred income tax assets	7,057
Trade and other payables	(158,184)
Contract liabilities	(1,267,573)
Borrowings	(431,544)
Loan due to non-controlling interests	(360,681)
Deferred income tax liabilities	(75,282)
Total identifiable net assets	335,823
Non-controlling interests	(165,719)
	170,104

	HK$'000
Cash consideration	14,531
Cash and cash equivalents in subsidiary acquired	(130,219)
Outflow of cash to acquire business, net of cash acquired	(115,688)

Acquisition-related costs are insignificant and had been included in administrative expenses in the profit or loss for the year ended 31 December 2019.

Revenue and profit contribution

The acquired business contributed revenue of approximately HK$2,422,584,000 and net loss of approximately HK$67,753,000 to the Group for the period from 25 February 2019 to 31 December 2019. If the acquisition had occurred on 1 January 2019, consolidated revenue and consolidated profit after tax for the year ended 31 December 2019 would have been approximately HK$7,873,375,000 and approximately HK$242,948,000, respectively.

17 CONTINGENT LIABILITIES

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

	2019	2018
	HK$'000	*HK$'000*
Guarantees on performance bonds in respect of construction contracts	**241,940**	157,393

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 31 December 2019, these bank borrowings amounted to HK$3,686,387,000 (2018: HK$2,774,170,000).

18 SUBSEQUENT EVENTS

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented across Hong Kong, Macau and Southeast Asia. The Group will pay close attention to the development of the COVID-19 outbreak and evaluate its impact on the financial position and operating results of the Group. As at the date of this announcement, the Group was not aware of any material impact on the consolidated financial statements arising from the COVID-19 outbreak.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.04 per ordinary share and CPS in respect of the year ended 31 December 2019 (2018: HK$0.05 per ordinary share and CPS). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 22 May 2020, the final dividend will be payable on or about 22 June 2020 to the Shareholders whose names appear on the register of members of the Company on 1 June 2020 and the holders of the CPS.

For the purpose of ascertaining the Shareholders' entitlement to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 19 May 2020 to 22 May 2020, 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 branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 18 May 2020. For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from 28 May 2020 to 1 June 2020, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 27 May 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore Property Market Review

With the impact of the Sino-US Trade Dispute on its export-oriented economy, Singapore's Gross Domestic Product (GDP) in 2019 grew by 0.7%, lower than the increase of 3.1% in 2018, representing the slowest annual growth since 2009. During the Reporting Period, the new private residential price index of Singapore's property market decreased in the first quarter of 2019 compared with the fourth quarter of 2018, and then recorded a continuous slight increase during the second quarter to the fourth quarter of 2019. During 2019, the new private residential price index grew by 2.7%, which was lower than that of last year but maintained a growth momentum. In 2019, the trading volume of new properties in Singapore was 9,912 units, higher than that of last year, demonstrating the property market in Singapore maintained sound development despite the economic downturn.

Singapore Construction Market Review

In 2019, the construction market in Singapore recorded a growth of 4.3% from the negative growth of 3.4% in 2018, indicating the recovery of the property market in Singapore after a 3-year period of downturn. Projects from the public and private sectors both showed growth. According to the BCA of Singapore, the construction demand from the public and private sectors in 2019 was SGD19 billion and SGD14.4 billion, respectively.

Hong Kong Property Market Review

During the first half of 2019, driven by the stable external environment, the prices of local properties recovered and the private residential price index issued by the Rating and Valuation Department in Hong Kong increased by 7.1% from 368.3 for the fourth quarter of 2018 to 394.3 for the second quarter of 2019, with the trading volume increasing as well. During the second half of 2019, under the influence of local social events and external uncertainties, adjustments were made to the local property market, resulting in the decline in the price and trading volume of properties.

In 2019, local developers marketed first-hand residential projects at prices closer to second-hand transaction prices and received satisfactory market response. During 2019, the trading volume of first-hand residential properties exceed 21,000, hitting a record high and representing the present rigid demand for residential properties.

In October 2019, the Hong Kong government announced a relaxation of the Mortgage Insurance Programme, according to which purchasers of residential properties worth of HK$6 million to HK$10 million may apply for higher mortgage amounts than before. Market participants are of a view that small to medium sized properties within this range could possibly outperform the general market.

