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 2015

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 audited consolidated results for the year ended 31 December 2015 (the "Reporting Period"), together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2015

	Note	**2015** ***HK$'000***	2014 *HK$'000* (Restated) *(Note 2)*
Revenue	*3, 4*	**11,053,456**	7,302,293
Cost of sales	*5*	**(9,247,614)**	(6,227,767)
Gross profit		**1,805,842**	1,074,526
Other income		**9,598**	3,763
Other gains – net		**4,228**	1,504
Selling and marketing expenses	*5*	**(165,624)**	(123,375)
General and administrative expenses	*5*	**(552,981)**	(389,389)
Operating profit		**1,101,063**	567,029
Finance income		**5,681**	20,847
Finance costs		**(124,247)**	(100,143)
Finance costs — net	*6*	**(118,566)**	(79,296)
Share of (losses)/profits of associated companies		**(833)**	37

	Note	2015 HK$'000	2014 HK$'000 (Restated) (Note 2)
Profit before income tax		**981,664**	487,770
Income tax expense	*7*	**(240,945)**	(77,087)
Profit for the year		**740,719**	410,683
Other comprehensive loss			
Items that may be reclassified to profit or loss			
— Currency translation differences		**(24,901)**	(1,014)
Total comprehensive income for the year		**715,818**	409,669
Profit for the year attributable to:			
Owners of the Company		**577,317**	276,299
Non-controlling interests		**163,402**	134,384
		740,719	410,683
Total comprehensive income for the year attributable to:			
Owners of the Company		**556,973**	275,285
Non-controlling interests		**158,845**	134,384
		715,818	409,669
Earnings per share for profit attributable to owners of the Company			
— Basic *(HK$)*	*8*	**0.461**	0.232
— Diluted *(HK$)*	*8*	**0.461**	0.232

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000 (Restated) (Note 2)	At 1 January 2014 HK$'000 (Restated) (Note 2)
ASSETS				
Non-current assets				
Property, plant and equipment		**498,787**	560,403	109,956
Goodwill		**282,933**	282,933	–
Other intangible assets		**5,367**	11,628	–
Prepayments and other receivables	*10*	**127,219**	108,674	132,064
Investments in associated companies		**1,150**	574	2,462
Available-for-sale financial assets		**1,095**	1,171	1,224
Deferred income tax assets		**93,031**	123,687	96,358
		1,009,582	1,089,070	342,064
Current assets				
Cash and cash equivalents		**1,625,816**	906,948	1,618,392
Pledged bank deposits		**273,850**	–	–
Trade and other receivables, prepayments and deposits	*10*	**2,817,877**	2,097,074	1,772,782
Amounts due from customers for contract work		**60,970**	77,934	47,270
Development properties for sale	*11*	**9,137,882**	12,044,327	13,101,184
Tax recoverable		**695**	560	–
		13,917,090	15,126,843	16,539,628
Total assets		**14,926,672**	16,215,913	16,881,692
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital — ordinary shares	*13*	**3,000**	3,000	158,485
Share capital — convertible preference shares	*13*	**9,519**	–	–
Share premium	*13*	**2,227,382**	–	–
Other reserves		**(1,287,205)**	774,708	(9,865)
Retained earnings/(accumulated losses)		**547,890**	(29,427)	(305,726)
		1,500,586	748,281	(157,106)
Non-controlling interests		**(19,793)**	28,072	(37,745)
Total equity/(deficit)		**1,480,793**	776,353	(194,851)

	Note	At 31 December 2015 HK$'000	At 31 December 2014 HK$'000 (Restated) (Note 2)	At 1 January 2014 HK$'000 (Restated) (Note 2)
LIABILITIES				
Non-current liabilities				
Borrowings		**4,486,186**	6,305,393	8,269,384
Deferred income tax liabilities		**52,245**	47,110	2,433
		4,538,431	6,352,503	8,271,817
Current liabilities				
Trade and other payables	*12*	**5,258,113**	7,430,354	6,826,579
Tax payables		**212,189**	103,939	33,585
Borrowings		**3,437,146**	1,552,764	1,935,970
Provisions		**–**	–	8,592
		8,907,448	9,087,057	8,804,726
Total liabilities		**13,445,879**	15,439,560	17,076,543
Total equity and liabilities		**14,926,672**	16,215,913	16,881,692

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 foundation business in Hong Kong and Macau, and construction and real estate development businesses in Singapore.

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 Hong Kong dollars ("HK$"), unless otherwise stated.

2 BASIS OF PREPARATION AND APPLICATION OF NEW ACCOUNTING STANDARDS

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(a) Reverse acquisition

On 11 February 2014, a sale and purchase agreement was entered into between CNQC Development Limited, a wholly-owned subsidiary of Guotsing Holding Group Co. Ltd. ("Guotsing PRC"), and the then controlling shareholders of the Company to acquire approximately 75% of the issued share capital of the Company. The transaction was completed on 17 March 2014 (the "Transaction").

On 23 May 2015, the Company and Guotsing Holding (South Pacific) Investment Pte Ltd. ("Guotsing SG", an entity wholly owned by Guotsing PRC) entered into a share purchase agreement (the "Agreement") pursuant to which the Company conditionally agreed to acquire, and Guotsing SG conditionally agreed to sell or procure to be sold the entire issued share capital of Wang Bao Development Limited (the "Target Company") and its subsidiaries (collectively, the "Target Group") on the terms and subject to the conditions set out in the Agreement, the consideration is to be satisfied by the allotment and issuance of 951,872,727 non-redeemable convertible preference shares ("CPS") of the Company at a price of HK$2.75 per CPS by the Company (the "Acquisition"). Please refer to Note 13 for details of the rights of the CPS holders.

