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 2017

The board (the "Board") of directors (the "Directors") of CNQC International Holdings Limited (the "Company" and its subsidiaries, collectively the "Group") is pleased to present the Group's consolidated results for the year ended 31 December 2017 (the "Reporting Period"), together with the comparative figures for the year ended 31 December 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
Revenue	3, 4	**10,329,310**	8,605,716
Cost of sales	5	**(9,031,581)**	(7,317,561)
Gross profit		**1,297,729**	1,288,155
Other income	6	**116,894**	14,417
Other (losses)/gains — net	7	**(38,549)**	55,633
Selling and marketing expenses	5	**(224,909)**	(98,231)
General and administrative expenses	5	**(332,086)**	(354,435)
Operating profit		**819,079**	905,539
Finance income	8	**51,199**	17,503
Finance costs	8	**(36,778)**	(91,745)
Share of losses of associated companies		**(25,801)**	(4,752)
Share of profits of joint ventures		**29**	371
Profit before income tax		**807,728**	826,916
Income tax expense	9	**(134,493)**	(157,776)
Profit for the year		**673,235**	669,140

	Note	**2017**	2016
	Note	***HK$'000***	*HK$'000*
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
— Currency translation differences		**130,746**	(59,454)
— Fair value change on available-for-sale financial assets		**(70,176)**	56,667
		60,570	(2,787)
Total comprehensive income for the year		**733,805**	666,353
Profit for the year attributable to:			
Owners of the Company		**512,050**	585,385
Non-controlling interests		**161,185**	83,755
		673,235	669,140
Total comprehensive income for the year attributable to:			
Owners of the Company		**566,197**	589,646
Non-controlling interests		**167,608**	76,707
		733,805	666,353
Earnings per share for profit attributable to owners of the Company	*10*		
Basic earnings per share			
— ordinary shares (HK$)		**0.306**	0.404
— convertible preference shares (HK$)		**0.306**	0.404
Diluted earnings per share			
— ordinary shares (HK$)		**0.306**	0.404
— convertible preference shares (HK$)		**0.306**	0.404

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**414,202**	441,715
Investment properties under development		**518,546**	426,723
Goodwill		**565,755**	561,954
Other intangible assets		**44,708**	54,340
Financial assets at fair value through profit or loss		**230,696**	–
Investments in associated companies		**21,081**	19,682
Investments in joint ventures		**415**	355
Deferred income tax assets		**61,354**	75,530
Available-for-sale financial assets		**28,489**	92,329
Derivative financial instruments		**–**	12,600
Prepayments and other receivables	*12*	**973,127**	344,878
		2,858,373	2,030,106
Current assets			
Development properties for sale	*13*	**4,375,337**	8,758,473
Trade and other receivables, prepayments and deposits	*12*	**1,798,183**	1,870,489
Amounts due from customers for contract work		**37,852**	65,240
Derivative financial instruments		**–**	20,343
Tax recoverable		**25,981**	10,686
Pledged bank deposits		**247,889**	223,696
Cash and cash equivalents		**3,168,184**	1,792,639
		9,653,426	12,741,566
Total assets		**12,511,799**	14,771,672
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — ordinary shares	*16*	**14,852**	14,294
Share capital — convertible preference shares	*16*	**1,879**	2,437
Share premium		**3,317,938**	3,317,938
Other reserves		**(1,149,943)**	(1,235,529)
Retained earnings		**1,111,747**	881,275
		3,296,473	2,980,415
Non-controlling interests		**197,060**	81,658
Total equity		**3,493,533**	3,062,073

	Note	2017 HK$'000	2016 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*15*	**2,566,405**	3,164,706
Derivative financial instruments		**5,298**	–
Deferred income tax liabilities		**55,150**	76,445
		2,626,853	3,241,151
Current liabilities			
Trade and other payables	*14*	**3,801,074**	4,734,569
Tax payables		**148,244**	191,537
Borrowings	*15*	**2,438,880**	3,542,342
Derivative financial instruments		**3,215**	–
		6,391,413	8,468,448
Total liabilities		**9,018,266**	11,709,599
Total equity and liabilities		**12,511,799**	14,771,672

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 properties development and construction business in Singapore, foundation and construction business in Hong Kong and Macau.

The Company is a limited liability company incorporated in the Cayman Islands. The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

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

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

2 BASIS OF PREPARATION

(i) Compliance with HKFRS and HKCO

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

(ii) Historical cost convention

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

(iii) Amendments to standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the Group's accounting period, beginning on 1 January 2017. The adoption of these new standards and amendments to standards does not have significant impact to the Group's results of operation and financial position.