Hong Kong Construction Market Review

According to the Census and Statistics Department, the total nominal value of construction works completed by Hong Kong major contractors in the third quarter of 2019 was HK$58,435,000,000, an overall decrease of 5% as compared with the same period of last year (excluding the effects of price changes). Projects from the public sector experienced the largest drop of 13.2% as compared with the same period of last year. Accordingly, the construction industry in Hong Kong, especially that serving the public projects, remained in a relative recession in 2019.

In December 2019, the Group took part in the four-day Construction Innovation Expo 2019, jointly held by institutions including the Development Bureau of the Hong Kong government and the Construction Industry Council, at the Hong Kong Convention and Exhibition Centre in Wanchai with a total of over 200 institutions from Hong Kong and 15 countries and regions participating in. It shared its Modular Integrated Construction (MiC) technique and experiences, attracting attention of many participants in the industry, and even received cooperation recommendations from some developers.

The Group has adopted similar construction technique in Singapore for years. The technique is referred to as "Prefabricated Prefinished Volumetric Construction" (PPVC) technique in Singapore. With this technique, the Group is able to significantly enhance product quality, construction efficiency and the safety at the construction site, and support the sustainable development of the environment and the society, which has gained high recognition from the local government. The Group plans to introduce the MiC technique to its construction business segment in Hong Kong and establish component plants in Hong Kong and mainland China.

Business Review

Property Development Business

The Group focuses on the development and sale of quality residential projects in Singapore. During the Reporting Period, one residential project, namely iNz Residence, obtained the Temporary Occupation Permit ("TOP") from the Building and Construction Authority of Singapore ("BCA").

By the end of 2019, the Group's comprehensive property development located at Butik Batok, Le Quest, recorded a cumulative contracted sales rate of over 74% and a sales volume of over 380 units.

In July 2019, the Group's private condominium project located at Shunfu Road, Jadescape, launched its second phase of units and received satisfactory market response, with its annual sales volume exceeding 180 units.

During the Reporting Period, the Group won numerous industry awards, including the Top Ten Singapore Developers (2019年新加坡十大知名開發商) from BCI Asia and the Sustainable Singapore Developer Special Award 2019 (新加坡2019年可持續發展商特別獎) from PropertyGuru.

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

Projects		**Sales Revenue 2019** *(HK$' billion)*	**ASP 2019** *(HK$/sq.m.)*
I	iNz Residence	2.42	48,849
II	Le Quest	1.29	83,401

The Group started to hand over units at the iNz Residence, an executive condominium ("EC") development, which obtained its Temporary Occupation Permit ("TOP") in April 2019, and recognised sales revenue of approximately HK$2.42 billion during the Reporting Period.

Le Quest is a private mixed development project under development and it recognised pre-sales revenue of approximately HK$1.29 billion during the Reporting period, based on its percentage of construction completion.

As at 31 December 2019, the Group's current portfolio of property projects under development with significant interest consists of 3 private condominium development projects across Singapore with a total saleable floor area ("SFA") of over 190,000 sq.m. As at 31 December 2019, the unsold SFA of these properties was over 124,000 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 2019	Estimated year of construction completion	Ownership interest
			sq.m.	*sq.m.*	*sq.m.*	*HK$ billion*			
Le Quest	Bukit Batok West Avenue 6, Singapore	Residential, Private and Retail Space	14,697	37,562	27,950	2.26	97.7%	Mar 2020	73%
Jadescape	314–319 Shunfu Road, Singapore	Residential, Private and Retail Space	37,991	106,955	39,269	4.04	30.9%	May 2021	45%
Forett at Bukit Timah	32–46 Toh Tuck Road, Singapore	Residential, Private and Retail Space	33,457	46,840	N/A	N/A	0%	Dec 2022	51%

Le Quest (73% owned by the Group)

Le Quest is a private mixed development project comprising a 4-storey podium (consisting of retail spaces, carparks and kindergarten), 5 blocks of 12-storey apartments (with total 516 units) and communal facilities. It is located at Butik Batok West Avenue 6. This project is a mixed development project of the Group.

The total SFA of this project is 37,562 sq.m and the percentage of saleable area sold was 74.4% as at 31 December 2019. The construction is scheduled to be completed in March 2020.

Jadescape (45% owned by the Group)

Jadescape is a private condominium project consisting of 7 blocks of 21 to 23-storey apartments with 1,200 residential units and 6 retail shops, basement carparks and communal facilities. The project is located at 314–319 Shunfu Road.

The total SFA of this project is 106,955 sq.m and the percentage of saleable area sold was 36.7% as at 31 December 2019. The construction is scheduled to be completed in May 2021.