Amongst other terms and conditions stipulated under the Agreement, a management share scheme ("Management Share Scheme") under which selected participants were to be granted with a prescribed number of options to purchase for a total of 304,599,273 CPS subject to the relevant terms and conditions should become effective upon the completion of the Acquisition and Guotsing SG should undertake the establishment of a trust (the "Trust") for servicing the Management Share Scheme. Upon completion of the Acquisition, the Management Share Scheme should replace and supersede the then existing management share scheme implemented by the Target Group.

In accordance with the Agreement, the consideration was to be settled through the allotment and issuance by the Company of: (i) 647,273,454 CPS to Guotsing SG (or an entity as Guotsing SG may direct) and (ii) 304,599,273 CPS to Guotsing SG (or the trustee of the Trust or a company to be held by the trustee of the Trust as Guotsing SG may direct).

The Acquisition was completed on 15 October 2015. Since then, the Company holds the entire issued share capital of the Target Company which, together with its subsidiaries, are engaged in construction and real estate development businesses primarily in Singapore.

The Acquisition is accounted for as a reverse acquisition under HKFRS 3 (Revised) "Business Combinations" under which the Target Group is regarded as the accounting acquirer, whereas the Group immediately prior to the completion of the Acquisition (the "Existing Group") is regarded as the accounting acquiree, as the Company and the Target Group are both under common control of Guotsing PRC since 17 March 2014 upon completion of the Transaction.

Under the reverse acquisition accounting method, the consolidated financial statements represent the continuation of the financial statements of the Target Group except for its capital structure, which reflect the following:

(i) the assets and liabilities of the Target Group (being the legal subsidiary and the accounting acquirer) recognised and measured at their pre-combination carrying amounts;

(ii) the assets and liabilities of the Existing Group (being the legal parent and the accounting acquiree) recognised and measured at their fair value as at 17 March 2014, the date of the reverse acquisition, in accordance with HKFRS 3 (Revised) "Business Combinations";

(iii) the retained earnings and other equity balances of the Target Group before the business combination; and

(iv) the equity structure of the legal subsidiary (the accounting acquirer) restated since the beginning of the earliest period presented.

The comparative financial information is also restated on the above basis.

In applying the reverse acquisition accounting method, the consideration paid by CNQC Development Limited of HK$540,000,000 to acquire the approximately 75% equity interest of the Existing Group and the 25% non-controlling interests of the Existing Group amounting to HK$85,689,000 as at the date of the reverse acquisition were deemed as the consideration of the reverse acquisition. The separately identifiable assets and liabilities of the Existing Group recognised in the consolidated statement of financial position were at their fair value as at the date of the reverse acquisition. Goodwill arising from the acquisition of the Existing Group was recognised on the same date. The results and cash flows of the Existing Group are included in the Company's consolidated financial statements from the date of the reverse acquisition.

Since the consolidated financial statements are regarded as a continuation of those of the Target Group as a result of the reverse acquisition and the financial statements of the Target Group for the year ended 31 December 2014 were previously presented in SGD, the adoption of HK$ as presentation currency of these consolidated financial statements is considered a change of presentation currency from SGD to HK$. The directors considered that HK$ is a more appropriate presentation currency due to the increase in level of the Group's financing activities denominated in HK$, which also aligns with the Company's functional currency.

The change in presentation currency has been applied retrospectively and the comparative figures in the consolidated financial statements have been translated from SGD to HK$ using the closing rates at the end of the relevant reporting periods for the items in the consolidated statement of financial position (excluding equity items that are translated at historical rates), average rate for the relevant period for consolidated statement of comprehensive income and consolidated statement of cash flows items and historical rates for the items in the consolidated statement of changes in equity. The change in presentation currency has no significant impact on the financial position of the Group as at 31 December 2015, 31 December 2014 and 1 January 2014, or the results and cash flows for the years ended 31 December 2015 and 2014.

(b) Going concern assumptions

As at 31 December 2015, the Group had total current liabilities of HK$8,907,448,000 that would be due for repayment in the coming twelve months, out of which HK$3,024,284,000 represented advanced proceeds received from customers in connection with the pre-sale of properties developed by the Group which are not required to be refunded to the customers if the properties are developed according to the terms of the relevant pre-sale agreements. As at the same date, the Group had cash at banks and on hand and pledged bank deposits of HK$1,899,666,000 and trade and other receivables of HK$2,817,877,000 that were current in nature.

Management has prepared cash flow projections which cover a period of twelve months from the date of the consolidated statement of financial position as at 31 December 2015. The directors of the Company have reviewed the Group's cash flow projections and banking facilities available and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next twelve months from the date of the statement of financial position. In addition, the directors of the Company closely monitor the Group's liquidity position and financial performance to improve the Group's cash flows. In the opinion of the directors of the Company, with the anticipated cash flows from pre-sale of properties and other operations and the available banking facilities, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

(c) Amendments to standards adopted by the Group

During the year ended 31 December 2015, the Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1 January 2015:

Hong Kong Accounting Standard ("HKAS") 19 (2011) (Amendment)	Defined Benefit Plans: Employee Contributions
Annual Improvements Project	Annual Improvements 2010–2012 Cycle
Annual Improvements Project	Annual Improvements 2011–2013 Cycle

The adoption of these amendments to standards does not have significant impact to the Group's results of operation and financial position.

(d) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

3 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the executive directors of the Company, and also the executive directors of principal operating subsidiaries in Singapore for period prior to the completion of Acquisition on 15 October 2015.

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

The "Foundation — Hong Kong and Macau" segment mainly represents provision of foundation work to property developers, loaning of labour and rental of machinery in Hong Kong and Macau. The "Construction — Singapore" segment mainly represents provision of construction work to property developers, sales of goods, loaning of labour and rental of machinery in Singapore. The "Real estate development — Singapore" segment represents the sales of completed residential units in Singapore.

