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CNQC INTERNATIONAL HOLDINGS LIMITED

青建國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1240)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board (the “Board”) of directors (the “Directors”) of CNQC International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2020 (the “Reporting Period”), together with the comparative figures for the six months ended 30 June 2019 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Revenue	5	2,203,181	5,021,909
Cost of sales		(2,072,584)	(4,754,260)
Gross profit		130,597	267,649
Other income	6	77,582	26,925
Other gains — net	7	3,305	168,850
Selling and marketing expenses		(26,056)	(69,592)
General and administrative expenses		(118,022)	(133,040)
Operating profit	8	67,406	260,792
Finance income		29,723	28,629
Finance costs		(84,470)	(62,516)
Finance costs — net	9	(54,747)	(33,887)
Share of profit of associated companies		14,704	492
Share of profit of joint ventures		1,982	6,129
Profit before income tax		29,345	233,526
Income tax expense	10	(6,544)	(34,093)
Profit for the period		22,801	199,433

	Six months ended 30 June	
<i>Note</i>	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Other comprehensive loss		
Item that may be reclassified to profit or loss		
— Currency translation differences	(70,641)	(29,770)
Item that will not be reclassified to profit or loss		
— Fair value loss on financial assets at fair value through other comprehensive income	(345)	(9,210)
	<u>(48,185)</u>	<u>160,453</u>
Total comprehensive (loss)/income for the period		
Profit/(loss) for the period attributable to:		
Owners of the Company	38,212	195,207
Non-controlling interests	(15,411)	4,226
	<u>22,801</u>	<u>199,433</u>
Total comprehensive (loss)/income for the period attributable to:		
Owners of the Company	(25,844)	157,095
Non-controlling interests	(22,341)	3,358
	<u>(48,185)</u>	<u>160,453</u>
Earnings per share attributable to owners of the Company during the period	<i>11</i>	
Basic earnings per share		
— ordinary shares (HK\$)	0.024	0.119
— convertible preference shares (HK\$)	0.024	0.119
	<u>0.024</u>	<u>0.119</u>
Diluted earnings per share		
— ordinary shares (HK\$)	0.024	0.119
— convertible preference share (HK\$)	0.024	0.119
	<u>0.024</u>	<u>0.119</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

		30 June 2020	31 December 2019
	<i>Note</i>	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		522,474	528,399
Right-of-use assets		68,363	80,094
Investment properties		598,500	613,632
Goodwill		558,410	568,298
Other intangible assets		28,692	32,634
Investments in associated companies		21,938	2,899
Investments in joint ventures		33,755	30,092
Deferred income tax assets		26,204	24,216
Financial assets at fair value through profit or loss		354,883	259,432
Financial assets at fair value through other comprehensive income		9,646	9,991
Prepayments and other receivables	12	959,001	924,183
		3,181,866	3,073,870
Current assets			
Development properties for sale		5,058,528	5,162,395
Inventories		55,466	13,967
Trade and other receivables, prepayments and deposits	12	1,510,059	1,709,788
Contract assets		731,028	1,504,861
Tax recoverable		2,648	3,265
Derivative financial instruments		3,009	–
Pledged bank deposits		16,447	199,106
Cash and cash equivalents		1,621,439	1,271,199
		8,998,624	9,864,581
Total assets		12,180,490	12,938,451

		30 June	31 December
		2020	2019
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — ordinary shares	<i>14</i>	15,183	15,183
Share capital — convertible preference shares	<i>14</i>	1,249	1,249
Share premium		3,261,225	3,261,225
Other reserves		(1,212,237)	(1,149,765)
Retained earnings		1,074,441	1,101,957
		<hr/>	<hr/>
		3,139,861	3,229,849
Non-controlling interests		242,784	210,559
		<hr/>	<hr/>
Total equity		3,382,645	3,440,408
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
LIABILITIES			
Non-current liabilities			
Borrowings		4,404,775	3,978,257
Lease liabilities		54,016	58,988
Deferred income tax liabilities		107,077	100,262
		<hr/>	<hr/>
		4,565,868	4,137,507
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Current liabilities			
Trade and other payables	<i>13</i>	1,497,644	2,008,119
Contract liabilities		38,439	54,277
Tax payables		95,340	102,291
Borrowings		2,581,376	3,170,190
Lease liabilities		19,178	23,804
Derivative financial instruments		—	1,855
		<hr/>	<hr/>
		4,231,977	5,360,536
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities		8,797,845	9,498,043
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Total equity and liabilities		12,180,490	12,938,451
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NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company’s registered office is 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.

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

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2020 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with applicable disclosure requirement of Appendix to the Rules Governing the Listing of Security on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited Interim Financial Information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019 (“2019 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited Interim Financial Information for the six months ended 30 June 2020 are consistent with the 2019 Financial Statements.