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

In June 2019, the Group completed the land acquisition of Goodluck Garden and the new project name is Forett at Bukit Timah. It is a private condominium project on a freehold land. The total land site area is approximately 33,457 sq.m and the total gross floor area is approximately 46,840 sq.m. It is intended to be developed into 4 blocks of 9-story apartments and 9 blocks of 5-storey apartments with a total of 633 residential units and 2 retail shops with basement carparks and communal facilities. The project is located at the even numbers of 32-46 Toh Tuck Road in Bukit Timah Planning Area.

Land bank status

(1) Phoenix Heights project, Singapore

On 25 July 2019, the Group's tender to purchase Phoenix Heights (situated at Phoenix Road) at a total consideration of SDG42.6 million (equivalent to approximately HK$243.8 million) was accepted by the vendor. The project has a land site area of approximately 5,853 sq.m and the total estimated gross floor area is 8,194 sq.m. After completion of the acquisition, the land site is intended to be developed into private condominiums with 100 units.

(2) 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$530.0 million. The total site area of the lots and its extensions to the harbour are approximately 17,400 sq.ft. and 5,400 sq.ft respectively and the maximum plot ratio under the approved outline zoning plan is 5. It is intended to be a residential redevelopment. Planning application to facilitate the redevelopment is undergoing.

(3) Sham Shui Po project, Hong Kong

The Group acquired over 80% ownership of two blocks of old residential buildings in Sham Shui Po, Hong Kong through joint venture and it is intended as a residential redevelopment project after 100% ownership is acquired. Application for Compulsory Sales for Redevelopment has been submitted to Lands Tribunal.

The management believes that it is essential to replenish its land bank in order 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 with reasonable price which is suitable for the Group's investment.

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, external private construction works and being engaged in the Group's property development projects whereas in Hong Kong & Macau, the Group is mainly responsible for superstructure construction, foundation works and ancillary services with particular specialization in piling works.

The Group's revenue from the Singapore and other Southeast Asia countries construction contracts for the Reporting Period was approximately HK$3,075.9 million (year ended 31 December 2018: approximately HK$2,560.4 million). The revenue attributable from Hong Kong & Macau segment is approximately HK$935.7 million (year ended 31 December 2018: approximately HK$1,103.9 million).

During the Reporting Period, for the Singapore segment, the Group completed 4 construction projects including 2 public residential projects, 1 temple project and 1 owned property development project. In 2019, the Group obtained 1 new HDB project, 4 private construction projects, 1 factory construction project and 1 owned property development project with aggregated contract sum of approximately HK$3.93 billion. There are 2 PPVC projects out of the 7 new projects. Benefiting from the Group's competitive advantages in PPVC technology and management in Singapore market, these new projects inject new blood to the Group's sustainable development in PPVC industry. As at 31 December 2019, there were 21 external construction projects on hand and the outstanding contract sums were approximately HK$6.8 billion.

During the Reporting Period, the Group officially entered 2 new markets in South East Asia including Cambodia and Myanmar. The Group was awarded 3 new construction contracts in Malaysia, Cambodia and Myanmar with aggregated contract sums of approximately HK$787.0 million. As at 31 December 2019, the outstanding contract sums of the 6 projects on hand were approximately HK$973.0 million. In addition, the Group's joint ventures obtained 3 new constructions projects in Indonesia with total contract sums of approximately HK$106.0 million.

As for the Hong Kong & Macau segment, the Group was awarded 13 new foundation and superstructure construction projects with aggregated contract sums of approximately HK$1.33 billion. As at 31 December 2019, the outstanding contract sums of the 19 projects on hand were approximately HK$1.17 billion.

Financial Review

Revenue

The Group's total revenue for the Reporting Period was approximately HK$7.9 billion (2018: approximately HK$7.5 billion), representing an increase of 4.9% as compared with last year. The increase is mainly attributable to more construction revenue in Singapore and Southeast Asia being recognized in 2019. During the Reporting Period, the revenue derived from the projects in Singapore and South East Asia was approximately HK$6.9 billion (2018: approximately HK$6.4 billion) whereas those in Hong Kong and Macau were approximately HK$0.9 billion (2018: approximately HK$1.1 billion).