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 head office and corporate expenses are excluded from such measurement.

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

Segment liabilities exclude intra-group balances and other unallocated head office and corporate liabilities as these 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.

Capital expenditure comprises additions to property, plant and equipment.

	Foundation — Hong Kong and Macau *HK$'000*	Construction — Singapore *HK$'000*	Real estate development — Singapore *HK$'000*	Total *HK$'000*
Year ended 31 December 2015				
Sales				
Sales to external parties	1,671,737	3,003,074	6,378,645	11,053,456
Inter-segment sales	–	1,422,860	–	1,422,860
Total segment sales	1,671,737	4,425,934	6,378,645	12,476,316
Adjusted segment profit	216,803	44,894	973,492	1,235,189
Depreciation	63,985	22,428	1,694	88,107
Capital expenditure	35,423	6,213	3,043	44,679
Year ended 31 December 2014 (Restated)				
Sales				
Sales to external parties	957,919	2,424,558	3,919,816	7,302,293
Inter-segment sales	–	1,836,907	–	1,836,907
Total segment sales	957,919	4,261,465	3,919,816	9,139,200
Adjusted segment profit	59,487	130,051	494,497	684,035
Depreciation	45,968	16,632	994	63,594
Capital expenditure	68,648	107,136	1,651	177,435

The following tables present segment assets and liabilities as at 31 December 2014 and 2015 respectively.

	Foundation — Hong Kong and Macau *HK$'000*	Construction — Singapore *HK$'000*	Real estate development — Singapore *HK$'000*	Total *HK$'000*
As at 31 December 2015				
Segment assets	1,321,724	2,355,050	12,313,575	15,990,349
Segment liabilities	523,159	1,762,891	11,980,454	14,266,504
As at 31 December 2014 (Restated)				
Segment assets	1,152,739	2,323,154	14,567,417	18,043,310
Segment liabilities	482,897	1,902,516	15,029,569	17,414,982

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Adjusted segment profit for reportable segments	**1,235,189**	684,035
Unallocated expenses *(Note)*	**(238,733)**	(14,744)
Elimination	**104,607**	(102,262)
Finance income	**5,681**	20,847
Finance costs	**(124,247)**	(100,143)
Share of (losses)/profits of associated companies	**(833)**	37
Profit before income tax	**981,664**	487,770

Note: During the year ended 31 December 2015, the majority of unallocated expenses is related to share-based payment expenses recognised for services rendered by certain management members at corporate level and the transaction costs relating to the Acquisition.

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Segment assets	**15,990,349**	18,043,310
Unallocated	**826,920**	552,434
Elimination	**(1,890,597)**	(2,379,831)
Total assets	**14,926,672**	16,215,913

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Segment liabilities	**14,266,504**	17,414,982
Unallocated	**331,514**	216,961
Elimination	**(1,152,139)**	(2,192,383)
Total liabilities	**13,445,879**	15,439,560

During the year ended 31 December 2015, revenue of approximately HK$1,964,370,000 (2014: HK$1,590,395,000) representing 18% (2014: 22%) of the Group's total revenue was derived from a single external customer within the "Construction — Singapore" segment.

4 REVENUE AND GEOGRAPHICAL SEGMENT INFORMATION

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Revenue		
Construction contracts income	**4,668,902**	3,369,928
Sales of development properties	**6,378,645**	3,919,816
Sale of goods	**1,710**	8,668
Income from loaning labour to other contractors	**2,766**	2,217
Rental of equipment	**1,433**	1,664
	11,053,456	7,302,293

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

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Singapore	**9,381,719**	6,344,374
Hong Kong	**1,650,995**	794,916
Macau	**20,742**	163,003
	11,053,456	7,302,293

5 EXPENSES BY NATURE

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Contractor and material costs net of changes in construction contract work-in-progress included in "Cost of sales"	**3,767,779**	2,539,187
Property development costs included in "Cost of sales"	**4,833,004**	3,096,240
Sales commissions	**118,307**	52,261
Show flat costs	**16,609**	39,599
Marketing expenses	**30,708**	31,515
Travel and entertainment expenses	**11,326**	13,264
Depreciation of owned assets	**50,405**	33,991
Depreciation of assets under finance leases	**37,702**	29,603
Amortisation of intangible assets	**6,261**	77,820
Auditors' remuneration		
— recurring audit services	**5,692**	4,289
— other audit services	**9,164**	–
— non-audit services	**554**	527
Staff costs, including directors' emoluments	**875,042**	662,690
Donations	**93**	1,556
Rental expenses on operating leases	**115,960**	128,350
Legal and professional fees related to the Acquisition	**33,975**	–
Other legal and professional fees	**13,908**	13,407
Other expenses	**39,730**	16,232
Total cost of sales, selling and marketing expenses, general and administrative expenses	**9,966,219**	6,740,531

6 FINANCE COSTS — NET

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Finance income		
Interest income from bank deposits	**433**	4,813
Interest income from loans to associated companies	**4,193**	2,053
Interest income from loans to a holding company	**–**	12,835
Interest income from loans to other related parties	**1,055**	1,146
	5,681	20,847
Finance costs		
Interest expenses on finance leases	**(3,872)**	(3,892)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	**(264,390)**	(170,761)
Interest expenses on loans from a holding company	**(32,505)**	(91,886)
Interest expenses on loans from non-controlling interest shareholders of subsidiaries	**(66,445)**	(32,889)
	(367,212)	(299,428)
Less: Interest expenses capitalised	**282,367**	227,569
	(84,845)	(71,859)
Net foreign exchange losses	**(39,402)**	(28,284)
	(124,247)	(100,143)
Finance costs — net	**(118,566)**	(79,296)

7 INCOME TAX EXPENSE

Hong Kong profits tax, Macau profits tax and Singapore income tax have been provided for at the rate of 16.5%, 12% and 17% respectively for the years ended 31 December 2014 and 2015 on the estimated assessable profit in the respective jurisdictions, adjusted for those items which are not assessable or deductible for income tax purpose.