(a) Relevant new standard and amendments to existing standards effective for the financial year beginning 1 January 2020:

Amendment to HKAS 1 and HKAS 8	Definition of material
Amendment to HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting
Amendment to HKFRS 3	Definition of a business
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

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

- (b) The following new standard and amendments to existing standards have been published but are not yet effective and which the Group has not early adopted:

		Effective for annual periods beginning on or after
HKFRS 16 (Amendments)	COVID-19-related rent concessions	1 June 2020
HKAS 16 (Amendments)	Property, plant and equipment: proceeds before intended use	1 January 2022
HKAS 37 (Amendments)	Onerous contracts-cost of fulfilling a contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the conceptual framework	1 January 2022
Annual improvement projects	Annual improvements 2018–2020 Cycle (Amendments)	1 January 2022
HKAS 1 (Amendments)	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate and joint venture	To be determined

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

4 SEGMENT INFORMATION

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

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

Information regarding the above segments is reported below.

	Foundation and construction — Hong Kong and Macau <i>HK\$'000</i>	Property development — Hong Kong <i>HK\$'000</i>	Construction — Singapore and Southeast Asia <i>HK\$'000</i>	Property development — Singapore and Southeast Asia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2020 (Unaudited)					
Sales					
Sales to external parties	600,719	–	1,174,143	428,319	2,203,181
Inter-segment sales	–	–	26,265	198	26,463
Total segment sales	<u>600,719</u>	<u>–</u>	<u>1,200,408</u>	<u>428,517</u>	<u>2,229,644</u>
Adjusted segment profit/(loss)	19,307	(1,746)	(8,094)	76,427	85,894
Depreciation of owned assets	31,276	–	5,373	126	36,775
Depreciation of right-of-use assets	1,627	–	11,784	1,471	14,882
Amortisation	–	–	2,950	–	2,950
Share-based payment expenses	503	–	472	–	975

	Foundation and construction — Hong Kong and Macau <i>HK\$'000</i>	Property development — Hong Kong <i>HK\$'000</i>	Construction — Singapore and Southeast Asia <i>HK\$'000</i>	Property development — Singapore and Southeast Asia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Six months ended 30 June 2019 (Unaudited)					
Sales					
Sales to external parties	314,924	–	1,408,836	3,298,149	5,021,909
Inter-segment sales	–	–	227,086	–	227,086
Total segment sales	<u>314,924</u>	<u>–</u>	<u>1,635,922</u>	<u>3,298,149</u>	<u>5,248,995</u>
Adjusted segment profit/(loss)	(35,184)	551	139,610	130,019	234,996
Depreciation of owned assets	24,615	–	6,833	1,361	32,809
Depreciation of right-of-use assets	2,524	–	7,885	–	10,409
Amortisation	–	–	2,897	–	2,897
Share-based payment expenses	719	–	1,323	289	2,331

The following tables present segment assets and liabilities as at 30 June 2020 and 31 December 2019 respectively.

	Foundation and construction — Hong Kong and Macau <i>HK\$'000</i>	Property development — Hong Kong <i>HK\$'000</i>	Construction — Singapore and Southeast Asia <i>HK\$'000</i>	Property development — Singapore and Southeast Asia <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 30 June 2020 (Unaudited)					
Segment assets	<u>954,426</u>	<u>666,461</u>	<u>3,472,075</u>	<u>7,404,262</u>	<u>12,497,224</u>
Segment liabilities	<u>479,694</u>	<u>652,428</u>	<u>2,466,136</u>	<u>6,752,168</u>	<u>10,350,426</u>
Segment assets include:					
Additions to property, plant and equipment	21,891	–	12,099	18	34,008
Additions to right-of-use assets	703	–	7,623	1,636	9,962
Additions to investment properties under development	–	–	–	6,107	6,107
Investments in associated companies	–	–	21,938	–	21,938
Investments in joint ventures	–	–	33,755	–	33,755

	Foundation and construction — Hong Kong and Macau <i>HK\$'000</i>	Property development — Hong Kong <i>HK\$'000</i>	Construction — Singapore and Southeast Asia <i>HK\$'000</i>	Property development — Singapore and Southeast Asia <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2019 (Audited)					
Segment assets	<u>971,789</u>	<u>644,631</u>	<u>3,548,908</u>	<u>8,432,040</u>	<u>13,597,368</u>
Segment liabilities	<u>560,397</u>	<u>222,511</u>	<u>2,640,058</u>	<u>7,243,315</u>	<u>10,666,281</u>
Segment assets include:					
Additions to property, plant and equipment	271,077	–	8,709	32	279,818
Additions to right-of-use assets	22,457	–	31,840	3,570	57,867
Additions to investment properties under development	–	–	–	49,927	49,927
Investments in associated companies	–	–	2,899	–	2,899
Investments in joint ventures	–	–	30,092	–	30,092