Out of the HK$6.9 billion revenue derived from the Singapore and Southeast Asia segment, the aggregate contracted sales of properties amounted to HK$3.9 billion, representing an increase of 0.5% over that of last year.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 6.7% (2018: approximately 12.5%). The decrease was mainly due to the lower gross profit margin from the property development project in Singapore due to the accounting treatment of a step up acquisition. During the Reporting Period, the Group had a step up acquisition which increased it's equity interest in QJR CCK from 46% to 51% and QJR CCK changed from an associated company to a subsidiary of the Group. QJR CCK holds a property development project namely "iNz Residence" in Singapore. From the step up acquisition, the carrying value of the net assets of QJR CCK, including the iNz Residence project, has been fair valued up which resulted in a lower gross profit margin recognised when the project's relevant properties were sold. The fair value up from the step up acquisition has resulted in a deemed disposal gain of approximately HK$168.7 million which was recognised in "Other gains/(losses) — net". The Group's gross profit margin for the Reporting Period would be 9.7% if excluding the above project.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK$92.3 million (2018: approximately HK$93.9 million), which was approximately 1.2% (2018: approximately 1.3%) of the Group's total revenue. The decrease was due to the lower sales commission rate paid for the development projects recognized during the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK$308.4 million (2018: approximately HK$327.7 million), which was approximately 3.9% (2018: approximately 4.4%) of the Group's total revenue. The decrease was mainly attributable to the decrease in share based payment and staff costs recognized during the Reporting Period.

Net Profit

During the Reporting Period, the Group reported a net profit of approximately HK$243.3 million (2018: approximately HK$301.9 million), representing a decrease of 19.4% as compared with last year. The profit attributable to owners of the Company was HK$238.8 million (2018: approximately HK$225.3 million, representing an increase of approximately 6.0% over the last year. Basic earnings per share was HK$0.145 (2018: HK$0.135.)

Non-Competition Deed

To minimize the potential competition, the Group and Guotsing PRC, New Guotsing Holdco (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").

They have furthermore given the right of first refusal to the Company whereby any of the Covenantors must submit 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. With regards to this decision, only the independent non-executive Directors will be involved in the decision-making process of the Group in relation to the decision whether to exercise the aforementioned right of first refusal, to avoid any potential conflicts of interest.

Prospects

Looking forward to 2020, in light of the impacts from the Coronavirus Disease (COVID-19), the Ministry of Trade and Industry of Singapore predicts that the GDP of Singapore will grow at minus 0.5%-1.5% and the annual economic growth will be approximately 0.5%, a median of the forecasted range. As affected by the epidemic, the property market of Singapore might see short-term decline in demand, together with the existing huge new property supply in market during 2020, posing challenges to the sales of the Group's projects.

In order to counter the shock from the epidemic, the 2020 Budget of Singapore introduced a number of measures to stimulate economic development, and the Singapore Land Authority eased the restrictions on the Qualifying Certificate (QC) for developers in February, both of which may be beneficial to certain developers and the sales of certain local collective sales projects. From a long-term perspective, though the general economy of Singapore may slow down, it remains stable as a whole. According to the IMD World Competitiveness Ranking, Singapore ranked first among the most competitive economies in 2019. Meanwhile, the property market of Singapore still presented investment prospects. According to the Emerging Trends in Real Estate® Asia Pacific 2020 jointly released by PricewaterhouseCoopers and the Urban Land Institute, Singapore scored 6.31 on City Investment Prospects for 2020, ranking first among the 22 cities in Asia-Pacific region. The Singapore market will continue to provide long-term growth opportunities and expansion room for the Group. The Group will remain its root in the Singapore market to locate quality projects and capitalise upon its leading strengths in the property development business for consolidating its market position as a major local developer.

According to the BCA of Singapore, it is estimated that the overall local construction demand will range from SGD28 billion to SGD33 billion in 2020, with the public sector and the private sector accounting for 60% and 40%, respectively. Driven by the continuous construction demand from the public sector, the total construction demand is expected to remain strong. Impacted by the epidemic, materials and labour may become the major factors affecting the progress of projects. Accordingly, the Group need to closely coordinate and cooperate with peers and governmental agencies to prevent risks and overcome the present difficulties. In addition, the Group will continue to further expand its existing presence in Southeast Asian markets, including Malaysia, Indonesia, Vietnams, Myanmar and Cambodia.

In terms of Hong Kong property market, the 2020/21 Land Sale Programme comprises 15 residential sites, which is estimated to be available to build approximately 7,500 units, the lowest over the past decade. Together with projects of railway property development, private development and redevelopment, it is estimated that the potential land supply for the whole year is available to build approximately 15,700 units. The Land Sale Programme also includes six commercial sites, which are expected to provide a GFA of approximately 830,000 sq. m., reflecting that the Hong Kong government will adjust the land supply based on market demand. Presently, the Hong Kong government is not intended to ease the "harsh measures" for the property market, so as to enable the property market to regulate automatically and make the properties more easily to be affordable for local citizens. The Group believes that the medium-to long-term property market in Hong Kong, especially those medium-to large-sized residential units with rigid demand, will remain stable growth.