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Current income tax		
— Hong Kong profits tax	**32,009**	586
— Macau profits tax	**907**	9,915
— Singapore income tax	**169,994**	104,561
Under/(over)-provision in prior years		
— Hong Kong profits tax	**120**	(28)
— Singapore income tax	**9,305**	–
Deferred income tax	**28,610**	(37,947)
	240,945	77,087

8 EARNINGS PER SHARE

Basic

	2015	2014 (Restated)
Profit attributable to owners of the Company *(HK$'000)*	**577,317**	276,299
Weighted average number of issued shares for the purpose of calculating basic earnings per share *(in thousands)*	**1,251,873**	1,190,229
Basic earnings per share *(HK$)*	**0.461**	0.232

As described in Note 2 above, 951,872,727 CPS were issued on 15 October 2015 in connection with the Acquisition. As further explained in Note 13(a) below, each CPS, in addition to a non-cumulative preferred distribution described therein, 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.

As stated in Note 13(a) below, the CPS is accounted for as an equity instrument. In addition, the rights of the CPS on the entitlements of dividend and distribution of assets are substantially the same as those of the ordinary shares of the Company.

In applying the reverse acquisition accounting method, the issuance of CPS was accounted for as if they had been issued on 1 January 2014, the beginning of the earliest period presented, while the 300,000,000 ordinary shares of the Company in issue as at 1 January 2014 was accounted for as if they were issued on 17 March 2014, the date of the reverse acquisition.

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 deemed to be in issue during each of the reporting periods calculated on the above basis.

Diluted

	2015	2014 (Restated)
Profit attributable to owners of the Company *(HK$'000)*	**577,317**	276,299
Weighted average number of issued shares for the purpose of calculating basic earnings per share *(in thousands)*	**1,251,873**	1,190,229
Adjustments for Share Option Scheme	**424**	–
	1,252,297	1,190,229
Diluted earnings per share *(HK$)*	**0.461**	0.232

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 arising from the Company's Share Option Scheme. A calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's share in the relevant periods) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

9 DIVIDENDS

A dividend in respect of the year ended 31 December 2015 of HK$0.12 per share, amounting to a total dividend of approximately HK$161.1 million, is to be proposed at the annual general meeting on 29 April 2016. These financial statements do not reflect this dividend payable but will be reflected as an appropriation of retained earnings for the year ending 31 December 2016.

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Proposed final dividend of HK$0.12 (2014: Nil) per ordinary share and per CPS	**161,085**	–

10 TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Current		
Trade receivables		
— A holding company	**–**	1,013
— A non-controlling interest shareholder of a subsidiary	**56**	–
— A fellow subsidiary	**5,847**	5,228
— Other related parties	**114,730**	25,310
— Third parties	**611,787**	746,223
	732,420	777,774
Retention receivables from customers for contract work from		
— Other related parties	**48,569**	50,066
— Third parties	**235,100**	179,652
	283,669	229,718
Development properties — due from customers	**1,612,680**	573,821
Other receivables		
— Holding companies	**3,133**	309,690
— Associated companies	**7,797**	3,052
— Fellow subsidiaries	**5,853**	20,333
— Other related parties	**11,507**	9,887
— Third parties	**14,327**	222
Prepayments	**82,189**	110,170
Deposits	**27,613**	35,802
Staff advances	**1,286**	2,021
Good and service tax receivable	**2,270**	–
	155,975	491,177
Loans to		
— A non-controlling interest shareholder of a subsidiary	**–**	24,584
— Other related party	**33,133**	–
	2,817,877	2,097,074
Non-current		
Loans to		
— Associated companies	**94,220**	28,096
— Other related parties	**20,559**	59,430
	114,779	87,526
Prepayments	**12,440**	21,148
	127,219	108,674

Notes:

(a) The credit periods granted to customers were 14 to 60 days. No interest was charged on the outstanding balance.

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
1–30 days	**690,362**	697,037
31–60 days	**29,809**	57,311
61–90 days	**1,267**	7,030
Over 90 days	**10,982**	16,396
	732,420	777,774

As at 31 December 2015, trade receivables of HK$42,058,000 (2014: HK$79,148,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of trade receivables past due but not impaired by overdue date is as follows:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
1–30 days	**19,427**	55,722
31–60 days	**11,649**	7,030
61–90 days	**2,256**	5,683
Over 90 days	**8,726**	10,713
	42,058	79,148

There is no other class of financial assets that is past due or impaired.

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$43,319,000 (2014: HK$105,546,000) are expected to be recovered in more than twelve months from 31 December 2015.

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

(d) Loans to associated companies and other related parties were lent to companies in which the Group invested to develop real estates in Singapore. 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 ranging from 0% to 7.68% (2014: 0% to 7.216%) per annum as at 31 December 2015.

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

11 DEVELOPMENT PROPERTIES FOR SALE

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Properties in the course of development		
Leasehold land at cost	**5,751,787**	7,933,075
Development costs	**2,716,795**	3,385,107
Overheads expenditure capitalised	**67,437**	90,856
Interest expenses capitalised	**601,863**	635,289
	9,137,882	12,044,327

Interest expenses on bank borrowings, loans from non-controlling shareholders of subsidiaries and other related parties were capitalised. The weighted average rates of capitalisation of the interest expenses were 3.12% (2014: 2.34%) per annum for bank borrowings and 7.22% (2014: 7.22%) per annum for loans from non-controlling shareholders of subsidiaries and other related parties for the year ended 31 December 2015.

As at 31 December 2015, development properties with net carrying amounts of HK$9,137,882,000 (2014: HK$12,044,327,000) were pledged as securities for the bank loans of the Group.