HKAS 7 (Amendment)	Statement of cash flows
HKAS 12 (Amendment)	Income taxes
HKFRS 12 (Amendment)	Disclosure of interest in other entities

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

The following are new standards and amendments to existing standards that have been published and are not mandatory for the Group's accounting periods beginning on or after 1 January 2017, but have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKFRS 1 (Amendments)	First time adoption of HKFRS	1 January 2018
HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (Amendments)	Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 15 (Amendments)	Clarifications to HKFRS 15	1 January 2018
HKAS 40 (Amendments)	Transfers of investment property	1 January 2018
HK (IFRIC)-Int 22	Foreign currency transactions and advance consideration	1 January 2018
HKAS 28 (Amendments)	Investments in associates and joint ventures	1 January 2018
HKFRS 9 (Amendments)	Prepayment features with negative compensation	1 January 2019
HKFRS 16	Leases	1 January 2019
HK (IFRIC)-Int 23	Uncertainty over income tax treatments	1 January 2019
HKFRS 17	Insurance contracts	1 January 2021
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between investor and its associate or joint venture	To be determined
Amendments to HKFRS	Annual Improvements to HKFRS 2015–2017 cycle	1 January 2019

3 SEGMENT INFORMATION

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

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

The "Foundation and construction — Hong Kong and Macau" segment mainly represents provision of foundation and construction work to property developers, loaning of labour and rental of 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 "Property development — Singapore" segment represents the sales of completed property 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 and liabilities exclude intra-group balances and other unallocated head office and corporate assets and liabilities as these assets and liabilities are managed on a group basis.

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

	Foundation and construction — Hong Kong and Macau *HK$'000*	Construction — Singapore *HK$'000*	Property development — Singapore *HK$'000*	Total *HK$'000*
Year ended 31 December 2017				
Sales				
Sales to external parties	1,623,049	1,972,661	6,733,600	10,329,310
Inter-segment sales	–	529,747	16,711	546,458
Total segment sales	1,623,049	2,502,408	6,750,311	10,875,768
Adjusted segment (loss)/profit	(32,616)	127,479	663,495	758,358
Depreciation	62,033	20,174	2,411	84,618
Amortisation	–	14,130	–	14,130
Share-based payment expenses	4,460	9,060	1,962	15,482
Year ended 31 December 2016				
Sales				
Sales to external parties	1,615,002	2,399,700	4,591,014	8,605,716
Inter-segment sales	–	1,028,325	–	1,028,325
Total segment sales	1,615,002	3,428,025	4,591,014	9,634,041
Adjusted segment profit	112,286	77,925	744,591	934,802
Depreciation	58,964	24,648	2,158	85,770
Amortisation	5,367	23,502	–	28,869
Share-based payment expenses	6,784	15,240	3,301	25,325

During the year ended 31 December 2017, revenue of approximately HK$1,459,313,000 (2016: HK$1,701,871,000) representing 14% (2016: 20%) of the Group's total revenue was derived from a single external customer within the "Construction — Singapore" segment.

The following tables present segment assets and liabilities as at 31 December 2017 and 2016 respectively.

	Foundation and construction — Hong Kong and Macau *HK$'000*	**Construction — Singapore** *HK$'000*	**Property development — Singapore** *HK$'000*	**Total** *HK$'000*
As at 31 December 2017				
Segment assets	1,564,151	3,461,540	6,841,392	11,867,083
Segment liabilities	472,353	1,918,934	6,014,983	8,406,270
Segment assets include:				
Additions to property, plant and equipment	21,176	5,872	2,098	29,146
Additions to investment properties	–	–	53,537	53,537
Additions to intangible assets	–	119	–	119
Investments in associated companies	–	21,081	–	21,081
As at 31 December 2016				
Segment assets	1,319,307	3,332,497	11,325,497	15,977,301
Segment liabilities	443,650	1,979,696	10,594,613	13,017,959
Segment assets include:				
Additions to property, plant and equipment	20,081	13,196	895	34,172
Additions to investment properties	–	–	446,589	446,589
Additions to intangible assets	–	82,375	–	82,375
Prepaid land costs	–	–	176,666	176,666
Investments in associated companies	–	6,740	12,942	19,682

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

	2017 *HK$'000*	2016 *HK$'000*
Adjusted segment profit for reportable segments	**758,358**	934,802
Unallocated expenses *(Note)*	**(28,706)**	(70,897)
Elimination	**89,427**	34,423
Finance income	**51,199**	17,503
Finance costs	**(36,778)**	(91,745)
Fair value gain on previously held interest in an associated company as a result of business combination	**–**	7,211
Share of losses of associated companies	**(25,801)**	(4,752)
Share of profits of joint ventures	**29**	371
Profit before income tax	**807,728**	826,916

Note: During the years ended 31 December 2017 and 2016, the majority of unallocated expenses related to share-based payment expenses recognised for services rendered by certain management members at corporate level.

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

	2017 *HK$'000*	2016 *HK$'000*
Segment assets	**11,867,083**	15,977,301
Unallocated	**1,422,475**	347,861
Elimination	**(777,759)**	(1,553,490)
Total assets	**12,511,799**	14,771,672

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

	2017 *HK$'000*	2016 *HK$'000*
Segment liabilities	**8,406,270**	13,017,959
Unallocated	**1,221,107**	30,333
Elimination	**(609,111)**	(1,338,693)
Total liabilities	**9,018,266**	11,709,599

4 REVENUE AND GEOGRAPHICAL SEGMENT INFORMATION

	2017 *HK$'000*	2016 *HK$'000*
Construction contracts income	**3,593,926**	4,011,863
Sales of development properties	**6,733,600**	4,591,014
Income from loaning labour to other contractors	**961**	2,687
Rental of equipment	**823**	152
	10,329,310	8,605,716