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

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Adjusted segment profit for reportable segments	85,894	234,996
Unallocated expenses	(20,051)	(16,524)
Elimination	1,563	42,320
Finance income	29,723	28,629
Finance costs	(84,470)	(62,516)
Share of profit of associated companies	14,704	492
Share of profit of joint ventures	1,982	6,129
Profit before income tax	<u>29,345</u>	<u>233,526</u>

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

	As at 30 June 2020	As at 31 December 2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Segment assets	12,497,224	13,597,368
Unallocated	4,488,654	2,744,722
Elimination	(4,805,388)	(3,403,639)
Total assets	<u>12,180,490</u>	<u>12,938,451</u>

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

	As at 30 June 2020 <i>HK\$'000</i> (Unaudited)	As at 31 December 2019 <i>HK\$'000</i> (Audited)
Segment liabilities	10,350,426	10,666,281
Unallocated	2,924,841	2,238,540
Elimination	(4,477,422)	(3,406,778)
	<u>8,797,845</u>	<u>9,498,043</u>

5 REVENUE

	Six months ended 30 June	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Revenue		
Construction contracts income	1,771,893	1,723,335
Sales of development properties	426,664	3,296,504
Sales of goods	1,636	143
Income from loaning labour to other contractors	2,969	397
Rental of equipment	–	1,502
Service income	19	28
	<u>2,203,181</u>	<u>5,021,909</u>
Revenue from contracts with customers		
— recognised at a point in time	38,324	3,310,625
— recognised over time	2,164,857	1,709,782
	<u>2,203,181</u>	5,020,407
Revenue from other sources		
— rental of equipment	–	1,502
	<u>2,203,181</u>	<u>5,021,909</u>

6 OTHER INCOME

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Management fee income	16,039	7,699
Rental income	1,190	8,468
Dividend income	–	5,765
Government grants (<i>Note</i>)	52,730	1,272
Forfeited customer deposits	2,661	299
Sundry income	4,962	3,422
	<u>77,582</u>	<u>26,925</u>

Note: Government grants represent subsidies granted by local governments against the COVID-19 pandemic. These subsidies were granted in the form of cash payment.

7 OTHER GAINS — NET

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Gain/(loss) on disposal of property, plant and equipment	17	(515)
Gain on disposal of right-of-use assets	18	–
Foreign exchange forward contracts		
— fair value gain	4,780	372
— loss on settlement, net	(591)	(1,413)
Provision for foreseeable losses on certain construction contracts	(10,524)	–
Fair value gain on financial assets at fair value through profit or loss	9,605	–
Gain on deemed disposal of previously owned interest in an associated company	–	168,671
Gain on disposal of subsidiaries	–	1,735
	<u>3,305</u>	<u>168,850</u>

8 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Contractor and material costs included in “Cost of sales”	1,550,395	1,732,316
Property development costs included in “Cost of sales”	323,692	2,643,079
Sales commissions	8,806	60,001
Show flat costs	336	2,218
Marketing expenses	16,914	7,438
Staff costs, including directors’ emoluments	225,047	389,615
Depreciation of owned assets	36,775	32,809
Depreciation of right-of-use assets	14,882	10,409
Amortisation of intangible assets	2,950	2,897
Legal and professional fees	9,270	11,493
Rental expenses on operating leases	12,127	33,400
	<u>1,550,395</u>	<u>1,732,316</u>

During the six months ended 30 June 2020, staff costs included share-based payment expenses of approximately HK\$1,584,000 (six months ended 30 June 2019: approximately HK\$4,590,000).

9 FINANCE COSTS — NET

	Six months ended 30 June	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Finance income		
Interest income from bank deposits	4,252	5,626
Interest income from loans to associated companies	23,183	17,336
Interest income from loans to other related parties	532	5,667
Others	1,756	–
	<u>29,723</u>	<u>28,629</u>
Finance costs		
Interest expenses on lease liabilities	(1,115)	(978)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	(91,462)	(57,986)
Interest expenses on medium term note	(16,758)	(14,500)
Interest expenses on loans from non-controlling interests of subsidiaries	(19,720)	(9,811)
	<u>(129,055)</u>	<u>(83,275)</u>
Less: Interest expenses capitalised	38,509	15,214
	<u>(90,546)</u>	<u>(68,061)</u>
Net foreign exchange gains	6,076	5,545
	<u>(84,470)</u>	<u>(62,516)</u>
Finance costs — net	<u>(54,747)</u>	<u>(33,887)</u>

10 INCOME TAX EXPENSE

Hong Kong profits tax and Singapore income tax have been provided for at the rate of 16.5% and 17% respectively, others have been provided for at the applicable rate for the six months ended 30 June 2020 and 2019 on the estimated assessable profit for the period in the respective jurisdiction.

	Six months ended 30 June	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Current income tax expense		
— Hong Kong profits tax	1,139	1,088
— Singapore income tax	3,187	68,110
— Others	1,173	924
Deferred income tax	1,045	(36,029)
	<u>6,544</u>	<u>34,093</u>

11 EARNINGS PER SHARE

Basic

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

	Six months ended 30 June	
	2020 <i>HK\$'000</i> (Unaudited)	2019 <i>HK\$'000</i> (Unaudited)
Profit attributable to ordinary shares	35,276	176,980
Profit attributable to convertible preference shares (“CPS”)	2,936	18,227
	<u>38,212</u>	<u>195,207</u>

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	1,518,320	124,876	1,490,116	153,108
Basic earnings per share (HK\$)	<u>0.024</u>	<u>0.024</u>	<u>0.119</u>	<u>0.119</u>

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

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

Diluted

	Six months ended 30 June 2020		Six months ended 30 June 2019	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	1,518,320	124,876	1,490,116	153,108
Adjustments for outstanding share options (in thousands)	–	–	42	–
	1,518,320	124,876	1,490,158	153,108
Diluted earnings per share (HK\$)	0.024	0.024	0.119	0.119

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

12 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Current		
Trade receivables (<i>Note (b)</i>)		
— An associated company	33,726	146,274
— Other related parties	2,200	–
— Third parties	464,935	594,609
	<u>500,861</u>	<u>740,883</u>
Retention receivables from customers for contract work (<i>Note (c)</i>)		
— Non-controlling interests of subsidiaries	4,428	–
— Other related parties	7,320	–
— Third parties	308,901	337,904
	<u>320,649</u>	<u>337,904</u>
Other receivables (<i>Note (d)</i>)		
— Associated companies	200,572	173,850
— A joint venture	125,450	111,450
— Other related parties	8,927	890
— Third parties	151,691	141,409
Prepayments	139,571	144,248
Deposits	44,147	48,667
Staff advances	1,482	4,408
Goods and services tax receivable	16,709	5,215
Dividend receivable	–	864
	<u>688,549</u>	<u>631,001</u>
	<u>1,510,059</u>	<u>1,709,788</u>
Non-current		
Loans receivables		
— Associated companies (<i>Note (e)</i>)	948,737	912,072
— Other related parties	9,781	10,133
Prepayments and other receivables	483	1,978
	<u>959,001</u>	<u>924,183</u>

Notes:

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
1–30 days	344,619	615,701
31–60 days	63,825	74,104
61–90 days	14,434	12,760
Over 90 days	77,983	38,318
	<u>500,861</u>	<u>740,883</u>

During the six months ended 30 June 2020, no additional provision was recorded for its trade receivables (30 June 2019: Nil).

- (c) Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK\$99,395,000 (31 December 2019: HK\$42,555,100) are expected to be recovered in more than twelve months from the reporting date.
- (d) The other receivables due from associated companies, a 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 shareholding in these companies. The loans were unsecured, and interest-bearing at a fixed rate at 5% per annum as at 30 June 2020 (31 December 2019: same).

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

13 TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Current		
Trade payables to:		
— Related parties	4,752	3,296
— Third parties	<u>632,026</u>	<u>701,133</u>
	<u>636,778</u>	<u>704,429</u>
Non-trade payables to:		
— Non-controlling interests of subsidiaries	41,117	51,066
— An associated company	18,254	18,696
— Other related parties	57,162	47,676
— Third parties	<u>110,907</u>	<u>100,912</u>
	<u>227,440</u>	<u>218,350</u>
Accruals for operating expenses	48,465	91,144
Accruals for construction costs	456,822	795,501
Deposits received from customers	5,409	5,787
Deferred gain	54,603	50,378
Put option exercisable by non-controlling interests of subsidiaries	14,086	14,278
Provision for foreseeable losses on certain construction contracts	13,531	39,047
Good and services tax payable	1,605	10,215
Dividend payable — non-controlling interest of subsidiaries	<u>38,905</u>	<u>78,990</u>
	<u>633,426</u>	<u>1,085,340</u>
Total trade and other payables	<u><u>1,497,644</u></u>	<u><u>2,008,119</u></u>

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

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
1–30 days	564,279	551,331
31–60 days	29,299	100,718
61–90 days	6,454	14,760
Over 90 days	<u>36,746</u>	<u>37,620</u>
	<u>636,778</u>	<u>704,429</u>

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

14 SHARE CAPITAL

	Number of shares <i>(thousands)</i>	Share capital <i>HK\$'000</i>	Treasury Shares <i>HK\$'000</i>
Authorised:			
<i>Ordinary Shares</i>			
As 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	<u>6,000,000</u>	<u>60,000</u>	<u>–</u>
<i>CPS</i>			
As 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020	<u>1,000,000</u>	<u>10,000</u>	<u>–</u>
Issued and fully paid:			
<i>Ordinary shares</i>			
At 1 January 2019	1,455,941	14,559	(1,142)
Conversion of CPS	62,961	630	–
Cancellation of shares	(582)	(6)	1,142
	<u>1,518,320</u>	<u>15,183</u>	<u>–</u>
At 30 June 2019	<u>1,518,320</u>	<u>15,183</u>	<u>–</u>
At 1 January 2020 and 30 June 2020	<u>1,518,320</u>	<u>15,183</u>	<u>–</u>
<i>CPS</i>			
At 1 January 2019	187,837	1,879	–
Conversion during the period	(62,961)	(630)	–
	<u>124,876</u>	<u>1,249</u>	<u>–</u>
At 30 June 2019	<u>124,876</u>	<u>1,249</u>	<u>–</u>
At 1 January 2020 and 30 June 2020	<u>124,876</u>	<u>1,249</u>	<u>–</u>

15 DIVIDENDS

- (a) The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: declared an interim dividend of HK\$0.06 per ordinary share and CPS (totalling approximately HK\$98,592,000)).
- (b) At a meeting held on 30 March 2020, the directors recommended a final dividend of HK\$0.04 per ordinary share and CPS (totaling approximately HK\$65,728,000) for the year ended 31 December 2019, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 30 June 2020.

16 COMMITMENTS

Capital commitments

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Contracted but not provided for:		
Development expenditure	21,879	24,371
Investment in funds	607,837	472,337
Purchase of property, plant and equipment	98,690	2,304
	728,406	499,012

17 CONTINGENT LIABILITIES

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

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Guarantees on performance bonds in respect of construction contracts in Hong Kong	80,364	241,940

Subsidiaries of the Group also issued corporate guarantees to banks for borrowings of the Group's associated companies and related companies in which subsidiaries of the Company are non-controlling shareholders. As at 30 June 2020, these bank borrowings amounted to HK\$2,950,098,000 (31 December 2019: HK\$3,686,387,000).

18 EVENT AFTER THE REPORTING PERIOD

On 29 July 2020, a tender submitted through a project company with another developer for a land lease of Tai Po Town Lot No.243, at a total consideration of approximately HK\$3.7 billion has been duly accepted by the Lands Department of the Hong Kong Government. It is a strata development with a total land area of approximately 243,353 sq.ft.. The land site is planned for developing into residential units. The Group holds a minority share of this project.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Construction business — Hong Kong and Macau

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

Revenue from the construction contracts in Hong Kong and Macau for the Reporting Period was approximately HK\$600.7 million (six months ended 30 June 2019: approximately HK\$314.9 million). During the Reporting Period, the Group had undertaken 8 new projects, mainly foundation and superstructure work for residential and commercial projects in Hong Kong. The total contract sum of these projects was approximately HK\$1.1 billion. As at 30 June 2020, there were 18 projects on hand with outstanding contract sums of HK\$1.7 billion.

Construction business — Singapore and Southeast Asia

The Group's revenue from Singapore and Southeast Asia for the Reporting Period was approximately HK\$1,174.1 million (six months ended 30 June 2019: approximately HK\$1,408.8 million). The Group completed 2 construction projects including 1 Housing and Development Board ("HDB") construction project and 1 owned property development project. As at 30 June 2020, there were 31 construction projects on hand and the outstanding contract sums were approximately HK\$6.5 billion.

Property development business — Singapore

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

Project	Sales	ASP
	Revenue <i>(HK\$' million)</i>	<i>(HK\$/sq.m.)</i>
	1H 2020	1H 2020
Le Quest	390	82,229

The Group started to hand over units at Le Quest which obtained its Temporary Occupation Permit ("TOP") in March 2020. Le Quest is a private condominium development project and it recognize sales revenue based on its percentage of completion. The Group holds 73% interest of this project.

As at 30 June 2020, the Group's portfolio of property projects under development with significant interest consisted of 2 projects across Singapore, focusing on the development of private apartments.

Project	Location	Intended use	Site Area <i>sq.m.</i>	Total SFA <i>sq.m.</i>	Cumulative Contracted sales amount <i>(HK\$ billion)</i>	% of completion as at 30 June 2020	Estimated year of construction completion	Ownership interest
1	Jadescape 314-319 Shunfu Road, Singapore	Residential, Private & Retail Space	37,991	106,955	4.90	43%	November 2021	45%
2	Forett at Bukit Timah 32-46 Toh Tuck Road, Singapore	Residential, Private & Retail Space	33,457	49,859	N/A	0%	September 2023	51%

Land bank status

(1) Phoenix Heights project, Singapore

A tender submitted for the purchase of the development known as Phoenix Heights, at a total consideration of SGD42.6 million (equivalent to approximately HK\$236.8 million) was duly accepted on 25 July 2019 by the vendors of Phoenix Heights, representing over 80% of the total owners of Phoenix Heights. It is a strata development with a total land area of approximately 63,000 sq.ft. and the total estimated GFA is 88,200 sq.ft. The land site is planned for redeveloping into private condominiums with around 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 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. In June 2020, Town Planning Board approved the planning application. 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 processing by Lands Tribunal.

Financial Review

Revenue

The Group's total revenue for the Reporting Period was approximately HK\$2,203.2 million (six months ended 30 June 2019: approximately HK\$5,021.9 million), representing a decrease of approximately 56.1% over the six months ended 30 June 2019. The decrease was mainly due to less revenue resulting from (i) a temporary suspension of both the construction and property sales activities of the Group and (ii) the impact on the recognition of revenue during the period for the Group's private condominium development projects which recognize pre-sales money received as revenue based on construction progress, due to the coronavirus lockdown measures imposed by the government of Singapore during the period from 7 April 2020 to the end of the Reporting Period.

The revenue of the "Foundation and construction — Hong Kong and Macau" segment for the Reporting Period was approximately HK\$600,719,000 (six months ended 30 June 2019: HK\$ approximately HK\$314,924,000), representing an increase of approximately 90.8% over the corresponding period in 2019.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 5.9% (six months ended 30 June 2019: approximately 5.3%).

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK\$26.1 million (six months ended 30 June 2019: approximately HK\$69.6 million), which was approximately 1.2% (six months ended 30 June 2019: approximately 1.4%) of the Group's total revenue.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$118.0 million (six months ended 30 June 2019: approximately HK\$133.0 million), representing a decrease of approximately 11.3% over the six months ended 30 June 2019. This was mainly attributable to the decrease in staff remuneration during the Reporting Period.

Net Profit

During the Reporting Period, the Group recorded a net profit of approximately HK\$22.8 million (six months ended 30 June 2019: approximately HK\$199.4 million), representing a decrease of approximately 88.6% over the six months ended 30 June 2019. The profit attributable to owners of the Company was approximately HK\$38.2 million (six months ended 30 June 2019: HK\$195.2 million), representing a decrease of approximately 80.4% over the six months ended 30 June 2019. Basic earnings per share was HK\$0.024 (six months ended 30 June 2019: HK\$0.119).

OUTLOOK

The novel coronavirus (COVID-19) epidemic has spread across the world since early 2020. Many countries and regions implemented various measures from March to April 2020 to contain the epidemic, including lockdown and quarantine measures which led to a steep fall or even a suspension in economic activities. The economic activities have gradually recovered since June 2020 as the lockdown was lifted in some regions. However, different regions have been facing various difficulties during the recovery of their economies, and the global economy was hit to varying degrees. In addition, there are still other uncertainties in the global economy in the coming future, including the development of Sino-US trade tensions as well as the geopolitical risks, which will bring real challenges to the global economy.

The U.S. Federal Reserve cut Federal Fund Rates twice in March this year by 150 basis points and the rate was close to zero after the cut. Meanwhile, many countries around the world are adopting quantitative easing policies to improve liquidity in the market. It is generally expected that market interest rates would remain at an extremely low level in the near future, which is conducive to the recovery of the global economy.

The International Monetary Fund (IMF) updated the “World Economic Outlook Report” in late June 2020. It was estimated that the global GDP in 2020 would contract by 4.9%, a noticeable downgrade by 1.9 percentage points from its previous estimate of 3% shrink in April 2020, which was the most severe downturn since the Great Depression in the 1930s. However, the IMF expects that the world economy will resume growth in 2021 by 5.4%, and it remains a positive outlook to the economic development in the medium to long term.

The Group initiated the pre-sale of the property development project “Forett at Bukit Timah (福瑞軒)” in Singapore in August 2020. This project is a private apartment development project on freehold land with a total of 633 residential units and 2 shops and equipped with an underground parking lot and public facility. The Group will continue to sell completed units of other property development projects as planned and accelerate the construction projects in progress. In addition, the Group will continue to evaluate the high-quality land and real estate projects in Hong Kong, Singapore and Southeast Asia and increase its land bank when there are opportunities.

In recent years, the Hong Kong government has strongly encouraged the Modular Integrated Construction (MiC), also known as Prefabricated Prefinished Volumetric Construction (PPVC) in Singapore, which upgrades the conventional in-situ construction to the industrialized construction production in order to control the quality of construction through advanced large-scale production equipment and instruments, so as to enhance construction productivity and shorten the construction period. The production within the factory could also reduce construction waste and community pollution, thereby achieving the environmental protection goal in reducing resource consumption. The Group, as one of the pioneers of PPVC construction technology in Singapore with years of experience, is introducing this technology and experience to Hong Kong in order to contribute to the local industry and community.

With the outbreak of the epidemic, we believe that the global focus on the pharmaceutical and healthcare industries will increase significantly. Upon careful consideration, the Group invested in a pharmaceutical fund in the first half of this year in which the Group has agreed to invest up to HK\$200 million. The fund mainly invests in new drug development and manufacturing companies to deliver products including super antibiotics against super bacteria, and new drugs for the treatment of rheumatoid arthritis, chronic obstructive pulmonary disease, and atopic dermatitis.

For the benefit of the long-term and steady development of the Group, we will continue to expand into the countries and areas in the “Belt and Road” initiative, including Malaysia, Indonesia, Vietnam, Cambodia, etc., and vigorously grasp the investment opportunities in the Guangdong-Hong Kong-Macau Greater Bay Area.

Debts and Charge on Assets

The total interest bearing bank borrowings of the Group, including bank loans, lease liabilities, decreased from approximately HK\$7.2 billion as at 31 December 2019 to approximately HK\$7.1 billion as at 30 June 2020. These banking facilities were secured by the Group’s property, plant and equipment and development properties for sale with net carrying amounts of HK\$267,550,000 (As at 31 December 2019: HK\$265,127,000) and HK\$4,466,915,000 (As at 31 December 2019: HK\$4,539,629,000), respectively.

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

Liquidity, Financial Resources and Capital Structure

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

As at 30 June 2020, the Group had cash and cash equivalents of approximately HK\$1.6 billion (As at 31 December 2019: HK\$1.3 billion) of which approximately 45.6% was held in Singapore Dollar, 15.7% was held in Hong Kong dollar, 25.2% was held in US Dollars and the remaining was mainly held in Macau Patacas, Indonesian Rupiah, Vietnamese Dong and Malaysian Ringgit. The gearing ratio of the Group as at 30 June 2020 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings less cash and cash equivalents and pledged bank deposits) was approximately 61.6% (As at 31 December 2019: approximately 62.6%).

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

Foreign Exchange

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

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

During the Reporting Period, the Group has entered into subscription agreements to subscribe for the limited partnership interests of Blissful Jade Medicine Fund LP (the "Fund"), at an aggregate subscription amount of up to US\$25.64 million (equivalent to approximately HK\$200 million), representing approximately 25.6% of the target size of the Fund (being US\$100 million), for a subscription period of three years. Please refer to the announcement of the Company dated 21 May 2020 for further details.

The Fund is primarily engaged in the investment in healthcare and biotechnology related business including the development and manufacturing of new drugs and medicines, medical equipment and traditional medicine. The rate of return of the Fund is targeted to be no less than 20% per annum, subject to, among others, the availability and business nature of investment targets and the market conditions. The Fund charges a management fee of 1% per annum. The Fund shall run for eight years after the initial acceptance of subscriptions of the Fund by the General Partner (the "GP") on 20 February 2020. The ultimate beneficial owner of the GP is an independent third party of the Group, who has also established funds for investments in various other industries through his business networks which spans to experts in different fields. The GP is currently inviting other potential investors to subscribe limited partnership interests in the Fund. As at 30 June 2020, the Fund has acquired a project company which, in turn, has entered into agreements with a Hong Kong listed leading contract research organisation ("CRO") to jointly research and develop certain new medicines, some of which are expected to be eligible for application as an investigational new drug for clinical trial in the second half of 2020.

The GP's investment committee is responsible for the risk assessment, due diligence and decision making of the investment projects of the Fund. The investment committee currently comprises of three experienced professionals and in view of their investment performance track record as set forth below, the Board consider that the members of the GP's investment committee possess relevant qualifications and experience for managing and making investment decisions of the Fund:

1. an expert in the biological and medical device industry who has experience in the operation of medical device companies and medical laboratory and has a strong knowledge of drugs good manufacture practice in the PRC, ISO13485 and European regulatory requirements, and has participated in the unannounced inspection of drugs at the national and state levels and CE qualification audits;

2. a fund manager who is currently managing four funds with an aggregate size of approximately RMB 300 million and investing in 10 projects involving fields such as the manufacturing of Chinese patent medicine. The past track record includes the investment in a medicine manufacturer achieving returns on capital of 58% and a biological product manufacturer with expected returns of 500%; and
3. an expert who has proven track record in investments in biomedical sector, including an investment in a CRO which had achieved 300% return on capital within 1.5 years; investment in a start-up on development of small molecule oncology drugs in angel round, which the valuation is now in series C stage has been grown by 500% within three years; and investment in a start-up on development of vaccines in angel round, which the valuation is now in series C stage has been grown by 300% within three years.

Accordingly, the investments in the Fund provides an opportunity for the Group to become a financial investor in the healthcare and biotechnology related business and diversify the risk of the underlying investments whilst leveraging on the expertise and business network of the GP's investment committee to achieve reasonable returns for the Group.

Save as disclosed above, there was no significant investment, acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

Capital Commitments

As at 30 June 2020, the Group had capital commitments of approximately HK\$21.9 million (31 December 2019: HK\$24.4 million) for development expenditure, HK\$472.3 million (31 December 2019: HK\$472.3 million) for investment in Great Wall and CNQC Fund, HK\$135.5 million (31 December 2019: NIL) for investment in Medicine Fund and HK\$98.7 million (31 December 2019: HK\$2.3 million) for purchase of property, plant and equipment.

Contingent Liabilities

Save as disclosed in note 17 to the Interim Financial Information, the Group had no other contingent liabilities as at 30 June 2020 and 31 December 2019.

Event after the Reporting Period

On 29 July 2020, a tender submitted through a project company with another developer for a land lease of Tai Po Town Lot No.243, at a total consideration of approximately HK\$3.7 billion has been duly accepted by the Lands Department of the Hong Kong Government. It is a strata development with a total land area of approximately 243,353 sq.ft.. The land site is planned for developing into residential units. The Group holds a minority share of this project.

Employees and Remuneration Policy

As at 30 June 2020, the Group had 2,286 full-time employees (31 December 2019: 2,223 full-time employees). Most of the Group's employees were based in Singapore and Hong Kong. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for Reporting Period was approximately HK\$225.0 million compared to approximately HK\$389.6 million for the six months ended 30 June 2019.

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 of the Company (the "Share"), representing 6.5% of the issued share capital of the Company as at the date of grant subject to certain vesting periods.

On 28 April 2016, the Company offered to grant an aggregate of 10,500,000 share options (the "2016 Share Options") to certain Directors of the Group (collectively, 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.

Since then, the Group has not granted any new options under the Share Option Scheme up to the date of this interim announcement nor is there any option being exercised.

The Shareholders have approved at the annual general meeting of the Company held on 29 April 2016 the refreshment of the 10% scheme mandate limit of the Share Option Scheme, which the Directors are authorized to issue options to subscribe for a total of 66,020,250 Shares.

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 PRC. 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 (“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 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.

60,919,852 CPS, 55,843,197 CPS and 62,961,027 CPS were vested and converted to Shares in 2016, 2017 and 2019 respectively. During the Reporting Period, no CPS were vested and converted to Shares. As at the date of this interim announcement, there were 124,875,197 CPS remaining under the trust.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: declared an interim dividend of HK\$0.06 per ordinary share and CPS).

Purchase, Sale And Redemption Of The Company’s Securities

On 22 May 2020, the Company’s shareholders granted a general mandate (the “Repurchase Mandate”) to the directors of the Company to repurchase shares of the Company at the annual general meeting (the “AGM”). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 151,832,003 shares, being 10% of the total number of issued shares of the Company as at the date of the AGM, on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

Change in Information of Directors

Pursuant to Rule 13.51B of the Listing Rules, the changes of information of the Directors since the date of the Company’s 2019 annual report are set out below:

- With effect from 31 March 2020, Dr. Du Bo has been appointed as an executive Director, a member of the Nomination Committee of the Company and a member of the Strategy and Investment Committee of the Company. Further details were disclosed in the Company’s announcement dated 31 March 2020.

- With effect from 31 March 2020, Mr. Cheng Wing On, Michael has resigned as the chairman of the Strategy and Investment Committee of the Company but will continue to serve as a member of the Strategy and Investment Committee of the Company. Mr. Wang Congyuan has been appointed as the chairman of the Strategy and Investment Committee of the Company with effect from 31 March 2020. Further details were disclosed in the Company's announcement dated 31 March 2020.

Corporate Governance

Corporate Governance Code

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

Code of Conduct Regarding Directors' Securities Transactions

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

Audit Committee and Review of Financial Information

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

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Company (www.cnqc.com.hk) and the Stock Exchange (www.hkexnews.hk). The 2020 interim report will be despatched to the Shareholders and available on the above websites in due course.

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

Hong Kong, 31 August 2020

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