12 TRADE AND OTHER PAYABLES

	2015 *HK$'000*	2014 *HK$'000* (Restated)
Current		
Trade payables to:		
— A fellow subsidiary	**46,509**	5,904
— Other related parties	**50,725**	66,818
— Third parties	**1,530,474**	1,472,327
	1,627,708	1,545,049
Non-trade payables to:		
— Holding companies	**8,198**	122,948
— Fellow subsidiaries	**902**	62,837
— Non-controlling interest shareholders of subsidiaries	**166,720**	76,560
— Other related parties	**425**	3,647
— Third parties	**53,065**	17,709
— Good and service tax payable	**4,932**	12,368
	234,242	296,069
Accruals for operating expenses	**274,600**	169,830
Accruals for construction costs	**97,279**	65,419
Advanced proceeds received from customers	**3,024,284**	5,353,987
	3,396,163	5,589,236
Total trade and other payables	**5,258,113**	7,430,354

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:

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
1–30 days	**1,597,136**	1,467,709
31–60 days	**21,744**	58,926
61–90 days	**1,513**	5,209
Over 90 days	**7,315**	13,205
	1,627,708	1,545,049

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

13 SHARE CAPITAL

	Number of shares	**Share capital**
	(thousands)	*HK$'000*
Authorised:		
Ordinary shares		
At 1 April 2014, 31 December 2014 and 1 January 2015	2,000,000	20,000
Increase during the year *(Note a)*	4,000,000	40,000
At 31 December 2015	6,000,000	60,000
CPS		
At 1 April 2014, 31 December 2014 and 1 January 2015	–	–
Increase during the year *(Note a)*	1,000,000	10,000
At 31 December 2015	1,000,000	10,000
Issued and fully paid:		
Ordinary shares		
At 1 April 2014, 31 December 2014 and 31 December 2015	300,000	3,000
CPS		
At 1 April 2014, 31 December 2014 and 1 January 2015	–	–
Issue during the year *(Note b)*	951,873	9,519
At 31 December 2015	951,873	9,519

Note:

(a) Following the passing of the ordinary resolution at the Company's extraordinary general meeting held on 14 October 2015, the authorised share capital of the Company was increased from HK$20,000,000 divided into 2,000,000,000 ordinary shares of par value of HK$0.01 each to HK$70,000,000 divided into (i) 6,000,000,000 ordinary shares of HK$0.01 each and (ii) 1,000,000,000 CPS of HK$0.01 each. Save for the rights set out below, each CPS have the same rights as each of the ordinary shares:

- CPS shall be convertible into fully-paid ordinary shares at the option of the CPS holders at any time after the issue date according to a fixed conversion ratio of one CPS for one ordinary share, subject to the condition that the Company is able to meet the requirement of public float under the relevant listing rules of the Stock Exchange and no shareholders of the Company would trigger any mandatory general offer obligation under Rule 26 of the Takeovers Code (unless a waiver from compliance with such requirement has otherwise been obtained).

- The CPS shall be non-redeemable by the Company or their holders.

- Each CPS shall confer on its holder the right to receive 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. The Company may, in its sole discretion, elect to defer or not pay a preferred distribution. No interest accrues on any unpaid preferred distribution. However, the Company shall not pay any dividends or distributions to the holders of ordinary shares of the Company unless at the same time it pays to the holders of the CPS any deferred or unpaid preferred distribution which was scheduled to be paid during the same financial year as such dividends or distributions were scheduled.

- Each CPS shall confer on its holder the right to receive, in addition to the above preferred distribution, any dividend pari passu with the holders of the ordinary shares.

- 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.

- the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

Based on the terms of the CPS, it is accounted for as an equity instrument of the Company.

(b) On 15 October 2015, the Company issued 951,872,727 CPS as consideration for acquiring the entire equity interests of the Target Group as detailed in Note 2(a). The issuance of CPS is accounted for as distributions to Guotsing PRC under the reverse acquisition accounting method. The aggregate fair value of CPS on the date of issuance was HK$2,236,900,908, representing a fair value of HK$2.35 per CPS. The issuance resulted in an increase in share capital of HK$9,519,000, and the excess of the aggregate fair value of the CPS issued over the aggregate nominal amount of CPS issued amounting to HK$2,227,381,908 was credited as share premium.

14 CONTINGENT LIABILITIES

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

	2015	2014
	HK$'000	*HK$'000*
		(Restated)
Guarantees on performance bonds in respect of construction contracts	**205,640**	64,489

The Group also issued corporate guarantees to banks for borrowings of certain related parties. As at 31 December 2015, these bank borrowings amounted to HK$329,093,000 (2014: HK$335,276,000).

(b) Pending litigation

In the ordinary course of the Group's contract works business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and would not result in any material adverse impact on the financial position or results and operations of the Group. No provision has been made in respect of these claims in the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore Property Market Review

With a looming over supply as well as concerns over potential hikes in interest rates in Singapore, homebuyers remained cautious, with many adopting a highly-selective, "wait-and-see" approach. With such significant downside headwinds facing the residential property market, overall private home prices were expected to decline a bit in 2015 on a whole-year basis.

As for the Executive Condominiums ("EC") segment, the cooling measure and the Mortgage Servicing Ratio (MSR) framework imposed on EC homebuyers have dampened home-buying demand for the EC sector. Moreover, the declining trend of private home prices and ample supply of private apartment and condominium units presented more choices for prospective home buyers. These factors impacted selling price of EC in 2015.

Under the Singapore Budget 2015 that was announced by the Singapore government on 23 February 2015, the Singapore government will make vast improvements in public transport. In terms of making improvements to the public transport system, the Budget outlined that another Singapore Dollars ("SGD") $14 billion has been deployed for enhancement initiatives over the past five years, and another SGD$26 billion has been committed for the next five years.