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

	2017 *HK$'000*	2016 *HK$'000*
Singapore	**8,706,261**	6,990,714
Hong Kong	**1,593,503**	1,608,144
Macau	**29,546**	6,858
	10,329,310	8,605,716

5 EXPENSES BY NATURE

	2017 *HK$'000*	2016 *HK$'000*
Contractor and material costs net of changes in construction contract work-in-progress included in "Cost of sales"	**2,888,125**	3,161,392
Property development costs included in "Cost of sales"	**5,579,632**	3,569,162
Sales commissions	**170,165**	49,715
Show flat costs	**26,927**	19,661
Marketing expenses	**27,817**	28,855
Travel and entertainment expenses	**8,970**	7,597
Depreciation of owned assets	**62,255**	49,967
Depreciation of assets under finance leases	**22,363**	35,803
Amortisation of intangible assets	**14,130**	28,869
Auditors' remuneration		
— recurring audit services	**6,977**	6,956
— other audit services	**1,132**	2,485
— non-audit services	**233**	762
Staff costs, including directors' emoluments	**699,347**	682,359
Rental expenses on operating leases	**48,600**	86,308
Legal and professional fees related to the acquisition of subsidiaries	**–**	2,119
Other legal and professional fees	**8,123**	8,984
Other expenses	**23,780**	29,233
Total cost of sales, selling and marketing expenses, general and administrative expenses	**9,588,576**	7,770,227

6 OTHER INCOME

	2017 *HK$'000*	2016 *HK$'000*
Dividend income from available-for-sale financial assets	**87,677**	–
Income from default payments of development properties	**9,749**	2,568
Government grant	**6,647**	3,156
Management fee income	**3,965**	3,423
Rental income from temporary staff quarters	**2,166**	3,374
Scrap sales	**509**	771
Sundry income	**6,181**	1,125
	116,894	14,417

7 OTHER (LOSSES)/GAINS — NET

	2017 *HK$'000*	2016 *HK$'000*
Gain on disposal of property, plant and equipment	**1,126**	2,143
Foreign exchange forward contracts		
— fair value (losses)/gains, net	**(8,315)**	21,290
— (losses)/gains on settlement, net	**(22,468)**	11,758
Cross currency swap contracts		
— fair value gains, net	**–**	13,187
— losses on settlement, net	**(13,375)**	–
Fair value gain on previously held interest in an associated company as a result of business combination	**–**	7,211
Gain on deemed disposal of subsidiaries	**4,442**	–
Others	**41**	44
Other (losses)/gains — net	**(38,549)**	55,633

8 FINANCE INCOME/(COSTS) — NET

	2017 *HK$'000*	2016 *HK$'000*
Finance income		
Interest income from bank deposits	**14,838**	8,564
Interest income from loans to associated companies	**35,158**	7,351
Interest income from loans to other related parties	**1,203**	1,588
	51,199	17,503
Finance costs		
Interest expenses on finance leases	**(1,187)**	(2,415)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	**(171,091)**	(250,004)
Interest expenses on medium term notes	**(4,290)**	–
Interest expenses on loans from non-controlling shareholders of the subsidiaries	**(28,095)**	(25,225)
	(204,663)	(277,644)
Less: Interest expenses capitalised	**130,465**	227,304
	(74,198)	(50,340)
Net foreign exchange gains/(losses)	**37,420**	(41,405)
	(36,778)	(91,745)
Finance income/(costs) — net	**14,421**	(74,242)

9 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 2017 and 2016 on the estimated assessable profit in the respective jurisdictions, adjusted for those items which are not assessable or deductible for income tax purpose.

	2017	2016
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**1,071**	21,805
— Macau profits tax	**80**	273
— Singapore income tax	**130,563**	128,687
Under/(over)-provision in prior years		
— Singapore income tax	**4,036**	1,536
— Hong Kong profits tax	**(40)**	205
— Macau profits tax	**(79)**	–
Deferred income tax	**(1,138)**	5,270
	134,493	157,776

10 EARNINGS PER SHARE

Basic

	2017	2016
	HK$'000	*HK$'000*
Profit attributable to ordinary shares	**437,978**	386,479
Profit attributable to convertible preference shares ("CPS")	**74,072**	198,906
Profit attributable to owners of the Company	**512,050**	585,385

	2017		2016	
	Ordinary shares	**CPS**	Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	**1,431,237**	**241,838**	956,660	492,020
Basic earnings per share (HK$)	**0.306**	**0.306**	0.404	0.404

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 years presented.

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

Diluted

	2017		2016	
	Ordinary shares	**CPS**	Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	**1,431,237**	**241,838**	956,660	492,020
Adjustments for outstanding share options (in thousands)	**129**	**–**	436	–
	1,431,366	**241,838**	957,096	492,020
Diluted earnings per share (HK$)	**0.306**	**0.306**	0.404	0.404

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

11 DIVIDENDS

A final dividend in respect of the year ended 31 December 2017 of HK$0.10 per share, amounting to a total dividend of HK$167,307,000, is to be proposed at the 2018 annual general meeting. These financial statements do not reflect this final dividend payable but will be reflected as an appropriation of retained earnings for the year ending 31 December 2018 once approved at the annual general meeting.

	2017	2016
	HK$'000	*HK$'000*
Interim dividend of HK$0.06 (2016: HK$0.05) per ordinary share and per CPS	**100,385**	78,704
Proposed final dividend of HK$0.10 (2016: HK$0.11) per ordinary share and per CPS	**167,307**	184,038

12 TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Current		
Trade receivables *(Note (b))*		
— An associated company	**34,772**	82,616
— Other related parties	**5,787**	36,236
— Third parties	**611,802**	403,987
	652,361	522,839
Retention receivables from customers for contract work from *(Note (c))*		
— Other related parties	**–**	23,743
— Third parties	**279,075**	242,283
	279,075	266,026
Development properties — due from customers	**605,619**	685,160
Other receivables *(Note (d))*		
— Associated companies	**81,318**	14,769
— Other related parties	**8,986**	26,283
— Third parties	**33,893**	23,689
Prepayments	**85,808**	137,191
Deposits	**35,822**	32,875
Staff advances	**3,097**	1,080
Goods and services tax receivable	**12,204**	113,553
	261,128	349,440
Loans receivables		
— Other related party	**–**	47,024
	1,798,183	1,870,489
Non-current		
Loans receivables		
— Associated companies *(Note (e))*	**959,953**	153,152
Prepayment for land costs	**–**	176,666
Prepayments and other receivables	**13,174**	15,060
	973,127	344,878

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:

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**509,089**	428,243
31–60 days	**18,409**	30,722
61–90 days	**1,754**	16,048
Over 90 days	**123,109**	47,826
	652,361	522,839

As at 31 December 2017, trade receivables of HK$143,818,000 (2016: HK$130,582,000) 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:

	2017	2016
	HK$'000	*HK$'000*
1–30 days	**284**	41,702
31–60 days	**18,558**	44,201
61–90 days	**2,731**	6,580
Over 90 days	**122,245**	38,099
	143,818	130,582

(c) Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of the respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK$43,724,000 (2016: HK$39,791,000) are expected to be recovered in more than twelve months from 31 December 2017.

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

(e) Loans to associated companies were lent to companies in which the Group invested to develop properties in Singapore. The loans were made in proportion to the percentages of the Group's shareholdings in these companies. The loans were unsecured, and interest-bearing at a fixed rate 5% (2016: 5%) per annum as at 31 December 2017.

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 DEVELOPMENT PROPERTIES FOR SALE

	2017	2016
	HK$'000	*HK$'000*
Properties in the course of development		
Leasehold land at cost	**2,834,435**	5,298,283
Development costs	**1,257,808**	2,817,835
Overheads expenditure capitalised	**29,576**	56,473
Interest expenses capitalised	**253,518**	585,882
	4,375,337	8,758,473

Interest expenses on bank borrowings and loans from non-controlling shareholders of the subsidiaries were capitalised. The weighted average rates of capitalisation of the interest expenses were 2.8% (2016: 2.7%) per annum for bank borrowings and 5.3% (2016: 5.2%) per annum for loans from non-controlling shareholders of the subsidiaries for the year ended 31 December 2017.

As at 31 December 2017, development properties for sale with net carrying amounts of HK$4,375,337,000 (2016: HK$8,758,473,000) were pledged as securities for certain bank borrowings of the Group.

14 TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Current		
Trade payables to:		
— Other related parties	**68,145**	79,993
— Third parties	**1,794,412**	1,699,234
	1,862,557	1,779,227
Non-trade payables to:		
— Non-controlling shareholders of the subsidiaries	**120,722**	99,761
— Other related parties	**26,913**	24,487
— Third parties	**96,027**	33,907
— Goods and services tax payable	**2,355**	14,706
	246,017	172,861
Accruals for operating expenses	**171,409**	250,077
Accruals for construction costs	**65,596**	39,202
Advanced proceeds received from customers	**1,412,419**	2,481,499
Deferred gain	**29,798**	–
Put option exercisable by non-controlling shareholder of the subsidiaries	**13,278**	11,703
	1,692,500	2,782,481
Total trade and other payables	**3,801,074**	4,734,569

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:

	2017 *HK$'000*	2016 *HK$'000*
1–30 days	**1,784,567**	1,636,973
31–60 days	**44,593**	89,741
61–90 days	**15,218**	43,064
Over 90 days	**18,179**	9,449
	1,862,557	1,779,227

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

15 BORROWINGS

	2017 *HK$'000*	2016 *HK$'000*
Current		
Bank borrowings — secured	**2,288,304**	3,167,905
Bank borrowings — mortgage	**20,464**	21,507
Loans from non-controlling shareholders of subsidiaries — unsecured	**117,591**	319,784
Finance lease liabilities	**12,521**	33,146
	2,438,880	3,542,342
Non-current		
Bank borrowings — secured	**1,780,380**	2,903,187
Bank borrowings — mortgage	**9,174**	541
Medium term notes	**567,963**	–
Loans from non-controlling shareholders of subsidiaries — unsecured	**204,770**	247,441
Finance lease liabilities	**4,118**	13,537
	2,566,405	3,164,706
Total borrowings	**5,005,285**	6,707,048

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 year	**2,382,456**	3,346,409
Between 1 and 2 years	**325,303**	772,997
Between 2 and 5 years	**2,289,761**	2,564,306
Later than 5 years	**7,765**	23,336
Total	**5,005,285**	6,707,048

16 SHARE CAPITAL

	Number of shares	**Share capital**
	(thousands)	*HK$'000*
Authorised:		
Ordinary shares		
At 1 January 2016, 31 December 2016 and 31 December 2017	6,000,000	60,000
CPS		
At 1 January 2016, 31 December 2016 and 31 December 2017	1,000,000	10,000
Issued and fully paid:		
Ordinary shares		
At 1 January 2016	300,000	3,000
Conversion of CPS	708,193	7,082
Placements and subscriptions of new shares	321,203	3,212
Issue of shares as consideration for the acquisition of subsidiaries	100,000	1,000
At 31 December 2016 and 1 January 2017	1,429,396	14,294
Conversion of CPS	55,843	558
At 31 December 2017	1,485,239	14,852
CPS		
At 1 January 2016	951,873	9,519
Conversion during the year	(708,193)	(7,082)
At 31 December 2016 and 1 January 2017	243,680	2,437
Conversion during the year	(55,843)	(558)
At 31 December 2017	187,837	1,879

17 CONTINGENT LIABILITIES

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

	2017	2016
	HK$'000	*HK$'000*
Guarantees on performance bonds in respect of construction contracts	**124,973**	107,548

Subsidiaries of the Group also issued corporate guarantees to banks for borrowings of the Group's associated companies and related companies in which subsidiaries of the Company are non-controlling shareholders. As at 31 December 2017, these bank borrowings amounted to HK$2,410,290,000 (2016: HK$333,859,000).

(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 will 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.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.10 per ordinary share and CPS in respect of the year ended 31 December 2017 (2016: HK$0.11 per ordinary share and CPS). Subject to the passing of the relevant resolution at the annual general meeting of the Company to be held on 18 May 2018, the final dividend will be payable on or about 13 June 2018 to the Shareholders whose names appear on the register of members of the Company on 30 May 2018 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 15 May 2018 to 18 May 2018, 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 14 May 2018. For the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from 28 May 2018 to 30 May 2018, 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 25 May 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Singapore Property Market Review

In 2017, the macro environment gradually improved for major economies as the global economic recovery steadily gathered pace. As an international financial centre, Singapore also benefited from this trend by recording a 3.5% GDP growth in 2017, higher than the 2% growth in 2016, which is the highest increase since 2014.

During the period, Singapore's real estate market entered a new upward phase. Due to regulatory requirements and vigorous government supervisions, Singapore's real estate market had remained stable for years. In March 2017, the Singapore government adjusted its property cooling measures by lowering the seller's stamp duty (SSD) rate and relaxing the total debt servicing ratio by a small extent. Due to these relaxation of cooling measures, the business climate for real estate sector has been improving. Singapore's real estate market posted a 0.7% growth in the third quarter, representing the first quarterly growth after 15 consecutive quarters' decline. According to the *Emerging Trends in Real Estate® Asia Pacific 2018* report jointly released by PwC and the Urban Land Institute, Singapore got a score of 5.67 on City Investment Prospects for 2018, jumping from the second last in last year to the third place among the 22 Asia Pacific cities featured in the study, a clear indication of its significantly improved investment prospects.

In 2017, Singapore achieved a year-on-year increase in residential property sales volume and transaction prices due to the recovering trend of collective sales of private home units. In 2017, the new private home units sold in Singapore reached the four-year high record of 10,600 units, increasing by 34% when compared to the previous year. According to the latest statistics from the Urban Redevelopment Authority (URA), the private home prices in Singapore achieved a year-on-year growth for the first time in four years in the fourth quarter of 2017, ending the record of 15 consecutive quarters' decline since 2014. It is expected that Singapore's private home prices will keep the rising trend due to the economic upturn, the decrease in the number of completed projects and the recurring collective sales transactions.

Regarding the Executive Condominiums ("EC") segment, as the difference between the average prices of Housing and Development Board of Singapore ("HDB") flats on resale and private home has become wider, the demand for ECs has been steadily increasing since 2014, with the average monthly sales volume rising from 132 units in 2014 to 425 units in the first eight months of 2017. However, the government has been reducing the land supply for EC projects. Due to the imbalanced supply and demand, a developer sold all units of an EC project on the date of launch in July 2017, which marked the entry of Singapore's EC market into a phase of explosive demand.

Singapore Construction Market Review

In 2017, the total output value of Singapore's construction industry decreased by 8.1% when compared to the previous year, which is far below the 0.2% growth in 2016, due to the low activities in both public and private construction sectors.

Singapore's construction industry has remained at low level over the past few years due to decreasing tender prices and shrinking profit margins. However, since the second half of 2017, the construction industry has received a strong support from the warming property market due to relaxation of the cooling measures. In fact, the Singapore Construction Tender Price Index bottomed out in the first three quarters of 2017 which is reflecting the gradual recovery of new construction demand from the private sector.

Hong Kong Construction Market Review

In 2017, Hong Kong's construction market faced both opportunities and challenges under an expanding economy and booming property market. The private building investment and construction has been increasing but the supply of public construction projects has been decreasing significantly. As stated in last year's Chairman's Statement, the filibuster situation in the Legislative Council severely narrowed the pipeline for new public construction projects which led to intensified competition among contractors.

According to Hong Kong's 2018-19 budget, the public expenditure on infrastructure is estimated at HK$85.6 billion which is approximately 15% of the total annual expenditure. In 2017, the government sold 20 land sites with a total area of about 13.2 hectares and a total transaction value of about HK$128.4 billion. The 2018-19 Land Sale Programme comprises a total of 27 residential sites capable of providing approximately 15,200 residential units.

To alleviate Hong Kong's housing supply pressure, the government is going to provide around 100,000 public housing units, of which about 75,000 are public rental housing units and about 25,000 are subsidised sale flats in the next five years starting from 2018. The private sector will, on average, produce about 20,800 residential units annually in the coming five years, with an increase of about 50% over the past five years.

The new administration of HKSAR is committed to infrastructure development and will set aside HK$20 billion for the first phase of the Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop for site formation, infrastructure, superstructure and initial operation.

Business review

Property Development Business

The Group mainly handed over units at Bellewoods and Bellewaters, both are EC development, which obtained their Temporary Occupation Permit ("TOP") in March and May 2017 respectively. The Group also handed over units at West Star, an industrial property, which obtained its TOP in March 2017.

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

Project	Sales Revenue 2017 *(HK$' million)*	Sales Area 2017 *Sq.m.*	ASP 2017 *(HK$/sq.m.)*
I Bellewoods	2,860.4	60,651	47,161
II Bellewaters	3,424.5	70,989	48,240
III West Star	431.6	25,378	17,006
Total	6,716.5	157,018	

As at 31 December 2017, the Group's current portfolio of property development projects with significant interest consists of four projects across Singapore, with two EC developments and two private condominium development with a total saleable floor area ("SFA") of over 250,000 sq.m.. As at 31 December 2017, the unsold SFA of these properties was over 150,000 sq.m.. The project details are as follows:

The Visionaire (77% owned by the Group)

The Visionaire is an EC development featuring 16 blocks of 9 to 11-storey apartments comprising of 632 units ranging from two to four-bedrooms. It is located at the junction of Canberra Link and Sembawang Road. It is the first EC project with smart home technology in Singapore.

The total SFA of this project is 61,258 sq.m. and the percentage of saleable area pre-sold was 85.5% as at 31 December 2017. The construction is scheduled to be completed in June 2018.

Le Quest (73% owned by the Group)

Le Quest is a private mixed development project comprising a 2-storey podium consisting of retail and 5 blocks of 13-storey apartment with total 516 units. It is located at Butik Batok West Avenue 6. This project is the Group's first mixed development project in Singapore.

The total SFA of this project is 37,562 sq.m and the percentage of saleable area sold was 45.8% as at 31 December 2017. The construction is scheduled to be completed in March 2020.

iNz Residence (46% owned by the Group)

iNz Residence is an EC development of 497 units featuring 9 blocks of 15 or 16-storey apartments, ranging from two to five-bedrooms. It is located at the junction of Choa Chu Kang Avenue 5 and Brickland Road.

The total SFA of this project is 49,979 sq.m. and the percentage of saleable area sold was 61.3% as at 31 December 2017. The construction is scheduled to be completed in September 2019.

Shunfu Project (45% owned by the Group)

The project is located at 314 Shunfu Road, near the Bishan-Thomson area and the site covers an area of approximately 38,000 sq.m. with an estimated GFA of over 117,000 sq.m. It is intended to be developed as a private condominium with around 1,200 apartment units, basement carparks, retail and communal facilities. This project commenced construction in January 2018.

The total SFA of this project is approximately 103,000 sq.m. and the pre-sales of this project had not yet commenced as at 31 December 2017. The construction is scheduled to be completed in September 2021.

Land Bank

On 8 March 2018, the Group's tender has been duly accepted by the vendors of Goodluck Garden, located at Toh Tuck Road in Singapore at a total consideration of S$610 million (equivalent to approximately HK$3.64 billion). It is a freehold land with a total land area of approximately 33,457 sq.m. with an estimated GFA of 46,840 sq.m. It is intended to be developed as a private condominium.

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

Construction Business

The construction projects undertaken by the Group can be broadly divided into Singapore and Hong Kong geographical segments. In Singapore, the Group tenders for governmental authorities construction works, external private construction works and being engaged in the Group's property development projects whereas in Hong Kong, the Group is mainly responsible for superstructure construction, foundation works and ancillary services with particular specialization in piling works.

The Group's revenue from the Singapore construction contracts for the Reporting Period was approximately HK$1,972.7 million (2016: approximately HK$2,399.7 million) for the year ended 31 December 2017. The revenue attributable from Hong Kong segment is approximately HK$1,623.0 million (2016: approximately HK$1,615.0 million) for the year ended 31 December 2017.

During the Reporting Period, for the Singapore segment, the Group completed 12 construction projects including 7 public projects from the HDB, 2 private projects and 3 owned property development projects. In 2017, the Group obtained 3 new HDB projects, 3 private construction projects and 1 owned property development project with aggregated contract sum of approximately HK$3.61 billion. As at 31 December 2017, there were 16 external construction projects on hand with another 2 construction projects of the Group's property segment and the outstanding contract sums are approximately HK$5.04 billion and HK$0.78 billion respectively.

As for the Hong Kong segment, the Group commenced work on several new foundation and superstructure construction projects including foundation work for a hotel project in Nam Van, Macau and the superstructure construction work for a residential project in To Kwa Wan and an industrial building project in Kwai Chung, with a total contract sum of approximately HK$542.3 million. As at 31 December 2017, the outstanding contract sums of projects on hand are approximately HK$1.21 billion.

Financial Review

Revenue

The Group's total revenue for the Reporting Period was approximately HK$10.3 billion (2016: approximately HK$8.6 billion), representing an increase of 19.8% as compared with last year. The increase is mainly attributable to more property sales in Singapore being recognised in 2017. During the Reporting Period, the revenue derived from the projects in Singapore was approximately HK$8.7 billion (2016: approximately HK$7.0 billion) whereas those in Hong Kong and Macau were approximately HK$1.6 billion (2016: approximately HK$1.6 billion).

Out of the HK$8.7 billion revenue derived from the Singapore segment, the aggregate contracted sales of properties amounted to HK$6.7 billion, representing an increase of 46% over that of last year. The average selling price of the development projects was approximately HK$42,775 sq.m.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 12.6% (2016: approximately 15.0%). During the Reporting Period, the Hong Kong construction market is a challenging year with cut-throat competition among contractors in tendering for new projects. Despite facing the challenge, the Group managed to minimize the adverse impact of narrowing gross profit through structure design optimization and more competitive sub-contractor selection process. As for the property development segment, the Group recognized property sales of an industrial property which has a lower gross profit margin than residential projects.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK$224.9 million (2016: approximately HK$98.2 million), which was approximately 2.2% (2016: approximately 1.1%) of the Group's total revenue. The increase was due to the higher sales commission rate paid for the development projects recognised during the Reporting Period.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK$332.1 million (2016: approximately HK$354.0 million), which was approximately 3.2% (2016: approximately 4.1%) of the Group's total revenue. The decrease was mainly attributable to the decrease in staff remuneration recognised during the Reporting Period.

Net Profit

During the Reporting Period, the Group reported a net profit of approximately HK$673.2 million (2016: approximately HK$669.1 million), representing an increase of 0.6 % as compared with last year. The profit attributable to owners of the Company was approximately HK$512.1 million (2016: approximately HK$585.4 million), representing a decrease of approximately 12.5% over the last year. Basic earnings per share and diluted earnings per share were HK$0.306 (2016: HK$0.404.)

Non-Competition Deed

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

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

Prospects

Looking forward to 2018, Singapore's residential market is expected to continue its recovery with the sustained pace of collective sales providing an additional boost to new private home prices due to relaxation of cooling measures. The Group will strive to maintain and expand its leading position in the property development business and consolidate its market position as a major local developer by seizing opportunities in the industry, further penetrating the Singapore market and showing its strong competitiveness and sales and marketing ability. Meanwhile, the Group will closely follow Singapore's "Smart Nation 2025" strategic initiative. It will continuously develop and apply "smart home" and "smart communities" technologies and also upgrade its application of the prefabricated prefinished volumetric construction ("PPVC") technology in our residential developments, in order to further enhance the market competitiveness of the Group's property projects.

As for the construction market segment, it is expected that the construction industry in Singapore will show improvement from the previous sustained downturn trend due to the local accelerated economic growth. According to the Building and Construction Authority (BCA), it is expected that the overall local construction demand will be steadily increasing in the next five years and targeting up to SGD35 billion in 2022. As Singapore's overall construction demand is currently about 60% occupied by public sector, the Group will expand its presence in infrastructure construction projects while consolidating its position in residential construction projects in order to balance the income sources and diversify investment risks. On the other hand, the Group will adhere to "Integration" strategy by adopting the integrated "property development + construction" business model. As such, we can obtain high quality property development projects through our construction business and it can reduce our development risks, share resources in executing projects, and further create synergy among business segments and thus driving the Group's overall business growth.

As for the Hong Kong segment, as one of the largest foundation contractors in Hong Kong and Macau, the Group will continue to focus on foundation works, construction and related ancillary businesses. Meanwhile, it will actively develop the superstructure construction business and target to break through in the property development business. On the 2018-2019 land sales programme, the government pointed out that including the 15 residential sites rolled over from 2017-18, there is a total of 27 residential sites and 4 commercial/hotel sites available for sale. It clearly shows that the government is determined to stabilise the property market by maintaining land supply and this can provide a solid foundation for the Group's construction business. On the other hand, the construction in the Greater Bay Area will be accelerated in 2018 in line with the Guangdong-Hong Kong-Macau Greater Bay Area initiative. The Group will seize the opportunities and enhance its project co-operation and development in the Greater Bay Area with transformation and upgrade of its construction business.

To capture the future prospect associated with "One Belt, One Road" Initiative, the Group has entered into South East Asian markets such as Malaysia, Indonesia and Vietnam by "Globalisation" strategy. Meanwhile, the Group set up the Great Wall and CNQC B&R Industrial Development Fund ("Great Wall and CNQC Fund") with its strategic partner to support the development of the Group's key projects. With the benefit from the resources including talent and experience accumulated by Qingjian Group in the "One Belt, One Road" countries over the past 30 or more years, the Group is more effective to develop projects with local strong strategic partners and thus reducing the associated cost, risk and uncertainty of entering into a new market. With the assistance of "One Belt, One Road" Initiative, the Group will follow its "Localisation, Globalisation and Integration" strategies and it will extend its business to cover the core area in the key Southeast Asia cities with the global synergy with Qingjian Group. While expanding the sources of profit through diversified market deployments, the Group will strengthen its capacity to counter cyclical risks, ensure sustained development and respond to market opportunities and challenges in a competent and confident manner as usual.

Debts and Charge on Assets

In November 2017, the Company issued medium term notes with nominal value of SGD100 million at coupon rate of 4.9% per annum for a period of 3 years.

The total interest bearing borrowings of the Group, including bank loans, medium term notes and finance leases and loans from non-controlling shareholders of subsidiaries, decreased from approximately HK$6.7 billion as at 31 December 2016 to approximately HK$5.0 billion as at 31 December 2017. Borrowings were denominated mainly in Singapore Dollar, Hong Kong Dollar, Renminbi and US Dollar. Interests on bank borrowings were charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

These banking facilities were secured by the Group's property, plant and equipment, investment properties under development and development properties for sale with net carrying amounts of HK$176,615,000 (2016: HK$211,890,000), HK$518,546,000 (2016: HK$426,723,000) and HK$4,375,337,000 (2016: HK$8,758,473,000), respectively.

Liquidity, Financial Resources and Capital Structure

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

As at 31 December 2017, the Group had cash and cash equivalents of approximately HK$3.2 billion (2016: approximately HK$1.8 billion) of which approximately 80.2% was held in Singapore Dollar, 11.9% was held in Hong Kong dollar, 7% was held in US Dollars and the remaining was mainly held in Renminbi, Vietnamese Deng, Macau Patacas and Indonesian Rupee. The gearing ratio of the Group as at 31 December 2017 (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 31.3% (2016: approximately 60.5%).

During the Reporting Period, the Group employed financial instrument for currency hedging purposes.

Foreign Exchange

Since the Group mainly operates in Singapore and Hong Kong and most of the revenue and transactions arising from its operations were settled in Singapore Dollar and Hong Kong Dollar, and the Group's assets and liabilities were primarily denominated in Singapore Dollar and Hong Kong Dollar, the Board believes that the Group will have sufficient foreign exchange to meet its foreign exchange requirements. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates. During the Reporting Period, the Group minimizes its foreign exchange exposure of a borrowing by way of entering into forward contracts with reputable financial institutions. The hedging policies are regularly reviewed by the Group.

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

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 2017, the Group had capital commitments of approximately HK$19.9 million (2016: HK$49.9 million) for development expenditure and HK$471.6 million (2016: Nil) for investment in Great Wall and CNQC Fund.

Contingent Liabilities

Save as disclosed in note 17 to the financial information in this announcement, the Group had no other contingent liabilities as at 31 December 2017.

Event After the Reporting Period

As detailed in the announcement of the Company dated 29 January 2018, no definitive agreement has been entered in respect of the possible acquisition of the shares in Vivocom Intl Holdings Berhad and the signed term sheets have lapsed and ceased to have effect on 25 January 2018.

As detailed in the voluntary announcement of the Company dated 9 March 2018, a tender for the purchase of all strata lots and the common property in the development known as Goodluck Garden in Singapore at a consideration of S$610 million (or equivalent to approximately HK$3.64 billion) has been duly accepted by the vendors of the Goodluck Garden (the "Property Purchase"), representing over 80% of the total owners of the Goodluck Garden. The Property Purchase is conditional upon, among other terms, the vendors of Goodluck Garden obtaining a statutory sale order. The land site is planned for redeveloping into residential apartments after completion of the Property Purchase with an expected plot ratio of approximately 1.4.

There are no other significant events after the Reporting Period and up to the date of this announcement.

Employees and Remuneration Policy

As at 31 December 2017, the Group had 1,921 full-time employees (2016: 2,143 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$699.3 million (2016: approximately HK$682.4 million).

Share Options

Share Option Scheme

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

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

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

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

As at 31 December 2017, the total number of options available for issue under the Share Option Scheme was 66,020,250 Shares, which represented 4.45% of the issued share capital of the Company.

Management Share Scheme

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

During the Reporting Period, a total of 55,843,197 CPS were transferred to certain Selected Participants and were converted into Ordinary Shares and 187,836,224 CPS remain under the trust as at 31 December 2017.

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 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 2017 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 draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance.

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

Hong Kong, 28 March 2018

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 Dr. Sun Huiye, Mr. Wang Xianmao and Mr. Chen Anhua; 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.