The Hong Kong government estimates that the annual construction volume of the overall construction industry will grow to HK$300 billion, which covers many public and private housing construction, hospital development and redevelopment, and development and expansion of new towns. The Government will continue to take a lead in promoting “Construction 2.0” in the sector in order to enhance the sector’s carrying ability and promote its sustainability through innovation, specialisation and rejuvenation. In July of last year, the Government established the Centre of Excellence for Major Project Leaders to improve the implementation abilities of leaders in government and public institutions. The Group believes that the above measures are beneficial to the construction segment in Hong Kong.

Debts And Charge on Assets

The total interest bearing borrowings of the Group, including bank loans, finance leases and lease liabilities, increased from approximately HK$4.1 billion as at 31 December 2018 to approximately HK$7.2 billion as at 31 December 2019. 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.

These banking facilities were secured by the Group’s property, plant and equipment and development properties for sale with net carrying amounts of HK$265,127,000 (2018: HK$62,029,000) and HK$4,539,629,000 (2018: HK$2,085,163,000), 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 the operating activities.

As at 31 December 2019, the Group had cash and cash equivalents of approximately HK$1.3 billion (2018: approximately HK$1.5 billion) of which approximately 61.3% was held in Singapore Dollar, 30.7% was held in Hong Kong dollar, 0.1% was held in Renminbi, 3.2% was held in US Dollars, 3.8% 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 31 December 2019 (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 62.6% (2018: approximately 41.9%). The increase was mainly due to the approximately SGD427 million (equivalent to HK$2,464 million) bank loan drawn down for settlement of out standing consideration to the vendors of Goodluck Garden during the Reporting Period.

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 minimizes its foreign exchange exposure of a 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

Save as disclosed in note 16 of the financial information in this announcement, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

Capital Commitments

As at 31 December 2019, the Group had capital commitments of approximately HK$24.4 million (2018: HK$7.5 million) for development expenditure, HK$472.3 million (2018:HK$478.3 million) for investment in Great Wall and CNQC Fund and HK$2.3 million (2018: Nil) for purchase of machineries.

Contingent Liabilities

Save as disclosed in note 17 to the financial information in this announcement, the Group had no other contingent liabilities as at 31 December 2019 and 31 December 2018.

Event After the Reporting Period

Since the outbreak of Coronavirus Disease (COVID-19) in early 2020, the Group has been closely monitoring the development and evaluating its impact on the Group. As at the date on this announcement, the Group was not aware of any material impact on the Group's business operating activities and consolidated financial position arising from the COVID-19 outbreak.

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 2019, the Group had 2,223 full-time employees (2018:1,846 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 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 the Reporting Period was approximately HK$637.4 million (2018: approximately HK$595.5 million).

Share Options

Share Option Scheme

On 27 June 2014, the Company offered to grant an aggregate of 19,500,000 share options (the "2014 Share Options") to certain Directors, employees and consultants of the Group (collectively, the "2014 Grantees"), subject to acceptance of the 2014 Grantees, under its share option scheme adopted on 11 September 2012 (the "Share Option Scheme"). The 2014 Share Options will enable the 2014 Grantees to subscribe for an aggregate of 19,500,000 new Shares, representing 6.5% of the issued share capital of the Company as at the date of grant subject to certain vesting periods. For further details, please refer to the announcement of the Company dated 27 June 2014.

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

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

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

As at 31 December 2019, the maximum number of options issuable under the Scheme was 66,020,250 Shares, which represented 4.35% of the issued share capital of the Company.

Management Share Scheme

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

During the Reporting Period, 62,961,027 CPS were transferred to the Selected Participants and were converted into Ordinary Shares and 124,875,197 CPS remain under the trust.

Purchase, Sale and Redemption of the Company's Securities

Save for a total of 582,500 Shares which were repurchased by the Company in the financial year ended 31 December 2018 which were subsequently cancelled during the Reporting Period, neither the Company nor any of the subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

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 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 2019 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 draft 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. Cheng Wing On, Michael
Chairman

Hong Kong, 30 March 2020

As at the date of this announcement, the Board comprises (i) three executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan, 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.