With overall island-wide accessibility expected to be substantially enhanced by the further development of the public transport system, housing developments in the Outside Central Region ("OCR") of Singapore are likely to receive greater attention from home buyers. In view of the expected improvement in accessibility, purchasing budget is likely to precede proximity to the city-centre as a greater priority in the minds of homebuyers. With the continued emphasis on public transport enhancements, mass-market homes can be expected to deliver a better value proposition for some homebuyers. This is in turn likely to drive up demand for OCR homes, and lead to a possible narrowing in price gaps between the mass-market homes and other segments of the residential property market.

Singapore Construction Market Review

Construction activities slowed down after being weighed down by weaker private sector construction activities. In 2015, there are pipeline of construction projects and construction orders (mostly civil engineering works) estimated between SGD$16.0 billion and SGD$19.5 billion. Overall construction demand is expected to decline marginally but remains buoyant in the near future.

Hong Kong Construction Market Review

In Hong Kong, the foundation and construction industries were supported by increasing public expenditure on infrastructure. The public expenditure on infrastructure experienced a significant growth, from about HK$49.0 billion in 2010 to about HK$76.1 billion in 2015. The increase in expenditure is mainly due to the Hong Kong Government's commitment to provide 470,000 units of housing in the coming years whilst 60% of which belongs to public housing. Given that the foundation work such as piling work is to provide base for superstructure construction, the foundation industry is supported by the overall growth in the superstructure construction industry.

Business Review

As the only offshore listing platform of Guotsing PRC, one of the controlling shareholders of the Company, and its subsidiaries (the "Guotsing Group"), the Company was benefited from the brand, reputation and quality operating system which Guotsing Group has established over years of operation, the Group has made concerted effort to achieve rapid growth in the property development business.

Property Development Business

During 2015, the sales revenue, sales area and average selling price ("ASP") realised by the Group are set out in the table below:

Project	**Sales Revenue 2015** *(HK$' million)*	**Sales Area 2015** *(sq.m.)*	**ASP 2015** *(HK$/sq.m.)*
I RiverSound Residence	3,176.1	62,423	50,880
II River Isles	3,202.5	64,939	49,316
Total	6,378.6	127,362	

The Group started to hand over units at RiverSound Residence and River Isles which obtained their Temporary Occupation Permit (TOP) in May 2015 and October 2015 respectively.

As at 31 December 2015, the Group's portfolio of property development projects with majority interest consisted of 5 projects across Singapore, focusing on the development of EC apartments. The saleable gross floor area ("GFA") of these properties which had not been sold or pre-sold as at 31 December 2015 was 124,326 sq.m..

As at 31 December 2015, total GFA of the said 5 projects with majority interest in the OCR of Singapore was approximately 293,013 sq.m.. Details of which are set out below:

WaterBay

WaterBay is an EC development featuring six blocks of 17-storey apartments comprising 383 units of two to five bedrooms and penthouse units. It is located at the junction of Punggol Central and Edgefield Plains, approximately 17 km from the city centre at Raffles Place.

In 2015, the contracted pre-sales of WaterBay were HK$15.7 million and the contracted pre-sales area was 337 sq.m. which accounted for approximately 0.8% of this project's saleable area. As at 31 December 2015, the percentage of saleable area sold was 100%. The TOP of this project was granted on 27 January 2016 by the Building and Construction Authority of Singapore.

Ecopolitan

Ecopolitan is an EC development featuring eight blocks of 16-storey apartments comprising 512 units ranging from three to five-bedrooms including dual key, premium and Co-Space units. It is located at the end of Punggol Walk, bounded by Punggol Way and Tampines Expressway, approximately 17 km from the city centre at Raffles Place.

In 2015, the contracted pre-sales of Ecopolitan were HK$309.1 million and the contracted pre-sales area was 6,489 sq.m. which accounted for approximately 11.4% of this project's saleable area. As at 31 December 2015, the percentage of saleable area sold was 97.46%.

Bellewoods

Bellewoods is an EC development featuring three blocks of 11-storey and nine blocks of 12-storey apartments comprising 561 units ranging from two to five-bedrooms including premium and Co-Space units. It is located at the corner of Woodlands Avenue 5 and Woodlands Avenue 6 junctions, approximately 25 km from the city centre at Raffles Place.

In 2015, the contracted pre-sales of Bellewoods were HK$1,108.1 million and the contracted pre-sales area was 23,694 sq.m. which accounted for approximately 38.9% of this project's saleable area. As at 31 December 2015, the percentage of saleable area sold was 48.84%.

Bellewaters

Bellewaters is an EC development featuring three blocks of 17-storey and seven blocks of 16-storey apartments comprising 651 units ranging from three to five-bedrooms including premium and Co-Space units. It is located along Anchorvale Crescent, approximately 20 km from the city centre at Raffles Place.

In 2015, the contracted pre-sales of Bellewaters were HK$1,767.0 million and the contracted pre-sales area was 38,930 sq.m., which accounted for approximately 54.8% of this project's saleable area. As at 31 December 2015, the percentage of saleable area sold was 62.37%.

The Visionaire

The Visionaire is an EC development. It is located at the junction of Canberra Link and Sembawang Road, approximately 25 km from the city centre at Raffles Place.

This project provides 16 blocks of 9-storey to 12-storey apartments ranging from two to four bedrooms. The pre-sales of this project commences in the first half of 2016.

As at 31 December 2015, the pre-sales of this project had not been commenced.

New Property Development Project

The Group keeps making efforts in seizing the opportunities in the land market in Singapore. In August 2015, the Group acquired a new parcel of land at Choa Chu Kang Avenue 5 through a wholly-owned subsidiary together with other independent third parties which the Group held the largest interest of 26% in this land. The land cost was approximately HK$877.8 million with site area of approximately 16,386.1 sq.m. and the total GFA reaches 49,158.3 sq.m. which is intended to be developed as EC.

