青建國際控股有限公司

CNQC International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1240

2023

ANNUAL REPORT

CONTENTS

This Annual Report is printed on
environmentally friendly paper

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Cheng Wing On, Michael *(resigned on 24 February 2023)*
Mr. Wang Congyuan *(appointed as the Chairman on 24 February 2023)*
Dr. Du Bo
Mr. Li Jun (李軍) *(appointed as the Chief Executive Officer on 24 February 2023)*
Mr. Du Dexiang *(appointed as the Co-Chief Executive Officer on 24 February 2023)*
Mr. Zhang Yuqiang *(resigned on 24 February 2023)*

Non-executive Director

Mr. Chen Anhua *(resigned on 24 February 2023)*
Mr. Ren Zhiqiang *(appointed on 24 February 2023)*

Independent Non-executive Directors

Mr. Ching Kwok Hoo, Pedro *(resigned on 24 February 2023)*
Mr. Tam Tak Kei, Raymond
Mr. Chan Kok Chung, Johnny
Mr. Liu Junchun *(appointed on 24 February 2023)*

COMPANY SECRETARY

Mr. Chan Tat Hung *(resigned on 30 November 2023)*
Ms. Au Wing Sze *(appointed on 30 November 2023)*

AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond *(Chairman of the Audit Committee)*
Mr. Ching Kwok Hoo, Pedro *(resigned on 24 February 2023)*
Mr. Chan Kok Chung, Johnny
Mr. Liu Junchun *(appointed on 24 February 2023)*

REMUNERATION COMMITTEE

Mr. Ching Kwok Hoo, Pedro *(resigned on 24 February 2023) (Chairman of the Remuneration Committee)*
Mr. Liu Junchun *(appointed as the Chairman of the Remuneration Committee on 24 February 2023)*
Mr. Zhang Yuqiang *(resigned on 24 February 2023)*
Mr. Wang Congyuan
Mr. Chan Kok Chung, Johnny
Mr. Tam Tak Kei, Raymond
Mr. Du Dexiang *(appointed on 24 February 2023)*

NOMINATION COMMITTEE

Mr. Cheng Wing On, Michael *(resigned on 24 February 2023) (Chairman of the Nomination Committee)*
Mr. Wang Congyuan *(appointed as the Chairman of the Nomination Committee on 24 February 2023)*
Dr. Du Bo
Mr. Tam Tak Kei, Raymond
Mr. Ching Kwok Hoo, Pedro *(resigned on 24 February 2023)*
Mr. Chan Kok Chung, Johnny
Mr. Liu Junchun *(appointed on 24 February 2023)*

STRATEGY AND INVESTMENT COMMITTEE

Mr. Wang Congyuan *(resigned as the Chairman but remained as a member of Strategy and Investment Committee on 24 February 2023)*
Mr. Li Jun (李軍) *(appointed as the Chairman of the Strategy and Investment Committee on 24 February 2023)*
Dr. Du Bo
Mr. Cheng Wing On, Michael *(resigned on 24 February 2023)*
Mr. Zhang Yuqiang *(resigned on 24 February 2023)*
Mr. Chan Kok Chung, Johnny
Mr. Chen Anhua *(resigned on 24 February 2023)*
Mr. Du Dexiang *(appointed on 24 February 2023)*
Mr. Ren Zhiqiang *(appointed on 24 February 2023)*

AUTHORIZED REPRESENTATIVES

Mr. Cheng Wing On, Michael *(resigned on 24 February 2023)*
Mr. Li Jun (李軍) *(appointed on 24 February 2023)*
Mr. Chan Tat Hung *(resigned on 30 November 2023)*
Ms. Au Wing Sze *(appointed on 30 November 2023)*

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8/F, Enterprise Square Three,
39 Wang Chiu Road
Kowloon Bay, Hong Kong

LEGAL ADVISERS AS TO HONG KONG LAWS

Norton Rose Fulbright Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Hang Seng Bank Limited
United Overseas Bank
The Hongkong and Shanghai Banking Corporation Limited
The Export-Import Bank Of China
The Bank of East Asia Limited
China Minsheng Banking Corp., Ltd., Hong Kong Branch

STOCK CODE

1240

WEBSITE

www.cnqc.com.hk

CHAIRMAN'S STATEMENT

On behalf of the board ("Board") of directors ("Directors") of CNQC International Holdings Limited (the "Company"), I hereby present you with the annual report of the Company and its subsidiaries ("Group") for the twelve months ended 31 December 2023 (the "Reporting Period" or "Year").

BUSINESS REVIEW

In 2023, the turnover of the Group was HK$10.4 billion (2022: approximately HK$8.3 billion). Net loss attributable to the owners of the Company was approximately HK$490.3 million (2022: Net loss attributable approximately HK$588.0 million). Net loss attributable to the shareholders per share was HK$0.298 (2022: Net loss per share HK$0.358).

DIVIDENDS

The Board does not recommend the payment of any final dividend (2022: nil). No interim dividend was declared by the Board during the year ended 31 December 2023 (2022: nil).

GLOBAL ECONOMIC BACKGROUND AND STRATEGY

In 2023, the global situation experienced unprecedented turbulence. Driven by continuous interest rate hikes in the US, it sparked a banking crisis and inflationary pressures. The renewed Israel-Palestine conflict further stimulated fragile capital markets, leading to a continuous rise in gold and oil prices. Despite ongoing efforts for global economic recovery from the pandemic, persistent geopolitical conflicts, and inflation, the global economy faced significant disruptions in energy and food markets, labour issues, as well as changing policies of constructions and price fluctuation in real estate industry, along with tighter global monetary conditions and market interest rates remaining high, resulting in a noticeable deceleration in growth. Hence, achieving a full pre-pandemic recovery appears increasingly challenging, especially for emerging markets and developing economies.

The Group constantly establishes diversity in business operation and income sources, returning to mature markets, and currently focusing on the construction market in Hong Kong and Singapore, especially the construction projects of local governments as the main development strategy.

The Group expands its business into multiple areas of social projects by actively paying attention to the latest policies, social welfare and market trends.

In the Singapore market, due to the impact of the COVID-19 pandemic, the construction of private construction projects in Singapore acquired by the Group before the pandemic experienced serious delays. In addition, these projects under the impact of labour shortages and sharp increases in building material prices, and some downstream subcontractors unable to perform their contracts or even going bankrupt, led the Group to find other suitable subcontractors at the subcontracting prices midway that were much higher than those determined before the pandemic. This situation resulted in a significant increase in our construction costs and then a significant decrease in profit in the previous financial year. The Group withstood the pressure and completed the previously delayed construction projects during the year. Despite a great impact on the performance, a good corporate reputation was established, with strong support from the Singapore government. During the year, the Group won the bid for three large-scale projects for government projects where bidding profits also increased significantly. After the pandemic, Singapore's construction market has maintained a strong momentum of development, with a total of construction contracts hitting a record high. Prime Minister Lee Hsien Loong also mentioned that by 2025, Singapore will launch more than 50,000 HDB units to meet urgent housing needs. The Group will also seize the market opportunities arising from the post-epidemic recovery, leverage its brand advantages, and adjust its future development focus to government projects, especially maintaining the competitive advantage of government housing projects to ensure project profitability.

In 2023, the Group also utilised and explored more government resources to explore market opportunities in Hong Kong while achieving steady growth thanks to the support and favourable policies from the Hong Kong SAR Government. The Group has now concluded construction contracts for public housing development and transitional housing plans in many districts and understands these projects' responsibilities. It will complete the projects prudently and as promised for more significant influence in society, people's livelihood, and property and to help more Hong Kong residents improve their quality of life. According to the latest Policy Address, the Hong Kong Government will construct approximately 410,000 public housing units in the next decade, providing a huge development opportunity for the Group. Given the stability and predictable returns of government projects, the Group will prioritise government projects in the future. In addition, the Hong Kong SAR Government also plans to increase the implementation of the Modular Integrated Construction (MiC) method in suitable public housing projects, with no less than half of the public housing units under the approach in the second half of the next decade. The Group will leverage Singapore's rich experience in the MiC model to actively bid for modular construction projects in Hong Kong, with particular emphasis on strengthening the use of the concrete MiC method in public housing projects, which is intended to further enhance the competitiveness of the construction sector in Hong Kong.

As of the end of 2023, the contract sum of the Group's construction backlog was about HK$15.4 billion (among which HK$5.4 billion was for the Hong Kong segment, and HK$10.0 billion for the Singapore and Southeast Asia segments), a record higher than last year while most of the projects were from Singapore and Hong Kong governments. With sustainable business expansions and improved gross profits of projects, the Board of Directors anticipates significant performance growth over the next two to three years.

Looking ahead, the Group remains confident to overcome various challenges and achieve sustainable growth. By adapting to changing market conditions and continuously following the principle of steady operation when enhancing its market competitiveness, the Group is poised to thrive in the evolving market landscape. These strategic measures will enable the Group to navigate the uncertainties and capitalize on emerging opportunities, positioning us for long-term success.

On behalf of the Board of Directors, I would like to express my gratitude to our shareholders, customers, and partners for their support, as well as to our directors, senior executives, and all employees for their hard work and constant contributions to the development of the Group in the past. In the new year, let us join hands to brave the wind and waves, move towards a brighter future, create outstanding results and bring returns to shareholders.

CNQC International Holdings Limited
Wang Congyuan
Chairman

28 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

SINGAPORE CONSTRUCTION MARKET REVIEW

According to the report of the Building and Construction Authority (the "**BCA**"), Singapore's actual demand for construction in 2023 has reached S$33.8 billion, higher than the forecast range of S$27 billion to S$32 billion as a result of higher tendering prices. Such demand for construction was mainly driven by the public sectors such as public residential developments and the Cross-Island MRT line. This trend will continue in 2024.

Construction demand in private sectors also increased from S$12.5 billion in 2022 to S$14.3 billion in 2023. Demand mainly came from residential development under government land sales and previous en-bloc sales of land, mixed-use developments and large-scale hotel refurbishments.

During the Reporting Period, the Group was awarded 3 HDB projects in Singapore by the Housing and Development Board of Singapore (HDB), namely, the Punggol North Contract 15 residential project, the Choa Chu Kang Neighbourhood 8 Contract 12 residential project and the Bukit Batok Neighbourhood 4 Contract 26 residential project in Singapore. In particular, Choa Chu Kang Neighbourhood 8 Contract 12 adopted the MiC method, while the other two projects were partially composite building projects (prefabricated toilets).

HONG KONG CONSTRUCTION MARKET REVIEW

The total nominal value of construction works in 2023 announced by the Census and Statistics Department of the Hong Kong Government is about HK$269 billion, which is basically in line with the Construction Industry Council's projection that the total volume of construction works in Hong Kong in the next ten years will be from HK$240 billion to HK$375 billion. One of the main reasons that the construction industry has maintained a high growth rate amidst the downturn in the private construction market is the Hong Kong Government's vigorous promotion of public housing construction. The 2023 Policy Address has again proposed the provision of 21,000 transitional housing units and 30,000 simple public housing units within five years, some of which have already been completed in 2023, and the planned construction of 410,000 new public housing units in the next ten years. That will greatly facilitate the development of the construction industry in Hong Kong.

During the Reporting Period, the Group was granted one public housing construction project by the Hong Kong Housing Authority in Hong Kong for the Tai Wo Hau Road public housing development projects Phase I and Phase II and one MiC method construction project, which was the major construction contract for a transitional housing project on Choi Hing Road in Choi Hung Hong Kong awarded by the Lok Sin Tong Benevolent Society, Kowloon to its subsidiary in March 2023. The project is the first eight-storey transitional housing in Hong Kong.

MALAYSIA CONSTRUCTION MARKET REVIEW

In 2023, the post-pandemic era in Malaysia, the private sector became the key contributor to the growth of the construction industry. High-rise residential developments with mixed-use concepts, industrial-type factory projects and data centre projects were crucial areas of growth for the construction industry. In 2023, the construction industry in Malaysia continued to see its growth momentum in 2022, with an annual growth of 6.3%. The total output value of projects achieved RM54.71 billion from January to October 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

SINGAPORE PROPERTY MARKET REVIEW

In 2023, Singapore's GDP grew by 1.2%, which was slightly slower than previously anticipated. As the private residential price in Singapore's property market increased for the seventh consecutive year, the growth in 2023 has slowed down, with a shrinking rise of 6.8% in prices for the year, lower than the 8.6% of in 2022. Throughout 2023, a total of 7,551 private residential houses were launched for sale, representing an increase in supply of approximately 66.7% as compared to 4,528 in 2022. Meanwhile, a total of 6,421 private residential houses (excluding EC flats) were sold, representing a decrease of 9.5% as compared with 2022. In order to maintain a sustainable property market, the Housing & Development Board, the Ministry of National Development and the Monetary Authority of Singapore jointly announced on 26 April 2023 that a new round of property market cooling measures would take effect from the 27th day of that month.

HONG KONG PROPERTY MARKET REVIEW

In 2023, amidst the uncertain global economic outlook, including the Israeli-Palestinian conflict, geopolitical tension, sluggish local demand and the impact of continuous interest rate hikes by the United States Federal Reserve, the overall property market witnessed fewer transactions. Although the transaction volume in the primary market increased by 4.1% over the previous year to approximately 10,000, it hit the second-lowest level in the past decade. According to the Rating and Valuation Department of Hong Kong, the Private Domestic-Price Indices dropped by approximately 6.75% throughout the year 2023.

BUSINESS REVIEW

Construction Business

The construction projects undertaken by the Group can be broadly divided into two major geographical segments, namely "Singapore & other Southeast Asia" and "Hong Kong & Macau". In Singapore & Southeast Asia, the Group tenders for public construction works, and external private construction works and has been engaged in the Group's property development projects, whereas in Hong Kong & Macau, the Group is mainly responsible for superstructure construction, foundation works and provision of ancillary services with particular specialisation in piling works.

The Group's revenue from the Singapore and Southeast Asia construction contracts for the Reporting Period was approximately HK$4,350.5 million (2022: approximately HK$4,202.8 million). The revenue from construction contracts of the Hong Kong & Macau segment was approximately HK$3,433.4 million (2022: approximately HK$2,104.5 million).

During the Reporting Period, for the Singapore segment, the Group completed 5 external construction projects, including 1 public residential project, 3 private residential apartment projects and 1 factory project. In 2023, the Group obtained 3 HDB public residential projects and 1 condominium project with an aggregated contract sum of approximately HK$3,918.5 million. As at 31 December 2023, the Group had 20 external construction projects on hand and the outstanding contract sums were approximately HK$9,149.1 million.

During the Reporting Period, for the Southeast Asia construction market, the Group completed 1 private apartment project and 1 private facility project with an aggregated contract sum of approximately HK$277.1 million. As at 31 December 2023, the outstanding contract sums of the 5 projects on hand were approximately HK$802.4 million.

As for the Hong Kong & Macau segment, the Group was awarded 29 new foundation and superstructure construction business projects with aggregated contract sums of approximately HK$4,565.2 million. As at 31 December 2023, the outstanding contract sums of the 48 projects on hand were approximately HK$5,432.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Property Development Business

The Group focused on the development and sale of quality residential projects in Singapore.

As of the end of 2023, the cumulative contract sales rate of Forett at Bukit Timah (a private condominium development project of the Group at Toh Tuck Road) achieved 100%, with 633 units sold.

As of the end of 2023, the cumulative contract sales rate of Tenet (an Executive Condominium development project of the Group at Tampines Street 62) was approximately 99%, with 614 units sold.

As of the end of 2023, the cumulative contract sales rate of Altura (an Executive Condominium development project of the Group at Bukit Batok West Avenue 8) was approximately 82%, with 303 units sold.

As of the end of 2023, the cumulative contract sales rate of the Arden (a private condominium development project of the Group at Phoenix Road, Singapore) was approximately 34%, with 44 units sold.

During the Reporting Period, the Group was granted a number of industrial awards, including Top 10 Developers in Singapore (新加坡十大開發商) from BCI Asia.

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

Project	Sales Revenue 2023 *(HK$' million)*	ASP 2023 *(HK$/sq.m.)*
Forett at Bukit Timah	2,601.9	126,681
The Arden	31.1	120,645

Forett at Bukit Timah is a mid-end private condominium development project. The project recognised the sales revenue based on the percentage of construction completion throughout the year of 2023. Therefore, it recognised pre-sales revenue of approximately HK$2,602 million.

The Arden is a mid-end private condominium development project. The project recognised the sales revenue based on the percentage of construction completion throughout the year of 2023. Therefore, it recognised pre-sales revenue of approximately HK$31 million.

As at 31 December 2023, the Group's current portfolio of property development projects consisted of 2 private condominium development projects and 2 executive condominium projects across Singapore. The total salable area ("**SFA**") is approximately 160,700 sq.m. The project details are as follows:

Project	Location	Intended use	Site area *sq.m.*	Total SFA *sq.m.*	Cumulative contracted sales area *sq.m.*	Cumulative contracted sales amount *HK$ billion*	% of completion as at 31 December 2023	Estimated year of construction completion	Ownership relationship
Forett at Bukit Timah	32–46 Toh Tuck Road, Singapore	Residential, Private and Retail Space	33,457	50,003	49,859	6.32	89.6%	June 2024	Subsidiary
The Arden	2/2A/2B–24/24A/24B Phoenix Road, Singapore (even numbers)	Residential, Private and Retail Space	6,465	9,687	3,256	0.37	7.9%	March 2025	Subsidiary
Tenet	Tampines Street 62, Singapore	Residential	23,799	62,159	61,787	54.42	0%	June 2025	Associated company
Altura	Bukit Batok West Avenue 8, Singapore	Residential	12,499	38,951	31,969	30.06	0%	March 2026	Associated company

Forett at Bukit Timah

Forett at Bukit Timah is a private condominium project on freehold land which consists of 4 blocks of 9-storey apartments, 9 blocks of 5-storey apartments (with a total of 633 residential units and 2 retail shops), underground car parks and communal. The project is located at the even numbers of 32–46 Toh Tuck Road in Bukit Timah Planning Area, Singapore.

The total SFA of this project is 50,003 sq.m. (including residential units of 49,859 sq.m. and commercial units of 144 sq.m.) and the percentage of saleable area pre-sold was 100% as at 31 December 2023. The construction is scheduled to be completed in the first half of 2024.

The Arden

The Arden is a private condominium project on a leasehold land with land use right of 99 years. The project has a total land site area of 6,465 sq.m. and the total estimated gross floor area is 9,687 sq.m.. It is planned to be developed into 3 blocks of 5-storey with about 100 residential units, underground car parks and communal facilities. The project is located at the even numbers of 2/2A/2B–24/24A/24B Phoenix Road.

The total SFA of this project is 9,687 sq.m. and it was launched in August 2023. As of 31 December 2023, the percentage of saleable area sold was 34% and the construction is scheduled to be completed in March 2025.

Tenet

Tenet is an executive condominium project on a leasehold land with a lease term of 99 years, including 11 blocks of 15-storey residential buildings with 618 units, 1 block of multi-storey car park and 1 floor of underground car park. It has communal facilities and landscape views. The project is located at Tampines Street 62.

The total SFA of this project is 62,159 sq.m. and it was launched in November 2022. As of 31 December 2023, the percentage of saleable area sold was 99% and the construction is scheduled to be completed in June 2025.

Altura

Altura is an executive condominium project on a leasehold land with a land use right of 99 years. The total land site area is 12,499 sq.m. and the SFA is estimated at 38,951 sq.m.. It is intended to be developed into 6 blocks of 15-storey residential buildings with around 360 residential units, 1 block of multi-storey car park and 1 floor of underground car park. It has communal facilities and landscape views. The project is located at Bukit Batok West Avenue 8.

The project's total SFA is 38,951 sq.m. and it was launched in August 2023. As of 31 December 2023, the percentage of saleable area sold was 82% and the construction is scheduled to be completed in 2026.

Land bank status

(1) Media Circle project, Singapore

As at 8 February 2024, the Group and Forsea Residence won a bid in respect of the land on Media Circle located in one-north mediapolis in Singapore at the consideration of S$395.29 million. The site, is a private condominium project on a leasehold land with land use right of 99 years. The total land site area is 10,632 sq.m. and the total SFA is estimated at 30,834 sq.m. It is intended to be developed into one floor of commercial space and 1 floor of underground car park with around 350 residential units, equipped with communal facilities and landscape.

(2) Yau Tong project, Hong Kong

The Group acquired the land parcel located at Yau Tong Marine Lot No. 58 & 59 and their extensions thereto for a total consideration of HK$530 million. The site area for the lots and its extensions thereto are approximately 17,400 sq. ft. and 5,400 sq. ft. respectively. The maximum allowable plot ratio under the Approved Outline Zoning Plan is 5. Town Planning Board Application to redevelop the site into a residential development was approved in June 2020. The amendment planning of project was approved in March 2022. Land exchange procedures are currently in progress.

(3) Sham Shui Po project, Hong Kong

In January 2023, the Group completed the acquisition for 100% aggregate ownership of all 4 lots located at 163–169 Yee Kuk St in Sham Shui Po. Together with its joint-venture partners, the site will be redeveloped into a residential building with a commercial podium. General Building Plans were approved by the Buildings Department in October 2020. Demolition works for the existing buildings were completed in the 4th quarter of 2023.

(4) Tai Po project, Hong Kong

The Group, in partnership with Vanke Property (Hong Kong) Company Limited, was awarded the site located along Ma Wo Road, Tai Po, New Territories held under Tai Po Town Lot No. 243 in July 2020 at the premium price of HK$3.705 billion. Tai Po Town Lot No. 243 has a site area of approximately 243,353 sq. ft. and is designed for private residential purposes. The maximum gross floor area is 781,897 sq. ft. General Buildings Plans for the development were approved in December 2021.

The management believes that it is essential to replenish its land bank 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 at a reasonable price suitable for the Group's investment.

Investment in medicine fund

In 2021, the Group entered into subscription agreements to subscribe for limited partnership interests in a fund which is engaged in the investment in healthcare and biotechnology related business at an aggregate subscription amount of up to US$25.64 million (equivalent to HK$200 million). As at 31 December 2023, the Group had an aggregate subscription amount of approximately US$20.92 million (equivalent to HK$163 million). The fund is focusing on research and development of certain new medicines, including super antibiotics against super bacteria, and new drugs for the treatment of rheumatoid arthritis, chronic obstructive pulmonary disease and atopic dermatitis. Please refer to the announcement of the Company dated 21 May 2020 for further details.

The progress of the research and development progress of the drugs is as follows:

1. The new medicine for the treatment of chronic obstructive pulmonary disease was approved as an investigational new drug for Phase I clinical trial in the first half of 2021.

2. The new medicine for the treatment of atopic dermatitis was approved as an investigational new drug for Phase I clinical trial in the first half of 2022.

3. The new medicine of the super antibiotics was approved as an investigational new drug for Phase I clinical trial in the second half of 2022.

4. The application as investigational new drugs for Phase I clinical trial for treatment of rheumatoid arthritis was approved in the second half of 2023.

Currently, the relevant clinical plans for the four new drugs have been formulated and further adjustments will be made given the changing market situation. In view of the overall downturn in the biopharmaceutical market, the research and development procedures for entering the clinic have been delayed. In addition, the Company has communicated with the fund manager and does not rule out the possibility of finding suitable industrial partners for joint research and development or the transfer of interests.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Reporting Period was approximately HK$10.4 billion (2022: approximately HK$8.3 billion), representing an increase of 26% as compared with that for the year ended 31 December 2022. The increase was mainly due to the significant increase in revenue from Hong Kong construction segments during the Reporting Period.

During the Reporting Period, the revenue of the "Foundation and construction — Hong Kong and Macau" segment was approximately HK$3.4 billion (2022: approximately HK$2.1 billion), representing an increase of approximately 63% over the same period last year.

During the Reporting Period, revenue derived from the projects in Singapore and South East Asia was approximately HK$7.0 billion (2022: approximately HK$6.2 billion). Out of the HK$7.0 billion revenue derived from the Singapore segment, revenue derived from construction business was HK$4.4 billion, representing an increase of 4% over the same period last year; the aggregate contracted sales of properties amounted to HK$2.6 billion, representing an increase of 30% over the same period last year.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 2.6% (2022: approximately -0.5%). The increase in gross profit margin was mainly due to the completion of some private construction projects of the Group in Singapore that were delayed impacted from the Covid-19 pandemic and the stable improvement of profit margins in newly bidding construction projects in Singapore and Hong Kong.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK$95.3 million (2022: approximately HK$73.8 million), which was approximately 0.9% (2022: approximately 0.9%) of the Group's total revenue. The increase was mainly due to the increase in sales commissions in relation to 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$327.0 million (2022: approximately HK$237.5 million), which was approximately 3.1% (2022: approximately 2.9%) of the Group's total revenue. The increase was mainly due to the increase in staff costs recognised during the Reporting Period.

Finance Costs

In 2023, the market interest rate increased significantly resulting in a sharp increase in the Group's interest costs to HK$327.7 million in 2023 as compared to HK$247.5 million in 2022.

Net Loss

As a result of the foregoing, during the Reporting Period, the Group recorded a net loss of approximately HK$371.3 million (2022: net loss of approximately HK$513.0 million). Net loss attributable to owners of the Company amounted to HK$490.3 million (2022: net loss attributable of approximately HK$588.0 million). Loss per share was HK$0.298 (2022: loss per share was HK$0.358).

NON-COMPETITION DEED

To minimise the potential competition, the Group and Guotsing Holding Group Co. Limited ("**Guotsing PRC**") and Guotsing Holding Company Limited ("**Guotsing BVI**") (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**").

In addition, they have also given the right of first refusal to the Company whereby any of the Covenantors must submit a 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. Only the independent non-executive Directors will be involved in the decision-making process of the Group in deciding whether to exercise the aforementioned right of first refusal to avoid any potential conflicts of interest.

PROSPECTS

Looking forward to 2024, the Ministry of Trade and Industry in Singapore anticipates an improvement in economic conditions, with GDP growth ranging from 1% to 3%. In February 2024, a budget with the theme of Building Our Shared Future Together was introduced in Singapore. At the same time, the first batch of Forward SG programmes will be released to help local families and businesses cope with current challenges while also looking to the medium- and long-term economic development of Singapore. In the long term, it is expected that Singapore's economy will remain competitive. According to the IMD World Competitiveness Ranking, Singapore ranked fourth among the most competitive economies of the world in 2023 while maintaining first place in the Asia-Pacific region.

It is anticipated that the prospect for Singapore's construction industry will remain vibrant in 2024. The Building and Construction Authority expects that construction demand will reach S$31 billion to S$38 billion per annum between 2025 and 2028 and 55% of such demand will be contributed by tenders from the public sector of Singapore's construction industry, such as HDB's pre-sold government flat developments, LTA's contract for the CrossIsland Line, the infrastructure works for the future Terminal 5 at Changi Airport, and the development of Tuas Harbour. The Group will focus on Singapore government projects, maintaining its existing dominant position in the HDB market, while exploring bidding opportunities for other construction projects, such as infrastructure projects.

As we embark on the post-pandemic period, Singapore's reputation as an investment paradise and investors' confidence in the long-term capital appreciation potential will continue to attract both foreign and local investors. It is expected that the Singapore property market will exhibit an upward trend in 2024, presenting opportunities for sales of the Group's project. The property market in Singapore continues to show good investment prospects. According to the Emerging Trends in Real Estate® Asia Pacific 2023 (《二零二三年亞太房地產市場新興趨勢報告》) jointly published by PricewaterhouseCoopers and the Urban Land Institute, Singapore scored 5.95 on property investment prospects for 2023, ranking the fourth among 22 cities in the Asia-Pacific region. In addition, based on the latest report issued by Henley & Partners, a London-based consultancy of investment immigration, Singapore, at the heart of a booming economic region, is attractive to foreigners considering immigration and the third best place in the world, followed by Switzerland and the United States, to migrate and establish family fortune. The Singapore market continues to offer the Group long-term growth opportunities and room for expansion. The Group will retain its roots in the Singapore market to seek quality projects and capitalise on its leading strengths in the property development business to consolidate its market position as a major local developer.

The Group has invested in various digital, robotic and automated innovation solutions, such as the latest BIM software. We have introduced a robotic plastering machine that is undergoing trials in one of the Group's HDB projects. The Group is also working closely with various organisations such as BCA and HDB to evaluate the productivity improvement and feasibility of these robotic machines on site.

According to the Economic Outlook 2024 (《二零二四年經濟財政展望報告書》) of Malaysia, the growth rate of Malaysia's gross domestic product (GDP) in 2024 is expected to reach 4% to 5%. Meanwhile, the government is committed to solidifying the country's economic foundation in order to realise prosperous, inclusive and sustainable economic growth. The construction industry of Malaysia is expected to grow at 6.8% in 2024.

In 2023, the Malaysian government took measures to enhance public transport and boost economic growth in the region through various national infrastructure projects, including the rollout of the 5G network, which would meet the growing demand for data centres in the Asia-Pacific region, and the expansion of the Mass Rapid Transit (MRT), which would create many jobs during the construction phase. The emergence of public transport projects has brought about a series of transport-oriented developments in the Klang Valley and along the intercity railways, which will serve as a catalyst for property renaissance in the surrounding areas. The aforementioned measures will be implemented in 2024. The Malaysian market still provides the Group with long-term growth opportunities and room for expansion. The Group will develop with stability in the Malaysian construction market and continue to seek more quality projects.

The Chief Executive of Hong Kong mentioned in the 2023 Policy Address that about 410,000 public housing units could be built in the next decade, of which the total supply of public housing, including Light Public Housing, would reach 172,000 units in the first five years (i.e. from 2024–25 to 2028–29), and that the Hong Kong Housing Authority would continue to adopt the Modular Integrated Construction (MiC) method in suitable projects so that not less than half of the total public housing units (about 238,000 units) to be completed from 2028–29 to 2032–33 would adopt the MiC method, while the remaining projects would adopt the Design for Manufacturing and Assembly (DfMA) method. The Hong Kong Housing Authority will continue to apply innovative building technologies and develop the second generation of the Modular Integrated Construction (MiC 2.0) method to further speed up the construction process and enhance its efficiency. The development of the Northern Metropolis will be continuously promoted, with the expectation of about 500,000 new housing units in the future. The Group has won a number of tenders from the Hong Kong Government for transitional housing and public housing construction projects. In the future, the Group will continue to focus on the public housing construction market and will certainly benefit from the rich experience of the MiC construction project in Singapore and gain more development opportunities.

For the Hong Kong property market, according to the latest budget of the government, the Hong Kong Government has withdrawn all demand-side management measures for residential properties, and all sales and purchases of residential property are no longer subject to additional buyer's stamp duty, buyer's stamp duty and new residential stamp duty, which means comprehensively withdrawing the strict measures for the property market. Given the recent performance of the property market, there has been a significant increase in the number of transactions that empowers property replacement, provides first-time home buyers with more choices, and accelerates the property market's recovery.

DEBTS AND CHARGE ON ASSETS

The total interest-bearing bank borrowings of the Group, including bank loans, finance leases and lease liabilities, decreased from approximately HK$6.2 billion as at 31 December 2022 to approximately HK$5.1 billion as at 31 December 2023. Borrowings were denominated mainly in Singapore Dollar, Hong Kong Dollar and US Dollar. Interests on bank borrowings were charged at floating rates. The Group currently does not have an interest rate hedging policy and the Group monitors interest risks continuously and considers hedging any excessive risk when necessary.

These banking facilities were secured by the Group's property, plant and equipment and development properties for sale with net carrying amounts of HK$223,852,000 (2022: HK$203,866,000), and HK$1,538,858,000 (2022: HK$2,974,381,000), 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 operating activities.

As at 31 December 2023, the Group had cash and cash equivalents of approximately HK$1.6 billion (2022: approximately HK$1.5 billion) of which approximately 68.9% was held in Singapore Dollar, 21.9% was held in Hong Kong dollar, 5.2% was held in US Dollars, 3.4% was held in Malaysian Ringgit and the remaining was mainly held in Macau Patacas, Vietnamese Dong, and Indonesian Rupiah. The gearing ratio of the Group as at 31 December 2023 (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 54.9% (2022: approximately 59.7%).

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 minimises its foreign exchange exposure of 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 2023, the Group had capital commitments of approximately HK$3.9 million (2022: HK$5.1 million) for development expenditure, HK$35.8 million (2022: HK$58.9 million) for investment in unlisted investment funds accounted for as financial assets at fair value through profit or loss and HK$10.6 million (2022: Nil) for purchase of property, plant and equipment. Save as disclosed in the report, the Group did not have any existing plan for acquiring other material investments or capital assets.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

Save as disclosed in note 15 to the financial information in this report, the Group had no other contingent liabilities as at 31 December 2023 and 31 December 2022.

EVENT AFTER THE REPORTING PERIOD

Saved as disclosed in this report, there are no other significant events after the Reporting Period and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 2,857 full-time employees (2022: 2,609 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 funds and in-house training programmes, salary increments 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$919.9 million (2022: approximately HK$705.0 million).

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

On 31 May 2023, 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.

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 Part 2 of the Appendix C1 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 C3 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 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.

REPORT OF THE DIRECTORS

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are set out in note 12 to the financial statements.

BUSINESS REVIEW

In compliance with Schedule 5 to the Companies Ordinance, Chapter 622, a fair review of the business of the Company, a discussion and analysis of the Group's performance during the year including analysis using financial key performance indicators, description of the principal risks and uncertainties facing the Group, further discussion and analysis of important events affecting the Group after the Reporting Period, future development of the Company's business, a discussion on the Group's environmental policies and performance and the Group's compliance with relevant laws and regulations that have a significant impact on the Group, and an account of the Group's key relationships with its stakeholders are set out in Management Discussion and Analysis in pages 6 to 16 of this report, which forms part of this Report of the Directors.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period are set out in the consolidated statement of comprehensive income on pages 61 and 62 of this report. The Board does not recommend the payment of finanl dividend for the year ended 2023.

There is no arrangement under which any shareholder of the Company has waived or agreed to waive any dividends.

For further information on the dividend policy of the Group, please refer to page 51 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the Reporting Period are set out in note 17 to the financial statements.

SHARE CAPITAL

Details of movements during the Reporting Period in the share capital of the Company are set out in note 27 to the financial statements.

RESERVES

Details of movements in the reserves of the Group during the Reporting Period are set out in the consolidated statement of changes in equity on page 65.

As at 31 December 2023, the Company had reserves amounted to HK$3,253.7 million available for distribution as calculated based on Company's share premium less accumulated losses under applicable provisions of the Companies Law in the Cayman Islands (2022: HK$3,315.3 million).

GROUP FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for last five financial years is set out on page 156 of this report.

REPORT OF THE DIRECTORS

DIRECTORS

The Directors who held office as at the date of this report were:

Executive Directors

Mr. Wang Congyuan *(Chairman)*
Mr. Li Jun (李軍) *(Chief Executive Officer)*
Dr. Du Bo
Mr. Du Dexiang *(Co- Chief Executive Officer)*

Non-executive Director

Mr. Ren Zhiqiang

Independent Non-executive Directors

Mr. Tam Tak Kei, Raymond
Mr. Chan Kok Chung, Johnny
Mr. Liu Junchun

Please refer to "Corporate Information" on page 2 for a full list of Directors during the Reporting Period and up to the date of this report.

Mr. Wang Congyuan ,Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny will retire from office as Directors at the forthcoming annual general meeting of the Company, being eligible, to offer themselves for re-election pursuant to Article 108(a) of the Articles.

On 24 February 2023, Mr. Du Dexiang, Mr. Li Jun, Mr. Ren Zhiqiang and Mr. Liu Junchun obtained legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to each of them as a Director and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Each of the Newly Appointed Directors confirmed that they understood their obligations as a Director.

Each of the Directors who have resigned as a Director during the year ended 31 December 2023 and up to the date of this report has confirmed that he has no disagreement with the Board and there are no matters with respect to his resignation that needs to be brought to the attention of the shareholders of the Company and The Stock Exchange of Hong Kong Limited.

DIRECTORS' SERVICE CONTRACT

Mr. Wang Congyuan renewed a service contract as an executive Director on 26 January 2022 with the Company for a term of three years. Dr. Du Bo renewed a service contract as an executive Director on 31 March 2023 with the Company for a term of three years. Each of Mr. Li Jun (李軍) and Mr. Du Dexiang, who were appointed as executive Directors with effect from 24 February 2023 entered into a service contract as an executive Director on 24 February 2023 with the Company for a term of three years. The service contracts can be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the director's service contract.

Mr. Ren Zhiqiang, who was appointed as a non-executive Director with effect from 24 February 2023, entered a service contract as a non-executive Director on 24 February 2023 with the Company for a term of three years. The service contract can be terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the director's service agreement.

Mr. Tam Tak Kei, Raymond renewed a service contract as an independent non-executive Director on 12 September 2022 with the Company for a term of two years. Mr. Chan Kok Chung, Johnny renewed a service contract as an independent non-executive Director on 24 January 2024 with the Company for a term of two years. Mr. Liu Junchun, who was appointed as an inpendent non-executive Director with effect from 24 February 2023, entered into a service contract with the Company on 24 February 2023 for a term of two years. The service contracts can be terminated by not less than three months' notice in writing served by either party on the other. The Company has received annual confirmation of independence from all the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules, and considers them to be independent.

No Director has a service contract which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

MANAGEMENT CONTRACTS

No significant contracts concerning the management and administration of the whole or any substantial part of the business of the Company has been entered into or existed during the year.

CHANGE IN DIRECTORS' INFORMATION

Save for Mr. Wang Congyuan, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny, there is no changes in the Directors' biographical details which are required to be disclosed pursuant to Rule 13.51 B(1) of Listing Rules. The biographical details of the Directors and senior management as at the date of this report are set out in this report on pages 31 to 37.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF THE ASSOCIATED CORPORATIONS

As at 31 December 2023, interests or short positions in the shares ("**Shares**"), underlying shares ("**Underlying Shares**") and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 to the Listing Rules are as follows:

Interests in the Shares and underlying Shares of the Company

Name of director	Capacity	Number of Shares and underlying Shares held in long position	Approximate percentage of interests
Mr. Wang Congyuan	Beneficiary of a trust (note 1)	6,189,663	0.41%
	Beneficial owner	1,944,916	0.10%
Mr. Li Jun (李軍)	Beneficiary of a trust (note 1)	2,602,497	0.17%
	Beneficial owner	990,624	0.06%
Dr. Du Bo	Beneficial owner (note 2)	1,124,759,528	74.08%
	Beneficiary of a trust (note 1)	45,689,892	3.01%
	Beneficial owner	12,504,972	0.82%
Mr. Du Dexiang	Beneficial owner (note 3)	100,000,000	6.59%

Notes:

1. This represents long position in the underlying CPS under the Awards granted under the Management Share Scheme. Please refer to the paragraph headed "Management Share Scheme" in this report for more details.

2. The 1,024,759,528 Shares are deemed to be interest by Dr. Du Bo, as the Shares are held by Guotsing Holding Company Limited ("**Guotsing BVI**"), which is a company wholly owned by Hao Bo Investments Limited, which in turn is held as to 48.55% by Top Elate Investments Limited and 51.45% by Bliss Wave Holding Investments Limited. Bliss Wave Holding Investments Limited is a company held as to 74.53% by Hui Long Enterprises Limited, which is a company wholly-owned by Dr. Du Bo. Top Elate Investments Limited is a company wholly-owned by Qingdao Qingjian Holdings Co. which in turn is held as to 99.98% by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership).

3. The 100,000,000 Shares are deemed to be interest by Dr. Du Bo and Mr. Du Dexiang, as the Shares are held by Victorious Path International Limited, which is a company wholly owned by Guotsing Group (HK) Limited, which in turn is wholly owned by Hyday (South Pacific) Investment Pte Ltd, which in turn is wholly owned by Guotsing Holding (South Pacific) Investment Pte. Ltd., which in turn is wholly owned by Guotsing Holding Group Co. Ltd. Guotsing Holding Group Co. Ltd is a company held as to 42.1% by Shanghai Heliyuan Investment Company Ltd and 51.9% by Qingdao Qingjian Group Co Ltd which in turn is held as to 99.98% by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Partnership). Shanghai Heliyuan Investment Ltd is a company held as to 59.5% by Dr. Du Bo and 40% by Mr. Du Dexiang.

Save as disclosed above, as at 31 December 2023, none of the Directors nor chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2023, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares and underlying Shares

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares and underlying Shares held/ interested	Approximate Shareholding Percentage
Hui Long Enterprises Limited	Interest in controlled corporation *(Note 1)*	1,024,759,528	67.49%
Bliss Wave Holding Investments Limited	Interest in controlled corporation *(Note 1)*	1,024,759,528	67.49%
Top Elate Investments Limited	Interest in controlled corporation *(Note 1)*	1,024,759,528	67.49%
Hao Bo Investments Limited	Interest in controlled corporation *(Note 1)*	1,024,759,528	67.49%
Guotsing Holding Company Limited	Beneficial owner *(Note 1)*	756,421,520	49.82%
	Interest in controlled corporation *(Notes 1, 2 and 3)*	268,338,008	17.67%
Trustee	Trustee *(Note 5)*	124,875,197	8.22%
Qingdao ZhiXinDa Enterprise Management Partnership (Limited Parnership)	Interest in controlled corporation *(Note 1)*	1,124,759,528	74.08%
Qingdao Qingjian Holdings Co	Interest in controlled corporation *(Note 1)*	1,124,759,528	74.08%
CNQC Development Limited	Beneficial owner *(Note 2)*	224,145,000	14.76%
Guotsing Finance Holding Limited	Interest in controlled corporation *(Note 3)*	44,193,008	2.91%
Guotsing Asset Management Limited	Interest in controlled corporation *(Note 3)*	44,193,008	2.91%
Guotsing Growth Fund LP I	Beneficial owner	44,193,008	2.91%
China Great Wall AMC (International) Holdings Company Limited	Beneficial owner	142,000,000	9.35%
Guotsing Group (HK) Limited	Interest in Controlled corporation *(Note 4)*	100,000,000	6.59%
Guotsing Holding Group Company Limited	Interest in Controlled corporation *(Note 4)*	100,000,000	6.59%
Guotsing Holding (South Pacific) Investment Pte. Ltd	Interest in Controlled corporation *(Note 4)*	100,000,000	6.59%
Hyday (South Pacific) Investment Pte. Ltd	Interest in Controlled corporation *(Note 4)*	100,000,000	6.59%
Shanghai Heliyuan Investment Company Limited	Interest in Controlled corporation *(Note 4)*	100,000,000	6.59%
Victorious Path International Limited	Beneficial owner	100,000,000	6.59%

Note:

(1) Guotsing BVI is a company wholly owned by Hao Bo Investments Limited, which in turn is held as to 48.55% by Top Elate Investments Limited and 51.45% by Bliss Wave Holding Investments Limited. Bliss Wave Holding Investments Limited is a company held as to 74.53% by Hui Long Enterprises Limited, which is a company wholly-owned by Dr. Du Bo. Top Elate Investments Limited is a company wholly-owned by Qingdao Qingjian Holdings Co. which in turn is wholly-owned by the Qingdao ZhiXinDa Enterprise Management Partnership (Limited Parnership). Thus, Dr. Du Bo is deemed to be interested in the 1,024,759,528 Shares.

(2) The 224,145,000 Shares were held by CNQC Development Limited ("**CNQC Development**") as at 31 December 2023. CNQC Development is wholly-owned by Guotsing BVI .

(3) Guotsing Asset Management Limited is the General Partner of Guotsing Growth Fund LP I, and is in turn wholly held by Guotsing Finance Holding Limited, which is wholly-owned by Guotsing BVI.

(4) Guotsing Group (HK) Ltd is a company wholly own Victorious Path International Limited, and is in turn wholly held by Hyday (South Pacific) Investment Pte Ltd, which is wholly-owned by Guotsing Holding (South Pacific) Investment Pte. Ltd. Guotsing Holding (South Pacific) Investment Pte. Ltd is a company wholly owned by Guotsing Holding Group Limited, which in turn is held as to 57.9% by Qingdao Qingjian Holdings Co. and 42.1% by Shanghai Heliyuan Investment Company Limited.

(5) This represents the CPS under the Awards held by the Trustee pursuant to the Management Share Scheme. Please refer to the paragraph headed "Management Share Scheme" in this report for more details.

Save as disclosed above, as at 31 December 2023, to the best information, knowledge and belief of the Directors, no person (other than the Directors and chief executive of the Company), had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to section 336 of the SFO.

TRANSACTIONS, ARRANGEMENT OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sections headed "Connected Transactions and Continuing Connected Transactions" and "Non-Competition Undertaking" in this report, no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly, subsisted at the end of Reporting Period or at any time during the Reporting Period, and no contract of significance between the Company or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries subsisted at the end of the Reporting Period or at any time during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Share Option Scheme" below, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and turnover attributable to major suppliers and customers are as follows:

	2023	2022
	%	%
Percentage of construction material purchases:		
From the largest supplier	**3.4%**	2.7%
From the five largest suppliers	**13.1%**	6.7%
Percentage of turnover:		
From the largest customer	**30.6%**	14.1%
From the five largest customers	**45.6%**	26.5%

During the Reporting Period, there are no Directors, their close associates or any shareholders (which to the knowledge of the Directors who owned more than 5% of the Company's share capital) had any interest in the Group's five largest customers nor suppliers.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, during the Reporting Period and up to the date of this report, the following Directors are considered to have business interests which are likely to compete directly or indirectly with the business of the Group.

During the Reporting Period, Mr. Wang Cougyuan, an executive Director, served as a director and chairman of Guotsing Holding Group Co. Ltd. ("**Guotsing PRC**") and Dr. Du Bo, an executive Director, served as a director and hornorary chairman of Guotsing PRC. Guotsing PRC, together with its subsidiaries ("**Guotsing Group**"), is primarily engaged in (i) investments in projects in the real estate and related industries; (ii) property development in the PRC and other overseas markets; (iii) provision of construction services to both the private and public sectors in the PRC and other overseas markets; (iv) logistics and trading of steel, machinery and other raw materials related to construction business; and (v) provision of design consultation services. However, pursuant to a non-competition deed, the Guotsing Group will not engage in the Restricted Business in competition with the Group in Hong Kong, Singapore and Macau, more particulars of which are set out below in this report. Therefore, the Directors are of the view that the business of Guotsing Group does not compete directly with the business of the Group.

Save as disclosed above, the Directors were not aware of any business or interest of the Directors and their respective associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

MANAGEMENT SHARE SCHEME

Pursuant to the Share Purchase Agreement dated 23 May 2015 entered into between the Company and Guotsing Holding (South Pacific) Investment Pte. Ltd. in respect of the Company's acquisition of the entire issued share capital of Wang Bao Development Limited ("**2015 Acquisition**"), a management share scheme (the "**Management Share Scheme**") was set up by Guotsing Holding Company Limited ("**Settlor**") and a trust (the "**Trust**") was constituted on 15 October 2015. Part of the consideration for the Acquisition was settled by the Company issuing 304,599,273 new non-redeemable convertible preference shares (the "**CPS**") of the Company to the trustee of the Trust for the purpose of the Management Share Scheme. The Management Share Scheme had a term commencing from the completion of the Acquisition and expired on 1 April 2020 ("**Expiry Date**"). The Management Share Scheme involves only existing CPS.

Purpose of the Management Share Scheme

The purpose of the Management Share Scheme was to reward the Selected Participants who have made contributions to the development of the Company and its parent group, Guotsing Holding Group Co. Limited ("**Guotsing Group**") over the years.

Participants of the Management Share Scheme and number of shares available for issue under the Management Share Scheme

Under the Management Share Scheme, awards shall be conditionally granted to certain senior management and employees of Guotsing Group (including the Company) ("**Selected Participants**") to purchase from the Trust up to a total of 304,599,273 CPS in accordance with the terms and conditions of the Management Share Scheme. There is no restriction of maximum entitlement of each Selected Participant.

Vesting period

Subject to the terms of the Management Share Scheme and fulfillment of the vesting conditions set out in the Management Share Scheme and the grant notice, the CPS granted to and accepted by Selected Participant (which are originally held by the trustee under the Trust) will become vested in Selected Participant in accordance with the vesting schedule as set out in the grant notice and the trustee of the Trust shall transfer the relevant number of CPS to the Selected Participant or a company to be established by the Selected Participants accordingly.

The amount, if any, payable on application or acceptance of the CPS and the period within which payments must or may be made

Any offer for the grant of the CPS must be accepted within ten days inclusive of the day on which such offer was made. The amount payable by the grantee of the CPS to Guotsing BVI on acceptance of the offer for the grant of CPS is HK$0.56 per CPS, which shall be paid as soon as practicable after the grant of the offer.

The basis of determining the exercise price of the CPS granted

The purchase price of the CPS granted was determined based on the net asset value of CNQC (South Pacific) Holding Pte. Ltd as at 31 December 2012.

Remaining life of the scheme

The Management Share Scheme had expired on 1 April 2022. No further grant of CPS is allowed. However the Trust is still valid,and the Trust Period has automatically extended quarterly until receipt of notice from Guotsing BVI. Pursuant to the rules of the Management Share Scheme, all the CPS remaining under the Trust shall be transferred to Guotsing Holding Company Limited by the trustee of the Trust upon expiry of the Management Share Scheme.

Following the expiry of the Management Share Scheme, no further grant of CPS is allowed. As at 1 January 2023, 31 December 2023 and the date of this report, there was no unvested CPS under the Management Share Scheme and during the Reporting Period, no CPS was granted, vested, cancelled or lapsed under the Management Share Scheme. The amount of the CPS that was available for issue under the Scheme and the percentage of issued CPS that it represents as at the Expiry Date and the date of the interim report is nil.

There are no other information that are required to be disclosed under rule 17.07 of the Listing Rules regarding the Management Share Scheme.

DEBENTURE ISSUED

The Group did not issue any debenture for the year ended 31 December 2023.

CONVERTIBLE SECURITIES

Currently the Company has two classes of shares, being the ordinary Shares and the convertible preference shares of the Company (the "**CPS**").

On 15 October 2015, the acquisition of the entire issued share capital of Wang Bao Development Limited by the Company (the "**Acquisition**") was completed and upon completion of the Acquisition, the Company issued 647,273,454 CPS to Guotsing Holding Company Limited and 304,599,273 CPS to the trustee of the Trust as settlement of the consideration for the Acquisition. As at the date of this report, there are 124,875,197 CPS remained in issue.

The major terms of the CPS are as follows:

Nominal value: Non-redeemable convertible preference shares of HK$0.01 each created as a new class of shares in the share capital of the Company.

Conversion ratio: The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share.

Conversion rights: Holders of the CPS will have the right to convert all or such number of CPS into the new Shares to be issued and allotted by the Company upon the exercise of the conversion rights attaching to the CPS (the "**Conversion Shares**") at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules or any of the Shareholders having triggered any mandatory general offer obligation under Rule 26 of the Takeovers Code (unless a waiver from compliance with such requirement has otherwise been obtained).

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

Preferred distribution: Subject to compliance with all applicable laws and the Articles, each CPS shall confer on its holder the right to receive a preferred distribution ("**Preferred Distribution**") from the date of the issue of the CPS at a rate of 0.01% per annum on HK$2.75 per CPS, payable annually in arrears. Each Preferred Distribution is non-cumulative.

Dividend: Each CPS shall confer on its holder the right to receive, in addition to the Preferred Distribution, any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis.

Distribution of Assets: The holders of the CPS shall have priority over the Shareholders 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 (but not on conversion of CPS or any repurchase by the Company of CPS).

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

Transferability: The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction.

Ranking: Save and except for the voting rights, distribution entitlements upon liquidation, winding-up or dissolution of the Company, the Preferred Distribution rights and the rights set out above, each CPS shall have the same rights as each of the Shares. The Conversion Shares will be issued as fully paid and rank pari passu in all respects with the Shares in issue as at the date of conversion.

Adjustment: If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).

Listing: No listing has been sought for the CPS on the Stock Exchange or any other stock exchange. However, an application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

EQUITY-LINKED AGREEMENT

Save as disclosed in "Management Share Scheme" on page 23 and in the report, there was no other equity-linked agreement entered into by the Company during the year ended 31 December 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing shareholders.

CONTINUING CONNECTED TRANSACTIONS

The transaction set out below which was entered into between the Group and either Guotsing PRC or its subsidiaries (being connected persons of the Company) constitutes continuing connected transactions of the Company and was subject to reporting, announcement, annual review and independent shareholders' approval requirements (as the case maybe) for the purpose of Chapter 14A of the Listing Rules. Details of such continuing connected transactions is as follows:

2021 Framework Agreement with Singapore Bai Chuan

On 29 April 2021, the Company, entered into an agreement in relation to the provision of decoration engineering services for the period from 1 January 2021 to 31 December 2023 (the "**2021 Framework Agreement**") with Singapore Bai Chuan Investment Pte. Ltd ("**Singapore Bai Chuan**"), which is an indirect subsidiary of Guotsing PRC. Pursuant to the 2021 Framework Agreement, Singapore Bai Chuan agreed to provide to the Group the design, supply, manufacture and commission of various interior and exterior decoration engineering services, including but not limited to aluminum alloy, wood, iron, glass doors and windows curtain wall blinds lattice corridors, ironwork, wood products, tiles, floors, elevators and other services (the "**Decoration Engineering Services**").

Details of the terms of the 2021 Framework Agreement and the transactions contemplated thereunder were set out in the announcement of the Company dated 29 April 2021.

Singapore Bai Chuan is an indirect subsidiary of Guotsing PRC, which is under the common control of the ultimate beneficial owners of Guotsing BVI, a controlling shareholder of the Company. Singapore Bai Chuan is therefore a connected person of the Company by virtue of being an associate of Guotsing BVI and the transactions contemplated under the 2021 Framework Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the annual caps are more than 0.1% but are all less than 5%, the transactions contemplated under the 2021 Framework Agreement are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The transaction amount for the transactions contemplated under the 2021 Framework Agreement for the following period will not exceed the following annual caps:

Annual Caps	**(SGD million)**
From 1 January 2023 to 31 December 2023	8

The annual caps are determined based on (i) the historical transaction amount of the Decoration Engineering Services provided by the Singapore Bai Chuan Group to the Group before the pandemic situation; (ii) the projected amount of Decoration Engineering Services required for the performance of the construction contracts by the Group; and (iii) the projected increase in the average market prices for similar services due to increased labour costs and other factors.

The total amount of the continuing connected transaction pursuant to the 2021 Framework Agreement for the year ended 31 December 2023 was SGD1.0 million (equivalent to HK$5.7 million).

Annual review of continuing connected transactions

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that the transactions had been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) on normal commercial terms; and

(iii) in accordance with the relevant agreement governing them and on terms that are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Directors consider that those material related party transactions disclosed in note 35 to the financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules were entered into in the manners stated above.

In accordance with Rule 14A.56 of the Listing Rules, the auditors of the Company has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions which took place during the year:

(i) have not been approved by the Board;

(ii) (for transaction involving the provision of goods or services by the Group) were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and

(iv) have exceeded the annual cap.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange at least 10 business days prior to the bulk printing of this report.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the financial year. The Company has taken out and maintained appropriate insurance cover in respect of potential legal actions against its Directors and officers.

CHARITABLE DONATIONS

Charitable donations made by the Group during the Reporting Period amounted to HK$289,000 (2022: HK$142,000).

REPORT OF THE DIRECTORS

NON-COMPETITION UNDERTAKING

Reference is made to the "Non-Competition Deed" section of Management Discussion and Analysis in this report.

Guotsing PRC, Guotsing BVI and Dr. Du Bo (collectively, the "**Covenantors**") and the Company entered into the non-competition deed on 22 September 2015 (the "**Non-Competition Deed**"), pursuant to which each Covenantor has undertaken in favour of the Company (for itself and on behalf of its subsidiaries) that during the term of the Non-Competition Deed, it shall not, and shall procure that none of its/his associates shall (other than through the Group), directly or indirectly, carry on, engage, invest, participate or otherwise be interested in any property development projects and provision of construction services (the "**Restricted Businesses**") in Hong Kong, Macau, and Singapore (the "**Restricted Territories**").

The Covenantors also granted a right of first refusal to the Company (the "**Company's Right of First Refusal**") in respect of any new business opportunity to participate in the Restricted Businesses (the "**New Business Opportunity**") in the Restricted Territories and in respect of any Restricted Businesses of the Covenantor which the Covenantor has intentions to sell.

Details of the terms of the Non-Competition Deed and the Company's Right of First Refusal were set out in the circular of the Company dated 25 September 2015.

Guotsing Group has declared in writing that it has complied with the Non-competition Deed within the year under review.

CORPORATE GOVERNANCE CODE

The Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the Reporting Period.

The details of the Group's compliance with the Code is set out in the Corporate Governance Report from page 38 to page 54 of this report.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by PricewaterhouseCoopers, the auditor of the Company

PRINCIPAL RISKS AND UNCERTAINTIES

A considerable portion of the Group's revenue was derived from property development and construction businesses in Singapore. The Group's business operates in an industry which may be affected by factors such as unexpected project delay, changes in government policies, changes in interest rates, construction costs, land costs, market condition, technological advancements, changing industry standards and changing customers' needs and preferences for our new apartment design and quality construction services. Those factors may have various levels of negative impact on the results of the Group's operations. The Company has been closely monitoring the policies and regulations related to the business of the Group and will optimize its business model, adjust its operating strategies and leverage on its development strengths in order to maintain stable development.

Further, property development business is capital intensive in nature. Whilst the Group finances its property projects primarily through proceeds from sales, bank borrowings and internal funds, if no adequate financing can be secured or fail to renew the Group's existing credit facilities prior to their expiration, the Group's operation may adversely be impacted. The property construction business in Singapore is regulated by the Building and Construction Authority ("**BCA**") and other regulatory bodies in Singapore. These regulatory bodies stipulate the various criteria that must be satisfied before permits and licenses are granted to, and/or renewed for, the construction business and the registration with the Contractors Registration System ("**CRS**") maintained by the BCA is a pre-requisite requirement for tendering construction projects in the public sector. The renewal of the permits and licenses of the Group is subject to compliance with the relevant regulations. The Group are currently operating under various construction requisite licenses, which will expire in July 2025. Any non-renewal in the existing BCA permits and licenses will result in us not being qualified to tender or participate in certain projects, therefore reducing the number of project opportunities for the Group, and this may have an adverse impact on the Group's operations and financial performance. The Group's operation units will continue to closely monitor and ensure the Group's compliance with the standards and requirement of those licenses.

Also, volatility in the securities market may affect the Company's shares investments. The Company is also subject to market risk, such as currency fluctuations, and volatility of interest rates, credit risk, and liquidity risk in the normal course of the Group's business. Particulars of financial risk management of the Company are set out in note 3 to the consolidated financial statements.

KEY RELATIONSHIPS

(i) Employees

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard. The Group also places emphasis on the continuing education and training of staff. In particular, the Group focus on training management and key personnel to develop their management and decision-making abilities to enhance their work performance. The Group encourage a culture of learning and education and sponsor the employees to attend external training programmes cover areas such as construction, site safety, quality control, workplace ethics and training of other areas relevant to the industry.

(ii) Sub-contractors and suppliers

The Group have developed long-standing relationships with a number of our sub-contractors and suppliers and take great care to ensure that they share our commitment to quality and ethics. The Group carefully select and require them to satisfy certain assessment criteria including track record, experience, financial strength, reputation, ability to produce high-quality construction and quality control effectiveness. The potential risk from the sub-contractors and supplies is that they may not always meet quality standards or provide services in a timely manner. The Group may incur additional costs in respect of remedial action, such as the replacement of such contractors, as well as potential damage to reputation and additional financial losses as a result of delay in completion. Any of the above factors could have a material adverse effect on the business, financial condition and results of operations of the Group.

(iii) Customers

For property development, the Group is committed to offer a broad and diverse range of inspiring, value-for money, good-quality apartments with our various floor layout to our customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that we can respond proactively. The Group maintain by way of hi-Life-mobile application in order to provide convenience in living, communications with our customers through various channels like the Company's website, telephone, direct mail, marketing materials and social media. For construction, the Group also works for the clients to provide quality and value-added customer services at construction services.

ENVIRONMENTAL POLICIES

We are committed to building an environmentally-friendly workplace that pays close attention to conserving natural resources. We strive to minimize our environmental impact by saving water supplies, electricity and encouraging recycle of office supplies and other construction materials.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Singapore and Hong Kong while the Company itself is listed on the Stock Exchange. During the Reporting Period, the Company continued to strictly comply with the applicable laws, rules and regulations such as, in relation to environment protection, construction labour, health and safety in Hong Kong and Singapore; the building control act and regulations set out the requirements for licensing of builders in Singapore; the housing developers act and rules set out the requirements for licensing of a housing developer in Singapore; the contractor licensing regime in Hong Kong and the relevant regulatory requirements of regulatory authorities such as BCA, Urban Redevelopment Authority of Singapore, Development Bureau and Housing Authority of Hong Kong, and regulatory and compliance requirements imposed by the Stock Exchange and Securities and Futures Commission in Hong Kong. During the year ended 31 December 2023 and up to the date of this report, there is no material non-compliance with any of the prevailing laws and regulations in Singapore and Hong Kong.

On behalf of the Board

Wang Congyuan
Chairman

Hong Kong, 28 March 2024

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

DIRECTOR

Executive Director

Mr. Wang Congyuan (王從遠), aged 49, is an executive Director and Chairman of the Board of the Company. He was appointed as an executive Director and Chief Executive Officer on 26 January 2016. He was appointed as a member of the Remuneration Committee of the Company on 26 January 2016 and a member of the Strategy and Investment Committee on 22 March 2016. He was appointed as the chairman of the Strategy and Investment Committee on 31 March 2020. He was appointed as the Chairman and the chairman of the Nomination Committee on 24 February 2023. Mr. Wang is also a director of subsidiaries of the Company.

He has over 25 years of experience in the engineering and construction industry. From September 2007 to October 2015, Mr. Wang Congyuan took the positions of secretary to the board of directors, assistant to the president, the vice president and the joint chairman of 青建集團股份公司 (Qingjian Group Co., Ltd.*) and from December 2012 to October 2015, he was the vice president and the executive vice president of Guotsing PRC. During the period from August 2012 to December 2013, he served as the president of 青建國際集團有限公司 (Qingjian International Group Co., Ltd.*). Mr. Wang Congyuan, was also the chairman and the chief executive officer of 青島青建地產集團有限公司 (Qingdao Qingjian Real Estate Group Co., Ltd.*) during the period from July 2014 to August 2015.

He is currently a president of Guotsing PRC and Qingjian Group Finance LLC* (青建集團財務有限責任公司). He is also a director of Qingjian Group Co., Ltd.* (青建集團股份公司), Qingdao Qingjian Holding Ltd.* (青島青建控股有限公司), Haide Capital Investment (Shanghai) Co., Ltd* (海德邦和投資(上海)有限公司), Hyday (South Pacific) Investment Pte. Ltd, Guotsing Holdings (South Pacific) Investment Pte. Ltd, CNQC Development Limited, Guotsing Finance Holding Ltd and Guotsing Asset Management Limited.

Mr. Wang Congyuan holds a master's degree in business administration from PBC School of Finance ("五道口金融學院") of Tsinghua University, the People's Republic of China (the "**PRC**") and holds a bachelor's degree in thermal engineering from The University of Science and Technology Beijing, PRC. He is a Professor of Engineering and a member of the Chartered Institute of Building. Mr. Wang Congyuan was accredited as 青島市最具成長性企業家 (The Entrepreneur with Highest Potential in Qingdao*) in December 2012, and was awarded 山東省富民興魯勞動獎章 (The Award for Improvement of Living Standard in Shandong Province*) in April 2014, and accredited as 山東省優秀企業家 (The Excellent Entrepreneur in Shandong*) in 2021.

Save as disclosed above, Mr. Wang has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Li Jun (李軍), aged 47, is an executive Director and Chief Executive Officer of the Company. He was appointed as an executive Director and Chief Executive Officer on 24 February 2023. He was appointed as a chairman of the Strategy and Investment Committee on 24 February 2023. Mr. Li is also a director of subsidiaries of the Company.

Mr. Li has more than 20 years of experience in financial management and corporate finance. Prior to joining the Group, he worked at several companies as an audit manager from 1999 to 2007. He served as the deputy manager and general manager of the financial management department and deputy general manager of the capital operation department of Qingjian Group Co., Ltd* (青建集團股份公司) from July 2007 to December 2014. He also served as deputy chief accountant and assistant to the president and executive vice president of the financial division of Guotsing Holding Company Limited* (國清控股集團) from December 2012 to December 2014. He is also a director of Guotsing Finance Holding Company Limited and Guotsing Asset Management Limited.

Mr. Li graduated from Qingdao University in the PRC with a bachelor's degree in accountancy and from Tianjin University of Finance and Economic in the PRC with a master's degree in accountancy. Mr. Li is a senior accountant and a certified accountant in the PRC.

Save as disclosed above, Mr. Li has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Dr. Du Bo (杜波博士), aged 65, is an executive Director and honorary chairman of the Company. He was appointed as an executive Director on 31 March 2020, and was at the same time appointed a member of the Nomination Committee and the Strategy and Investment Committee. Dr. Du is also a director of subsidiaries of the Company.

He has more than 40 years of extensive experience in the engineering and construction industry both in the PRC and overseas. Dr. Du had been appointed as the executive Director and the chairman of the Board of the Company from 11 April 2014 to 26 January 2016.Prior to joining the Group, he was appointed as the general manager of 青島建設集團公司 (Qingdao Construction Group Co., Ltd.*) in July 2001. He served as the chairman of the board of directors (from September 2007 to January 2013) and the chief executive officer (from September 2007 to December 2011) of 青建集團股份公司 (Qingjian Group Co., Ltd.*). Dr. Du has become the chairman of the board of directors of the Guotsing Holding Group Limited from November 2012 to November 2022, during which he also acted as the chief executive officer of the Guotsing Holding Group Limited from November 2012 to December 2013. He is currently the chairman of 青島青建控股有限公司 (Qingdao Qianjian Holding Company Limited*) and a director of Guotsing Holding Company Limited, Guotsing Asset Management Limited,Guosting Finance Holding Limited and CNQC Development Limited.

Dr. Du graduated from 山東建築工程學院 (Shandong Construction Engineering Institute*), now known as Shandong Jianzhu University (山東建築大學) with a bachelor's degree in Engineering in 1982, and he obtained a doctorate in Management Science,specialized in Management Science and Engineering, from Tongji University (同濟大學), the PRC, in 2004. Dr. Du is also a tutor or part-time professor of various tertiary educational institutions, among others, the doctoral tutor of Tongji University (同濟大學), the postgraduate tutor of Qingdao Technological University (青島理工大學), Shandong Jianzhu University (山東建築大學) and Qingdao University (青島大學), and part time professor of Shandong Jianzhu University (山東建築大學) and Qingdao University (青島大學).

Save as disclosed above, Dr. Du has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Du Dexiang (杜德祥), aged 28, is an executive Director and co-Chief Executive Officer of the Company. He was appointed as an executive Director and co-Chief Executive Officer on 24 February 2023. He was appointed as a member of the Remuneration Committee of the Company and a member of the Strategy and Investment Committee on 24 February 2023. Mr. Du is also a director of subsidiaries of the Company.

Mr. Du has extensive experience in financial management and corporate finance. Before joining the Group, he worked in United Overseas Bank of Singapore. He joined the Group in May 2021 and was consecutively acted as the assistant chief executive officer of the Company and the president of CNQC (South Pacific) Holdings Pte. Ltd.

Mr. Du graduated from the University College London with a bachelor of science (economics) degree in economics and statistics. He also holds a master of science degree in risk management and financial engineering from Imperial College London. Mr. Du is the son of Dr. Du Bo, an executive Director.

Save as disclosed above, Mr. Du has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Non-Executive Director

Mr. Ren Zhiqiang (任志強), aged 41, is a non-executive Director of the Company. He was appointed as a non-executive Director of the Company and a member of the Strategy and Investment Committee on 24 February 2023.

Mr. Ren is currently the secretary to the board of directors of China Great Wall AMC (International) Holdings Co., Ltd. (中國長城資產(國際)控股有限公司) and the managing director of the investment banking department. From 2011 to 2016, he successively served as manager of the business audit department and office affairs of China Great Wall Asset Management Co., Ltd. Since 2017 he has served as the managing director of the special assets department, business approval and management department and comprehensive management department of China Great Wall AMC (International) Holdings Co., Ltd. (中國長城資產(國際)控股有限公司). From April 2021 to July 2021, he served as a non-executive director of CMIC Ocean En-Tech Holding Co., Ltd. (stock code: 206), which is listed on the Main Board of the Stock Exchange.

Mr. Ren graduated from the University of Hong Kong with a master's degree in business administration and a master's degree in law from China University of Political Science and Law.

Save as disclosed above, Mr. Ren has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Independent Non-executive Director

Mr. Tam Tak Kei, Raymond (譚德機), aged 61, was appointed as an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee on 11 September 2012. Mr. Tam was appointed the member of Remuneration Committee on 11 January 2019. Mr. Tam joined the Company on 11 September 2012. Mr. Tam obtained a Bachelor of Arts degree in Accounting with Computing from University of Kent at Canterbury, the United Kingdom in July 1985. He has been a member of The Institute of Chartered Accountants in England and Wales since August 1990 and an associate of the Hong Kong Society of Accountants since January 1995.

Mr. Tam acted as the financial controller at international law firms for nine years and has over 30 years of professional accounting experience and is currently the company secretary of Tian Lun Gas Holdings Limited (stock code: 1600), which listed on the Main Board of the Stock Exchange.

Mr. Tam has also acted as an independent non-executive director of, Yunhong Guixin Group Holdings Limited (stock code: 8349) since December 2016, a company listed on the Growth Enterprise Market of Stock Exchange, Green Economy Development Limited (stock code: 1315) from December 2011 to February 2023 and Kingland Group Holdings Limited (stock code: 1751) since May 2020, both companies listed on the Main Board of Stock Exchange.

Save as disclosed above, Mr. Tam has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Chan Kok Chung, Johnny (陳覺忠), aged 64, is an independent non-executive Director. He was appointed as an independent non-executive Director on 26 January 2016. He was appointed as a member of the Audit Committee, a member of the Nomination Committee, a member of the Remuneration Committee and a member of Strategy and Investment Committee on 22 March 2016.

He has over 40 years of experience in investment banking and investment management industry. He is CIO of the Cyberport Macro Fund of the Hong Kong Cyberport Management Company.

Mr. Chan is a Member of the Listing Committee of The Stock Exchange of Hong Kong Limited since 2020 and was appointed as Deputy Chairman of the Listing Committee of The Stock Exchange of Hong Kong Limited from July 2022.

Mr. Chan has also acted as an independent non-executive Director of Hangzhou SF Intra-city Industrial Co., Ltd. (stock code: 9699) since November 2021, and an independent non-executive Director of HSBC Provident Fund Trustee (Hong Kong) Limited, a member of HSBC Holdings.

He is a co-founder and director of Techpacific Capital Limited, and was the Chairman and CIO of Crosby Asset Management (Hong Kong) Limited from 2004 to 2015 and Chairman and founder of Crosby Wealth Management from 2004 to 2012. Mr. Chan is the President of the Hong Kong Venture Capital and Private Equity Association Limited (Chairman 2007–2011). He is also the founder and Secretary General of the Asian Venture Capital and Private Equity Council Limited.

Mr. Chan holds a Master of Business Administration degree from Bayes Business School, City, University of London in the United Kingdom, a postgraduate diploma from The Securities Institute of Australia (now FINSIA) and a Bachelor of Arts (Hons) degree in Economics from the London Metropolitan University.

Save as disclosed above, Mr. Chan has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Liu Junchun (劉軍春), aged 61, is an independent non-executive Director. He was appointed as an independent non-executive Director and a member of the Audit Committee, a member of the Nomination Committee, a chairman of the Remuneration Committee on 24 February 2023.

From 1986 to 1991, Mr. Liu worked in Qingdao Foreign Economic and Trade Commission* (青島市對外經濟貿易委員會). From 1991 to 1993, he worked in the Department of Treaty and Law of the Ministry of Foreign Trade and Economic Cooperation* (外經貿部條約法律司). From 1993 to 1997, he served as the deputy director and director of the China Hainan Trade Center of the Ministry of Foreign Trade and Economic Cooperation* (外經貿部中國海南貿易中心). From 1997 to 2000, he served as the general manager of the Enterprise Management Department of the International Trade EDI Center of the Ministry of Foreign Trade and Economic Cooperation (外經貿部國際貿易EDI中心企業管理部). He joined HNA Group Company Limited* (海航集團有限公司) in 2000 and served as assistant to the president, senior assistant to the president, executive vice president and general executive vice president successively. From 2012 to 2014, he served as the vice chairman and chief executive officer of HNA Logistics Group Co., Ltd.* (海航物流集團有限公司). From 2014 to 2019, he served as the vice chairman of HNA Group (International) Company Limited* (海航集團(國際)有限公司). From 2016 to 2019, he served as non-executive director, executive director and vice chairman of the board of directors of Hong Kong International Construction Investment Management Group Co., Limited (now renamed as Tysan Holdings Limited (Stock: 00687) which is listed on the Main Board of the Stock Exchange successively. Since 2021, he has served as the vice chairman of Rongfeng (Group) Holdings Co., Ltd.

Mr. Liu graduated from the East China University of Political Science and Law (international economic law department) with a bachelor of laws degree in 1982. He graduated from Peking University in 1999 with a master's degree in law.

Save as disclosed above, Mr. Liu has not served in any public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past three years.

SENIOR MANAGEMENT

Mr. Cheng Wing On, Michael (鄭永安), aged 67, is an honorary consultant of the Company. He was appointed as a Director on 15 April 2011, and was the Chief Executive Officer from 11 September 2012 to 26 January 2016. He was appointed as the Chairman of the Board on 26 January 2016. He was appointed as the chairman of the nomination committee of the Company (the "**Nomination Committee**") on 26 January 2016 and the chairman of the strategy and investment committee of the Company (the "**Strategy and Investment Committee**") on 22 March 2016. He resigned the chairman of the Strategy and Investment Committee on 31 March 2020 and continue to serve as a member. Mr. Cheng resigned as the Chairman of the board of the Company on 24 February 2023. Mr. Cheng is also a director of subsidiaries of the Company.

He has over 44 years of experience in the engineering and construction industry. Prior to establishing Sunnic Engineering Limited in May 1993, he served as a structural engineer in Sun Hung Kai Engineering Company Limited, a company principally engaged in the design business and engineering, from August 1980 to January 1982 and Leung Kee Holdings Limited, now known as Up Energy Development Group Limited, a company listed on the Main Board of the Stock Exchange and principally engaged in the development and construction of coal mining and coke processing facilities from January 1983 to December 1993 with his last position serving as a managing director. He obtained his bachelor's degree of Applied Science from the University of Toronto in Toronto, Canada in June 1980.

Mr. Zhang Yuqiang (張玉強), aged 62, is a director of certain subsidiaries of the Company. He was appointed as an executive Director on 11 April 2014 and a general manager of the Company on 22 April 2014. Mr. Zhang joined the Company on 11 April 2014 and is responsible for assisting the Chief Executive Officer in the overall operations and management of the Group. He was appointed as a member of the Remuneration Committee of the Company and a member of the Strategy and Investment Committee on 22 March 2016. Mr. Zhang resigned as the executive Director and general manager of the Company on 24 February 2023.

Mr. Zhang has more than 30 years' experience in the property construction industry. Prior to joining the Group, Mr. Zhang acted as the deputy general manager of international business division of Qingjian from 2001 to 2007. During 2007 to 2012, he consecutively acted as the assistant to president of Qingjian, vice president and general manager of 青建集團股份公司阿爾及利亞分公司 (Algeria Branch Company of Qingjian*), and deputy president of the international business department and property department of Qingjian. and the vice-president of the Guotsing Holding Group Limited.

Mr. Zhang graduated from 山東建築工程學院 (Shandong Construction Engineering Institute*), the PRC, with a Bachelor's degree in Engineering in 1984. He obtained a Master's degree in Business Administration from Nankai University (南開大學), the PRC, in June 2010. Mr. Zhang qualified as a certified constructor of the Ministry of Construction of the PRC in November 2007.

Mr. Wang Linxuan (王林宣), aged 51, director of CNQC (South Pacific) Holding Pte. Ltd. Mr. Wang has more than 20 years of experience in construction and real estate industries in Singapore and China. Mr. Wang Linxuan holds a bachelor's degree of Science in Architectural Engineering from Shandong Institute of Architecture and Engineering (山東建築工程學院), and a master's degree in business administration from National University of Singapore. Mr. Wang Linxuan is a senior engineer (高級工程師) and also a National certified first-class Constructor (一級建造師).

Mr. Cao Jintong (曹錦桐), aged 37, joined the Group in March 2014. He was appointed as the Chief Financial Officer on 30 November 2023 and is the Vice President of the Company. Mr. Cao holds a master's degree of science in international banking and finance from Lingnan University, Hong Kong and a bachelor's degree of management from Shenzhen University. Mr. Cao has more than ten years of experience in corporate finance, financial management and company secretarial. He was consecutively acted as the company secretarial officer, senior investment manager and secretary of the Chairman of the Company from 2014 to 2023.

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Ms. Pu Xiaosen (蒲小森), aged 45, joined the Group in July 2014. She is the Assistant to CEO of the Company and the Financial Manager of several subsidiaries. Ms. Pu holds a Master of Liberal Arts of Finance degree (PT/DL) from Harvard University, the US, and a Master of Management degree from University of Worcester, the UK. She has about 20 years of international experience in financial management, corporate finance and M&A. Prior to joining the Group, she served the Group's related parties, the International Business Division of Qingjian and Qingjian International (South Pacific) Group Development Co., Pte Ltd., from 2011 to 2014. Ms. Pu is a Chartered Accountant of Singapore and a fellow member of the Association of Chartered Certified Accountants.

Mr. Zhu Wenbo (朱文博), aged 38, joined the Group in September 2012, he is director and the Executive President of CNQC (South Pacific) Holding Pte Ltd, Managing Director of QingJian International (South Pacific) Group Development Co., Pte Ltd, Managing Director of CNQC Engineering & Construction Pte. Ltd., Executive Director and Chief Executive Officer of Welltech Construction Pte Ltd. Mr. Zhu holds a Bachelor's degree in Accounting from Qingdao University. Mr. Zhu has more than 15 years of experience in the engineering and construction industry. He worked at Qingdao Bohai Construction Group Co., Ltd as a Manager of the finance department and at Welltech Construction Pte Ltd as a Director and Deputy General Manager during 2007 to 2016. Mr. Zhu is a qualified accountant.

Mr. Xu Zhengpeng (徐正鵬), aged 50, joined the Group in April 2008, he is the vice president of CNQC (South Pacific) Holding Pte. Ltd. Mr. Xu holds a Bachelor's degree in finance management from Qingdao University of Science & Technology, the PRC, a master's degree in management from Shanghai Jiao Tong University, the PRC. Mr. Xu has more than 20 years of experience in financial management and corporate finance. He worked at Qingdao Qingjian Holding Co* as a director of the finance department and at Qingjian Realty Pte. Ltd as a chief accountant during 2002 to 2012. Mr. Xu is a qualified accountant .

Mr. Yeong Chenseng (楊振聲), aged 50, joined the Group in September 2012, he is the chief financial officer of CNQC (South Pacific) Holding Pte. Ltd. Mr. Yeong holds a Bachelor of Accountancy degree from Nanyang Technological University, Singapore. Mr. Yeong has more than 20 years of experience in financial management and corporate finance. Prior to joining the Group, he worked at PricewaterhouseCoopers from 1997 to 2012. He was also the chief financial officer of Guotsing (South Pacific) Holding Pte Ltd from 2014 to 2015. Mr. Yeong is a Chartered Accountant of Singapore.

Mr. Ouyang Jing (歐陽晶), aged 42, joined the Group in December 2011. He is the vice president of CNQC (South Pacific) Holding Pte. Ltd and the Director and General Manager of Qingjian Realty (South Pacific) Group Pte. Ltd. Mr. Ouyang holds a Bachelor Degree in Civil Engineering from Hunan University. Having over 20 years of experience in the real estate industry, Mr. Ouyang worked as Design Manager, HOD of Business Development, Assistant General Manager, Deputy General Manager and Executive General Manager in Qingjian Realty (South Pacific) Group Pte. Ltd. since 2011.

Mr. Li Dong (李棟), aged 37 , joined the Group in May 2014 and is currently vice president of CNQC (South Pacific) Holdings Pte. Ltd., and Director, Co-general Manager and Finance Controller of Qingjian Realty (South Pacific) Group Pte. Ltd.. Mr. Li obtained his Master's degree in Economics and Finance from the University of Essex in 2010 and his Bachelor's degree in financial Engineering from Nanjing University of Finance and Economics in 2008. In 2011, he obtained the title of intermediate economist. Since April 2014, he has successively served as senior executive, deputy chief Accountant, Finance Controller and Executive General Manager of Qingjian Realty (South Pacific) Group Pte. Ltd..

Mr. Jia MingJun (賈明軍), aged 43, director and general manager of Sunley M&E Engineering Pte. Ltd and the vice president of CNQC (South Pacific) Holding Pte. Ltd.. Mr. Jia holds a bachelor's degree in engineering management in 2004. Besides, Mr. Jia is certified human resources professional (grade 1) and engineer in China. Since 2005, Mr. Jia has more than 17 years of experience in corporate management in the construction industry in multiple countries, and has held various positions including administrative management, human resource management, strategic management, and project director etc., he was director of Qingjian International (South Pacific) Group Development Co., Ltd..

BIOGRAPHIES OF THE DIRECTORS AND SENIOR MANAGEMENT

Mr. Ip Kwok Lam, Corum (葉國林), aged 58, joined our Group in January 2021. He is the Director of both Sunnic Engineering Ltd. & Woon Lee Construction Co., Ltd. He holds a Bachelor of Science Degree in Building from City University of Hong Kong (1990) and a Master Degree of Science in Construction and Real Estate from Hong Kong Polytechnic University (2007). He is a Chartered Builder, a Corporate Member of Hong Kong Institution of Construction Managers, and a Member of Hong Kong Institution of Engineers (Building Discipline). Mr. Ip is responsible for overall management and operations for the Main Contractors' business in Hong Kong for the Group. He has about 34 years of working experience in the construction industry. Mr. Ip joined Hsin Chong Construction Group to start his career as a graduate engineer in 1990 and was promoted to an executive member of the group in 2003 and he left the company after 18 years of service. He had participated in lots of large scale and complicated fast track construction projects including Sands Macau and Venetian Cotai Developments. Later, he joined a rising private construction group as Director and General Manager. Within 7 years, he led that company to be a qualified contractor both under the list of Development Bureau in Group C of Building Category and under the list of Hong Kong Housing Authority in NW2 Group. He also led the team's growth from the original 60 staff to an organizational structure of 600 staff.

Mr. Fung Tze Fan (馮子勳), aged 52, joined Sunley Engineering and Construction Company Limited in October 2010 and is now a Project Director. He graduated from the University of London with a Bachelor Degree in Civil Engineering in 1995. Frankie has 27 years of extensive experience in the engineering and construction industry, and he oversees the operations of Sunley's foundation works. Before joining Sunley in 2010, he held senior positions with major corporations in Hong Kong for 15 years and headed civil engineering and construction projects such as drainage works, foundation works, slope maintenance, water mains works and site formation works.

Ms. Au Wing Sze (區詠詩) has been appointed as a company secretary of the Company on 30 November 2023. She is an assistant manager of the listing services department of TMF Hong Kong Limited, responsible for providing corporate secretarial and compliance services to listed companies. She has over 10 years of experience in the corporate secretarial field. Ms. Au is an associate member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. She holds a master of corporate governance from Hong Kong Metropolitan University.

CORPORATE GOVERNANCE REPORT

The Company has been committed to maintaining a high standard of corporate governance and endeavours in applying and complying with all the applicable provisions (including the principles therein) as set out in the Corporate Governance Code (the "**Code**") contained in Appendix C1 to the Listing Rules, and to devoting considerable effort to improve its practices in light of the regulatory requirements and expectation of the investors.

The Company had complied with all the applicable code provisions and recommended best practices as set out in the Code during the Reporting Period and up to the date of this annual report.

The Group commits to continuously improving its corporate governance practices by periodic review to ensure that the Group continues to meet the requirements of the Code.

The key corporate governance practices of the Group are summarized as follows:

BOARD OF DIRECTORS

Composition

As at the date of this annual report, the Board comprises four executive Directors, one non-executive Director and three independent non-executive Directors.

Executive Directors

Mr. Wang Congyuan
Mr. Li Jun (李軍)
Dr. Du Bo
Mr. Du Dexiang

Each of Mr. Li Jun (李軍) and Mr. Du Dexiang entered into a service contract for executive directorship with the Company effective from 24 February 2023 for a term of three years, unless terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the Director's service contract.

Mr. Wang Congyuan renewed his service contract for executive directorship with the Company effective from 26 January 2022 for a term of three years, unless terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the Director's service contract. Mr. Wang Congyuan was appointed as the Chairman on 24 February 2024.

Dr. Du Bo renewed his service contract for executive directorship with the Company effective from 31 March 2023 for a term of three years, unless terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the Director's service contract.

Non-executive Director

Mr. Ren Zhiqiang

Mr. Ren Zhiqiang, who was appointed as a non-executive Director with effect from 24 February 2023, entered a service contract as a non-executive Director on 24 February 2023 with the Company for a term of three years, unless terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the Director's service contract.

Independent Non-executive Directors

Mr. Tam Tak Kei, Raymond
Mr. Chan Kok Chung, Johnny
Mr. Liu Junchun

Mr. Tam Tak Kei, Raymond renewed their service contracts for independent non-executive directorship with the Company effective from 12 September 2022 for a term of two years, unless terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the director's service contract.

Mr. Chan Kok Chung, Johnny renewed his service contract for independent non-executive directorship with the Company effective from 24 January 2024 for a term of two years, unless terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the director's service contract.

Mr. Liu Junchun entered into a service contract for independent non-executive directorship with the Company effective from 24 February 2023 for a term of two years, unless terminated by not less than three months' notice in writing served by either party on the other or otherwise in accordance with the terms of the Director's service contract.

The Company has complied with rules 3.10(1) and 3.10A of the Listing Rules. During the Reporting Period, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents one-third of the Board. As such, there exists a strong independent element in the Board, which can effectively exercise independent judgment. The Company has also complied with rule 3.10(2) of the Listing Rules which stipulates that one of the independent non-executive Directors must possess appropriate professional qualification or accounting or related financial management expertise. In compliance with the Code, the independent non-executive Directors are expressly identified as such in all corporate communications that disclose the names of the Directors.

The Directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles.

At each following annual general meeting, one-third of the Directors are required to retire from office. Each Director shall retire from office once every three years. The Directors to retire in every year shall be those appointed by the Board during the year and those who have been longest in office since their last election or re-election.

Mr.Wang Congyuan, Mr. Tam Tak Kei, Raymond and Mr. Chan Kok Chung, Johnny will retire from office as Directors at the forthcoming annual general meeting of the Company, being eligible, to offer themselves for re-election pursuant to Article 108(a) of the Articles. No Director proposed for re-election at the annual general meeting has a service contract with the Company, which is not determinable by the Company within one year other than statutory compensation.

Each of the independent non-executive Directors has confirmed his independence with reference to the factors set out in Rule 3.13 of the Listing Rules, and the Company has received annual written confirmation from each of Mr. Tam Tak Kei, Raymond, Mr. Chan Kwok Chung, Johnny and Mr. Liu Junchun on their independence in accordance with the Listing Rules. The Group considers all independent non-executive Directors to be independent under Rule 3.13 of the Listing Rules.

In determining the proposal to re-elect Mr. Tam Tak Kei, Raymond as an independent non-executive Director effective from 12 September 2022 notwithstanding that they have served as an independent non-executive Director for more than nine years, (i) the Board and the nomination committee of the Company (the "**Nomination Committee**") have assessed and reviewed the annual confirmation of independence of Mr. Tam Tak Kei, Raymond based on the criteria set out in Rule 3.13 of the Listing Rules, in particular given that Mr. Tam Tak Kei, Raymond is neither interested in the securities in or business of the Company nor connected with any Directors, chief executive or substantial Shareholder of the Company. The Board and the Nomination Committee consider that Mr. Tam Tak Kei, Raymond remains independent of management and free of any relationship which could materially interfere with the exercise of his independent judgment; (ii) by taking into account the nomination policy and the board diversity policy of the Company, the Nomination Committee considers that Mr. Tam Tak Kei, Raymond was a suitable candidate as an independent non-executive Director based on his background, experience and commitment to devote sufficient time to the Company; (iii) the Board considers that the respective cultural background, educational background and work experience of Mr. Tam Tak Kei, Raymond can bring further contributions to the Board's diversity, and believes that Mr. Tam Tak Kei, Raymond would be able to devote sufficient time to the Board; and (iv) the Board is satisfied that through exercising the scrutinising and monitoring function of an independent non-executive Director, Mr. Tam Tak Kei, Raymond has continued to provide independent and objective judgment and advice to the Board to safeguard the interests of the Company and the Shareholders as a whole.

In view of the foregoing factors, and that the tenure of Mr. Tam Tak Kei, Raymond brings considerable stability and significant contribution to the Board and the Board has benefited greatly from the presence and experience of Mr. Tam Tak Kei, Raymond who has over time gained valuable insight into the Group and its markets, the Board believes that Mr. Tam Tak Kei, Raymond has the character, integrity, independence and expertise to continue to fulfill his role as an independent non-executive Director effectively and will continue to bring valuable experience, knowledge and professionalism to the Board.

Mr. Du Dexiang, executive Director and Co-Chief Executive Officer who was appointed with effect from 24 February 2023 is the son of Mr. Du Bo, executive Director. Save as disclosed in this Annual Report, none of the Director or the Executive Directorate has any relationship (including financial, business, family or other material or relevant relationships) with another Director or chief executives.

Mr. Li Jun, Mr. Du Dexiang, Mr. Ren Zhiqiang and Mr. Liu Junchun were appointed as Directors with effect from 24 February 2023 and had obtained legal advice referred to in Rule 3.09D on 24 February 2023. Each of Mr. Li Jun, Mr. Du Dexiang, Mr. Ren Zhiqiang and Mr. Liu Junchun understood his obligations as a Director.

BOARD AND GENERAL MEETINGS

The Board meets regularly and, in addition to regular meetings, it meets as and when warranted by particular circumstances. Under code provision C.5.1 of the Code, the Board shall meet regularly and at least four times a year at approximately quarterly intervals. During the Reporting Period, six Board meetings and one general meeting were held up to the date of this report.

The Directors' attendance of the Board meetings and general meeting during the Reporting Period is set out as follows:

Name of Directors	Attendance/Number of meetings during the Reporting Period Board Meeting	General Meeting
Executive Directors		
Mr. Wang Congyuan *(Chairman)*	6/6	1/1
Mr. Li Jun (李軍) *(Chief Executive Officer) (appointed on 24 February 2023)*	6/6	1/1
Dr. Du Bo	6/6	1/1
Mr. Du Dexiang *(Co-Chief Executive Officer) (appointed on 24 February 2023)*	6/6	1/1
Non- executive Director		
Mr. Ren Zhiqiang *(appointed on 24 February 2023)*	5/6	1/1
Independent Non-executive Directors		
Mr. Tam Tak Kei, Raymond	5/6	1/1
Mr. Chan Kok Chung, Johnny	5/6	1/1
Mr. Liu Junchun *(appointed on 24 February 2023)*	5/6	1/1

Note:

Mr. Cheng Wing On, Michael and Mr. Zhang Yuqiang (Executive Directors), Mr. Chen Anhua (Non-executive Director) and Mr. Ching Kwok Hoo, Pedro (Independent non-executive Director) have resigned on 24 February 2023. Each of them did not attend any Board meetings or general meeting during the Reporting Period.

BOARD RESPONSIBILITIES AND DELEGATION

The Board is responsible to the shareholders for leadership and control of the Group and is collectively responsible for promoting the success of the Group by directing and supervising the Group's affairs. The Board focuses on formulating the Group's overall strategies, approving the annual development plan and budget; monitoring financial and operating performance; reviewing the effectiveness of the internal control system and supervising and managing management's performance.

Regarding the Group's corporate governance, during the Reporting Period, the Board has in accordance with the terms of reference performed the following duties:

- determined and reviewed the policies and practices on corporate governance of the Group and make recommendations;
- reviewed and monitored the training and continuous professional development of Directors and senior management;
- reviewed and monitored the Group's policies and practices on compliance with legal and regulatory requirements;
- developed, reviewed and monitored the code of conduct applicable to Directors and employees; and
- reviewed the Company's compliance with the Code and disclosure in this corporate governance report.

The Board delegates the day-to-day management, administration and operation of the Group to the management. The delegated functions are reviewed by the Board periodically to ensure they remain appropriate to the needs of the Group. The Board gives clear directions to the management as to the matters that must be approved by the Board before decisions are made on behalf of the Group by the management.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

All Directors as at the date of this Report confirmed that they had complied with code provision C.1.4 of the Code during the Reporting Period, that all Directors had participated in continuous professional development to develop and refresh their knowledge and skills. The Company has arranged an in-house training on the Listing Rules in the form of a seminar during the Reporting Period and relevant training material has been distributed to all the Directors. The training covered topics including regulatory requirements for discloseable transactions of acquisition and disposal, the regulatory guidance on the directors' duties in the context for valuation in corporate transactions, the disclosure obligations relating to the winding-up and liquidation.

Name of Directors	Reading seminar materials and updates relating to the latest development of the Listing Rules and other applicable regulatory requirements	Attending in-house training
Mr. Wang Congyuan	1	1
Dr. Du Bo	1	1
Mr. Li Jun (李軍)		
Mr. Du Dexiang	1	1
Mr. Ren Zhiqiang	1	1
Mr. Tam Tak Kei, Raymond	1	1
Mr. Chan Kok Chung, Johnny	1	1
Mr. Liu Junchun	1	1

Note:

Mr. Cheng Wing On, Michael and Mr. Zhang Yuqiang (Executive Directors), Mr. Chen Anhua (Non-executive Director) and Mr. Ching Kwok Hoo, Pedro (Independent non-executive Director) have resigned on 24 February 2023. Mr. Zhang Yuqiang attended the in-housing training during the Reporting Period.

CHAIRMAN AND CHIEF EXECUTIVE

Under code provision C.2.1 of the Code, the roles of chairman and chief executive should be separated and should not be performed by the same individual. In compliance with the Code, the Group had appointed a separate chairman and chief executive of the Company during the Reporting Period. In order to ensure that there is clear division of responsibilities between the chairman of the Board and the chief executive of the Company, the two positions are assumed by different individuals and their respective responsibilities are clearly established and set out in the Company's internal guidelines. The Chairman of the Board during the Reporting Period, Mr. Wang Congyuan, was responsible for the operation of the Board and the formulation of the Group's strategies and policies. Mr. Li Jun (李軍), the Chief Executive Officer of the Company during the Reporting Period, with the assistance of other members of the Board and senior management, was responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation. The Chairman of the Board had ensured that all Directors were properly briefed on issues arising at the Board meetings and received adequate, complete and reliable information in a timely manner.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix C3 of the Listing Rules (the "**Model Code**") as the code of conduct of the Company regarding directors' transactions of the listed securities of the Company.

The Company has made specific enquiry to all Directors, and all Directors have confirmed that they had complied with the required standards set out in the Model Code and its code of conduct during the Reporting Period.

REMUNERATION COMMITTEE

During the Reporting Period, the Remuneration Committee consisted of two executive Directors, namely, Mr. Wang Congyuan and Mr. Du Dexiang, and three independent non-executive Directors, namely Mr. Tam Tak Kei, Raymond,Mr. Chan Kok Chung, Johnny and Mr. Liu Junchun, with Mr. Liu Junchun being the chairman of the Remuneration Committee.

The written terms of reference of the Remuneration Committee adopted by the Board are in line with the Code and are available on the website of the Company and the Stock Exchange.

The principal responsibilities of the Remuneration Committee include making recommendations to the Board on the Group's policy and structure for the remuneration of all Directors and senior management, reviewing and approving the management's remuneration proposals with reference to the corporate goals and objectives of the Board from time to time. The Remuneration Committee made recommendations to the Board on the remuneration packages of individual executive Directors and senior management and the Board as a whole determined the remuneration policy and packages of the Directors. No individual Director was allowed to involve in deciding his own remuneration.

The Remuneration Committee has held two meetings during the Reporting Period to, inter alia, review the Group's remuneration policy and structure of the Company and the remuneration and performance of duties of the executive Directors and senior management. The committee members' attendance of the Remuneration Committee during the Reporting Period is set out as follows:

	Attendance/ Number of meetings during the Reporting Period
Mr. Wang Congyuan	2/2
Mr. Du Dexiang	2/2
Mr. Chan Kok Chung, Johnny	2/2
Mr. Tam Tak Kei, Raymond	2/2
Mr. Liu Junchun *(Chairman)*	2/2

The work performed by the Remuneration Committee during the Reporting Period includes the following:

- assessed the performance of executive Directors and consulted the Chairman of the Board and the chief executive about the executive Directors' remuneration proposals and remuneration policy;
- reviewed and approved the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- made recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- approved the terms of executive Directors' service contracts;
- made recommendations to the Board on the remuneration of non-executive Directors;
- considered salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries; and
- ensured that no Director or any of his/her associates is involved in deciding his/her own remuneration.

DIRECTORS' REMUNERATION

Directors' emoluments are determined with reference to Directors' duties, responsibilities and performance and the results of the Group. In addition, the Directors' remuneration is reviewed by the remuneration committee of the Company annually. Details of the Directors' remuneration are set out in note 37 of the financial statements.

No director waived or agreed to waive any emoluments during the year.

REMUNERATION OF THE SENIOR MANAGEMENT

For the Reporting Period, the remuneration of senior management is listed as below by band:

Band of remuneration (HK$)	**Name of the Senior Management**
HK$2,000,000 and below	Xu Zhengpeng, Yeong Chenseng, Ouyang Jing, Li Dong, Jia Mingjun, Fung Tze Fan, Cao Jintong, Pu Xiaosen, Au Wing Sze
HK$2,000,001 to HK$3,000,000	Zhang Yuqiang, Wang Linxuan
HK$3,000,001 to HK$4,000,000	Cheng Wing On, Michael
HK$5,000,001 to HK$6,000,000	Ip Kwok Lam
HK$13,000,001 to HK$14,000,000	Zhu Wenbo

Further details of the remuneration of the Directors and the 5 highest paid employees required to be disclosed under Appendix D2 of the Listing Rules have been set out in Note 10 to the financial statements.

AUDITOR'S REMUNERATION

During the Reporting Period, the fees incurred for audit service and non-audit services provided by the auditor of the Group was approximately HK$8,358,000 and HK$380,000 respectively. The non-audit services mainly included the tax compliance services.

AUDIT COMMITTEE

During the Reporting Period, the Audit Committee consisted of three independent non-executive Directors, namely Mr. Tam Tak Kei, Raymond, Mr. Chan Kok Chung, Johnny and Mr. Liu Junchun, with Mr. Tam Tak Kei, Raymond being the chairman of the Audit Committee. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee has possessed the appropriate professional and accounting qualifications.

The written terms of reference of the Audit Committee adopted by the Board are in line with the Code and are available on the website of the Company and the Stock Exchange.

The Audit Committee is primarily responsible for reviewing and supervising the financial reporting process, risk management and internal control systems of the Group as well as external auditor of the Group. Policies in relation to financial controls, internal controls, risk management systems of the Group, and the reappointment of the external auditor were reviewed by the Audit Committee at the meetings. During the Reporting Period, the Audit Committee has reviewed with the management of the Group's unaudited interim and audited results. The Audit Committee also reviewed this report and confirmed that this report is complete, accurate and complies with all applicable rules and regulations, including but not limited to the Listing Rules and the Code. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor.

The Audit Committee has held two meetings during the Reporting Period. The committee members' attendance of the Audit Committee during the Reporting Period is set out as follows:

	Attendance/ Number of meetings during the Reporting Period
Mr. Tam Tak Kei, Raymond *(Chairman)*	2/2
Mr. Chan Kok Chung, Johnny	2/2
Mr. Liu Junchun	2/2

Under the terms of reference, members of the Audit Committee have performed the following duties:

- made recommendations to the Board on the appointment and re-appointment of the Company's external auditor, and approved the audit and terms of engagement of the Company's external auditor;

- reviewed the Company's external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

- reviewed the integrity of the Company's financial statements and annual report and accounts, interim report and reviewed significant financial reporting judgements;

- discussed with the Company's external auditors questions and doubts arising in audit of annual accounts;
- reviewed the Group's internal control system and the statement about the Company's internal control system which is included in this report prior to submission for the Board's approval;
- reviewed the Company's financial reporting, financial controls, internal control and risk management systems;
- discussed the internal control system with the Company's management to ensure that management has performed its duty to have an effective internal control system. The discussion included the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- reviewed the financial and accounting policies and practices of the Group; and
- reviewed material queries raised by the auditor to management about accounting records, financial accounts and management's response.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

All Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2023. The statement by the auditor of the Company about their responsibilities for the financial statements is set out in the independent auditor's report. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the financial statements.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is committed to manage business risks and to maintain a proper and effective system of internal control to safeguard the shareholders' investment and the Group's assets. Procedures have been set up for safeguarding assets against unauthorized use or disposition, controlling over capital expenditure, maintaining proper accounting records and ensuring the reliability of financial information used for business and publication. Qualified management of the Group maintains and monitors the internal control systems on an ongoing basis. The Board, through the Audit Committee, has conducted a review of the effectiveness of the internal control system of the Group covering all controls, including financial, operational and compliance controls, and risk management processes.

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

Control procedures have been designed to (i) safeguard assets against misappropriation and disposition; (ii) ensure compliance with relevant laws, rules and regulations; (iii) ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and (iv) to provide reasonable assurance against material misstatement, loss or fraud.

The Board is responsible for the risk management and internal control systems of the Company and reviewing their effectiveness. The Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has established an internal audit department, which is composed of employees with rich experience and relevant expertise. The major job responsibilities are to formulate and revise the Company's internal audit management system; organize and implement the Company's internal financial audit work; evaluate the Company's internal control system while conducting management audits; and conduct targeted compliance audits. For the year ended 31 December 2023, some of the subsidiaries that have been randomly inspected have conducted internal audits and confirmed compliance with internal control policies, and management has reported to the board of directors and the audit committee on the effectiveness of risk management and internal control systems.

The Group has implemented internal control procedures in relation to loans granted to project entities. The Group has delegated a team responsible for determining the credit limits and approvals for new project loans. Before accepting a new project, management meetings are held to decide whether the Group should engage in the project after the team researched the market data, checked the preliminary budget and estimated the profitability of the project. Afterwards, the Group will decide the shareholding portion of the project by considering a few factors including risk taken, future cash flow estimate, project duration and rate of return, etc. After considering all factors, shareholder loans to particular project will be granted in proportion to the project company on normal commerical terms. The Group will continue to monitor and assess the financial capability of the project company to repay the shareholder loan by updating the profitability of the project, duration to completed the project, expected cost to go in order to determine the expected credit loss for those loans granted to the project company, if any. Details of the loan receivables, major terms and rationale of granting the loans are set out in note 21 of the financial statements.

In addition, the Board also engages external consultant as its risk management and internal control review adviser to conduct the annual review of the risk management and internal control systems for the year ended 31 December 2023. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The external consultant has reported findings and areas for improvement to the Audit Committee and the management. The Board and the Audit Committee are of the view that there are no material internal control deficiencies noted. All recommendations from the external consultant are properly followed up by the Group to ensure that they are implemented within a reasonable period of time. The Board therefore considered that the risk management and internal control systems are effective and adequate.

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules.

The policy regulates the handling and dissemination of inside information, which includes:

- Designated reporting channels from different operations informing any potential inside information to designated departments;

- Designated persons and departments to determine further escalation and disclosure as required; and

- Designated persons authorized to act as spokespersons and respond to external enquiries

The Board is satisfied that the Group has fully complied with the Code in respect of internal controls and risk management during the year ended 31 December 2023.

WHISTLEBLOWING POLICY

The Company has a whistleblowing policy and system for employees and those who deal with the Company. Any reports or information could be submitted in confidence to the Company Secretary or the Audit Committee. Depending on the nature and materiality of the reported cases, investigation may be performed internally, or by external auditor or even regulatory bodies such as the police.

ANTI-CORRUPTION

The Company believe that the integrity of business is a foundation of corporate social responsibility, as well as a fundamental element of a business's competitive advantage and sustainability. For these reasons, we have systematically incorporated anti-corruption management principles into our operations, promoted a fair and just commercial competition to achieve win-win situation with external partners, and adhered to transparent and open mechanisms for internal management as stipulated in the Group's "Code of Conduct". The Group has been in strict compliance with relevant laws and regulations, such as Prevention of Bribery Ordinance in Hong Kong and Prevention of Corruption Act in Singapore. The Group engages internal and external stakeholders to strengthen our anti-corruption procedures.

In order to specify the whistle-blowing procedures and ensure the legal rights and interest of individuals reporting problems, we have formulated the "Whistle-blowing Policy". This policy is designed to encourage employees of the Group and related third parties to raise concerns, in confidence, about misconduct, malpractice or irregularities in any matters related to the Company. The Policy aims to increase the awareness of maintaining internal corporate justice and serve as part of the internal control mechanism. It provides the employees with reporting channels and guidance on whistleblowing. The term "whistleblowing" refers to a situation where an employee decides to report serious concerns about any malpractice which he/she has become aware or genuinely suspects that the Group has been or may become involved in. The Policy is designed to encourage employees to raise serious concerns internally, in a responsible and effective manner rather than overlooking a problem or blowing the whistle outside. All these practical actions not only win the trust of customers, but also enhance the sense of belonging and fair play among our employees.

NOMINATION COMMITTEE

During the Reporting Period, the Nomination Committee consisted of two executive Directors, namely Mr. Wang Congyuan, the chairman of the Nomination Committee and Dr. Du Bo, and three independent non-executive Directors, namely Mr. Tam Tak Kei, Raymond , Mr. Chan Kok Chung, Johnny and Mr. Liu Junchun.

The written terms of reference of the Nomination Committee adopted by the Board are in line with the Code and are available on the website of the Company and the Stock Exchange.

The committee members' attendance of the Nomination Committee during the Reporting Period is set out as follows:

	Attendance/ Number of meetings during the Reporting Period
Mr. Wang Congyuan *(Chairman)*	2/2
Dr. Du Bo	2/2
Mr. Tam Tak Kei, Raymond	2/2
Mr. Chan Kok Chung, Johnny	2/2
Mr. Liu Junchun	2/2

Under the terms of reference, the Nomination Committee had performed the following duties during the Reporting Period:

- reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board and made recommendations on proposed changes if any to the Board to complement the Company's corporate strategy;

- reviewed the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy;

- determined the policy for the nomination of Directors which includes (but not limited to) the nomination procedures and the process and criteria adopted by the nomination committee to select and recommend candidates for directorship. For more details of the nomination policy of Directors, please refer to section headed "Nomination Policy" on page 50;

- assessed the independence of independent non-executive Directors; and

- made recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Board Diversity Policy

The board diversity policy of the Company sets out the approach to diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Diversity of Board members can be achieved through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. In designing the Board's composition, the Company will also take into account factors based on its own business model and specific needs from time to time. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the board.

Having reviewed the Board composition, the Board recognises the importance and benefits of gender diversity at the Board level and shall continue to take initiatives to identify female candidate(s) to enhance the gender diversity among the Board members. To enhance board diversity, the Company targets to reach 12.5% female board members by 31 December 2024 and continues to maintain a diverse board. The Nomination Committee will select appropriate candidates through multiple channels and make recommendation to the Board based on the Company's Board diversity policy and nomination policy.

The Board also recognises the importance of diversity at the workforce level. Over 80% of the current workforce (including senior management) of the Company is male as in general male is more willing than female to engage in the construction industry. The Group strives to enhance its workforce diversity and has adopted a policy on anti-discrimination which provides that all candidates have equal opportunity for vacancies regardless of gender, age, marital status, religion, race, nationality, disability or any status protected by law. In order to achieve gender diversity of the Board, the Company is targeting to appoint new female non-executive director(s) on or before 31 December 2024. Besides, the Company shall recruit more female management staff gradually depending on the business needs and availability of appropriate candidates. Please refer to the section headed "The Nomination Policy" for details related to how the board develop a pipeline of potential successor to the Board.

The Nomination Committee will monitor the implementation of this Policy and report annually, in the Corporate Governance Report, on the Board's composition under diversified perspectives. The Nomination Committee will review this Policy, as appropriate, to ensure the effectiveness of this Policy. The Nomination Committee will also discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

The Nomination Policy

The nomination policy of the Company sets out the criteria and procedures for nominating candidates for election as Directors. The Nomination Committee of the Company shall nominate suitable candidates to the board of directors of the Company for it to consider and make recommendations to shareholders of the Company for election as Directors at general meetings or appoint as Directors to fill casual vacancies.

The Nomination Committee in assessing the suitability of a proposed candidate would consider the factors, among others, reputation for integrity; experience in the industry; the perspectives and skills; commitment in respect of available time and relevant interest; diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service; and any other factors that the Board deem appropriate.

The Nomination Committee will recommend to the Board for the selection, appointment and reappointment of a Director in accordance with the following procedure and process:

The Nomination Committee:

i. may take measures that is appropriate in identifying or selecting suitable candidates, with due consideration given to prescribed selection criteria and broad range of candidates who are in and outside of the Board's circle of contacts;

ii. may adopt any process it considers appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference check;

iii. will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package; and thereafter make recommendation to the Board;

iv. the Board may arrange for the selected candidate to be interviewed by the members of the Board who are not members of the Nomination Committee and the Board will thereafter deliberate and decide the appointment as the case may be; and

v. all appointment of Directors will be confirmed by the filing of the consent to act as Director of the relevant Director (or any other similar filings requiring the relevant Director to acknowledge or accept the appointment as Director, as the case may be) with the relevant regulatory authorities, if required.

The Nomination Committee will recommend to the Board for the re-election of a Director in accordance with the following procedure and process:

i. the Nomination Committee will review the overall contribution and service, and the level of participation and performance of the retiring Director during the period of service;

ii. the Nomination Committee will review and determine whether the retiring Director continues to meet the criteria as set out above;

iii. the Nomination Committee will provide the relevant information of the selected candidate to the Remuneration Committee for consideration of the remuneration package of such candidates; and

iv. the Nomination Committee will then, on the basis of the recommendation made by the Nomination Committee and Remuneration Committee, make recommendation to Shareholders in respect of the proposed re-election of Director at the following general meeting.

Where the Board proposes a resolution to elect or re-elect a candidate as Director at the following general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant following general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

STRATEGY AND INVESTMENT COMMITTEE

The Company has established the Strategy and Investment Committee with effect from 22 March 2016. During the Review Period, the Strategy and Investment Committee consisted of six members, including four executive Directors namely, Mr. Wang Congyuan, Dr. Du Bo, Mr. Li Jun (李軍) and Mr. Du Dexiang, one non-executive Director namely, Mr. Ren Zhiqiang, and one independent non-executive Director, namely Mr. Chan Kok Chung, Johnny, with Mr. Li Jun (李軍) being the chairman of the Strategy and Investment Committee.

The terms of reference of the Strategy and Investment Committee has been adopted by the Company pursuant to the Board's resolutions passed on 22 March 2016 and are available on the website of the Company and the Stock Exchange.

No Strategy and Investment Committee meeting held during the Reporting Period.

COMPANY SECRETARY

The Company Secretary of the Company is responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed.

Mr. Chan Tat Hung resigned as the Company Secretary with effective from 30 November 2023. In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company engaged Ms. Au Wing Sze ("**Ms. Au**"), an assistant manager of the listing services department of TMF Hong Kong Limited (a company secretarial service provider), as the Company Secretary effective from 30 November 2023. Mr. Cao Jintong, the Chief Financial Officer of the Company, is the primary corporate contact person at the Company whom Ms. Au contacts.

During the year ended 31 December 2023, Ms. Au has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

DIVIDEND POLICY

The dividend policy adopted by the Company is to distribute dividend to its shareholders when the Group is profitable and without affecting the normal operations of the Group for a financial period.

The dividend yield to be distributed to shareholders will be determined based on, among others, the Group's actual and expected financial performance; retained earnings and distributable reserves; financial position; liquidity position; capital requirement and any other factors that the Board deem appropriate.

The Board will continually review the dividend policy and reserves the right to update, amend, modify and/or cancel the dividend policy at any time. There can be no assurance from the Company that a dividend will be proposed or declared in any particular amount for any given periods.

COMMUNICATION WITH SHAREHOLDERS

The Board and senior management recognise the responsibility of safeguarding the interest of shareholders of the Company and provide transparent and real-time information on the Company so as to keep the shareholders and investors abreast of the Company's position and help them to make the best investment decision. The Company believes that maintaining good and effective communication with shareholders can facilitate the shareholders' understanding of the business performance and strategies of the Group. The Board and senior management also recognise the responsibility of safeguarding the interest of shareholders of the Company. In order to safeguard the shareholders' interest, information of the Company and the Group are delivered to the shareholders through a number of channels, which includes annual report, interim report, announcements and circulars. The latest information of the Company and the Group together with the published documents are also available on the Company's website.

The Company will hold annual general meeting every year as an appropriate media for direct communication between the Board and shareholders. Shareholders can raise questions directly to the Board in respect of the business performance and future development of the Group at such annual general meetings.

During the Reporting Period, the Company has received some shareholders' and stakeholders' views through emails and the constructive views have been communicated to the Board. The Company would provide feedback to the views whenever it thinks fit. The Board and senior management has performed an annual review on the implementation and effectiveness of the communication policy and considers that the communication policy remains effective.

The Company has been practising the above shareholders' communication policy to handle enquiries put to the Board. The Company has reviewed its shareholders' communication policy during the Reporting Period, and, taking into account the aforementioned, believes the shareholders' communication policy is still appropriate and effective.

During the Reporting Period, a special resolution was passed in the annual general meeting held on 31 May 2023 to approve the articles of association in substitution for and to the exclusion of the existing articles of association of the Company to (i) provide flexibility to the Company in relation to the conduct of general meetings; (ii) bring the existing articles of association in line with relevant requirements of the applicable laws and the Listing Rules, including the amendments in respect of the shareholder protection standards set out in Appendix A1 (formerly known as Appendix 3) and Chapter 13 of the Listing Rules, which became effective on 1 January 2022; (iii) introduce corresponding as well as other house-keeping amendments. Further details of such amendments were disclosed in the announcement of the Company dated 28 April 2023 and the circular of the Company dated 28 April 2023.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

Attention: Ms. Au Wing Sze
CNQC International Holdings Limited
8/F, Enterprise Square Three, 39 Wang Chiu Road, Kowloon Bay, Hong Kong
Email: info@cnqc.com.hk
Fax: (852) 2560 6263

Shareholders' enquiries and concerns are forwarded to the Board and/or relevant Board committees of the Company, where appropriate, to answer the shareholders' enquiries.

SHAREHOLDERS' RIGHTS

Proposing a Person for Election as a Director

Pursuant to Article 123 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of the notices required under Article 123 of the Articles will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days.

Convening General Meetings and Putting Forward Proposals at General Meetings

Pursuant to Article 64 of the Articles, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company. Please refer to the "Procedures for Directing Shareholder's Enquires to the Board" for the contact details of the secretary of the Board.

There are no provisions under the Company's articles of association or the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As of 31 December 2023, the Group provided financial assistance to its affiliated companies in an aggregate amount of approximately HK$1,715.9 million. The aggregate amount of the Group's financial assistance given to its affiliated companies (as defined under Rule 13.11(2)(a)) of the Listing Rules) exceeded 8% of the relevant percentage ratios under the Listing Rules. The Group has equity interests ranging from 5% to 50% in these affiliated companies.

See note 21 to the audited consolidated financial statements for details of the financial assistance provided to the Company's affiliated companies.

A pro forma combined statement of financial position of these affiliated companies with financial assistance from the Group and the Group's attributable interests in these affiliated companies as of 31 December 2023 were as follows:

	Combined statement of financial position HK$'000	**Group's attributable interests** HK$'000
Non-current assets	478,004	197,422
Current assets	14,590,333	4,099,567
Current liabilities	(3,823,855)	(1,499,211)
Total assets less current liabilities	11,244,482	2,797,778
Non-current liabilities	(10,148,617)	(2,310,027)
Net assets	1,095,865	487,751

Note:

Significant items included are as below:

	HK$'000	HK$'000
Current assets		
Development properties for sale	11,642,940	2,889,854
Trade and other receivables	1,869,222	772,983
Current liabilities		
Trade and other payables	3,432,137	1,332,898
Borrowings	384,252	164,975
Non-current liabilities		
Borrowings	10,139,908	2,308,869

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of CNQC International Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of CNQC International Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which are set out on pages 61 to 155, comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("**the Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Recognition of construction contract revenue, cost and provision for foreseeable losses
- Impairment of goodwill

Key Audit Matters	How our audit addressed the Key Audit Matters
Recognition of construction contract revenue, cost and provision for foreseeable losses	
Refer to Notes 4 and 6 to the consolidated financial statements. Revenue from construction contracts recognised for the year ended 31 December 2023 amounted to HK$7,782,591,000. Contract revenue is recognised over the period of the contract by reference to the stage of completion, which is established by reference to the construction works certified by independent surveyors. The corresponding contract costs are recognised on an actual basis and the forecasted costs to go as well as the potential losses of construction contracts will be assessed.	We understood and evaluated the design and implementation of controls over revenue recognition and cost budgeting on construction contracts and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. We have selected samples of construction contracts to assess the estimations made by management in respect of the provision for foreseeable contract losses. The following audit procedures have been performed by us on the sample of contracts selected: • Examined the terms and conditions of the contracts such as contract sum, construction period, performance obligations of the Group, payment schedule, retention and warranty clauses, etc. • Validated the stage of completion adopted by management to the position set out in the certificate issued by independent surveyors, including the certified contract work and variation orders, if any.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the Key Audit Matters
Recognition of construction contract revenue, cost and provision for foreseeable losses (Continued)	
This involves significant judgement and estimation when assessing the percentage of work performed, possible variation orders, claims and liquidated damages, and the reasonableness and accuracy of the forecasted costs to complete.	• Assessed the accuracy and reasonableness of total budgeted costs pertaining to the relevant construction works by (i) examining supplier quotations; (ii) benchmarking against the historical costs incurred in, and the historical profit margin of, construction projects completed in the past; and (iii) interviewing the project managers and assessing the reasonableness of the cost estimations prepared by them. • Tested the mathematical accuracy of management's calculation of the construction contract revenue, cost, contract assets and forecasted costs to complete in considering the provision for foreseeable losses of the selected construction contracts. • Assessed the liquidated damages estimated by management by (i) reviewing correspondence with customers and the relevant contract terms; and (ii) comparing the completion status set out in the certificate issued by independent surveyors with the agreed construction period stated in the construction contracts to identify any potential claims from customers. Based upon the above, we found that the recognition of construction contract revenue and costs as well as the provision for foreseeable losses were properly supported by the available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the Key Audit Matters
Impairment of goodwill	
Refer to Notes 4 and 18 to the consolidated financial statements. The total goodwill recognised by the Group as of 31 December 2023 amounted to HK$569,569,000, of which HK$290,043,000 and HK$279,526,000 were allocated to the "Foundation and construction — Hong Kong and Macau" segment and "Construction — Singapore and Southeast Asia", respectively. Management considers that each of these operating segments constitutes a separate cash generating unit ("**CGU**") for the purpose of goodwill impairment assessment. No impairment of goodwill has been recognised as of 31 December 2023. The assessment of goodwill impairment is determined based on value-in-use calculations and it is inherently judgemental as it requires significant management's estimation and judgements, including revenue growth rates, terminal growth rates and discount rates applied to future cash flow forecasts, and accordingly, this is an area of audit focus.	Our procedures on auditing management's goodwill impairment assessment mainly included: • Understood and evaluated the design and operating effectiveness of the internal controls and assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud. • Evaluated the discounted cash flow forecasts underlying the impairment assessment and the process by which they were drawn up, including confirming the accuracy and the underlying calculations and checking whether the forecasts were consistent with the latest approved budgets. We also assessed whether all relevant CGUs have been identified. • Evaluated the key assumptions of the discounted cash flow forecasts by examining corroborating evidence including the terms and conditions of construction contracts already entered into, historical revenue growth rate and third party supplier quotations for construction cost estimation and evaluated the discount rates by assessing the cost of capital for the respective CGUs. We also evaluated the outcome of prior period assessment of goodwill impairment to assess the effectiveness of management's estimation process. • Examined the results of management's sensitivity analysis around the key assumptions including revenue growth rates and discount rates to ascertain the extent of change in those assumptions that could result in impairment for individual CGUs. Based upon the above, we found that the estimations and judgements made by management in respect of the assessment of goodwill impairment were supportable by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chung Bor.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	5, 6	**10,422,620**	8,272,122
Cost of sales	9	**(10,156,477)**	(8,312,472)
Gross profit/(loss)		**266,143**	(40,350)
Other income	7	**90,903**	129,061
Other gain/(loss) — net	8	**8,625**	(1,425)
Selling and marketing expenses	9	**(95,349)**	(73,829)
General and administrative expenses	9	**(326,990)**	(237,494)
Credit impairment loss	3(b)(i), 9	**(28,652)**	(2,926)
Operating loss		**(85,320)**	(226,963)
Finance income	11	**53,239**	58,701
Finance costs	11	**(327,730)**	(247,531)
Share of results of investments accounted for using the equity method	13	**33,177**	(67,919)
Loss before income tax		**(326,634)**	(483,712)
Income tax expense	15	**(44,617)**	(29,328)
Loss for the year		**(371,251)**	(513,040)
Other comprehensive income/(loss)			
Item that may be reclassified to profit or loss			
— Currency translation differences		**22,418**	1,796
Item that will not be reclassified to profit or loss			
— Fair value losses on financial assets at fair value through other comprehensive income		**–**	(2,182)
		22,418	(386)
Total comprehensive loss for the year		**(348,833)**	(513,426)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
(Loss)/profit for the year attributable to:			
Owners of the Company		**(490,335)**	(587,983)
Non-controlling interests		**119,084**	74,943
		(371,251)	(513,040)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(474,671)**	(588,964)
Non-controlling interests		**125,838**	75,538
		(348,833)	(513,426)
Loss per share for loss attributable to owners of the Company	*16*		
Basic loss per share			
— ordinary shares (HK$)		**(0.298)**	(0.358)
— convertible preference shares (HK$)		**(0.298)**	(0.358)
Diluted loss per share			
— ordinary shares (HK$)		**(0.298)**	(0.358)
— convertible preference shares (HK$)		**(0.298)**	(0.358)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 HK$'000	31 December 2022 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*17*	**474,578**	475,775
Right-of-use assets	*17*	**64,990**	78,249
Goodwill	*18*	**569,569**	568,831
Other intangible assets	*19*	**64,575**	70,840
Investments accounted for using the equity method	*13*	**557,574**	675,527
Deferred income tax assets	*22*	**64,415**	37,898
Financial assets at fair value through other comprehensive income	*23*	**1,425**	1,421
Financial assets at fair value through profit or loss	*20*	**167,380**	159,952
Prepayments and other receivables	*21*	**863,265**	744,037
		2,827,771	2,812,530
Current assets			
Development properties for sale	*25*	**1,577,647**	3,010,606
Inventories		**11,460**	47,435
Trade and other receivables, prepayments and deposits	*21*	**2,586,893**	2,928,013
Contract assets	*5(a)*	**2,479,818**	1,467,013
Financial assets at fair value through profit or loss	*20*	**17,955**	403,937
Income tax recoverable		**723**	921
Pledged bank deposits	*26(b)*	**15,014**	2,326
Cash and cash equivalents	*26(a)*	**1,604,091**	1,506,649
		8,293,601	9,366,900
Total assets		**11,121,372**	12,179,430
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital — ordinary shares	*27*	**15,183**	15,183
Share capital — convertible preference shares	*27*	**1,249**	1,249
Share premium		**3,261,225**	3,261,225
Other reserves	*28*	**(1,151,282)**	(1,142,286)
Retained earnings		**252,587**	710,718
		2,378,962	2,846,089
Non-controlling interests		**448,000**	322,162
Total equity		**2,826,962**	3,168,251

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 HK$'000	31 December 2022 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings	*29*	**1,069,359**	1,932,167
Lease liabilities	*17(a)*	**43,146**	37,529
Deferred income tax liabilities	*22*	**129,512**	68,075
		1,242,017	2,037,771
Current liabilities			
Trade and other payables	*30*	**2,982,563**	2,712,605
Contract liabilities	*5(a)*	**45,631**	30,000
Income tax payables		**13,873**	7,495
Borrowings	*29*	**3,979,159**	4,186,036
Lease liabilities	*17(a)*	**30,318**	37,272
Derivative financial instruments	*24*	**849**	–
		7,052,393	6,973,408
Total liabilities		**8,294,410**	9,011,179
Total equity and liabilities		**11,121,372**	12,179,430

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 61 to 155 were approved by the Board of Directors on 28 March 2024 and were signed on its behalf.

Li Jun (李軍)
Director

Wang Congyuan
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Share capital — ordinary shares HK$'000 *(Note 27)*	Share capital — convertible preference shares HK$'000 *(Note 27)*	Share premium HK$'000	Other reserves HK$'000 *(Note 28)*	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2022		15,183	1,249	3,261,225	(1,141,305)	1,397,293	3,533,645	195,124	3,728,769
Comprehensive (loss)/income									
(Loss)/income for the year		–	–	–	–	(587,983)	(587,983)	74,943	(513,040)
Other comprehensive income/(loss)									
Currency translation differences		–	–	–	1,201	–	1,201	595	1,796
Fair value change on financial assets at fair value through other comprehensive income		–	–	–	(2,182)	–	(2,182)	–	(2,182)
Total comprehensive (loss)/income		–	–	–	(981)	(587,983)	(588,964)	75,538	(513,426)
Transactions with owners in their capacity as owners									
Dividend provided for or paid		–	–	–	–	(98,592)	(98,592)	(2,008)	(100,600)
Contributions from non-controlling interests of the subsidiaries		–	–	–	–	–	–	53,508	53,508
Total transactions with owners in their capacity as owners		–	–	–	–	(98,592)	(98,592)	51,500	(47,092)
Balance as at 31 December 2022		15,183	1,249	3,261,225	(1,142,286)	710,718	2,846,089	322,162	3,168,251

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Note	Share capital — ordinary shares HK$'000 *(Note 27)*	Share capital — convertible preference shares HK$'000 *(Note 27)*	Share premium HK$'000	Other reserves HK$'000 *(Note 28)*	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Balance at 1 January 2023		15,183	1,249	3,261,225	(1,142,286)	710,718	2,846,089	322,162	3,168,251
Comprehensive (loss)/income									
(Loss)/income for the year		–	–	–	–	(490,335)	(490,335)	119,084	(371,251)
Other comprehensive income									
Currency translation differences		–	–	–	15,664	–	15,664	6,754	22,418
Total comprehensive income/(loss)		–	–	–	15,664	(490,335)	(474,671)	125,838	(348,833)
Transactions with owners in their capacity as owners									
Lapse of share options		–	–	–	(32,204)	32,204	–	–	–
Waiver of liabilities		–	–	–	7,544	–	7,544	–	7,544
Total transactions with owners in their capacity as owners		–	–	–	(24,660)	32,204	7,544	–	7,544
Balance as at 31 December 2023		15,183	1,249	3,261,225	(1,151,282)	252,587	2,378,962	448,000	2,826,962

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	*32(a)*	**197,816**	(17,201)
Interest paid		**(314,805)**	(223,174)
Income tax paid		**(4,087)**	(4,187)
Net cash used in operating activities		**(121,076)**	(244,562)
Cash flows from investing activities			
Additions of financial assets at FVPL	*20*	**(23,136)**	(30,000)
Proceeds from distribution of investment of financial assets at FVPL	*20*	**408,746**	–
Purchase of property, plant and equipment		**(38,413)**	(25,146)
Additions of intangible assets		**–**	(1,611)
Capital injection into investments accounted for using equity method	*13*	**(28,775)**	(76,098)
Partial disposal of investment in an associated company	*13(a)*	**23,612**	–
Proceeds from acquisition of a subsidiary, net of cash acquired	*14*	**3,978**	–
Payment for consideration in relation to a business combination		**(26,100)**	(20,880)
Proceeds from disposal of property, plant and equipment	*32(a)*	**348**	315
Proceeds from disposal of financial assets at fair value through other comprehensive income		**–**	1,420
Repayment of loan receivables from associated companies and related parties		**594,547**	458,710
Interest received from bank deposits		**24,931**	10,233
Dividends received from associated companies	*13(a)*	**169,794**	–
Dividend income from financial assets at FVOCI		**–**	83
(Increase)/decrease in pledged bank deposits for derivative financial instruments		**(12,689)**	5,771
Net cash generated from investing activities		**1,096,843**	322,797
Cash flows from financing activities			
Drawdown on borrowings		**1,224,264**	2,877,928
Repayment of borrowings		**(2,319,427)**	(2,467,303)
Proceeds from amount due to an associated company		**256,542**	–
Repayment on principal element of lease liabilities		**(40,256)**	(57,202)
Repayment on interest element of lease liabilities		**(3,061)**	(1,802)
Decrease in pledged bank deposits for bank borrowings		**–**	191,769
Contribution from non-controlling interests of subsidiaries		**–**	53,508
Dividends paid		**–**	(100,600)
Net cash (used in)/generated from financing activities		**(881,938)**	496,298
Net increase in cash and cash equivalents		**93,829**	574,533
Cash and cash equivalents at beginning of the financial year		**1,506,649**	917,855
Exchange gain on cash and cash equivalents		**3,613**	14,261
Cash and cash equivalents at end of the financial year	*26(a)*	**1,604,091**	1,506,649

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

(i) Compliance with HKFRS and the disclosure requirements of HKCO

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

(ii) Historical cost convention

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

(iii) Going concern basis

During the year ended 31 December 2023, the Group incurred a net loss of HK$371,251,000 and an operating cash outflow of HK$121,076,000. As at 31 December 2023, the Group had outstanding borrowings of HK$5,048,518,000 of which HK$3,979,159,000 was classified as current liabilities while maintained cash and cash equivalent of HK$1,604,091,000.

As at 31 December 2023, a syndicated borrowing of the Group amounting to HK$1,008,773,000 ("**Syndicated Borrowing**") and certain short-term bank borrowings amounting to HK$634,500,000 ("**Short-Term Bank Borrowings**") contained financial covenants and required the Group to meet certain financial ratio requirements. The Group had not complied with certain of these financial covenant requirements which constituted an event of default and resulted in the Syndicated Borrowing and Short-Term Bank Borrowings becoming immediately repayable if requested by the lenders. Consequently, the Syndicated Borrowing amounting to HK$771,415,000 with scheduled repayment dates beyond one year after 31 December 2023 was classified as current liabilities as at 31 December 2023. The above event of default also triggered cross-defaults of certain other bank borrowings of the Group ("**Other Short-Term Bank Borrowings**") amounting to HK$1,350,047,000 as at 31 December 2023. Nevertheless, these Other Short-Term Bank Borrowings were classified as current liabilities as at 31 December 2023 based on their original contractual maturity terms.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iii) Going concern basis (Continued)

The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as going concern. The following plans and measures have been implemented to mitigate the liquidity pressure and to improve its cash flows.

- On 25 March 2024, the Company entered into a 3-year committed term loan facility with two of the lenders of the Syndicated Borrowing for the principal amount of HK$546,000,000 ("**Term Loan**") for refinancing the Syndicated Borrowing. The Term Loan will be used to repay any outstanding Syndicated Borrowing and the Group is in the process of applying for drawdowns of the Term Loan to repay the outstanding Syndicated Borrowing. Additionally, subsequent to 31 December 2023, the Group has already repaid HK$68,570,000 of the Syndicated Borrowing based on the scheduled repayment date. The directors are of the opinion that the Group has sufficient cash to settle the remaining principal amount of HK$394,203,000 of the Syndicated Borrowing and therefore the Group expects the Syndicated Borrowing will be fully repaid in April 2024. Furthermore, the Term Loan is subject to compliance of certain financial covenants which the Group will continue to monitor;

- Subsequent to 31 December 2023, the Group repaid approximately HK$299,623,000 of the Short-Term Bank Borrowings and approximately HK$524,745,000 of the Other Short-Term Bank Borrowings outstanding as at 31 December 2023 based on the original scheduled repayment dates. In March 2024, the Group obtained written consents for waivers from the non-compliance of the relevant financial covenants from the lenders of the Short-Term Bank Borrowings of HK$634,500,000 and the waiver for cross-defaults as at 31 December 2023 from the lenders of the Other Short-Term Bank Borrowings of HK$1,350,047,000. The written consent of the Short-Term Bank Borrowings of HK$560,000,000 also included revision of certain financial covenant requirements and waiver of compliance from certain financial covenants until 31 December 2024. The aforesaid defaults on the Short-Term Bank Borrowings and cross-defaults on the Other Short-Term Bank Borrowings were released subsequently;

- Subsequent to 31 December 2023, the Group had drawn down HK$218,960,000 and HK$273,000,000 from an existing facility as of 31 December 2023 and a newly secured facility in March 2024, respectively. The Group will work with the lenders to renew these credits upon their expiries. The Group will also negotiate with financial institutes to secure new borrowing credits and the directors are of the opinion that these banking credits will be available as and when needed to provide sufficient funding for the Group's working capital needs and operating expenditures;

- The Group will continue to monitor its compliance with the covenant requirements of all its borrowings in future. Should the Group be unable to comply with the covenant requirements, the Group will continue to discuss and negotiate with the respective lenders on timely basis and will seek to revise the terms and covenant requirements or obtain a waiver of compliance with the covenant requirements from the lenders, if needed; and

- The Group will also continue to seek for other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating expenditure.

The directors have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 31 December 2023. They are of the opinion that, taking into account the anticipated net proceeds generated from delivering the Group's secured but uncompleted construction contract amount of approximately HK$15.4 billion as at 31 December 2023, the anticipated receipts of sales proceeds upon completion of a residential property development project located in Singapore, the anticipated cash flow generated from the Group's other operations, the possible changes in its operating performance, the Group's ability to continue to comply with the terms of the loan agreements and the ability to draw down from its existing bank facilities, the Group will have sufficient financial resources to satisfy its future obligations as and when they fall due within the next twelve months from 31 December 2023. Accordingly, the directors consider that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation (Continued)

(iv) New and amended standards and practice statement adopted by the Group

The Group has applied the following new and amended standards and practice statement for the first time for their annual reporting period commencing 1 January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimate
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

The new and amended standards and practice statement listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the amount or future period.

(v) Amended standards and interpretation not yet adopted by the Group

The following are amendments and interpretations to standards that have been published and are not mandatory for the Group's accounting periods beginning on or after 1 January 2024 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Material accounting policies

(i) Property, plant and equipment

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

Office equipment	3 to 5 years
Motor vehicles	3 to 5 years
Plant and machinery	3 to 10 years
Furniture and fixtures	5 years
Leasehold improvements	Shorter of 10 years or over the lease terms
Leasehold land and buildings	Shorter of 60 years or over the lease terms

See note 38(e) for other accounting policies relevant to property, plant and equipment and 38(g) for the Group's policy regarding impairments.

(ii) Intangible asset

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Construction licenses	5 to 10 years
Computer software licenses	3 to 5 years
Club membership	26 years

See note 38(f) for the other accounting policies relevant to intangible assets, and note 38(g) for the Group's policy regarding impairments.

(iii) Trade and retention receivables, and deposits and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at the amount of the unconditional consideration unless they contain significant financing components, when they are recognised at fair value. The Group holds these financial assets with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycle.

See Note 21 for further information about the Group's accounting for trade and retention receivables and deposits and other receivables, and Note 2(b)(x)(4) for a description of the Group's impairment policies.

(iv) Contract assets and liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net contract asset or a net contract liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the cumulative revenue recognised in profit and loss exceeds cumulative payments made by customers. Conversely, the contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in profit or loss.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Material accounting policies (Continued)

(iv) Contract assets and liabilities (Continued)

Contract assets are assessed for impairment under the same approach adopted for impairment assessment of financial assets carried at amortised cost. Contract liabilities are recognised as revenue when the Group transfers the goods or services to the customers and therefore satisfies its performance obligation.

The incremental costs of obtaining a contract with a customer are capitalised and presented as contract related assets, if the Group expects to recover those costs, and are subsequently amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the assets relate. The Group recognises an impairment loss in profit and loss to the extent that the carrying amount of the contract related assets recognised exceeds the remaining amounts of consideration that the Group expects to receive less the costs that directly relate to those goods or services and have not been recognised as expenses. Details of impairment of contract assets are disclosed in note 2(b)(x)(4).

(v) Revenue recognition

Revenue is recognised when or as the control of the assets is transferred to the customers. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the assets is transferred over time if the Group's performance:

— Provides all of the benefits received and consumed simultaneously by the customer;

— Create and enhances an assets that the customer controls as the Group performs;

— Do not create an assets with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

In control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

— Direct measurements of the value transferred by the Group to the customer; or

— The Group's effort or inputs to the satisfaction of the performance obligation.

(1) *Property development*

When property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. Sales of development properties in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the development properties are delivered to the customers, after the issuance of Temporary Occupation Permit ("**TOP**") by the Building and Construction Authority of Singapore.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Material accounting policies (Continued)

(v) Revenue recognition (Continued)

(1) Property development (Continued)

For property development which has no alternative use to the Group due to contractual reasons and when the Group has an enforceable right to payment from the customers for performance completed to date, the Group recognises revenue as the performance obligation is satisfied over time in accordance with the input method for measuring progress.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to purchasers of properties is recognised as contract assets. The excess of cumulative billings to purchasers of properties over the cumulative revenue recognised in profit or loss is recognised as contract liabilities.

(2) Construction contract

For construction contract which works directly on the customers' land, being eligible for recognition of revenue over time with creation and enhancement for the asset that customers controlled as the Group performs its performance obligation. The Group measures the progress of the project with reference to construction works certified by independent surveyors.

The Group constructs buildings for customers and provides builder related services (structural, architecture and alteration works) through fixed-price contracts. Revenue is recognised when the control over the contract works has been transferred to the customer or the services has been provided to the customer. At contract inception, the Group assesses whether the Group transfers control of the contract work over time or at a point in time by determining if (a) its performance does not create an asset with an alternative use to the Group; and (b) the Group has an enforceable right to payment for performance completed to date.

The contract work has no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction of the building or completing the builder related services. The measure of progress is determined based on the proportion of construction contract works certified by independent surveyors to date to the total contract price. When the outcome of a performance obligation cannot be reasonably measured, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group shall recognise revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

(3) Sale of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has full discretion over channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs until the products have been shipped to the specified location, the risk of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with sales contracts, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

(4) Service and rental income

Revenue from providing services is recognised in the accounting period in which the services are rendered. If the contract includes a monthly fee, revenue is recognised in the amount to which the Group has a right to invoice.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Material accounting policies (Continued)

(vi) Leases

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the lessee, which does not have recent third party financing, and

- makes adjustments specific to the lease, eg term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straightline basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

See note 38(k) for other accounting policies related to leases.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Material accounting policies (Continued)

(vii) Principles of consolidation and equity accounting

(1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 38(a)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(2) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (4) below), after initially being recognised at cost.

(3) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

Joint operations
The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 13.

Joint ventures
Interests in joint vventures are accounted for using the equity method (see (4) below), after initially being recognised at cost in the consolidated statement of financial position.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Material accounting policies (Continued)

(vii) Principles of consolidation and equity accounting (Continued)

(4) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 38(g).

(5) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Material accounting policies (Continued)

(viii) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

(ix) Development properties for sale

Development properties refer to properties developed for sale.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

Development cost of property comprises cost of leasehold land, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period.

(x) Financial assets

(1) *Classification*

The Group classifies its financial assets in the following measurement categories:

— those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

— those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For financial assets that are not held for trading, this will depend on whether the Company and its subsidiaries have made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(2) *Recognition and derecognition*

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2 BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (CONTINUED)

(b) Material accounting policies (Continued)

(x) Financial assets (Continued)

(3) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("**FVPL**"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instrument

The Company and its subsidiaries subsequently measure all equity investments at fair value. Where the management of the Group has elected to present fair value gains and losses on equity investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continued to be recognised in profit or loss as other income when the right of the Group to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other gain/(loss) — net" as applicable. Impairment losses (and reversal of impairment losses) on equity investment measured at fair value through other comprehensive income ("**FVOCI**") are not presented separately from other changes in fair value.

Debt instruments

Subsequent measurement of debt instruments depends on the Groups business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gain/(loss) — net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

(4) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and retention receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3(b)(i) for further details.

(xi) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The finance personnel measures actual exposures against the limits set and prepares regular reports for the review of the management team and the Board of Directors. The information presented below is based on information received by the management team.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk

(i) Currency risk

The Group operates in Asia with dominant operations in Hong Kong and Singapore.

Currency risk arises within entities in the Group when transactions are denominated in currencies other than their respective functional currencies.

The Group's currency exposure based on the information provided to key management is as follows:

	Hong Kong dollars HK$'000	Singapore dollars HK$'000	United States dollars HK$'000
At 31 December 2023			
Non-derivative financial assets			
Financial assets at fair value through other comprehensive income	–	1,425	–
Cash and cash equivalents	350,734	1,104,596	84,117
Pledged bank deposits	–	15,014	–
Financial assets at fair value through profit or loss	185,335	–	–
Trade and other receivables excluding non-financial assets	1,152,113	1,842,707	40,082
	1,688,182	2,963,742	124,199
Non-derivative financial liabilities			
Trade and other payables excluding non-financial liabilities	1,076,088	2,026,183	35,093
Lease liabilities	14,805	58,659	–
Borrowings	1,312,183	3,004,542	561,443
	2,403,076	5,089,384	596,536
Net non-derivative financial liabilities	(714,894)	(2,125,642)	(472,337)
Currency exposure of non-derivative financial (liabilities)/assets net of those denominated in the functional currencies of the respective group entities	(262,247)	147,744	(472,337)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

	Hong Kong dollars HK$'000	Singapore dollars HK$'000	United States dollars HK$'000
At 31 December 2022			
Non-derivative financial assets			
Financial assets at fair value through other comprehensive income	–	1,421	–
Cash and cash equivalents	263,872	1,136,175	84,875
Pledged bank deposits	–	2,326	–
Financial assets at fair value through profit or loss	150,705	369,541	43,643
Trade and other receivables excluding non-financial assets	967,245	2,192,357	44,170
	1,381,822	3,701,820	172,688
Non-derivative financial liabilities			
Trade and other payables excluding non-financial liabilities	1,080,847	1,301,756	44,887
Lease liabilities	16,787	57,929	–
Borrowings	2,631,775	3,481,507	4,921
	3,729,409	4,841,192	49,808
Net non-derivative financial (liabilities)/assets	(2,347,587)	(1,139,372)	122,880
Currency exposure of non-derivative financial (liabilities)/assets net of those denominated in the functional currencies of the respective group entities	(532,905)	121,540	122,880

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Currency risk (Continued)

If each of Hong Kong dollars ("**HK$**") and United States dollars ("**US$**") fluctuate against Singapore dollars ("**SGD**") by 5% respectively, with all other variables including tax rate being held constant, the effects on loss after income tax will be as follows:

	Increase/(decrease) in loss after income tax	
	2023	2022
	HK$'000	HK$'000
HK$ against SGD		
— Strengthened	**(10,949)**	(22,116)
— Weakened	**10,949**	22,116
US$ against SGD		
— Strengthened	**(19,602)**	5,100
— Weakened	**19,602**	(5,100)

Note:

As at 31 December 2023, the Group had certain foreign currency forward contracts in respect of SGD against HK$ with total notional principal amount of HK$160,000,000. Details of which have been disclosed in Note 24.

The aggregate net foreign exchange losses recognised in profit or loss were:

	2023	2022
	HK$'000	HK$000
Net foreign exchange losses included in other loss — net *(Note 8)*	**(1,217)**	(6,871)
Exchange losses on foreign currency borrowing included in finance costs — net *(Note 11)*	**(7,753)**	(9,467)
Total net foreign exchange losses recognised in loss before income tax for the year	**(8,970)**	(16,338)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group has insignificant exposure to equity price risk.

(iii) Interest rate risk

Other than bank balances which are carried at variable interest rates, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from borrowings. Borrowings carried at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group has not hedged its cash flow interest rate risk.

As at 31 December 2023, the Group's borrowings at variable rates are denominated mainly in HK$, US$ and SGD. If the interest rates had increased/decreased by 50 basis points with all other variables including tax rate being held constant, loss after income tax (2022: loss after income tax) would have been HK$15,650,000 (2022: HK$30,593,000) higher/lower (2022: higher/lower) as a result of higher/lower interest expense on these borrowings.

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The credit risk of the Group mainly arises from cash and cash equivalents, pledged bank deposits, trade and retention receivables, contract assets, and deposits and other receivables. The carrying amounts of these balances in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to its financial assets.

The Group has three types of financial assets that are subject to the expected credit loss model:

— Trade receivables, retention receivables and contract assets;

— Other financial assets at amortised cost; and

— Cash and cash equivalents and pledged bank deposits

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables, retention receivables and contract assets

Credit exposure to an individual customer is restricted by the credit limit approved by the credit controller. Customers' payment profile and credit exposure are continuously monitored by the credit controller and reported to the management and the Board of Directors.

Customers from the Group's Construction — Singapore and Southeast Asia business segment are primarily Singaporean Government's related entities and financially sound properties developers, the directors consider that the expected credit risk is minimal. Customers from the Foundation and construction — Hong Kong and Macau business segment are primarily Hong Kong Government's related entities, financially sound local properties developers and construction companies which the Group established long-term and stable business relationship.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade and retention receivables and contract assets have been collectively or individually, assessed for likelihood of recovery. The Group categorises its trade and retention receivables and contract assets, except those individually assessed, based on shared credit risk characteristics and the days past due. The expected credit loss rates are based on the payment profiles of sales over a period of 12 months before the financial reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Given the track record of regular repayment of trade and retention receivables and contract assets, the directors are of the opinion that the risk of default by these counterparties is not significant, taking into account forward-looking information on macroeconomics factors. Therefore, expected credit loss rates of trade and retention receivables and contract assets are assessed to be insignificant.

For trade and retention receivables and contract assets relating to accounts in which there are objective evidence that the debtors face significant financial difficulties or significant doubt on the collectability, they are assessed individually for impairment allowance.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables, retention receivables and contract assets (Continued)

On that basis, the loss allowances as at 31 December 2023 and 2022 were determined as follows for trade and retention receivables and contract assets:

	Current HK$'000	1–30 days HK$'000	31–60 days HK$'000	61–90 days HK$'000	More than 90 days HK$'000	Total HK$'000
31 December 2023						
Expected loss rate	**0%**	**0%**	**0%**	**0%**	**5.3%**	
Gross carrying amount — trade and retention receivables	**–**	**1,596,698**	**32,861**	**23,543**	**538,456**	**2,191,558**
Gross carrying amount — contract assets	**2,479,818**	**–**	**–**	**–**	**–**	**2,479,818**
Loss allowance	**–**	**–**	**–**	**–**	**28,652**	**28,652**
31 December 2022						
Expected loss rate	0%	0%	0%	0%	0.5%	
Gross carrying amount— trade and retention receivables	–	990,381	109,252	16,770	609,137	1,725,540
Gross carrying amount — contract assets	1,467,013	–	–	–	–	1,467,013
Loss allowance	–	–	–	–	2,926	2,926

The loss allowances for trade and retention receivables and contract assets as at 31 December reconcile to the opening loss allowances as follows:

	Trade and retention receivables and contract assets 2023 HK$'000	2022 HK$'000
Opening loss allowance at 1 January	**2,926**	–
Increase in loss allowance recognised in profit or loss during the year	**28,652**	2,926
Receivables written off during the year as uncollectible	**(2,926)**	–
Closing loss allowance at 31 December	**28,652**	2,926

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(b) Credit risk (Continued)

(i) Trade receivables, retention receivables and contract assets (Continued)

The Group has maintained a defined credit policy with tightened risk profile and applied prudent policies to manage its credit risk with its trade receivables that includes an ageing analysis of trade receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables. On an on-going basis, payment pattern of customers were monitored regularly to see if there is any increase in credit risk.

Trade receivables, retention receivables and contract assets are written off when there is no reasonable expectation of recovery. Impairment losses on trade and retention receivables and contract assets are presented as credit impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other financial assets at amortised cost

Other financial assets at amortised cost include deposits, loan receivables and other receivables due from associated companies, joint ventures, related parties and third parties. They are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. Based on historical experience, the associated credit risk is minimal. Management considered that the identified credit impairment loss under expected credit loss model was immaterial.

(iii) Cash and cash equivalents and pledged bank deposits

While cash and cash equivalents and pledged bank deposits are also subject to the impairment requirements of HKFRS 9, the identified credit impairment loss was immaterial.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the shorter and longer term. Management believes there is no significant liquidity risk as the Group has sufficient committed facilities to fund their operations.

The following table details the remaining contractual maturities at the year end date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the year end date), borrowings considered as default and cross-default and the earliest date the Group may be required to pay:

	On demand HK$'000	**Within one year HK$'000**	**Between one and two years HK$'000**	**Between two and five years HK$'000**	**Over five years HK$'000**	**Total HK$'000**
At 31 December 2023						
Trade and other payables excluding non-financial liabilities	**–**	**2,883,261**	**–**	**–**	**–**	**2,883,261**
Borrowings	**3,114,844**	**937,713**	**476,234**	**684,421**	**21,593**	**5,234,805**
Derivative financial instrument	**–**	**849**	**–**	**–**	**–**	**849**
Lease liabilities	**–**	**31,834**	**13,502**	**23,671**	**14,005**	**83,012**
	3,114,844	**3,853,657**	**489,736**	**708,092**	**35,598**	**8,201,927**

	On demand HK$'000	Within one year HK$'000	Between one and two years HK$'000	Between two and five years HK$'000	Over five years HK$'000	Total HK$'000
At 31 December 2022						
Trade and other payables excluding non-financial liabilities	–	2,636,782	–	–	–	2,636,782
Borrowings	3,809,551	464,056	1,171,308	1,038,657	4,136	6,487,708
Lease liabilities	–	38,940	11,979	14,085	13,539	78,543
	3,809,551	3,139,778	1,183,287	1,052,742	17,675	9,203,033

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(d) Capital risk

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders, to support the Group's stability and growth; to earn a margin commensurate with the level of business and market risks in the Group's operation and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Board of Directors monitors the Group's capital based on net debt and total equity. Net debt is calculated as borrowings and lease liabilities less cash and cash equivalents and pledged bank deposits. Total capital is calculated as total equity plus net debt. The Group monitors capital on the basis of the net debt to total capital ratio. This ratio is calculated as the net debt as at each year end divided by the total capital as at each year end.

The net debt to total capital ratios at the year end dates are as follows:

	2023 **HK$'000**	2022 HK$'000
Borrowings *(Note 29)*	**5,048,518**	6,118,203
Lease liabilities *(Note 17(a))*	**73,464**	74,801
	5,121,982	6,193,004
Less: Cash and cash equivalents *(Note 26(a))*	**(1,604,091)**	(1,506,649)
Pledged bank deposits *(Note 26(b))*	**(15,014)**	(2,326)
Net debt	**3,502,877**	4,684,029
Total equity	**2,826,962**	3,168,251
Total capital	**6,329,839**	7,852,280
Net debt to total capital ratio	**55%**	60%

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(e) Fair value measurements

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2023				
Assets				
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	–	–	1,425	1,425
Financial assets at fair value through profit or loss				
— Unlisted fund investments	–	–	185,335	185,335
Liabilities				
Financial liabilities at fair value through profit or loss				
— Derivative financial instruments	–	849	–	849

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(e) Fair value measurements (Continued)

(i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy. (Continued)

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
At 31 December 2022				
Assets				
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	–	–	1,421	1,421
Financial assets at fair value through profit or loss				
— Unlisted fund investments	–	–	563,889	563,889

The fair values of derivative financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The fair value of forward foreign exchange contracts is determined using forward exchange rates at the consolidated statement of financial position date, with the resulting value discounted back to present value.

The investments in unquoted financial assets at fair value through other comprehensive income held by the Group as at 31 December 2023 are equity investments in property development companies that are not traded in an active market. The fair value of these investments is determined by using a dividend discount model for which the assumptions are based on the estimated future dividend plans of the underlying investments. These investments are classified as Level 3.

Financial assets at fair value through profit or loss held by the Group as at 31 December 2023 are investment funds established for property development project in Singapore, investment in healthcare and biotechnology related business and investments in a investment collective scheme that are not traded in an active market. The key assumptions used are disclosed in Note 20. These investments are classified as Level 3.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(e) Fair value measurements (Continued)

(ii) The following table presents the changes in Level 3 instruments:

	Financial assets at fair value through other comprehensive income HK$'000	Financial assets at fair value through profit or loss HK$'000
At 1 January 2022	4,711	511,932
Addition	–	30,000
Fair value changes recognised in profit or loss	–	15,367
Fair value changes recognised in other comprehensive income	(2,182)	–
Disposals	(1,420)	–
Exchange difference	312	6,590
31 December 2022	1,421	563,889
Addition	**–**	**23,136**
Fair value changes recognised in profit or loss	**–**	**4,712**
Distribution	**–**	**(408,746)**
Exchange difference	**4**	**2,344**
31 December 2023	**1,425**	**185,335**

During the year ended 31 December 2023, there were no transfers of financial assets and liabilities between level 1, level 2 and level 3.

The fair value of financial assets at fair value through other comprehensive income is determined by using a dividend discount model. The unobservable inputs used in the fair value measurement include forecast dividend earnings and discount rate.

The fair value of financial assets at fair value through profit or loss is determined by using a discounted cash flow model and the adjusted net assets value method. The unobservable inputs used in the fair value measurement include discount rate. Should the discount rate be increased/decreased by 1%, loss for the year would have been HK$13,059,000 (2022: HK$16,000,000) higher/lower.

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair value.

Management has determined that the carrying amount of cash and cash equivalents, pledged bank deposits, trade and other receivables, loan receivables, trade and other payables, current borrowings and borrowings with variable interest rates, reasonably approximate their fair values because these are mostly short-term in nature or are re-priced frequently.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(f) Financial instruments by category

	Financial assets at amortised cost HK$'000	Financial assets at fair value through the profit & loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Total HK$'000
At 31 December 2023				
Assets as per consolidated statement of financial position				
Financial assets at FVOCI	–	–	1,425	1,425
Financial assets at FVPL	–	185,335	–	185,335
Trade and other receivables excluding non-financial assets	3,360,858	–	–	3,360,858
Pledged bank deposits	15,014	–	–	15,014
Cash and cash equivalents	1,604,091	–	–	1,604,091
Total	4,979,963	185,335	1,425	5,166,723

	Financial liabilities at fair value through the profit & loss HK$'000	Financial liabilities at amortised cost HK$'000	Total HK$'000
At 31 December 2023			
Liabilities as per consolidated statement of financial position			
Trade and other payables excluding non-financial liabilities	–	2,883,261	2,883,261
Borrowings	–	5,048,518	5,048,518
Lease liabilities	–	73,464	73,464
Derivative financial instrument	849	–	849
Total	849	8,005,243	8,006,092

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk factors (Continued)

(f) Financial instruments by category (Continued)

	Financial assets at amortised cost HK$'000	Financial assets at fair value through the profit & loss HK$'000	Financial assets at fair value through other comprehensive income HK$'000	Total HK$'000
At 31 December 2022				
Assets as per consolidated statement of financial position				
Financial assets at FVOCI	–	–	1,421	1,421
Financial assets at FVPL	–	563,889	–	563,889
Trade and other receivables excluding non-financial assets	3,473,248	–	–	3,473,248
Pledged bank deposits	2,326	–	–	2,326
Cash and cash equivalents	1,506,649	–	–	1,506,649
Total	4,982,223	563,889	1,421	5,547,533

	Financial liabilities at amortised cost HK$'000
At 31 December 2022	
Liabilities as per consolidated statement of financial position	
Trade and other payables excluding non-financial liabilities	2,636,782
Borrowings	6,118,203
Lease liabilities	74,801
Total	8,829,786

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS AND JUDGMENTS

The preparation of the consolidated financial statement requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

(a) Construction contracts

Revenue recognition on a project is dependent on management's estimation of the total outcome of the construction contract, with reference to the construction works certified by an independent surveyor. The Group reviews and revises the estimates of contract revenue, contract costs, variation orders and provision for claims, provision for foreseeable contract losses, prepared for each construction contract as the contract progresses. Budgeted construction costs are prepared by the management on the basis of quotations from time to time provided by the major contractors, suppliers or vendors involved and the experience of the management. In order to keep the budget accurate and up-to-date, the management conducts periodic reviews of the management budgets by comparing the budgeted amounts to the actual amounts incurred. The provision for claims is determined on the basis of the delay in the number of work days to complete of the construction works which is highly subjective and is subject to negotiation with the customers. The provision for foreseeable contract losses is determined on the basis of comparison of remaining cost and revenue forecasted. Management conducts periodic reviews of the above provisions.

Significant judgement is required in estimating the contract revenue, contract costs, variation works, provision for claims and provision for foreseeable losses which may have an impact in terms of percentage of completion and profit taken. Management estimates the contract costs and revenues based on the latest available information, which includes detailed contract valuations. In many cases the results reflect the expected outcome of long-term contractual obligations which span more than one reporting period. Contract costs and revenues are affected by a variety of uncertainties that depend on the outcome of future events and often need to be revised as events unfold and uncertainties are resolved. The estimates of contract costs and revenue are updated regularly and significant changes are highlighted through established internal review procedures. In particular, the internal reviews focus on the timing and recognition of income and cost derived from variations to the contract scope or claims. The impact of the changes in accounting estimates is then reflected in the ongoing results.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS AND JUDGMENTS (CONTINUED)

(b) Revenue recognition for sales of development properties

The Group develops and sells residential and mixed-use development properties in Singapore. Revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the completed property. The properties have generally no alternative use for the Group due to the contractual restrictions. However, whether there is an enforceable right to payment and hence the related contract revenue is recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of the right to payment, the Group has reviewed the terms of its contracts, the relevant local law, the local regulators' views and obtained legal advice, when necessary.

The Group recognised property development revenue over time by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgment and estimation are required in determining the completeness and accuracy of the budgets and the extent of the costs incurred and the allocation of cost to that property unit. Changes in cost estimates in future periods can have effect on Group's revenue recognised. In making the above estimation, the Group relies on past experience and work of contractors and surveyors.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the legal title of the completed properties and the consideration is collected.

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. For the purpose of impairment reviews, the recoverable amount of goodwill is determined based on value-in-use calculations. The value-in-use calculations primarily use cash flow projections based on five-year financial budgets approved by management and estimated terminal value at the end of the five-year period. There are a number of assumptions and estimates involved in the preparation of cash flow projections for the period covered by the approved budgets. Key assumptions include the sales growth rates and selection of discount rates to reflect the risks involved. Management prepares the financial budgets reflecting actual and prior year performance and market development expectations. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions could affect these cash flow projections and therefore the results of the impairment reviews.

(d) Net realisable value of development properties for sale

The Group writes down development properties for sale based on assessment of the realisability of the development properties for sale which takes into account costs to completion based on management's experience and net sales value based on prevailing market conditions. If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease which may result in writing down development properties for sale to net realisable value. Write-downs are recorded where events or changes in circumstances indicate that the balance may not be realised. The identification of write-downs requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying amounts of the development properties for sale are adjusted in the period in which such estimate is changed.

4 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS AND JUDGMENTS (CONTINUED)

(e) Provision for impairment of trade, other receivables and contract assets

The Group makes provision for impairment of trade and other receivables and contract assets based on an assessment of the recoverability of trade and other receivables and contract assets. The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The identification of doubtful debts requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables and contract assets and impairment is recognised in the period in which such estimate has been changed.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the past history, existing market conditions as well as forward looking estimates of the Group at the end of each reporting period.

(f) Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group is able to satisfy the continuing ownership test in Singapore, on unrealised profit arising from transactions among companies within the Group, and on certain accrued operating expenses.

As at 31 December 2023, the Group recognised such deferred income tax assets amounting to approximately HK$64,415,000 (2022: HK$37,898,000) substantially related to entities incorporated and operating in Hong Kong and Singapore based on the anticipated future use of tax losses and other timing differences carried forward by those entities. If the tax authority regards these group entities as not satisfying the continuing ownership test, the deferred income tax asset will have to be written off as income tax expense.

5 SEGMENT INFORMATION

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

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

The "Foundation and construction — Hong Kong and Macau" segment mainly represents provision of foundation and construction work to property developers, loaning of labour and rental of equipment in Hong Kong and Macau. The "Property development — Singapore and Southeast Asia" and "Property development — Hong Kong" segment represent the sales of completed property units in Singapore and Southeast Asia and Hong Kong. The "Construction — Singapore and Southeast Asia" segment mainly represents provision of construction work to property developers, sales of goods, loaning of labour and rental of equipment in Singapore and Southeast Asia.

Segment performance is evaluated based on reportable segment results, which is a measure of adjusted (loss)/profit before income tax. The adjusted (loss)/profit before income tax is measured consistently with the Group's (loss)/profit before income tax except that finance income, finance costs, inter-segment transactions as well as the head office and corporate expenses are excluded from such measurement.

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

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

5 SEGMENT INFORMATION (CONTINUED)

Information regarding the above segments is reported below.

	Foundation and construction — Hong Kong and Macau HK$'000	Property development — Hong Kong HK$'000	Construction — Singapore and Southeast Asia HK$'000	Property development — Singapore and Southeast Asia HK$'000	Total HK$'000
Year ended 31 December 2023					
Sales					
Sales to external parties	**3,433,430**	**–**	**4,350,520**	**2,638,670**	**10,422,620**
Inter-segment sales	**–**	**–**	**348,470**	**–**	**348,470**
Total segment sales	**3,433,430**	**–**	**4,698,990**	**2,638,670**	**10,771,090**
Adjusted segment profit/(loss)	**63,055**	**(58)**	**(610,726)**	**501,049**	**(46,680)**
Depreciation of right-of-use assets	**9,785**	**–**	**40,138**	**2,263**	**52,186**
Depreciation of owned assets	**44,974**	**–**	**17,512**	**240**	**62,726**
Amortisation of intangible assets	**191**	**–**	**6,215**	**–**	**6,406**

	Foundation and construction — Hong Kong and Macau HK$'000	Property development — Hong Kong HK$'000	Construction — Singapore and Southeast Asia HK$'000	Property development — Singapore and Southeast Asia HK$'000	Total HK$'000
Year ended 31 December 2022					
Sales					
Sales to external parties	2,104,536	–	4,202,812	1,964,774	8,272,122
Inter-segment sales	–	–	237,983	–	237,983
Total segment sales	2,104,536	–	4,440,795	1,964,774	8,510,105
Adjusted segment (loss)/profit	33,323	(66)	(620,349)	403,099	(183,993)
Depreciation of right-of-use assets	10,261	–	39,587	2,662	52,510
Depreciation of owned assets	52,579	–	20,407	122	73,108
Impairment on property, plant and equipment	–	–	6,911	–	6,911
Amortisation of intangible assets	102	–	5,874	–	5,976

5 SEGMENT INFORMATION (CONTINUED)

During the year ended 31 December 2023, revenue of approximately HK$3,190,683,000 (2022: HK$1,166,905,000) representing 31% (2022: 14%) of the Group's total revenue was derived from a single external customer within the "Construction — Singapore and Southeast Asia" segment.

The following tables present segment assets and liabilities as at 31 December 2023 and 2022 respectively.

	Foundation and construction — Hong Kong and Macau HK$'000	Property development — Hong Kong HK$'000	Construction — Singapore and Southeast Asia HK$'000	Property development — Singapore and Southeast Asia HK$'000	Total HK$'000
As at 31 December 2023					
Segment assets	**2,184,565**	**709,598**	**3,762,509**	**5,700,258**	**12,356,930**
Segment liabilities	**1,600,804**	**669,182**	**3,463,672**	**4,836,505**	**10,570,163**

	Foundation and construction — Hong Kong and Macau HK$'000	Property development — Hong Kong HK$'000	Construction — Singapore and Southeast Asia HK$'000	Property development — Singapore and Southeast Asia HK$'000	Total HK$'000
As at 31 December 2022					
Segment assets	2,094,011	703,712	4,106,143	5,981,707	12,885,573
Segment liabilities	1,645,834	672,299	3,615,854	5,363,413	11,297,400

5 SEGMENT INFORMATION (CONTINUED)

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

	2023 **HK$'000**	2022 HK$'000
Adjusted segment loss for reportable segments	**(46,680)**	(183,993)
Unallocated expenses	**(23,527)**	(29,120)
Elimination	**(15,113)**	(13,850)
Finance income	**53,239**	58,701
Finance costs	**(327,730)**	(247,531)
Share of results of investments accounted for using the equity method	**33,177**	(67,919)
Loss before income tax	**(326,634)**	(483,712)

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

	2023 **HK$'000**	2022 HK$'000
Segment assets	**12,356,930**	12,885,573
Unallocated	**5,928,432**	6,392,835
Elimination	**(7,163,990)**	(7,098,978)
Total assets	**11,121,372**	12,179,430

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

	2023 **HK$'000**	2022 HK$'000
Segment liabilities	**10,570,163**	11,297,400
Unallocated	**4,888,237**	4,812,757
Elimination	**(7,163,990)**	(7,098,978)
Total liabilities	**8,294,410**	9,011,179

5 SEGMENT INFORMATION (CONTINUED)

(a) Assets and liabilities related to contracts with customers

The Group receives payments from customers based on billing schedules as established in contracts. Payments under sales of property contracts are usually received in advance of the performance.

Details of contract assets are as follows:

	2023 HK$'000	2022 HK$'000
Contract assets related to sales of properties	**1,841,732**	857,503
Contract assets related to construction projects	**638,086**	609,510
Total contract assets	**2,479,818**	1,467,013

Details of contract liabilities:

	2023 HK$'000	2022 HK$'000
Contract liabilities related to sales of properties	**42,652**	–
Contract liabilities related to construction projects	**2,979**	30,000
Total contract liabilities	**45,631**	30,000

(i) Revenue recognised in relation to contract liabilities

	2023 HK$'000	2022 HK$'000
Revenue recognised that was included in contract liabilities balance at the beginning of the year		
— sales of development properties	**–**	253,296
— construction projects	**30,000**	120,833

5 SEGMENT INFORMATION (CONTINUED)

(a) Assets and liabilities related to contracts with customers (Continued)

(ii) Unsatisfied contracts

	2023 HK$'000	2022 HK$'000
Aggregate amount of the transaction price of long-term construction contract that unsatisfied as at 31 December	**15,383,574**	13,610,840

Management expects that the transaction prices regarding the unsatisfied contracts as at 31 December 2023 and 2022 will be recognised as revenue by referencing to the progress towards completion of the contract activity.

6 REVENUE

	2023 HK$'000	2022 HK$'000
Construction contracts income	**7,782,591**	6,305,274
Sales of development properties	**2,638,670**	1,964,774
Income from loaning labour to other contractors	**1,359**	2,074
	10,422,620	8,272,122
Revenues from contracts with customers		
— recognised at a point in time	**7,277**	67,960
— recognised over time	**10,415,343**	8,204,162
	10,422,620	8,272,122

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

	2023 HK$'000	2022 HK$'000
Singapore	**6,792,185**	5,824,324
Hong Kong and Macau	**3,433,430**	2,104,536
Southeast Asia	**197,005**	343,262
	10,422,620	8,272,122

7 OTHER INCOME

	2023 HK$'000	2022 HK$'000
Dividend income from financial assets at FVOCI	–	83
Performance bonus from construction contracts	40,367	71,594
Forfeited customer deposits	919	873
Government grants *(Note)*	5,976	19,193
Management fee income	10,030	10,165
Rental income from temporary staff quarters	18,292	4,692
Scrap sales	9,489	4,810
Others	5,830	17,651
	90,903	129,061

Note:

Government grants primarily represent subsidies granted by local governments for foreign worker levy rebates. These subsidies were granted in the form of cash payment. There were no unfulfilled condition and other contingencies attached to the receipts of those subsidies.

8 OTHER GAIN/(LOSS) — NET

	2023 HK$'000	2022 HK$'000
(Loss)/gain on disposals of property, plant and equipment	(1,099)	150
Foreign exchange forward contracts		
— fair value (loss)/gain	(862)	2,497
— gain on settlement, net	–	3,724
Fair value gains on financial assets at FVPL	4,712	15,367
Gain from acquisition of a subsidiary *(Note 14)*	5,879	–
Gain/(loss) on disposal of right of use assets	19	(1,195)
Exchange difference	(1,217)	(6,871)
Others	1,193	(15,097)
Other gain/(loss) — net	8,625	(1,425)

9 EXPENSES BY NATURE

	2023 HK$'000	2022 HK$'000
Contractor and material costs included in "Cost of sales"	**7,203,713**	5,954,682
Property development costs included in "Cost of sales"	**2,026,165**	1,534,840
Staff costs, including directors' emoluments *(Note 10)*	**919,875**	704,997
Sales commissions	**91,257**	68,691
Show flat costs	**743**	3,171
Marketing expenses	**3,349**	1,967
Travelling and entertainment expenses	**4,899**	4,970
Depreciation of owned assets *(Note 17)*	**62,726**	73,108
Depreciation of right-of-use assets *(Note 17)*	**52,186**	52,510
Amortisation of intangible assets *(Note 19)*	**6,406**	5,976
Rental expenses on operating leases	**144,983**	148,122
Auditors' remuneration		
— audit and audit related services	**8,358**	7,457
— non-audit services	**380**	456
Other legal and professional fees	**22,375**	18,110
Impairment charge on property, plant and equipment *(Note 17)*	**–**	6,911
Credit impairment loss	**28,652**	2,926
Reversal for foreseeable losses on construction contracts	**(9,022)**	–
Other expenses	**40,423**	37,827
Total cost of sales, selling and marketing expenses, general and administrative expenses and credit impairment loss	**10,607,468**	8,626,721

10 EMPLOYEE BENEFIT EXPENSES

	2023 HK$'000	2022 HK$'000
Directors' fees, employees' salaries, wages and allowances	**792,842**	609,170
Performance bonuses	**55,402**	18,704
Employers' contributions to defined contribution plans *(Note)*	**31,487**	45,371
Other staff benefits	**40,144**	31,752
	919,875	704,997

Note: The amount represents contributions paid and payable by the Group to the schemes without any forfeited contributions.

Five highest paid individuals

During the year, the five individuals whose emoluments were the highest in the Group include three directors (2022: three), whose emoluments are reflected in the analysis shown in Note 37. The emoluments payable to the remaining two individuals during the years ended 31 December 2023 and 2022 were as follows:

	2023 HK$'000	2022 HK$'000
Salaries, wages and allowances	**6,818**	6,002
Performance bonuses	**11,530**	1,610
Other staff benefits	**205**	–
Employers' contributions to defined contribution plans	**112**	36
	18,665	7,648

The emoluments of the individuals fell within the following bands:

	Number of individuals 2023	Number of individuals 2022
Emolument bands (in HK$)		
HK$2,500,001–HK$3,000,000	**–**	1
HK$4,500,001–HK$5,000,000	**–**	1
HK$5,500,001–HK$6,000,000	**1**	–
HK$13,000,001–HK$13,500,000	**1**	–

During the year ended 31 December 2023, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2022: Nil).

11 FINANCE COSTS — NET

	2023 HK$'000	2022 HK$'000
Finance income		
Interest income from bank deposits	**19,895**	2,521
Interest income from loans to associated companies	**33,344**	54,926
Interest income from loans to related parties	**–**	1,254
	53,239	58,701
Finance costs		
Interest expenses on lease liabilities	**(3,061)**	(1,802)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	**(276,081)**	(195,066)
Interest expenses on loans from non-controlling interests in subsidiaries	**(50,392)**	(52,833)
	(329,534)	(249,701)
Less: Interest expenses capitalised	**9,557**	11,637
	(319,977)	(238,064)
Net foreign exchange losses	**(7,753)**	(9,467)
	(327,730)	(247,531)
Finance costs — net	**(274,491)**	(188,830)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 SUBSIDIARIES

The following is a list of the material subsidiaries as at 31 December 2023:

Name of companies	Principal activities	Country of operation/ incorporation	Particulars of share capital/ paid-up capital	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022
Directly held by the Company:					
One Million International Limited	Investment holding	The British Virgin Islands	US$3	**100%**	100%
Wang Bao Development Limited	Investment holding	The British Virgin Islands	US$0.02	**100%**	100%
New Chic International Limited	Investment holding	The British Virgin Islands	US$100	**100%**	100%
CNQC International Asset Management Limited	Investment Holding	Cayman Islands	US$1	**100%**	100%
Indirectly held by the Company:					
Sunley Engineering & Construction Company Limited	General contracting, building and civil engineering and rental of machinery in Hong Kong	Hong Kong	HK$39,193,000	**100%**	100%
Sunnic Engineering Limited	General contracting, building and civil engineering and rental of machinery in Hong Kong	Hong Kong	HK$13,900,000	**100%**	100%
Full Gain Engineering Limited	General contracting, building and civil engineering and rental of machinery in Hong Kong	Hong Kong	HK$100	**100%**	100%
CNQC Realty (Hong Kong) Limited	Investment Holding	Hong Kong	HK$2	**100%**	100%
Global Glory Development & Property Limited	Property development	Hong Kong	HK$1	**99.75%**	99.75%
CNQC Intelligent Construction (HK) Limited	Modular integrated construction	Hong Kong	HK$100	**67%**	67%
Woon Lee Construction Company Limited	General contracting, building and civil engineering in Hong Kong	Hong Kong	HK$150,000,000	**100%**	100%
Sunley Foundation Engineering (Macau) Company Limited	General contracting, building and civil engineering in Macau	Macau	MOP100,000	**100%**	100%
Sunnic Engineering (Macau) Limited	General contracting, building and civil engineering in Macau	Macau	MOP25,000	**100%**	100%
CNQC (South Pacific) Holding Pte. Ltd.	Investment holding	Singapore	SGD25,500,000	**100%**	100%
Qingjian International (South Pacific) Group Development Co., Pte. Ltd.	General construction	Singapore	SGD45,000,000	**100%**	100%
CNQC Engineering & Construction Pte. Ltd.	General construction	Singapore	SGD15,000,000	**100%**	100%
Qingjian Realty (South Pacific) Group Pte. Ltd.	Investment holding	Singapore	SGD2,000,000	**100%**	100%
Sunley M&E Engineering Pte. Ltd.	General construction	Singapore	SGD7,300,000	**100%**	100%
CNQC Realty (Phoenix) Pte. Ltd.	Property development	Singapore	SGD2,000,000	**63%**	63%
Bai Chuan Engineering Pte. Ltd.	General construction and interior design	Singapore	SGD300,000	**61%**	–
Welltech Construction Pte. Ltd.	General construction	Singapore	SGD35,000,000	**100%**	100%
CNQC International B&R (SG) Development Fund L.P. — TQS Development Pte. Limited	Property development investment	Cayman Islands	Not applicable	**27%**	27%
CNQC International B&R (SG) Development Fund — TQS (2) Development Pte. Limited	Property development investment	Cayman Islands	Not applicable	**44%**	44%
Qingjian Perennial (Bukit Timah) Pte. Ltd.	Property development	Singapore	SGD100	**51%**	51%
CNQC Engineering & Construction (Malaysia) Sdn Bhd	General contracting, building and civil engineering in Malaysia	Malaysia	MYR1,000,000	**100%**	100%
CNQC Development (Cambodia) Co. Ltd.	General construction	Cambodia	US$4,000	**100%**	100%

12 SUBSIDIARIES (CONTINUED)

Note: The Group is the general partner of CNQC International B&R (SG) Development Fund L.P. (the "**CNQC Development Fund L.P.**") and has provided seed capital for the set up of the CNQC Development Fund L.P. The Group considered the level of its aggregate economic interests in the CNQC Development Fund L.P. is significant and the level of investors' rights to remove the general partner is limited. The Group determines that it has control over the CNQC Development Fund L.P. and has consolidated it.

Material non-controlling interests

The total non-controlling interests as at 31 December 2023 represent net aggregate non-controlling interests of HK$448,000,000 (2022: HK$322,162,000), of which non-controlling interests of HK$201,940,000 (2022: HK$58,067,000), HK$133,361,000 (2022: HK$161,889,000) and deflict of HK$2,836,000 (2022: deflict of HK$1,024,000) were attributable to Qingjian Perennial (Bukit Timah) Pte. Ltd., CNQC International B&R (SG) Development Fund L.P. and CNQC Realty (Phoenix) Pte. Ltd., respectively. The directors are of the opinion that other non-controlling interests are not material to the Group as at 31 December 2023.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information of each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of financial position

	Qingjian Perennial (Bukit Timah) Pte. Ltd.		CNQC International B&R (SG) Development Fund L.P.		CNQC Realty (Phoenix) Pte. Ltd.	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Current						
Assets	**2,905,955**	3,425,960	**51,215**	39,380	**543,145**	353,576
Liabilities	**(2,403,842)**	(1,891,178)	**(92,675)**	(45,036)	**(353,982)**	(202,300)
Total current net assets/(liabilities)	**502,113**	1,534,782	**(42,460)**	(14,656)	**189,163**	151,276
Non-current						
Assets	**–**	96	**591,748**	582,366	**3,974**	2,964
Liabilities	**(81,402)**	(1,403,776)	**(292,547)**	(291,777)	**(200,802)**	(157,008)
Total non-current net (liabilities)/assets	**(81,402)**	(1,403,680)	**299,201**	290,589	**(196,828)**	(154,044)
Net assets/(liabilities)	**420,711**	131,102	**256,741**	275,933	**(7,665)**	(2,768)

12 SUBSIDIARIES (CONTINUED)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised statement of comprehensive (loss)/income

	Qingjian Perennial (Bukit Timah) Pte. Ltd.		CNQC International B&R (SG) Development Fund L.P.		CNQC Realty (Phoenix) Pte. Ltd.	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Revenue	**2,601,897**	1,898,888	**–**	–	**31,152**	–
Profit/(loss) before income tax	**353,758**	225,809	**(32,479)**	(19,686)	**(5,981)**	(1,648)
Income tax (expense)/credit	**(60,139)**	(38,387)	**(1,185)**	(9,929)	**1,017**	294
Net profit/(loss)	**293,619**	187,422	**(1,185)**	(29,615)	**(4,964)**	(1,354)
Total comprehensive income/(loss)	**293,619**	187,422	**(33,664)**	(29,615)	**(4,965)**	(1,354)
Total comprehensive income/(loss) allocated to non-controlling interests	**143,873**	91,836	**(33,664)**	(18,543)	**(1,837)**	(501)

Summarised statement of cash flows

	Qingjian Perennial (Bukit Timah) Pte. Ltd.		CNQC International B&R (SG) Development Fund L.P.		CNQC Realty (Phoenix) Pte. Ltd.	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Cash flows from operating activities						
Cash generated from/(used in) operations	**807,266**	640,488	**–**	–	**(124,544)**	(14,282)
Interest paid	**(67,487)**	(56,098)	**–**	–	**(13,710)**	(4,288)
Net cash generated from/(used in) operating activities	**739,779**	584,390	**–**	–	**(138,254)**	(18,570)
Net cash generated from/(used in) investing activities	**9,218**	–	**(27,109)**	(225,910)	**–**	–
Net cash (used in)/generated from financing activities	**(856,287)**	(423,685)	**14,831**	236,264	**130,173**	5,682
Net (decrease)/increase in cash and cash equivalents	**(107,290)**	160,705	**(12,278)**	10,354	**(8,081)**	(12,888)
Cash and cash equivalents at beginning of year	**447,411**	281,410	**12,384**	2,147	**27,134**	40,108
Exchange gains/(losses) on cash and cash equivalents	**2,773**	5,296	**214**	(117)	**191**	(86)
Cash and cash equivalents at end of year	**342,894**	447,411	**320**	12,384	**19,244**	27,134

The information above is the amount before inter-company eliminations.

13 INVESTMENTS IN OTHER ENTITIES

(a) Investments in associated companies

The movements of the carrying amounts of associated companies are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	675,527	683,278
Additions	–	7,676
Partial disposal *(Note (i))*	(23,612)	–
Share of net profit/(loss) of associated companies	65,531	(12,342)
Dividend received	(169,794)	–
Exchange difference	6,385	(3,085)
At 31 December	541,267	675,527

The amounts recognised in profit or loss are as follows:

	2023 HK$'000	2022 HK$'000
Share of results of associated companies	65,531	(12,342)
Unrealised gains on downstream transactions with associated companies	(28,155)	(12,746)
Realised gains on downstream transactions with associated companies	–	6,844
Share of net profit/(loss) of associated companies recognised in profit or loss	**37,376**	(18,244)

Notes:

(i) The Group owned 47% equity interest in an associated company Shangdong Taixun Prefabricated Building Technology Co., Ltd. (山東泰迅裝配式建築科技有限公司). In July 2023, the Group sold a portion of the equity interest in the associated company to a third party at a consideration of RMB21.0 million (equivalent to approximately HK$23.6 million). After the said disposal, the Group owns 33% equity interest in the associated company. No material gain or loss resulted from the said disposal is charged to profit or loss.

13 INVESTMENTS IN OTHER ENTITIES (CONTINUED)

(a) Investments in associated companies (Continued)

The particulars of the Group's principal associated companies as at 31 December 2023 are as follows:

Name of companies	Principal activities	Country of operation/ incorporation	Particulars of share capital	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022
Qingjian Realty (SF) Holding Pte. Ltd. ("**QJR SF**")	Investment holding	Singapore	SGD10,000	**42.11%**	42.11%
Qingjian Realty (Marymount) Pte. Ltd. ("**QJR Marymount**")	Property development	Singapore	SGD4,000,000	**45%**	45%
TQS (2) Development Pte. Limited ("**TQS (2)**")	Property development	Singapore	SGD3,000,000	**10.03%**	10.03%
TQS Development Pte. Limited ("**TQS**")	Property development	Singapore	SGD4,000,000	**6.07%**	6.07%
Jubilant Castle Limited	Investment holding	The British Virgin Islands	USD1,000	**5%**	5%
Wealth Honour Limited	Property development	Hong Kong	HK$1	**5%**	5%

Note:

The Group directly holds 42.11% equity interests of QJR SF, which holds 95% equity interests in QJR Marymount. The Group also directly holds 5% equity interest in QJR Marymount. Hence, the Group directly holds 5% equity interests of QJR Marymount and indirectly holds 40% equity interests through QJR SF, therefore effectively, the Group holds 45% equity interests in QJR Marymount.

The Group holds 43.84% equity interests of CNQC International B&R (SG) Development Fund L.P. — TQS (2) which holds 52% equity interests in CNQC-OS (2) Pte. Ltd., and CNQC-OS (2) Pte. Ltd. holds 44% equity interests in TQS (2), therefore effectively, the Group holds 10.03% equity interests in TQS (2).

The Group holds 27.16% equity interests of CNQC International B&R (SG) Development Fund L.P. — TQS which holds 52% equity interests in QJ-OS Pte. Ltd., and QJ-OS Pte. Ltd. holds 43% equity interests in TQS, therefore effectively, the Group holds 6.07% equity interests in TQS.

The Group holds 5% equity interest in Jubilant Castle Limited, which hold 100% equity interest of Wealth Honour Limited. The directors determine the Group has significant influence over Jubilant Castle Limited by way of representation on the Board of Directors and participation in the policy-making process, although the Group's equity interests in Jubilant Castle Limited is lower than 20%.

Contingent liabilities relating to the Group's interests in associated companies as at 31 December 2023 and 2022 were disclosed in Note 33.

13 INVESTMENTS IN OTHER ENTITIES (CONTINUED)

(a) Investments in associated companies (Continued)

Summarised financial information for associates

Set out below are the summarised financial information for associates which, in the opinion of directors, are material to the Group and are accounted for using the equity method.

	QJR Marymount		TQS		TQS (2)	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Current assets						
Cash and cash equivalents	**27,084**	500,687	**344,863**	100,171	**138,810**	67,230
Development properties at sales	**–**	–	**3,451,513**	3,077,696	**2,113,212**	1,845,780
Other current assets	**993,231**	2,158,674	**100,408**	7,727	**173,804**	2,273
Total current assets	**1,020,315**	2,659,361	**3,896,784**	3,185,594	**2,425,826**	1,915,283
Non-current assets	**33,974**	32,623	**7,097**	8,106	**9,308**	5,656
Current liabilities						
Financial liabilities (excluding trade payables)	**(118,013)**	(1,392,794)	**(1,073)**	(1,036)	**(1,425)**	(1,404)
Other current liabilities	**(1,805)**	(11,760)	**(1,342,200)**	(300,752)	**(730,510)**	(24,082)
Total current liabilities	**(119,818)**	(1,404,554)	**(1,343,273)**	(301,788)	**(731,935)**	(25,486)
Total non-current liabilities	**–**	–	**(2,563,963)**	(2,895,531)	**(1,717,463)**	(1,884,672)
Net assets/(liabilities)	**934,471**	1,287,430	**(3,355)**	(3,619)	**(14,264)**	10,781
Net assets/(liabilities) attributable to equity owners	**934,471**	1,287,430	**(3,355)**	(3,619)	**(14,264)**	10,781
Direct equity interest held	**45%**	45%	**43%**	43%	**44%**	44%
Share of interest held by Group	**420,512**	579,344	**–**	–	**–**	4,744

The interests in QJR Marymount, TQS and TQS (2) were initially measured at fair value. The carrying amount was increased or decreased to recognise the Group's share of profits or losses of the interests in QJR Marymount, TQS and TQS (2) to the extent the carrying amount of the interests in QJR Marymount, TQS and TQS (2) reduced to nil due to losses, after the initial recognition. There are no significant contingent liabilities and capital commitments relating to the Group's interests in associates as at 31 December 2023 and 2022.

13 INVESTMENTS IN OTHER ENTITIES (CONTINUED)

(a) Investments in associated companies (Continued)

Summarised financial information for associates (Continued)

	QJR Marymount		TQS		TQS (2)	
	2023 HK$'000	2022 HK$'000	**2023 HK$'000**	2022 HK$'000	**2023 HK$'000**	2022 HK$'000
Reconciliation to carrying amounts of the Group's interests in associated companies:						
Opening net assets	**1,287,430**	1,287,944	**(3,619)**	22,803	**10,781**	–
Capital injection	**–**	–	**–**	–	**–**	17,445
(Loss)/profit for the year	**(6,626)**	(10,300)	**278**	(25,936)	**(25,451)**	(6,512)
Other comprehensive income/(loss)	**8,765**	9,786	**(14)**	(486)	**406**	(152)
Dividend declared	**(355,098)**	–	**–**	–	**–**	–
Closing net assets/(liabilities)	**934,471**	1,287,430	**(3,355)**	(3,619)	**(14,264)**	10,781
Revenue	**–**	972,038	**–**	–	**–**	–
(Loss)/profit after tax attributable to the equity owners	**(6,626)**	(10,300)	**278**	(25,936)	**(25,451)**	(6,512)
Other comprehensive income/(loss) attributable to the equity owners	**8,765**	9,786	**(14)**	(486)	**406**	(152)
Total comprehensive income/(loss) attributable to the equity owners	**2,139**	(514)	**264**	(26,422)	**(25,045)**	(6,664)

13 INVESTMENTS IN OTHER ENTITIES (CONTINUED)

(b) Investments in joint ventures

The movements of the carrying amounts of joint ventures are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	**(7,268)**	(24,688)
Capital injection	**28,775**	68,422
Share of losses recognised in investment in joint ventures	**(4,199)**	(49,675)
Exchange difference	**(1,001)**	(1,327)
At 31 December	**16,307**	(7,268)

The consolidated statement of financial position shows the following amounts relating to investments in joint ventures:

	As at 31 December 2023 HK$'000	As at 31 December 2022 HK$'000
Provision for financial guarantees to joint ventures *(Note 30)*	**–**	(7,268)

The particulars of the Group's investments in principal joint ventures as at 31 December 2023 are as follows:

Name of companies	Principal activities	Country of operation/ Incorporation	Measurement method	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022
CNQC & Sambo Company Limited	Investment holding in property development	Hong Kong	Equity method	**50%**	50%
Apex Intelligence Limited	Property development	Hong Kong	Equity method	**35%**	35%

The directors are of the opinion that the investments in joint ventures are not material to the Group as at 31 December 2023 (2022: same).

The Group has no contingent liabilities and financial commitments to cover financing requirement of the joint ventures relating to the Group's interests in joint ventures as at 31 December 2023 (2022: HK$7,268,000).

13 INVESTMENTS IN OTHER ENTITIES (CONTINUED)

(c) Investments in joint operations

The particulars of the Group's joint operation as at 31 December 2023 are as:

Name of companies	Principal activities	Country of operation/ Incorporation	Measurement method	Effective interest held as at 31 December 2023	Effective interest held as at 31 December 2022
Santarli-Grandtech Joint Venture	Building Construction	Singapore	Proportionate consolidation	**50%**	50%

The directors are of the opinion that the Group's investments in joint operations are not significant to the Group as at 31 December 2023 (2022: same).

14 BUSINESS COMBINATION

On 30 June 2023, CNQC (South Pacific) Holding Pte. Ltd., an indirect wholly-owned subsidiary of the Company, acquired 61% equity interests in Bai Chuan Engineering Pte. Ltd. ("**Bai Chuan**") for an aggregate cash consideration of SGD183,000 (equivalent to approximately HK$1.1 million) (the "**Bai Chuan Acquisition**"). Bai Chuan is principally engaged in provision of construction and interior design services in Singapore. The acquired assets and liabilities mainly consists of leasehold building, cash and cash equivalent, trade and other receivables, trade and other payables and external mortgage loan.

The Bai Chuan Acquisition results in a net cash inflow of approximately HK$4.0 million to the Group and a gain from bargain purchase of approximately HK$5.9 million was charged to the profit or loss.

The revenue and results contributed by Bai Chuan for the period since acquisition date were immaterial to the Group and the Group's revenue and results for the year would not be materially different if this acquisition had occurred on the beginning of the year ended 31 December 2023. The related transaction costs of this business combination recognised in the Group's consolidated statement of comprehensive income were not material.

15 INCOME TAX EXPENSE

Hong Kong profits tax, Macau complementary tax, Singapore corporate income tax, Malaysia corporate income tax, Indonesia corporate income tax, Cambodia corporate income tax and Vietnam corporate income tax have been provided for at the rate of 16.5%, 12%, 17%, 24%, 22%, 20% and 20% respectively for the years ended 31 December 2023 and 2022 on the estimated assessable profit in the respective jurisdictions, adjusted for those items which are not assessable or deductible for income tax purpose.

	2023 HK$'000	2022 HK$'000
Current income tax		
— Hong Kong profits tax	**1,781**	152
— Singapore corporate income tax	**8,873**	4,870
— Cambodia corporate income tax	**186**	289
— Vietnam corporate income tax	**–**	4
(Over)/under-provision in prior years		
— Singapore corporate income tax	**(1,695)**	(16,157)
— Indonesia corporate income tax	**522**	–
Total current income tax expense/(credit)	**9,667**	(10,842)
Deferred income tax *(Note 22)*	**34,950**	40,170
Income tax expense	**44,617**	29,328

The tax on loss before income tax differs from the theoretical amount that would arise using domestic tax rates applicable to profits in the respective countries as follows:

	2023 HK$'000	2022 HK$'000
Loss before income tax	**(326,634)**	(483,712)
Tax calculated at domestic tax rates applicable to (loss)/profit in the respective jurisdictions	**(53,707)**	(85,147)
Effects of:		
— Associates' and joint ventures' results reported net of tax	**(10,149)**	12,098
— Statutory stepped income exemption in Singapore	**(415)**	(349)
— Income not subject to tax	**(9,631)**	(11,624)
— Expenses not deductible for tax purposes	**41,541**	30,652
— Utilisation of tax loss previously not recognised	**–**	(3,032)
— Recognition of previous tax losses not recognised	**–**	(2,959)
— Tax losses and other temporary difference not recognised	**78,151**	105,846
— Over-provision in prior years	**(1,173)**	(16,157)
Income tax expense	**44,617**	29,328

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. At 31 December 2023, the Company has unrecognised tax losses to be carried forward against future taxable income amounting to approximate HK$731,524,000 (2022: HK$923,269,000). The potential deferred income tax assets in respect of the unrecognised tax losses amounted to approximate HK$124,208,000 (2022: HK$155,956,000). Tax losses amounting to approximate HK$nil (2022: HK$282,000) will expire within 3 years from 31 December 2023. The remaining tax losses have no expiry date.

15 INCOME TAX EXPENSE (CONTINUED)

(a) Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules

The Group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the Vietnam, Singapore and Malaysia, the jurisdictions in which the subsidiaries of the Group are incorporated, and will come into effect from 1 January 2024 or 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to HKAS 12 issued in July 2023.

Under the legislation, the Group is liable to pay a top-up tax for the difference between the Global Anti-Base Erosion Proposal ("**GloBE**") effective tax rate for each jurisdiction and the 15% minimum rate. All major operating entities within the Group have an effective tax rate that exceeds 15%.

The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The Group is currently engaged with tax specialists to assist them with applying the legislation.

16 LOSS PER SHARE

Basic

	2023 **HK$'000**	2022 HK$'000
Loss attributable to ordinary shares	**(453,104)**	(543,331)
Loss attributable to convertible preference shares ("**CPS**")	**(37,231)**	(44,652)
Loss attributable to owners of the Company	**(490,335)**	(587,983)

	2023 **Ordinary shares**	**CPS**	2023 Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic loss per share (in thousands)	**1,518,320**	**124,876**	1,518,320	124,876
Basic loss per share (HK$)	**(0.298)**	**(0.298)**	(0.358)	(0.358)

Basic loss per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares and convertible preference shares ("**CPS**") outstanding for each of the years presented.

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

16 LOSS PER SHARE (CONTINUED)

Diluted

	2023		2022	
	Ordinary shares	**CPS**	Ordinary shares	CPS
Weighted average number of issued shares for the purpose of calculating basic loss per share (in thousands)	**1,518,320**	**124,876**	1,518,320	124,876
Adjustments for outstanding share options (in thousands)	**–**	**–**	–	–
	1,518,320	**124,876**	1,518,320	124,876
Diluted loss per share (HK$)	**(0.298)**	**(0.298)**	(0.358)	(0.358)

Diluted loss 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 loss per share. For the years ended 31 December 2023 and 2022, the calculation of diluted (loss)/earnings per share does not assume the exercise of the share options issued by the Company as they would have anti-dilutive impact to the basic loss per share.

17 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and Machinery HK$'000	Office equipment, Furniture & Fixtures HK$'000	Motor vehicles HK$'000	Property, plant and equipment total HK$'000	Right-of-use assets HK$'000
At 1 January 2022							
Cost	384,426	30,822	611,442	50,656	9,812	1,087,158	187,878
Accumulated depreciation	(59,879)	(23,368)	(420,684)	(45,463)	(6,749)	(556,143)	(112,294)
Net book value	324,547	7,454	190,758	5,193	3,063	531,015	75,584
Year ended 31 December 2022							
Opening net book amount	324,547	7,454	190,758	5,193	3,063	531,015	75,584
Additions	–	3,333	16,473	2,756	2,584	25,146	57,274
Disposals	–	–	(17)	(55)	(93)	(165)	(2,341)
Depreciation	(17,978)	(1,733)	(49,904)	(2,283)	(1,210)	(73,108)	(52,510)
Impairment	–	–	(6,911)	–	–	(6,911)	–
Exchange difference	430	(1)	(666)	(11)	46	(202)	242
Closing net book amount	306,999	9,053	149,733	5,600	4,390	475,775	78,249
At 31 December 2022							
Cost	385,951	33,145	604,021	52,099	12,655	1,087,871	202,273
Accumulated depreciation and impairment	(78,952)	(24,092)	(454,288)	(46,499)	(8,265)	(612,096)	(124,024)
Net book value	306,999	9,053	149,733	5,600	4,390	475,775	78,249

17 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Plant and Machinery HK$'000	Office equipment, Furniture & Fixtures HK$'000	Motor vehicles HK$'000	Property, plant and equipment total HK$'000	Right-of-use assets HK$'000
At 1 January 2023							
Cost	385,951	33,145	604,021	52,099	12,655	1,087,871	202,273
Accumulated depreciation and impairment	(78,952)	(24,092)	(454,288)	(46,499)	(8,265)	(612,096)	(124,024)
Net book value	306,999	9,053	149,733	5,600	4,390	475,775	78,249
Year ended 31 December 2023							
Opening net book amount	306,999	9,053	149,733	5,600	4,390	475,775	78,249
Additions	–	–	28,343	6,279	3,791	38,413	53,494
Disposals	–	–	(872)	(217)	(358)	(1,447)	(14,575)
Acquisition of a subsidiary *(note 14)*	22,737	–	282	156	1,433	24,608	–
Depreciation	(21,362)	(2,049)	(35,053)	(2,236)	(2,026)	(62,726)	(52,186)
Exchange difference	16	(6)	(31)	(24)	–	(45)	8
Closing net book amount	308,390	6,998	142,402	9,558	7,230	474,578	64,990
At 31 December 2023							
Cost	408,509	32,598	628,507	30,873	16,249	1,116,736	163,702
Accumulated depreciation and impairment	(100,119)	(25,600)	(486,105)	(21,315)	(9,019)	(642,158)	(98,712)
Net book value	308,390	6,998	142,402	9,558	7,230	474,578	64,990

Notes:

(a) Depreciation expense of property, plant and equipment of HK$49,353,000 (2022: HK$61,189,000) and HK$13,373,000 (2022: HK$11,919,000) has been charged in "cost of sales" and "general and administrative expenses" respectively.

(b) As at 31 December 2023, the Group's leasehold land and buildings with an aggregate net book value of HK$223,852,000 (2022: HK$203,866,000) were pledged as securities for bank borrowings (Note 29(c)).

17(a) LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2023 HK$'000	2022 HK$'000
Right-of-use assets		
Leasehold land	–	96
Properties	50,660	43,693
Machinery	14,294	34,241
Vehicles	36	219
	64,990	78,249
Lease liabilities		
Current	30,318	37,272
Non-current	43,146	37,529
	73,464	74,801

Additions to the right-of-use assets during the year ended 31 December 2023 were HK$53,494,000 (2022: HK$57,274,000).

(ii) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Notes	2023 HK$'000	2022 HK$'000
Depreciation charge of right-of-use assets			
Leasehold land		96	1,132
Properties		21,805	20,889
Machinery		30,192	30,400
Vehicles		93	89
	9	52,186	52,510
Interest expense (included in finance costs — net)	*11*	3,061	1,802
Expenses relating to short-term leases (included in cost of sales and general and administrative expenses)	*9*	144,983	148,122

The total cash outflow for leases during the year ended 31 December 2023 was HK$201,538,000 (2022: HK$207,126,000).

18 GOODWILL

	Foundation and construction — Hong Kong and Macau *(Note (a))* HK$'000	Construction — Singapore and Southeast Asia *(Note (b))* HK$'000	**Total** HK$'000
At 1 January 2022	290,043	277,292	567,335
Exchange differences	–	1,496	1,496
At 31 December 2022 and 1 January 2023	290,043	278,788	568,831
Exchange differences	**–**	**738**	**738**
At 31 December 2023	**290,043**	**279,526**	**569,569**

Notes:

(a) The amount represents goodwill arising from the acquisition of the "Foundation and construction — Hong Kong and Macau" segment deemed to be completed on 17 March 2014 as a result of the reverse acquisition completed on 15 October 2015 and the acquisition of Woon Lee Construction Company Limited ("**Woon Lee**"), a company incorporated in Hong Kong, which is primarily engaged in the provision of foundation and construction services in Hong Kong, completed on 11 November 2021. The acquisition is expected to create synergy from combining the capabilities of the Group's other foundation and construction business in Hong Kong.

(b) The amount represents goodwill arising from the acquisition of New Chic International Limited ("**New Chic**") which is primarily engaged in the provision of construction services as main contractor in Singapore. The acquisition is expected to create synergy from combining the capabilities of the Group's other construction business in Singapore as a result of major acquisition completed on 13 July 2016.

18 GOODWILL (CONTINUED)

Impairment test for goodwill

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. Management estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

Key assumptions of the financial budgets covering the five-year period and other key assumptions used for value-in-use calculations are as follows:

Goodwill of Foundation and construction — Hong Kong and Macau

	2023	2022
Average revenue growth rate *(Note (i))*	**4.6%**	17.0%
Terminal revenue growth rate	**2.5%**	2.0%
Average gross profit margin	**7.8%**	8.2%
Discount rate *(Note (ii))*	**17.1%**	17.0%

Goodwill of Construction — Singapore and Southeast Asia

	2023	2022
Average revenue growth rate *(Note (i))*	**3.0%**	3.0%
Terminal revenue growth rate	**2.5%**	2.5%
Average gross profit margin	**4.8%**	3.8%
Discount rate *(Note (ii))*	**12.8%**	10.4%

Notes:

(i) Average revenue growth rate used in the budget is for the five-year period ending 31 December 2028.

(ii) The discount rate used is pre-tax and reflects specific risks relating to the relevant business.

The Group does not have to recognise any impairment loss as at 31 December 2023 based on the impairment assessment performed.

Management has undertaken sensitivity analysis on the impairment test of goodwill. Hypothetically, if the average gross profit margin decreases by 0.8% or the discount rate increases by 3.5% (2022: average gross profit margin decreases by 0.5% or the discount rate increases by 1.7%) in isolation, would have removed the remaining headroom of "Foundation and construction — Hong Kong and Macau" segment as at 31 December 2023. If the average revenue growth rate decreases by 1.0% or the discount rate increases by 1.0% (2022: average revenue growth rate decreased by 2.0% or the discount rate increases by 1.0%) in isolation, would have removed the remaining headroom of "Construction — Singapore and Southeast Asia" segment as at 31 December 2023.

19 OTHER INTANGIBLE ASSETS

	Construction licenses HK$'000	Computer software, license and club membership HK$'000	Total HK$'000
Year ended 31 December 2022			
Opening net book amount	74,659	546	75,205
Additions	–	1,611	1,611
Amortisation charge *(Note 9)*	(5,682)	(294)	(5,976)
Exchange difference	(22)	22	–
Closing net book amount	68,955	1,885	70,840
At 31 December 2022			
Cost	112,158	2,606	114,764
Accumulated amortisation	(43,203)	(721)	(43,924)
	68,955	1,885	70,840

	Construction licenses HK$'000	**Computer software, license and club membership HK$'000**	**Total HK$'000**
Year ended 31 December 2023			
Opening net book amount	**68,955**	**1,885**	**70,840**
Amortisation charge *(Note 9)*	**(5,919)**	**(487)**	**(6,406)**
Exchange difference	**126**	**15**	**141**
Closing net book amount	**63,162**	**1,413**	**64,575**
At 31 December 2023			
Cost	**112,284**	**2,621**	**114,905**
Accumulated amortisation	**(49,122)**	**(1,208)**	**(50,330)**
	63,162	**1,413**	**64,575**

Amortisation of HK$5,985,000 (2022: HK$5,754,000) was included in "Cost of sales" and HK$421,000 (2022: HK$222,000) was included in "General and administrative expenses".

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are all held for capital appreciation and include the following:

	2023 HK$'000	2022 HK$'000
At 1 January	**563,889**	511,932
Additions	**23,136**	30,000
Distribution	**(408,746)**	–
Fair value gain recognised in profit or loss	**4,712**	15,367
Exchange differences	**2,344**	6,590
At 31 December	**185,335**	563,889

As at 31 December 2023, the balance of financial assets at fair value through profit or loss represents the Group's unlisted fund investments as follows:

	2023 HK$'000	2022 HK$'000
Unlisted fund investments:		
— Property Development Fund *(Note (a))*	**–**	403,937
— Medicine Fund *(Note (b))*	**167,380**	141,900
— Chariot SPC Fund — CHARIOT SP III *(Note (c))*	**17,955**	18,052
	185,335	563,889

(a) On 16 May 2017, a direct wholly-owned subsidiary of the Company entered into a limited partnership agreement with Great Wall International Investment ("**Great Wall**") and Guotsing Asset Management Limited ("**Guotsing Asset Management**"), in relation to a formation of fund for the purpose of investment in a property development project in Singapore (the "**Property Development Fund**"). Guotsing Asset Management is an indirect wholly-owned subsidiary of a controlling shareholder of the Company. The direct wholly-owned subsidiary of the Company also entered into a subscription agreement in relation to its capital commitment to the Fund. During the year ended 31 December 2023, fair value gain of HK$4,809,000 was recognised in profit or loss (2022: HK$15,252,000) and Great Wall distributed the whole investment attributable to the Group.

(b) On 21 May 2020, a direct wholly owned subsidiary of the Company entered into a subscription agreement pursuant to which it agreed to subscribe for the limited partnership interests of Blissful Jade Medicine Fund LP (the "**Medicine Fund**"). The Medicine Fund is primarily engaged in the investment in healthcare and biotechnology related business. The fair value of the Group's investment in the Medicine Fund as at 31 December 2023 is determined based on the valuation prepared by CHFT Advisory and Appraisal Ltd , an independent professionally qualified valuer engaged by the Group. During the year ended 31 December 2023, an additional investment of HK$23,136,000 was made to the Medicine Fund (2022: HK$30,000,000). No fair value gain or loss was recognised in profit or loss arisen from the Medicine Fund during the year ended 31 December 2023 (2022: HK$808,000).

(c) The Group subscribed for certain Class A Participating Shares within a segregated portfolio in Chariot SPC Fund — Chariot SP III, an unlisted investment fund registered in the Cayman Islands, for an amount of HK$20,000,000. Chariot SPC Fund is an exempted company incorporated with limited liability and registered as a segregated portfolio company under the Companies Law (Revised) of the Cayman Islands. The investment in Chariot SPC Fund is primarily for the purpose of capital appreciation. The fair value of the investment held by the Group in the fund as of 31 December 2023 was determined by reference to the net asset value per share of the relevant segregated portfolio in the fund. During the year ended 31 December 2023, a fair value loss of HK$97,000 was recognised in profit or loss (2022: loss of HK$693,000).

Movement in financial assets at fair value through profit or loss are presented within "investing activities" in the consolidated statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in "Other gain/(loss) — net" in the consolidated statement of comprehensive income.

21 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2023 HK$'000	2022 HK$'000
Current		
Trade receivables *(Note (b))*		
— Associated companies	**34,097**	19,711
— Related parties	**8,155**	27,732
— Third parties	**1,668,224**	1,159,473
	1,710,476	1,206,916
Retention receivables from customers for construction contract work *(Note (c))*		
— Associated companies	**4,407**	6,891
— Related parties	**500**	10,718
— Third parties	**447,523**	498,089
	452,430	515,698
Other receivables *(Note (d))*		
— Associated companies	**16,269**	324,439
— Related parties	**81,701**	75,836
— Third parties	**15,580**	35,325
Prepayments	**86,983**	175,788
Deposits	**67,966**	106,801
Staff advances	**4,713**	2,571
Goods and services tax receivable	**7,446**	19,123
	280,658	739,883
Loans and interest receivables		
— Associated companies *(Note (e))*	**31,879**	246,544
— A joint venture *(Note (g))*	**111,450**	111,450
— A related company *(Note (f))*	**–**	107,522
	143,329	465,516
	2,586,893	2,928,013
Non-current		
Loans and interest receivables		
— Associated companies *(Note (e))*	**800,386**	742,717
— An investment company accounted for as financial assets at FVOCI *(Note (h))*	**60,562**	–
Prepayments and other receivables	**2,317**	1,320
	863,265	744,037

21 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

Notes:

(a) The credit periods granted to customers were in general 30 days. No interest was charged on the outstanding balance.

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

	2023 **HK$'000**	2022 HK$'000
1–30 days	**1,596,698**	990,381
31–60 days	**32,861**	109,252
61–90 days	**23,543**	16,770
Over 90 days	**57,374**	90,513
	1,710,476	1,206,916

(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$338,588,000 (2022: HK$285,698,000) are expected to be recovered in more than twelve months from 31 December 2023.

(d) Other receivables due from associated companies, related parties, and third parties were unsecured and interest-free.

(e) Loans receivables to associated companies of HK$832,265,000 (2022: HK$989,261,000) represent shareholders' loans provided by the Group to various associated companies that engage in property development in Singapore and Hong Kong.

In accordance with the shareholders' agreements, the Group and the other shareholders contributed minimal amount of capital and substantially all portion of the associates' capital expenditures and working capital were funded through shareholders' loans and other external financings. The shareholders' loans were provided pursuant to the commitments set out in the respective shareholders' agreements entered into when the property development companies were established and were made in proportion to the percentages of the Group's shareholdings in these property development companies. Loans receivables to associated companies are unsecured and have no fixed repayment terms. The shareholders' loans are repayable in part or in full on any date to be agreed between the associated companies and its shareholders and are interest-bearing at a fixed rate of 5% (2022: 4% to 5%) per annum as at 31 December 2023.

The directors of Company assessed the impairment of loans receivables to the associated companies on a regular basis with reference to the financial position, the financial budget and the estimated future cash flows of the associated companies, which the Group has full access to the financial statements and the complete books and records of the associated companies. Factors including the pre-sale of the relevant development properties (for property development projects in Singapore), progress of construction of the development properties and other current market conditions are considered in the impairment assessment. Based on the assessment performed by the directors, no provision for impairment was recognised against the loans receivables, interest receivables and other receivables to associated companies as at 31 December 2023 (2022: same).

Details of the material loans receivables to associated companies of the Group as at 31 December 2023 are as follows:

As at 31 December 2023, loan receivable of HK$375,980,000 (2022: HK$358,824,000) represent shareholders' loan to TQS, an associated company of the Group that engage in property development in Singapore. The loan receivable is unsecured and interest-bearing at a fixed rate of 4% per annum. The directors of the Company consider that the loan receivable from TQS will be settled after the development properties are delivered to the customers and the issuance of Temporary Occupation Permit ("**TOP**") by the Building and Construction Authority of Singapore, hence, it is classified as non-current asset in the consolidated statement of financial position.

21 TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS (CONTINUED)

Notes: (Continued)

(e) *(Continued)*

As at 31 December 2023, loan receivable of HK$266,186,000 (2022: HK$263,741,000) represent shareholders' loan to TQS(2), an associated company of the Group that engage in property development in Singapore. The loan receivable is unsecured and interest-bearing at a fixed rate of 4% per annum. The directors of the Company consider that the loan receivable from TQS(2) will be settled after the development properties are delivered to the customers and the issuance of TOP by the Building and Construction Authority of Singapore, hence, it is classified as non-current asset in the consolidated statement of financial position.

As at 31 December 2023, loan receivable of HK$158,220,000 (2022: HK$120,151,000) represent shareholders' loan to Jubilant Castle Limited, an associated company of the Group that engage in property development in Hong Kong through its subsidiary, Wealth Honour Limited. The loan receivable is unsecured and interest-bearing at a fixed rate of 5% per annum. The directors of the Company consider that the loan receivable from Jubilant Castle Limited will not be repayable within one year from the end of the reporting period, hence, it is classified as non-current asset in the consolidated statement of financial position accordingly.

As at 31 December 2022, loan receivable of HK$216,037,000 represent shareholders' loan to Qingjian Realty (Marymount) Pte. Ltd., an associated company of the Group that engage in property development in Singapore. The loan receivable has been fully recovered during the year ended 31 December 2023.

(f) As at 31 December 2022, loan to a related party represents a loan lent to One Belt & One Road (BVI) Investment Limited, an entity controlled by the Property Development Fund. The loan receivable has been fully recovered during the year ended 31 December 2023. Based on assessment performed by the directors with same basis in note (e), no provision for impairment was recognised against the loans receivables, interest receivables and other receivables to related parties as at 31 December 2023 (2022: same).

(g) As at 31 December 2023, loan receivable of HK$111,450,000 (31 December 2022: HK$111,450,000) represents shareholders' loan to CNQC & SAMBO Co. Ltd., a joint venture of the Group that engages in property development in Hong Kong through its non-wholly owned subsidiary, Apex Intelligence Limited. The loan receivable is unsecured, interest-free and repayable on demand. Given the loan receivable is repayable on demand, it is classified as current asset in the consolidated statement of financial position accordingly. Shareholders' loan was granted on same basis in note (e). Based on assessment performed by the directors with same basis in note (e), no provision for impairment was recognised against the loans receivables and interest receivables to a joint venture as at 31 December 2023 (2022: same).

(h) As at 31 December 2023, loan receivable of HK$60,562,000 represents shareholders' loan to ZACD LV Development Pte. Ltd., an investment company that engages in property development in Singapore. The investment company is accounted for as financial assets at fair value through other comprehensive income. The loan is unsecured and interest bearing at a fixed rate of 5% per annum. The directors of the Company consider that the loan receivable from ZACD LV Development Pte. Ltd. will not be repayable within one year from the end of the reporting period, hence, it is classified as non-current asset in the consolidated statement of financial position accordingly. Shareholders' loan was granted on same basis in note(e). Based on assessment performed by the directors with same basis in note (e), no provision for impairment was recognised against the loans receivables, interest receivables to an investment company accounted for as financial assets at FVOCI as at 31 December 2023 (2022: 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.

22 DEFERRED INCOME TAX (LIABILITIES)/ASSETS

Deferred income tax assets and liabilities are offset when there is a legal enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes related to the same fiscal authority. The amounts, determined after appropriate offsetting, are set out as follows:

	2023 **HK$'000**	2022 HK$'000
Deferred income tax assets		
— to be recovered within 12 months	**16,168**	12,130
— to be recovered after more than 12 months	**48,247**	25,768
	64,415	37,898

22 DEFERRED INCOME TAX (LIABILITIES)/ASSETS (CONTINUED)

	2023 **HK$'000**	2022 HK$'000
Deferred income tax liabilities		
— to be settled within 12 months	**–**	–
— to be settled after more than 12 months	**(129,512)**	(68,075)
	(129,512)	(68,075)

The movements in the net deferred income tax (liabilities)/assets are as follows:

	2023 **HK$'000**	2022 HK$'000
1 January	**(30,177)**	10,761
Charged to profit or loss *(Note 15)*	**(34,950)**	(40,170)
Exchange difference	**30**	(768)
31 December	**(65,097)**	(30,177)

	Fair value adjustments of identifiable assets arising from business combination HK$'000	**Accelerated tax depreciation** HK$'000	**Unrealised profit** HK$'000	**Tax losses** HK$'000	**Accrued operating expenses** HK$'000	**Realised profit** HK$'000	**Total** HK$'000
Year ended 31 December 2022							
At 1 January 2022	(28,160)	(17,696)	1,421	47,400	7,796	–	10,761
Credited/(charged) to profit or loss	1,473	(1,546)	1,432	(12,691)	(7,229)	(21,609)	(40,170)
Exchange difference	(28)	(1)	54	(185)	(100)	(508)	(768)
At 31 December 2022	(26,715)	(19,243)	2,907	34,524	467	(22,117)	(30,177)
Year ended 31 December 2023							
At 1 January 2022	**(26,715)**	**(19,243)**	**2,907**	**34,524**	**467**	**(22,117)**	**(30,177)**
Credited/(charged) to profit or loss	**1,053**	**(2,686)**	**515**	**26,405**	**(13)**	**(60,224)**	**(34,950)**
Exchange difference	**(21)**	**(2)**	**–**	**(420)**	**30**	**443**	**30**
At 31 December 2023	**(25,683)**	**(21,931)**	**3,422**	**60,509**	**484**	**(81,898)**	**(65,097)**

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2023 HK$'000	2022 HK$'000
At 1 January	**1,421**	4,711
Fair value change recognised in other comprehensive income	**–**	(2,182)
Disposals	**–**	(1,420)
Exchange differences	**4**	312
At 31 December	**1,425**	1,421

	2023 HK$'000	2022 HK$'000
Unlisted equity investments	**1,425**	1,421

Unquoted investments which comprise equity investments in certain property development companies are carried at fair value at the end of each reporting period unless it cannot be reliably measured.

24 DERIVATIVE FINANCIAL INSTRUMENTS

	2023 HK$'000	2022 HK$'000
Liabilities		
Current portion:		
Foreign exchange forward contracts	**849**	–

Notes:

(a) The derivative financial instruments mainly consist of the following contracts:

	2023	2022
Foreign exchange forward contracts:		
— Notional principal amounts	**HK$160,000,000**	–
— Maturities as at year end	**5 months**	–

(b) Derivative financial instruments are carried at fair values.

(c) As at 31 December 2023, the derivative financial instruments were secured by pledged bank deposits of HK$15,014,000 (Note 26).

25 DEVELOPMENT PROPERTIES FOR SALE

	2023 HK$'000	2022 HK$'000
Properties in the course of development		
Leasehold land at cost	**1,460,049**	2,786,890
Development costs	**46,946**	85,761
Overheads expenditure capitalised	**10,372**	17,541
Interest expenses capitalised	**60,280**	120,414
	1,577,647	3,010,606

The capitalised interest rate applied to funds borrowed and used for the development of properties is between 5.3% and 6.0% per annum (2022: 3.0% and 5.9%).

As at 31 December 2023, development properties for sale with net carrying amounts of HK$1,538,858,000 (2022: HK$2,974,381,000) were pledged as securities for certain bank borrowings of the Group (Note 29(a)(i)).

26 CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

(a) Cash and cash equivalents

	2023 HK$'000	2022 HK$'000
Cash at banks and on hand *(Note (c))*	**1,260,058**	1,054,050
Short term bank deposits	**273,223**	7,561
Maintenance fund accounts *(Note (a))*	**–**	261
Project accounts *(Note (b))*	**70,810**	444,777
	1,604,091	1,506,649

Notes:

(a) The funds in the maintenance fund accounts can only be applied for the upkeep of the completed development properties.

(b) The funds in the project accounts can only be applied in accordance with the Housing Developers (Project Account) Rules (1997 Ed.) in Singapore.

(c) Cash at banks earned interest at floating rates based on daily bank deposit rates.

(b) Pledged bank deposits

The deposits of HK$15,014,000 (2022: HK$2,326,000) was held at banks as pledge for the Group's derivative financial instruments (Note 24). The carrying amounts of pledged bank deposits approximated their fair values.

27 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK$'000
Authorised:		
Ordinary shares		
At 1 January 2022, 31 December 2022 and 31 December 2023	6,000,000	60,000
CPS		
At 1 January 2022, 31 December 2022 and 31 December 2023 *(Note (a))*	1,000,000	10,000
Issued and fully paid:		
Ordinary shares		
At 1 January 2022, 31 December 2022 and 31 December 2023	1,518,320	15,183
CPS		
At 1 January 2022, 31 December 2022 and 31 December 2023	124,876	1,249

Note:

(a) The authorised share capital of the Company was HK$70,000,000 divided into (i) 6,000,000,000 ordinary shares of HK$0.01 each and (ii) 1,000,000,000 CPS of HK$0.01 each. Save for the rights set out below, each CPS has the same rights as each of the ordinary shares:

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

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

- Each CPS shall confer on its holder the right to receive a non-cumulative preferred distribution from the date of the issue of the CPS at a rate of 0.01% per annum on the issue price of HK$2.75 per CPS, payable annually in arrears. The Company may, in its sole discretion, elect to defer or not pay a preferred distribution. No interest accrues on any unpaid preferred distribution. However, the Company shall not pay any dividends or distributions to the holders of ordinary shares of the Company unless at the same time it pays to the holders of the CPS any deferred or unpaid preferred distribution which was scheduled to be paid during the same financial year as such dividends or distributions were scheduled.

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

- The holders of the CPS shall have priority over the holders of ordinary shares on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company up to an amount equal to the aggregate nominal amounts of the CPS issued (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.

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

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

28 OTHER RESERVES

	Merger reserves HK$'000	Capital reserve HK$'000 *(Note 1)*	Exchange reserve HK$'000	Financial assets at fair value through other comprehensive income reserve HK$'000	Share-based payment reserve HK$'000	Total HK$'000
Balance as at 1 January 2022	(10,771)	(1,180,917)	56,182	(38,003)	32,204	(1,141,305)
Other comprehensive loss						
Currency translation differences	–	–	1,201	–	–	1,201
Fair value change on financial assets at fair value through other comprehensive income	–	–	–	(2,182)	–	(2,182)
Total comprehensive loss	–	–	1,201	(2,182)	–	(981)
Transactions with owners in their capacity as owners						
Employees' share-based compensation benefits	–	–	–	–	–	–
Total transactions with owners in their capacity as owners	–	–	–	–	–	104
Balance as at 31 December 2022	(10,771)	(1,180,917)	57,383	(40,185)	32,204	(1,142,286)
Other comprehensive income						
Currency translation differences	**–**	**–**	**15,664**	**–**	**–**	**15,664**
Total comprehensive income	**–**	**–**	**15,664**	**–**	**–**	**15,664**
Transaction with owners in their capacity as owners						
Lapse of share options *(Note 2)*	**–**	**–**	**–**	**–**	**(32,204)**	**(32,204)**
Waiver of liabilities	**–**	**7,544**	**–**	**–**	**–**	**7,544**
Balance as at 31 December 2023	**(10,771)**	**(1,173,373)**	**73,047**	**(40,185)**	**–**	**(1,151,282)**

Note 1:

The amounts represent the share capital of CNQC (South Pacific) Holdings Pte. Ltd., the fair value of the CPS issued in connection with the reverse acquisition, and the difference between (i) the fair value of the cash consideration and the 25% non-controlling interests of the Company at the date of the reverse acquisition in exchange for the entire equity interests in the Company and (ii) the issued share capital of the Company prior to the date of the reverse acquisition.

Note 2:

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

The Share Option Scheme was valid and effective for a period of ten years commencing on 11 September 2012 and was expired on 10 September 2022. Following the expiry of the Share Option Scheme, no further option can be granted under the scheme. All the outstanding share options granted but yet to be exercised (i.e. 10,500,000 share options) lapsed.

29 BORROWINGS

	2023 HK$'000	2022 HK$'000
Current		
Bank borrowings — secured *(Note (a))*	**1,350,047**	1,806,306
Bank borrowings — unsecured *(Note (b))*	**1,850,998**	2,288,691
Bank borrowings — mortgaged *(Note (c))*	**58,128**	61,525
Loans from non-controlling interests of subsidiaries-unsecured *(Note (d))*	**719,986**	29,514
	3,979,159	4,186,036
Non-current		
Bank borrowings — unsecured *(Note (b))*	**553,898**	703,633
Bank borrowings — mortgaged *(Note (c))*	**22,404**	6,787
Loans from non-controlling interests of subsidiaries-unsecured *(Note (d))*	**493,057**	1,221,747
	1,069,359	1,932,167
Total borrowings	**5,048,518**	6,118,203

At 31 December 2023, the Group's borrowings were repayable as follows:

	2023 HK$'000	2022 HK$'000
Within 1 year (on demand and within 1 year)	**3,979,159**	4,186,036
Between 1 and 2 years	**437,839**	1,081,907
Between 2 and 5 years	**611,684**	846,577
Later than 5 years	**19,836**	3,683
Total	**5,048,518**	6,118,203

As at 31 December 2023, a Syndicated Borrowing of the Group amounting to HK$1,008,773,000 and certain Short-Term Bank Borrowings amounting to HK$634,500,000 contain financial covenants and require the Group to meet certain financial ratio requirements. The Group had not complied with certain of these financial covenant requirements which constituted an event of default and resulted in the Syndicated Borrowing and Short-Term Bank Borrowings becoming immediately repayable if requested by the lenders. Consequently, the Syndicated Borrowing amounting to HK$771,415,000 with scheduled repayment dates beyond one year after 31 December 2023 was classified as current liabilities and on demand as at 31 December 2023. In March 2024, the Group obtained written consents for waivers from the non-compliance of the relevant financial covenants from the lenders of the Short-Term Bank Borrowings of HK$634,500,000. On 25 March 2024, the Company entered into a 3-year committed term loan facility with two of the lenders of the Syndicated Borrowing for the principal amount of HK$546,000,000 for refinancing the Syndicated Borrowing. The Term Loan will be used to repay any outstanding Syndicated Borrowing and the Group is in the process of applying for drawdowns of the Term Loan to repay the outstanding Syndicated Borrowing.

29 BORROWINGS (CONTINUED)

(a) The details of secured bank borrowings are as follows:

	Note	**2023 HK$'000**	2022 HK$'000
Secured by:			
Development properties for sale and joint guarantee from directors of certain subsidiaries	*(i)*	**1,350,047**	1,806,306

Notes:

(i) As at 31 December 2023, the amounts comprise land and development loans with bore interest at 1.6%–1.8% over one-month Singapore Overnight Rate Average ("**SORA**") and 1.65% over one-month Singapore Swap Offer Rate ("**SIBOR**") (2022: 1.5% over the relevant bank's one month Hong Kong Inter-bank Offered Rate ("**HIBOR**") and 1.35%–1.65% above the SIBOR) per annum. The loans were secured by mortgages over the Group's development properties for sale (Note 25) and legal assignment of all rights, title and interests in the construction contracts, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the development properties for sale and personal and joint guarantee of the directors of certain subsidiaries.

(b) As at 31 December 2023, unsecured bank borrowings were guaranteed by the Group which bore interest at 1.0%–1.8% over one month HIBOR (2022: 1.75%–1.90% over one-month HIBOR and 1.35% over one-month SIBOR).

(c) As at 31 December 2023, bank borrowings of HK$80,532,000 (2022: HK$68,312,000) were secured by mortgages over part of the Group's leasehold land and buildings (Note 17). The effective interest rates of the loans were between 4.6% to 6.5% (2022: 2.4% to 6.3%) per annum as at 31 December 2023. The loans will be repaid by fixed monthly payment over 8 to 11 years (2022: 9 to 12 years).

(d) The loans from non-controlling interests of subsidiaries were unsecured and not expected to be repaid within 1 year, except for the current portions which were expected to be repaid within 1 year. The loans are subject to variable interest rates which contractually re-price within 12 months from the financial reporting date. The effective interest rate was 4.0%–5.0% as at 31 December 2023 (2022: 4.0% to 5.0%).

(e) The fair values of the bank borrowings and the loans from related parties approximated their respective carrying values as at 31 December 2023 and 2022, as these borrowings were charged at market interest rates.

(f) The Group's uncommitted banking facilities are subject to annual review. As at 31 December 2023, the unutilised banking facilities amounted to HK$486,500,000 (2022: HK$125,629,000).

30 TRADE AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Current		
Trade payables *(Note (b))*		
— Related parties	**3,529**	6,737
— An associated company	**154**	–
— Non-controlling interests of subsidiaries	**–**	437
— Third parties	**1,753,946**	1,627,787
	1,757,629	1,634,961
Non-trade payables to:		
— Non-controlling interests of subsidiaries	**116,501**	104,256
— Related parties	**44,836**	56,598
— Associated companies	**288,679**	37,326
— Third parties	**65,733**	40,257
— Goods and services tax payable	**13,624**	1,158
	529,373	239,595
Consideration payable in relation to business combination	**–**	26,100
Accruals for operating expenses	**135,445**	97,601
Accruals for construction costs	**507,211**	665,492
Deposits received from customers	**6,000**	7,814
Deferred gain	**44,471**	16,316
Provision for financial guarantees to a joint venture	**–**	7,268
Provision for foreseeable losses on construction contracts	**2,434**	12,806
Dividend payable — non-controlling interests of subsidiaries	**–**	4,652
	695,561	838,049
	2,982,563	2,712,605

30 TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

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

(b) 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:

	2023 HK$'000	2022 HK$'000
1–30 days	**1,254,018**	1,063,077
31–60 days	**276,900**	246,434
61–90 days	**108,548**	157,589
Over 90 days	**118,163**	167,861
	1,757,629	1,634,961

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

31 DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: HK$nil).

32 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before income tax to net cash generated from/(used in) operations

	Note	2023 HK$'000	2022 HK$'000
Loss before income tax		**(326,634)**	(483,712)
Adjustments for:			
Depreciation of property, plant and equipment	*17*	**62,726**	73,108
Depreciation of right-of-use assets	*17*	**52,186**	52,510
Amortisation of intangible assets	*19*	**6,406**	5,976
Impairment of property, plant and equipment	*17*	**–**	6,911
Loss/(gain) on disposal of property, plant and equipment	*8*	**1,099**	(150)
(Gain)/loss on disposal of right-of-use assets	*8*	**(19)**	1,195
Gain from acquisition of a subsidiary	*14*	**(5,879)**	–
Dividend income from financial assets at FVOCI	*7*	**–**	(83)
Interest income	*11*	**(53,239)**	(58,701)
Interest expenses	*11*	**319,977**	238,064
Fair value loss/(gain) on derivative financial instruments	*8*	**862**	(2,497)
Fair value gain on financial assets at FVPL	*8*	**(4,712)**	(15,367)
Credit impairment loss		**28,652**	2,926
(Reversal)/provision for foreseeable losses on construction contracts		**(9,022)**	14,905
Share of results of investments accounted for using the equity method		**(33,177)**	67,919
Gain on settlement of derivative financial instruments	*8*	**–**	(3,724)
Operating losses before working capital changes		**39,226**	(100,720)
Decrease in development properties for sale		**1,442,516**	1,248,693
Decrease/(increase) in inventories		**35,975**	(43,917)
Increase in trade and other receivables		**(363,096)**	(471,571)
Increase in contract assets		**(1,012,805)**	(1,030,690)
Increase/(decrease) in contract liabilities		**15,631**	(344,129)
Increase in trade and other payables		**40,369**	725,133
Net cash generated from/(used in) operations		**197,816**	(17,201)

32 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(a) Reconciliation of loss before income tax to net cash generated from/(used in) operations (Continued)

In the consolidated statement of cash flow, proceeds from disposal of property, plant and equipment comprise:

	2023 HK$'000	2022 HK$'000
Net book amount *(Note 17)*	**1,447**	165
(Loss)/gain on disposal of property, plant and equipment *(Note 8)*	**(1,099)**	150
Proceeds from disposal of property, plant and equipment	**348**	315

(b) Major non-cash transactions

During the years ended 31 December 2023 and 2022, there were no significant non-cash transactions.

(c) The reconciliation of liabilities arising from financing activities is as follows:

	Liabilities from financing activities		
	Bank and other borrowings HK$'000 *(Note 29)*	Lease liabilities HK$'000 *(Note 17(a))*	Total HK$'000
As at 1 January 2022	5,696,342	75,875	5,772,217
Cash flows:			
— Drawdown on borrowings	2,877,928	–	2,877,928
— Repayment of borrowings	(2,467,303)	–	(2,467,303)
— Repayment on principal element of lease liabilities	–	(57,202)	(57,202)
— Repayment on interest element of lease liabilities	–	(1,802)	(1,802)
Other non-cash movements			
— Additions of right-of-use assets	–	57,274	57,274
— Disposal of right-of-use assets	–	(1,146)	(1,146)
— Finance costs	–	1,802	1,802
— Foreign exchange adjustments	11,236	–	11,236
As at 31 December 2022	6,118,203	74,801	6,193,004

32 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) The reconciliation of liabilities arising from financing activities is as follows: (Continued)

	Liabilities from financing activities		
	Bank and other borrowings HK$'000 *(Note 29)*	Lease liabilities HK$'000 *(Note 17(a))*	Total HK$'000
As at 1 January 2023	6,118,203	74,801	6,193,004
Cash flows:			
— Drawdown on borrowings	1,224,264	–	1,224,264
— Repayment of borrowings	(2,319,427)	–	(2,319,427)
— Acquisition of a subsidiary	21,882	–	21,882
— Repayment on principal element of lease liabilities	–	(40,256)	(40,256)
— Repayment on interest element of lease liabilities	–	(3,061)	(3,061)
Other non-cash movements			
— Additions of right-of-use assets	–	53,494	53,494
— Disposal of right-of-use assets	–	(14,575)	(14,575)
— Finance costs	–	3,061	3,061
— Foreign exchange adjustments	3,596	–	3,596
As at 31 December 2023	5,048,518	73,464	5,121,982

33 CONTINGENT LIABILITIES

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

	2023 **HK$'000**	2022 HK$'000
Guarantees on performance bonds in respect of construction contracts in Hong Kong	**390,628**	108,946

The Company also issued corporate guarantees to banks for borrowings of the Group's associated companies and a joint venture of which the subsidiaries of the Company are non-controlling shareholders. As at 31 December 2023, corporate guarantees issued in relation to these bank borrowings amounted to HK$772,204,000 (2022: HK$971,889,000).

34 COMMITMENTS

Capital commitments

Capital expenditures contracted but not recognised in the consolidated financial statements as at 31 December 2023 and 2022, excluding those relating to investments in associated companies and joint ventures, were as follows:

	2023 **HK$'000**	2022 HK$'000
Contracted but not provided for:		
Development expenditure	**3,903**	5,106
Investment in unlisted fund investments	**35,772**	58,908
Machinery	**10,605**	–
	50,280	64,014

35 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in making financial or operational decisions. Parties are also considered to be related if they are subject to common control or joint control. The ultimate holding company of the Company is Qingdao Qingjian Holdings Company.

(a) During the years ended 31 December 2023 and 2022, the related parties that had material transactions with the Group were as follows:

Name of related parties	Relationship with the Group
CNQC Construction (Cambodia) Co. Ltd.	A related company controlled by a controlling shareholder of the ultimate holding company
Great Wall Technology Aluminium Industry Pte. Ltd.	A related company controlled by a controlling shareholder of the ultimate holding company
GW&CNQC (Singapore) Holding Pte. Ltd.	A related company controlled by a controlling shareholder of the ultimate holding company
Heeton Homes Pte. Ltd.	A non-controlling interest of a subsidiary
HLY Investments (Bukit Timah) Pte. Ltd.	A non-controlling interest of a subsidiary
MG Ventures Pte. Ltd.	A non-controlling interest of a subsidiary
One Belt & One Road (BVI) Investment Limited	A related company controlled by a controlling shareholder of the ultimate holding company
Octava(s) Property Investments 2 Pte. Ltd.	A non-controlling interest of a subsidiary
Octava(s) Property Investments 3 Pte. Ltd.	A non-controlling interest of a subsidiary
Octava Phoenix Investments Pte. Ltd.	A non-controlling interest of a subsidiary
Pre 9 Pte. Ltd.	A non-controlling interest of a subsidiary
Qingjian Holding Group (M) Sdn. Bhd.	A related company in which a controlling shareholder of the ultimate holding company has an interest
Qingjian International (Myanmar) Group Development Co. Ltd.	A related company controlled by a controlling shareholder of the ultimate holding company
Qingjian Realty (Marymount) Pte. Ltd.	Associated company
Santarli Realty Pte. Ltd.	A non-controlling interest of a subsidiary
Silver Concordia Property One (SG) Pte. Ltd.	A non-controlling interest of a subsidiary
Sinstar Precast Pte. Ltd.	A related company in which a controlling shareholder of the ultimate holding company has an interest
SLP International Property Consultants Pte. Ltd.	A related company controlled by a controlling shareholder of the ultimate holding company
SNC Realty Pte. Ltd.	A non-controlling interest of a subsidiary
ZACD (BBEC) Pte. Ltd.	A non-controlling interest of a subsidiary
ZACD International Pte. Ltd.	A related company in which a controlling shareholder of the ultimate holding company has an interest

35 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The following is a summary of significant related party transactions, in addition to those disclosed elsewhere in the consolidated financial statements, which were carried out in accordance with the terms agreed between the Group and the related parties and in the ordinary and usual course of business:

	2023 **HK$'000**	2022 HK$'000
Construction revenue from associated company	**175,417**	252,076
Construction revenue from related parties	**19,979**	44,830
Construction service provided by related parties	**5,895**	27,982
Interest income from associated companies	**33,344**	54,926
Dividend income received from associated companies	**169,794**	–
Dividend paid to non-controlling shareholders in subsidiaries	**–**	2,008
Interest charged by non-controlling interests in subsidiaries	**50,392**	52,833
Management fee income from associated companies	**9,955**	10,098

Outstanding balances as at the year-end dates arising from sale/purchase of goods and services, were unsecured and receivable/payable within 12 months from year-end dates, and were disclosed in Note 21 and Note 30.

(c) Key management compensation

Key management includes directors and senior management personnel of the Company and four key operating subsidiaries, Sunley Engineering & Construction Company Limited, Sunnic Engineering Limited, CNQC (South Pacific) Holding Pte. Ltd. and Welltech Construction Pte. Ltd.. The compensation paid or payable to key management for employee services is shown below:

	2023 **HK$'000**	2022 HK$'000
Salaries and other short-term employee benefits	**79,349**	32,404
Contribution to retirement benefit scheme	**200**	424
Total	**79,549**	32,828

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

	2023 HK$'000	2022 HK$'000
ASSETS		
Non-current asset		
Investments in subsidiaries	**3,112,166**	3,112,166
Loan to subsidiaries	**23,632**	–
	3,135,798	3,112,166
Current assets		
Other receivables	**1,048**	128
Loan to a related party	**–**	107,522
Amounts due from subsidiaries	**1,541,699**	1,649,695
Cash and cash equivalents	**68,182**	36,380
	1,610,929	1,793,725
Total assets	**4,746,727**	4,905,891
EQUITY		
Capital and reserves		
Share capital — ordinary shares	**15,183**	15,183
Share capital — convertible preference shares	**1,249**	1,249
Share premium	**3,314,085**	3,314,085
Reserves *(Note (a))*	**(63,398)**	33,381
Total equity	**3,267,119**	3,363,898
LIABILITIES		
Current liabilities		
Other payables	**5,357**	10,052
Amounts due to subsidiaries	**465,478**	175,527
Borrowings	**1,008,773**	1,356,414
Total liabilities	**1,479,608**	1,541,993
Total equity and liabilities	**4,746,727**	4,905,891

The statement of financial position was approved by the Board of Directors on 28 March 2024 and was signed on its behalf.

Li Jun (李軍)	**Wang Congyuan**
Director	*Director*

36 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

Note:

(a) Reserve movement of the Company

	Other reserve HK$'000	(Accumulated losses)/ retained earnings HK$'000	Total HK$'000
As at 1 January 2022	32,204	6,378	38,582
Profit for the year	–	93,391	93,391
Dividend paid	–	(98,592)	(98,592)
As at 31 December 2022	32,204	1,177	33,381
As at 1 January 2023	**32,204**	**1,177**	**33,381**
Loss for the year	**–**	**(93,791)**	**(93,791)**
Deemed distribution raised from interest-free loan to subsidiaries	**(2,988)**	**–**	**(2,988)**
Lapse of share option	**(32,204)**	**32,204**	**–**
As at 31 December 2023	**(2,988)**	**(60,410)**	**(63,398)**

37 BENEFITS AND INTEREST OF DIRECTORS

(a) Directors' emoluments

For the year ended 31 December 2023

	As director (Note (i))					
	Directors' fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Employers' contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors						
Mr. Cheng Wing On, Michael *(resigned on 24 February 2023)*	–	477	167	–	–	644
Mr. Wang Congyuan *(appointed as Chairman on 24 February 2023)*	568	3,435	6,319	–	18	10,340
Dr. Du Bo	172	5,733	11,797	119	18	17,839
Mr. Li Jun (李軍) *(appointed as the Chief Executive officer on 24 February 2023)*	59	2,002	485	168	15	2,729
Mr. Du Dexiang *(appointed as the Co-Chief Executive officer on 24 February 2023)*	443	2,457	4,315	178	15	7,408
Mr. Zhang Yuqiang *(resigned on 24 February 2023)*	–	274	95	–	3	372
Independent non-executive directors						
Mr. Ching Kwok Hoo, Pedro *(resigned on 24 February 2023)*	45	–	–	–	–	45
Mr. Tam Tak Kei, Raymond	288	–	–	–	–	288
Mr. Chan Kok Chung, Johnny	288	–	–	–	–	288
Mr. Liu Junchun *(appointed on 24 February 2023)*	243	–	–	–	–	243
Non-executive director						
Mr. Chen Anhua *(resigned on 24 February 2023)*	37	–	–	–	–	37
Mr. Ren Zhiqiang *(appointed on 24 February 2023)*	204	–	–	–	–	204
	2,347	14,378	23,178	465	69	40,437

For the year ended 31 December 2022

	As director (Note (i))					
	Directors' fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Housing allowance HK$'000	Employers' contributions to retirement benefit schemes HK$'000	Total HK$'000
Executive directors						
Mr. Cheng Wing On, Michael *(Chairman)*	–	2,860	4,209	–	–	7,069
Mr. Wang Congyuan *(Chief Executive Officer)*	545	2,302	665	153	18	3,683
Dr. Du Bo	205	3,877	1,265	118	18	5,483
Mr. Zhang Yuqiang	85	1,823	600	199	18	2,725
Independent non-executive directors						
Mr. Ching Kwok Hoo, Pedro	288	–	–	–	–	288
Mr. Tam Tak Kei, Raymond	288	–	–	–	–	288
Mr. Chan Kok Chung, Johnny	288	–	–	–	–	288
Non-executive director						
Mr. Chen Anhua	240	–	–	–	–	240
	1,939	10,862	6,739	470	54	20,064

37 BENEFITS AND INTEREST OF DIRECTORS (CONTINUED)

(a) Directors' emoluments (Continued)

Note:

(i) The amounts represented emoluments paid or receivable in respect of a person's services as a director, whether of the Company or subsidiary undertaking of the Company.

(ii) During the year, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the years ended 31 December 2023 and 2022.

(c) Consideration provided to third parties for making available directors' services

During the years ended 31 December 2023 and 2022, the Company did not pay consideration to any third parties for making available directors' services.

(d) Information about loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company

No loans, quasi-loans and other dealings made available in favour of directors, controlled bodies corporate by and connected entities with such directors subsisted at the end of the year or at any time during the year.

(e) Directors materials interests in transactions, arrangements or contracts

Save as disclosed in Note 35, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Business combinations (Continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates ("**functional currency**"). The consolidated financial statements are presented in Hong Kong dollars, which is functional currency of the Company and the presentation currency of the Group.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("**foreign currency**") are translated into functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented within "finance cost — net". All other foreign exchange gains and losses impacting profit or loss are presented within "other gains/(loss) — net".

Translation differences on non-monetary financial assets and liabilities such as equities held at FVPL are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities held at FVOCI, are included in other comprehensive income.

(iii) Group companies

The results and financial position of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Properly, plant and equipment

The Group's accounting policies for depreciation method is explained in note 2(b)(i). Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to profit or loss during the financial year in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included in profit or loss.

(f) Intangible assets

(i) Construction license

Construction license acquired in business combination are recognised at fair value at the acquisition date. The unfinished construction contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation of unfinished construction contract is calculated based on the estimated realisation of the unfinished sales contracts.

Licences that have indefinite useful lives are not amortised. They are subject to impairment testing annually or more frequently if events or changes in circumstances indicate a potential impairment.

(ii) Computer software licenses

Computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software licenses are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

(iii) Club membership

Club membership are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation period and amortisation method of the intangible assets are reviewed at least at each statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of non-financial assets

Non-financial assets that have indefinite useful life are not subject to amortisation and are tested annually for impairment. Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(h) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance costs.

(i) Financial guarantee

A financial guarantee (a kind of insurance contract) is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the original or modified terms of a debt instrument. The Group does not recognise liabilities for financial guarantees at inception, but perform a liability adequacy test at each reporting date by comparing its carrying amount of the net liability regarding the financial guarantee with its present legal or constructive obligation amount. If the carrying amount of the net liability is less than its present legal or constructive obligation amount, the entire difference is recognised as an expense immediately.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(k) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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

- fixed payments (including in-substance fixed payments), less any lease incentive receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(k) Leases (Continued)

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

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

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

Development cost of property comprises cost of leasehold land, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(m) Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in fair value of the derivative financial instruments which do not qualify for hedge account as at end of reporting period are recognised immediately in profit or loss.

(n) Cash and cash equivalents

In the consolidated statements of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings in the consolidated statement of financial position. For cash subject to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

(o) Share capital

Ordinary shares are classified as equity. Non-redeemable convertible preference shares for which distribution of dividend is at the discretion of the Company are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares, preference shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(p) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(q) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowings costs are recognised in profit or loss in the period which they are incurred.

(r) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credit.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not arise equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred taxation liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Current and deferred income tax (Continued)

(ii) Deferred income tax (Continued)

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associated companies, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associated companies. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associated companies' undistributed profits (if any) is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associated companies only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(s) Employee compensation

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits

The Group's companies in Hong Kong operate a Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees. Under the MPF Scheme, each of the Group and the employees are required to make contributions to the MPF Scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000, and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in trustee-administered funds independently. There are no forfeited contributions for the MPF Scheme as the Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group's companies in Singapore participate in the Central Provident Fund Scheme (the "**CPF Scheme**") which is registered under Central Provident Fund Act in Singapore for all qualifying employees in Singapore. The Group contributes to the CPF Scheme based on certain percentages (ranging from 12.5% to 37%) of relevant monthly salaries of employees, subject to a certain ceiling of SGD6,000 (approximately HK$34,700), as stipulated by the relevant regulations. The Group has no further payment obligation once the contributions have been paid. The Group's contributions to the CPF Scheme vest fully and immediately with the employees. Accordingly, there were no forfeited contributions available for the Group to reduce its existing level of contributions to the CPF Scheme.

38 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES (CONTINUED)

(s) Employee compensation (Continued)

(iii) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses when the Group has a contractual or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

(t) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the note to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(u) Dividends distribution

Dividends distribution to the shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are declared by the directors in case of interim dividends or approved by the Company's shareholders in case of final dividends.

(v) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

FIVE YEAR FINANCIAL SUMMARY

	1.1.2023 to 31.12.2023	1.1.2022 to 31.12.2022	1.1.2021 to 31.12.2021	1.1.2020 to 31.12.2020	1.1.2019 to 31.12.2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Consolidated results					
Revenue	**10,422,620**	8,272,122	6,098,655	5,128,897	7,873,375
(Loss)/profit before income tax	**(326,634)**	(483,712)	260,719	208,914	319,208
Income tax expense	**(44,617)**	(29,328)	(7,074)	(14,757)	(75,941)
(Loss)/profit for the year	**(371,251)**	(513,040)	253,645	194,157	243,267
(Loss)/profit for the year attributable to Owners of the Company	**(490,335)**	(587,983)	259,051	218,057	238,842
Consolidated assets and liabilities					
Total assets	**11,121,372**	12,179,430	11,973,887	12,834,556	12,938,451
Total liabilities	**(8,294,410)**	(9,011,179)	(8,245,118)	(9,241,255)	(9,498,043)
Net assets	**2,826,962**	3,168,251	3,728,769	3,593,301	3,440,408