The management believes that continual new addition property development of the Group is required in order for the Group to expand further in the coming years. The Group will insist on its business strategy whilst maintaining a prudent approach and 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 Singapore and Hong Kong geographical segments. In Singapore, the Group tenders for public construction work, private construction work and engages in the Group's property development projects whereas in Hong Kong, the Group is mainly responsible for foundation works, ancillary services with particular specialisation in piling works and superstructure construction for both private and public sector.

The Group's revenue from the Singapore construction contracts for the Reporting Period was approximately HK$3,003.1 million (year ended 31 December 2014: approximately HK$2,424.6 million). The revenue attributable from the Hong Kong segment is approximately HK$1,671.7 million (year ended 31 December 2014: approximately HK$957.9 million).

During the Reporting Period, for the Singapore segment, the Group completed three construction projects including HDB Seng Kang N4C24, HDB Hougang N4C18 and China Cultural Centre, with one new project awarded by the Housing and Development Board of Singapore ("HDB") in November 2015, with an estimated contract sum of approximately HK$900 million. As at 31 December 2015, there were 9 external private construction projects on hand with another 5 construction projects of the Group's property segment and the outstanding contract sums are approximately HK$3,345.5 million and HK$1,479.8 million respectively.

As for the Hong Kong segment, the Group commenced work on several new sizable foundation and superstructure construction projects including Kwun Tong Inland Lot No. 761, Shatin Town Lot No. 482 & No. 578, No. 18–20 Caine Road, No. 101–111 Wanchai Road, with a total contract sum of approximately HK$1,357.6 million. As at 31 December 2015, the outstanding contract sums of ongoing projects are approximately HK$1,495.3 million.

Financial Review

Revenue

The Group's total revenue for the Reporting Period was approximately HK$11.1 billion (2014: approximately HK$7.3 billion), representing an increase of 51.4% as compared with last year. The increase is mainly attributable to the recognition of property sales in Singapore upon the issuance of temporary occupation permit. During the Reporting Period, the revenue derived from the projects in Singapore was approximately HK$9.4 billion (2014: approximately HK$6.3 billion) whereas those in Hong Kong and Macau was approximately HK$1.7 billion (2014: approximately HK$957.9 million).

Out of the HK$9.4 billion revenue derived from the Singapore segment, the aggregate contracted sales of properties amounted to HK$6.4 billion, representing an increase of 62.7% over that of last year. The average selling price was approximately HK$50,083 sq.m..

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 16.3% (2014: approximately 14.7%). Despite the continuing increase in labour cost and subcontractor charges during the Reporting Period (as compared with last year), the Group managed to achieve cost efficiency through structure design optimisation, more competitive sub-contractor selection process and also adjusting the tender price of the construction projects correspondingly in order to reflect the increase in costs and to maintain the gross profit margin of the construction segment.

Higher portion of private condominium sales recognized also accounted for the increase in gross profit margin during the Reporting Period.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK$165.6 million (2014: approximately HK$123.4 million), which was approximately 1.5% (2014: approximately 1.7%) of the Group's total revenue. The increase was mainly attributable to the increase in sales commission during the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK$553.0 million (2014: approximately HK$389.4 million), which was approximately 5.0% (2014: approximately 5.3%) of the Group's total revenue. The increase was mainly attributable to the general increase in staff costs including Directors' emoluments incurred and the expenses in relation to the Group's equity-settled award granted to employees (as described below) during the Reporting Period.

Net Profit

During the Reporting Period, the Group reported a net profit of approximately HK$740.7 million (2014: approximately HK$410.7 million), representing an increase of 80.4% as compared with last year. The profit attributable to owners of the Company was HK$577.3 million (2014: approximately HK$276.3 million, representing an increase of approximately 108.9% over last year. Basic earnings per share was HK$0.461 (2014: HK$0.232).

Non-competition Deed

To minimise the potential competition, the Group, Guotsing PRC and Guotsing Holding Company Limited (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 business or property construction business 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

In view of the property segment in Singapore, the Singapore government recently reiterated their stance to maintain the property market cooling measures and the Total Debt Servicing Ratio restriction until a meaningful correction is achieved, prices of private residential properties are expected to continue on a path of moderation in 2016.

Although the residential property market is expected to cool further, the fundamentals of Singapore property remain stable and attractive. Singapore continues to remain an attractive location to live in and to conduct business. With a general expectation that residential property prices potentially bottoming out from 2016 and as part of a prudent and sustainable housing policy, a relaxation of cooling measures could be possible as residential prices fall to a reasonable threshold. Such a pullback in cooling measures is likely to see the return of home-buying interest, and subsequently a recovery in overall transaction volume. With transaction activity generally being a leading indicator of residential property prices, prices within the private residential market are projected to follow an upward trajectory going forward in 2016 and years ahead.

As for the construction segment, other than one HDB construction contract in Singapore which amounted to approximately HK$900.0 million was awarded to the Group in November 2015, there were also two sizable construction projects in Hong Kong which were awarded to the Group in December 2015, namely a superstructure work at Shatin Town Lot No. 482 and a foundation work at Lamma Power Station Extension; and one construction project awarded to the Group in January 2016, namely a foundation work at No. 393 Yeung Uk Road Tsuen Wan, with aggregate contract sum of approximately HK$829.4 million. With the continual demand of construction work in both Singapore and Hong Kong, the management expects that there will be a lot of tendering opportunities ahead.

In February 2015, the Group signed a strategic cooperation agreement with Samsung Asia Pte Ltd pursuant to which the Group and Samsung Asia Pte Ltd will jointly develop smart home technologies in Singapore.

Looking ahead, the Group will allocate more resources in smart home technologies and will incorporate smart home technologies in upcoming property projects. The smart home technologies will bring convenience, energy efficiency and home safety to homeowners and these features will enhance the living standard and will make our property projects more appealing to potential home buyers.

The Visionaire is the first EC project of the Group which provides smart home technologies in Singapore. We will further promote and develop the application of smart home technologies in our upcoming property development projects.

Furthermore, in view of the immense impact of e-commerce, the Group is contemplating to merge e-commerce with property management function by way of inventing its lifestyle smartphone application "HiLife" which aims to bring each household daily needs to be managed on their palm.

Currently, the smartphone application "HiLife" is well operated in Singapore. The Group is going to expand this smartphone application to more residential districts in Singapore and target more family users and property agents to register "HiLife" Smartphone application to enable better living environment.

As the only offshore listing platform of the Guotsing Group, the Group will actively explore the opportunities in the overseas market by leveraging on the experience and the strength of the Guotsing Group over the course of the overseas expansion, going in line with the "One-Belt-One-Road" Policy and the "Trans-Pacific Partnership" development opportunity with a core base in Singapore and in Hong Kong. The Group will fully capitalise the experience and resources and leverage on its function as an offshore listing platform in order to create value to shareholders of the Company (the "Shareholders") in the long run.

Debts and Charge on Assets

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, increased from approximately HK$7,858.2 million as at 31 December 2014 to approximately HK$7,923.3 million as at 31 December 2015. These banking facilities were secured by the Group's property, plant and equipment, leasehold land and buildings and development properties with net carrying amounts of HK$230,382,000 (2014: HK$265,429,000), HK$36,706,000 (2014: HK$38,133,000) and HK$9,137,882,000 (2014: HK$12,044,327,000), respectively.

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

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 31 December 2015, the Group had cash and cash equivalents of approximately HK$1,625.8 million (2014: approximately HK$906.9 million) of which approximately 71.8% was held in Singapore Dollar, 15.1% was held in Hong Kong dollar, 7.9% was held in Renminbi, 4.2% was held in US Dollars and the remaining was mainly held in Macau Patacas and Indian Rupee. The gearing ratio of the Group as at 31 December 2015 (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 80.3% (2014: approximately 90.0%).

During the Reporting Period, the Group did not employ any financial instrument 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 during the Reporting Period.

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

On 23 May 2015, the Company and Guotsing Holding (South Pacific) Investment Pte Ltd ("Guotsing SG", a company wholly owned by Guotsing PRC) entered into a share purchase agreement (the "Agreement") pursuant to which the Company conditionally agreed to acquire, and Guotsing SG conditionally agreed to sell or procure to be sold the entire issued share capital of Wang Bao Development Limited on the terms and subject to the conditions set out in the Agreement, at a consideration of HK$2,617,650,000 to be satisfied by the issuance and allotment of 951,872,727 new non-redeemable convertible preference shares ("CPS") at the issue price of HK$2.75 per CPS by the Company (the "Acquisition"). The Acquisition was completed on 15 October 2015.

Save as disclosed above, during the Reporting Period, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

Capital Commitments

As at 31 December 2015, the Group had capital commitments of approximately HK$19.9 million (2014: HK$48.8 million).

Contingent Liabilities

Save as disclosed in note 14 to the financial information in this announcement, the Group had no other contingent liabilities as at 31 December 2014 and 31 December 2015.

Event after the Reporting Period

There was completion of placing of new shares of the Company (the "Shares") under specific mandate and conversion of CPS as disclosed in the announcement of the Company dated 12 January 2016. In addition, there was also change in board composition as disclosed in the announcement of the Company dated 26 January 2016. There is no other significant event after the Reporting Period and up to the date of this announcement.

Employees and Remuneration Policy

As at 31 December 2015, the Group had 2,034 full-time employees (2014: 2,398 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$875.0 million (2014: approximately HK$662.7 million).

Share Options

Share Option Scheme

On 27 June 2014, the Company offered to grant an aggregate of 19,500,000 share options (the "Share Options") to certain Directors, employees and consultants of the Group (collectively, the "Grantees"), subject to acceptance of the Grantees, under its share option scheme adopted on 11 September 2012 (the "Share Option Scheme"). The Share Options will enable the 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. 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 announcement.

Management Share Scheme

Pursuant to the terms of the Agreement, a trust (the "Trust") was constituted upon completion of the Agreement to service a management share scheme (the "Management Share Scheme") pursuant to which awards were conditionally granted to certain senior management and employees of Guotsing Group (the "Selected Participants") 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. For further details of the Management Share Scheme, including the list of the Selected Participants, please refer to the circular of the Company dated 25 September 2015.

Final Dividend

The Board recommends the payment of a final dividend of HK$0.12 per ordinary share and CPS in respect of the year ended 31 December 2015 (2014: Nil). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 29 April 2016, the final dividend will be payable on or about 1 June 2016 to the Shareholders whose names appear on the register of members of the Company on 11 May 2016 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 27 April 2016 to 29 April 2016, 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 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 26 April 2016.

For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from 9 May 2016 to 11 May 2016, 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 22/F, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 6 May 2016.

Purchase, Sale and Redemption of the Company's Securities

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 the Company's management accounting principles and practices adopted by the Group and discussed internal controls, risk management 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 financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31 December 2015 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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

Hong Kong, 22 March 2016

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Cheng Wing On, Michael (Chairman), Mr. Wang Congyuan, Mr. Ho Chi Ling, Mr. Zhang Yuqiang and Mr. Wang Linxuan; (ii) three non-executive Directors, namely Mr. Zhang Zhihua, Dr. Ding Hongbin and Dr. Sun Huiye; and (iii) four independent non-executive Directors, namely Mr. Chuck Winston Calptor, Mr. Ching Kwok Hoo, Pedro, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny.