



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

INTERIM REPORT
2019



CONTENTS

2	Corporate Information Unaudited Condensed Consolidated Interim Financial Information
3	Interim Condensed Consolidated Statement of Comprehensive Income
5	Interim Condensed Consolidated Statement of Financial Position
7	Interim Condensed Consolidated Statement of Changes In Equity
9	Interim Condensed Consolidated Statement of Cash Flows
10	Notes to the Unaudited Condensed Consolidated Interim Financial Information
44	Management Discussion And Analysis
51	Disclosure Of Interest
54	Share Option Scheme
56	Corporate Governance And Other Information



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Cheng Wing On, Michael (*Chairman*)
Mr. Wang Congyuan (*Chief Executive Officer*)
Mr. Zhang Yuqiang

Non-executive Director

Mr. Chen Anhua

Independent Non-executive Directors

Mr. Ching Kwok Hoo, Pedro
Mr. Tam Tak Kei, Raymond
Mr. Chan Kok Chung, Johnny

COMPANY SECRETARY

Mr. Chan Tat Hung

AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond
(*Chairman of the Audit Committee*)
Mr. Ching Kwok Hoo, Pedro
Mr. Chan Kok Chung, Johnny

REMUNERATION COMMITTEE

Mr. Ching Kwok Hoo, Pedro
(*Chairman of the Remuneration Committee*)
Mr. Zhang Yuqiang
Mr. Wang Congyuan
Mr. Chan Kok Chung, Johnny
Mr. Tam Tak Kei, Raymond

NOMINATION COMMITTEE

Mr. Cheng Wing On, Michael
(*Chairman of the Nomination Committee*)
Mr. Tam Tak Kei, Raymond
Mr. Ching Kwok Hoo, Pedro
Mr. Chan Kok Chung, Johnny

STRATEGY AND INVESTMENT COMMITTEE

Mr. Cheng Wing On, Michael
(*Chairman of Strategy and Investment Committee*)
Mr. Wang Congyuan
Mr. Zhang Yuqiang
Mr. Chan Kok Chung, Johnny
Mr. Chen Anhua

AUTHORIZED REPRESENTATIVES

Mr. Cheng Wing On, Michael
Mr. Chan Tat Hung

REGISTERED OFFICE

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HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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LEGAL ADVISERS AS TO HONG KONG LAWS

Norton Rose Fulbright Hong Kong

AUDITOR

PricewaterhouseCoopers

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
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183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

United Overseas Bank
Hong Leong Finance Limited
The Export-Import Bank Of China
Bank Of China
The Hong Kong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

STOCK CODE

1240

WEBSITE

www.cnqc.com.hk

The board (the “Board”) of directors (the “Directors”) of CNQC International Holdings Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2019 (the “Reporting Period”), together with the comparative figures for the six months ended 30 June 2018 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated) (Note 4)
Revenue	9	5,021,909	5,138,744
Cost of sales		(4,754,260)	(4,479,174)
Gross profit		267,649	659,570
Other income	10	26,925	10,885
Other gains/(losses) — net	11	168,850	(3,747)
Selling and marketing expenses		(69,592)	(70,737)
General and administrative expenses		(133,040)	(174,185)
Operating profit	12	260,792	421,786
Finance income		28,629	38,905
Finance costs		(62,516)	(84,962)
Finance costs, net	13	(33,887)	(46,057)
Share of profit/(losses) of associated companies		492	(25,776)
Share of profit of joint ventures		6,129	4,345
Profit before income tax		233,526	354,298
Income tax expense	14	(34,093)	(76,327)
Profit for the period		199,433	277,971
Other comprehensive loss			
Item that may be reclassified to profit or loss			
— Currency translation differences		(29,770)	(35,688)
Item that will not be reclassified to profit or loss			
— Fair value loss on financial assets at fair value through other comprehensive income		(9,210)	—
Total comprehensive income for the period		160,453	242,283

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

	Note	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated) (Note 4)
Profit for the period attributable to:			
Owners of the Company		195,207	226,712
Non-controlling interests		4,226	51,259
		199,433	277,971
Total comprehensive income for the period attributable to:			
Owners of the Company		157,095	190,961
Non-controlling interests		3,358	51,322
		160,453	242,283
Earnings per share attributable to owners of the Company during the period	15		
Basic earnings per share			
— ordinary shares (HK\$)		0.119	0.136
— convertible preference shares (HK\$)		0.119	0.136
Diluted earnings per share			
— ordinary shares (HK\$)		0.119	0.136
— convertible preference share (HK\$)		0.119	0.136

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Restated) (Note 4)	1 January 2018 HK\$'000 (Restated) (Note 4)
ASSETS				
Non-current assets				
Property, plant and equipment	16	542,681	331,481	414,202
Right-of-use assets	4	65,753	–	–
Investment properties under development	16	577,710	561,012	518,546
Goodwill	16	558,979	563,327	565,755
Other intangible assets	16	35,626	38,475	44,708
Investments in associated companies		1,036	25,523	21,081
Investments in joint ventures		19,261	13,049	415
Deferred income tax assets		22,785	43,625	67,102
Financial assets at fair value through profit or loss		228,149	340,568	230,696
Financial assets at fair value through other comprehensive income		10,881	8,914	28,489
Prepayments and other receivables	17	971,980	915,709	973,127
		3,034,841	2,841,683	2,864,121
Current assets				
Development properties for sale	18	5,358,844	2,056,174	4,341,527
Trade and other receivables, prepayments and deposits	17	1,411,787	2,135,144	1,798,183
Contract costs		22,499	–	–
Contract assets		1,543,217	843,682	37,852
Tax recoverable		9,089	27,534	25,981
Pledged bank deposits		88,434	188,314	247,889
Cash and cash equivalents		1,202,488	1,511,833	3,168,184
		9,636,358	6,762,681	9,619,616
Total assets		12,671,199	9,604,364	12,483,737

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Restated) (Note 4)	1 January 2018 HK\$'000 (Restated) (Note 4)
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital — ordinary shares	21	15,183	14,559	14,852
Share capital — convertible preference shares	21	1,249	1,879	1,879
Share premium		3,261,225	3,262,361	3,317,938
Treasury shares		–	(1,142)	–
Other reserves		(1,166,799)	(1,133,277)	(1,149,868)
Retained earnings		1,173,203	1,067,997	1,101,317
		3,284,061	3,212,377	3,286,118
Non-controlling interests		353,567	110,177	187,048
		3,637,628	3,322,554	3,473,166
LIABILITIES				
Non-current liabilities				
Borrowings	19	4,290,215	2,268,331	2,566,405
Lease liabilities	4	52,013	–	–
Derivative financial instruments		–	1,146	5,298
Deferred income tax liabilities		71,598	61,494	55,150
		4,413,826	2,330,971	2,626,853
Current liabilities				
Trade and other payables	20	1,793,545	1,989,246	3,793,379
Contract liabilities		55,364	63,118	–
Tax payables		104,046	71,718	148,244
Borrowings	19	2,642,605	1,824,714	2,438,880
Lease liabilities	4	21,312	–	–
Derivative financial instruments		2,873	2,043	3,215
		4,619,745	3,950,839	6,383,718
Total liabilities		9,033,571	6,281,810	9,010,571
Total equity and liabilities		12,671,199	9,604,364	12,483,737

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company									
	Share capital- ordinary shares HK\$'000	Share capital- convertible preference shares HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000	
	For the six months ended 30 June 2019 (unaudited)									
	Balance at 31 December 2018	14,559	1,879	3,262,361	(1,142)	(1,133,277)	1,054,224	3,198,604	123,832	3,322,436
Change in accounting policies for interest capitalisation (Note 4)	-	-	-	-	-	13,773	13,773	(13,655)	118	
Adoption of HKFRS 16 (Note 4)	-	-	-	-	-	(7,841)	(7,841)	-	(7,841)	
Balance at 1 January 2019, as restated	14,559	1,879	3,262,361	(1,142)	(1,133,277)	1,060,156	3,204,536	110,177	3,314,713	
Comprehensive income										
Profit for the period	-	-	-	-	-	195,207	195,207	4,226	199,433	
Other comprehensive loss										
Currency translation difference	-	-	-	-	(28,902)	-	(28,902)	(868)	(29,770)	
Fair value change on financial assets at fair value through other comprehensive income	-	-	-	-	(9,210)	-	(9,210)	-	(9,210)	
Total comprehensive income	-	-	-	-	(38,112)	195,207	157,095	3,358	160,453	
Transactions with owners:										
Conversion of convertible preference shares	630	(630)	-	-	-	-	-	-	-	
Contribution from non-controlling interest	-	-	-	-	-	-	-	74,313	74,313	
Non-controlling interests arising on business combination	-	-	-	-	-	-	-	165,719	165,719	
Employee share option scheme — share based compensation benefits	-	-	-	-	4,590	-	4,590	-	4,590	
Dividend paid	-	-	-	-	-	(82,160)	(82,160)	-	(82,160)	
Cancellation of shares	(6)	-	(1,136)	1,142	-	-	-	-	-	
	624	(630)	(1,136)	1,142	4,590	(82,160)	(77,570)	240,032	162,462	
Balance at 30 June 2019 (unaudited)	15,183	1,249	3,261,225	-	(1,166,799)	1,173,203	3,284,061	353,567	3,637,628	

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to owners of the Company								
	Share capital-ordinary shares HK\$'000	Share capital-convertible preference shares HK\$'000	Share premium HK\$'000	Treasury shares HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
For the six months ended 30 June 2018 (unaudited)									
Balance at 31 December 2017	14,852	1,879	3,317,938	–	(1,149,943)	1,111,747	3,296,473	197,060	3,493,533
Change in accounting policies for interest capitalisation (Note 4)	–	–	–	–	75	(10,430)	(10,355)	(10,012)	(20,367)
Adjustment on adoption of HKFRS 15, net of tax	–	–	–	–	–	(5,832)	(5,832)	8,770	2,938
Balance at 1 January 2018, as restated	14,852	1,879	3,317,938	–	(1,149,868)	1,095,485	3,280,286	195,818	3,476,104
Comprehensive income									
Profit for the period, as restated	–	–	–	–	–	226,712	226,712	51,259	277,971
Other comprehensive loss									
Currency translation difference	–	–	–	–	(35,688)	–	(35,688)	–	(35,688)
Total comprehensive income	–	–	–	–	(35,688)	226,712	191,024	51,259	242,283
Transactions with owners:									
Buy-back of shares	–	–	–	(12,958)	–	–	(12,958)	–	(12,958)
Contribution from non-controlling interest	–	–	–	–	–	–	–	11,290	11,290
Employee share option scheme — share based compensation benefits	–	–	–	–	9,698	–	9,698	–	9,698
Dividend paid	–	–	–	–	–	(167,300)	(167,300)	(101,366)	(268,666)
	–	–	–	(12,958)	9,698	(167,300)	(170,560)	(90,076)	(260,636)
Balance at 30 June 2018, as restated (unaudited)	14,852	1,879	3,317,938	(12,958)	(1,175,858)	1,154,897	3,300,750	157,001	3,457,751

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net cash (used in)/generated from operations	(2,500,787)	110,949
Interest paid	(101,282)	(72,025)
Income tax paid	(19,698)	(172,217)
Net cash used in operating activities	(2,621,767)	(133,293)
Cash flows from investing activities		
Step acquisition of subsidiary, net of cash acquired	115,688	–
Purchase of property, plant and equipment	(252,001)	(25,137)
Proceeds from disposal of property, plant and equipment	610	7,490
Purchase of other intangible assets	(132)	–
Purchase of financial asset at fair value through profit or loss	–	(172,820)
Proceeds from disposal of fair value through profit or loss	115,117	–
Proceeds from disposal of subsidiaries	1,735	–
Addition of investment properties	(12,885)	(29,339)
Prepayment	–	(328,360)
Repayments from/(loan to) related parties	202,029	(190,100)
Interest received	28,629	22,934
Dividends received	5,765	16,492
Settlement of derivative financial instruments	810	(2,155)
Increase in pledged bank deposits for derivative financial instruments	–	60,734
Net cash generated from/(used in) investing activities	205,365	(640,261)
Cash flows from financing activities		
Contribution from non-controlling interests	74,313	9,300
Dividends paid	(82,160)	(268,666)
Buy-back shares	–	(12,958)
Drawdown on bank borrowings	2,401,595	712,752
Repayments of bank borrowings	(348,385)	(695,374)
Repayments of finance leases	–	(9,569)
Repayments of lease liabilities	(9,497)	–
Decrease in pledged bank deposits for bank borrowings	99,880	–
Net cash generated from/(used in) financing activities	2,135,746	(264,515)
Net decrease in cash and cash equivalents	(280,656)	(1,038,069)
Cash and cash equivalents at beginning of the period	1,511,833	3,168,184
Exchange losses on cash and cash equivalents	(28,689)	(5,071)
Cash and cash equivalents at end of the period	1,202,488	2,125,044

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

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

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

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

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

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2019 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix to the Rules Governing the Listing of Security on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2018 (“2018 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

This condensed consolidated financial information has been prepared on the historical cost basis, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 are consistent with the 2018 Financial Statements.

(a) Relevant new standards and amendments to existing standards effective for the financial year beginning 1 January 2019:

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

The impact of the adoption of the HKFRS 16 is disclosed in Note 4(a). The other standards did not have any significant impact to the financial position and results of the Group and did not require retrospective adjustments.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

4 CHANGE IN ACCOUNTING POLICIES

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(a) Adjustments recognised on adoption of HKFRS 16

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of HKAS 17 “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 3.1%.

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

(a) Adjustments recognised on adoption of HKFRS 16 (Continued)

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

	30 June 2019 HK\$'000	1 January 2019 HK\$'000
Properties	58,602	43,725
Machines	7,050	5,582
Motor vehicles	101	1,093
Total right-of-use assets	65,753	50,400

(i) Practical expedients applied

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

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

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

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

The Group leases various offices, warehouses, machines and motor vehicles. The rental contracts are typically made for fixed periods of 1 to 18 years. The lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as a security for any borrowing purposes.

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

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

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 CHANGE IN ACCOUNTING POLICIES (CONTINUED)

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

During the period ended 30 June 2019, the International Financial Reporting Standard Standard Interpretation Committee (“IFRIC”) has finalised an agenda decision on capitalisation of borrowing costs in relation to the construction of a residential multi-unit estate development. For the entities which revenue recognised overtime under International Financial Reporting Standard (“IFRS”) 15 for sales of residential units in the development, no borrowing cost should be capitalised due to the lack of qualifying assets. The HKFRS follows the after-mentioned agenda decision.

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

	As at 31 December 2018, as originally presented HK\$'000	Effect of the change in accounting policy of interest capitalisation of development properties for sale HK\$'000	As at 31 December 2018, as restated HK\$'000	Effect of the adoption of HKFRS 16 HK\$'000	As at 1 January 2019, as restated HK\$'000
Consolidated statement of financial position					
Property, plant and equipment	331,481	–	331,481	(6,498)	324,983
Right-of-use assets	–	–	–	50,400	50,400
Deferred income tax assets	33,646	9,979	43,625	–	43,625
Development properties for sale	2,102,129	(45,955)	2,056,174	–	2,056,174
Trade and other receivables, prepayments and deposits	3,063,600	(12,747)	3,050,853	–	3,050,853
Trade and other payables	2,038,087	(48,841)	1,989,246	–	1,989,246
Lease liabilities	–	–	–	57,403	57,403
Borrowings	4,093,045	–	4,093,045	(5,660)	4,087,385
Retained earnings	1,054,224	13,773	1,067,997	(7,841)	1,060,156
Non-controlling interests	123,832	(13,655)	110,177	–	110,177

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 JUDGEMENTS AND ESTIMATES

The preparation of interim condensed consolidated financial information 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.

In preparing this interim condensed consolidated financial information, in addition to the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty applied to the consolidated financial statements of the Company for the year ended 31 December 2018. The following judgements and estimates were applied:

Judgements and estimates in revenue recognition for property development activities

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 each reporting date. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement 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 physical possession or legal title of the completed property and the consideration amount is collected.

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

6.1 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 condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2018.

There have been no changes in the risk management policies since year end.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

6.2 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.

As at 30 June 2019, the Group had cash and cash equivalents of HK\$1,202,488,000 (31 December 2018: HK\$1,511,833,000) of which approximately 61.7% was held in Singapore Dollar, 26.4% was held in Hong Kong dollar, 4.9% was held in Malaysia Ringgit and the remaining was mainly held in US dollars, Macau Patacas, Indonesian Rupiah, Vietnamese Dong and Renminbi. The gearing ratio of the Group as at 30 June 2019 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings less cash and cash equivalents and pledged bank deposits) was approximately 61% (31 December 2018: approximately 42%).

6.3 Fair value measurements

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2019 and 31 December 2018 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:

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. (level 1).
 - The fair value of financial instruments that are not traded in an active market (for example, over — the — counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. (level 2).
 - If one or more of the significant inputs is not based on observable market data (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
30 June 2019				
Assets				
Financial assets at fair value through other comprehensive income	–	–	10,881	10,881
Financial assets at fair value through profit or loss	–	–	228,149	228,149
Liabilities				
Derivative financial instruments:				
— Foreign exchange forward contracts	–	2,873	–	2,873

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

6.3 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
31 December 2018				
Assets				
Financial assets at fair value through OCI	–	–	8,914	8,914
Financial assets at fair value through profit or loss				
— unlisted investment fund	–	–	226,568	226,568
— listed equity securities	114,000	–	–	114,000
Liabilities				
Derivative financial instruments:				
— Foreign exchange forward contracts	–	2,043	–	2,043

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 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 2018 and 30 June 2019 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 2018 are investment fund established for property development project in Singapore that are not traded in an active market. The fair value of these investments is determined by using a discounted cash flow model for which the assumptions are based on the estimated distribution of return of the underlying investments. These investments are classified as Level 3.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

6.3 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	Unlisted investment fund HK\$'000
1 January 2019	8,914	340,568
Disposal	–	(114,000)
Exchange differences	1,967	1,581
30 June 2019	10,881	228,149
1 January 2018	28,489	230,696
Exchange differences	(1,659)	(2,994)
30 June 2018	26,830	227,702

During the six months ended 30 June 2019 and 2018, 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. Should the forecast dividend earnings be increased/decreased by 5%, other comprehensive income would have been HK\$479,000 higher/lower. Should the discount rate be increased/decreased by 1%, other comprehensive income would have been HK\$65,000 lower/higher.

The fair value of unlisted investment fund is determined by using a discounted cash flow model. The unobservable inputs used in the fair value measurement include rate of return and discount rate. Should the rate of return be increased/decreased by 1%, profit for the year would have been HK\$7,729,000 higher/lower. Should the discount rate be increased/decreased by 1%, profit for the year would have been HK\$7,729,000 lower/higher.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

6.4 Fair values of financial assets and liabilities measured at amortised cost

The fair values of the following financial assets and liabilities approximate their carrying amounts:

- Trade receivables
- Deposits and other receivables
- Contract assets
- Cash and cash equivalents
- Pledged bank deposits
- Trade and other payables
- Contract liabilities
- Borrowings
- Lease liabilities

7 SEGMENT INFORMATION

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 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
Six months ended 30 June 2019 (Unaudited)					
Sales					
Sales to external parties	314,924	-	1,408,836	3,298,149	5,021,909
Inter-segment sales	-	-	227,086	-	227,086
Total segment sales	314,924	-	1,635,922	3,298,149	5,248,995
Adjusted segment profit	35,657	551	139,610	130,019	305,837
Depreciation	27,139	-	14,718	1,361	43,218
Amortisation	-	-	2,897	-	2,897
Share-based payment expenses	719	-	1,323	289	2,331

	Foundation and construction — Hong Kong and Macau HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore HK\$'000	Total HK\$'000
Six months ended 30 June 2018, as restated (Unaudited) (Note 4)				
Sales				
Sales to external parties	686,243	1,030,882	3,421,619	5,138,744
Inter-segment sales	-	254,906	-	254,906
Total segment sales	686,243	1,285,788	3,421,619	5,393,650
Adjusted segment (loss)/profit	(19,604)	37,847	325,440	343,683
Depreciation	28,700	10,268	1,152	40,120
Amortisation	-	2,956	-	2,956
Share-based payment expenses	1,567	2,735	600	4,902

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 SEGMENT INFORMATION (CONTINUED)

The following tables present segment assets and liabilities as at 30 June 2019 and 31 December 2018 respectively.

	Foundation and construction — Hong Kong and Macau HK\$'000	Property Development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
As at 30 June 2019 (Unaudited)					
Segment assets	1,617,968	645,569	6,219,842	5,005,587	13,488,966
Segment liabilities	423,361	215,616	4,632,930	4,124,258	9,396,165
Segment assets include:					
Additions to property, plant and equipment	246,591	—	5,377	33	252,001
Additions to right-of-use assets	3,806	—	20,254	2,453	26,513
Additions to investment properties under development	—	—	12,885	—	12,885
Additions to intangible assets	—	—	—	132	132
Investments in associated companies	—	—	1,036	—	1,036

	Foundation and construction — Hong Kong and Macau HK\$'000	Property development — Hong Kong HK\$'000	Construction — Singapore and Southeast Asia HK\$'000	Property development — Singapore and Southeast Asia HK\$'000	Total HK\$'000
As at 31 December 2018 (Restated) (Note 4)					
Segment assets	698,483	2,002,214	3,647,758	4,428,557	10,777,012
Segment liabilities	513,698	344,664	2,681,943	3,658,839	7,199,144
Segment assets include:					
Additions to property, plant and equipment	11,362	—	14,442	—	25,804
Additions to investment properties under development	—	—	—	52,420	52,420
Investments in associated companies	—	—	12,581	12,942	25,523

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated) (Note 4)
Adjusted segment profit for reportable segments	305,837	343,683
Unallocated expenses	(16,524)	(28,507)
Elimination	(28,521)	106,610
Finance income	28,629	38,905
Finance costs	(62,516)	(84,962)
Share of profit/(losses) of associated companies	492	(25,776)
Share of profit of joint ventures	6,129	4,345
Profit before income tax	233,526	354,298

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Restated) (Note 4)
	Segment assets	13,488,966
Unallocated	859,769	835,198
Elimination	(1,677,536)	(2,007,846)
Total assets	12,671,199	9,604,364

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

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Restated) (Note 4)
	Segment liabilities	9,396,165
Unallocated	814,336	598,770
Elimination	(1,176,930)	(1,516,104)
Total liabilities	9,033,571	6,281,810

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 BUSINESS COMBINATION

On 25 February 2019, the Bohai Investments (Sengkang) Pte. Ltd (“Bohai”), an indirectly wholly-owned subsidiary of the Company, acquired 5% of equity interest in Qingjian Realty (Choa Chu Kang) Pte. Ltd. (“QJR CCK”) for a consideration of SGD2,500,000 (equivalent to approximately HK\$14,531,000). After the acquisition, the Group’s interest in QJR CCK increased from 46% to 51% equity interest and QJR CCK changed from an associated company to a subsidiary of the Group. As a result, a gain on deemed disposal of previously owned interest in QJR CCK of HK\$168,671,000 was recognised in “other gains/(losses) — net” (Note 11).

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

	HK\$'000
Consideration: At 25 February 2019	
Cash	14,531
Fair value of existing shares held by the Group	155,573
	<hr/>
Total consideration	170,104
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	130,219
Trade and other receivables and prepayments	54,763
Development properties for sale	2,437,048
Deferred income tax assets	7,057
Trade and other payables	(158,184)
Contract liabilities	(1,267,573)
Borrowings	(431,544)
Loan due to non-controlling interest	(360,681)
Deferred income tax liabilities	(75,282)
	<hr/>
Total identifiable net assets	335,823
Non-controlling interest	(165,719)
	<hr/>
	170,104
	<hr/>
25 February 2019	
HK\$'000	
Cash consideration	14,531
Cash and cash equivalents in subsidiaries acquired	(130,219)
	<hr/>
Outflow of cash to acquire business, net of cash acquired	(115,688)
	<hr/>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 REVENUE

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Revenue		
Construction contract income	1,723,760	1,715,946
Sales of development properties	3,296,504	3,421,528
Sales of goods	143	–
Rental of equipment	1,502	1,270
	5,021,909	5,138,744
Timing of revenue recognition:		
— At a point in time	3,312,127	3,123,491
— Over time	1,709,782	2,015,253
	5,021,909	5,138,744

10 OTHER INCOME

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Management fee income from an associated company	7,699	1,711
Rental Income	8,468	5,314
Dividend income	5,765	–
Income from default payments of development properties	299	33
Sundry Income	4,694	3,827
	26,925	10,885

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 OTHER GAINS/(LOSSES) — NET

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Loss on disposal of property, plant and equipment	(515)	(4,576)
Gain on disposal of subsidiaries	1,735	–
Fair value (loss)/gain on derivative financial instruments	(1,041)	1,727
Fair value loss on financial assets at fair value through profit or loss	–	(898)
Gain on deemed disposal of previously owned interest in an associated company (Note 8)	168,671	–
Other gains/(losses) — net	168,850	(3,747)

12 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Subcontracting and material costs included in “Cost of sales”	1,732,316	1,436,023
Property development costs included in “Cost of sales”	2,643,079	2,804,810
Sales commissions	60,001	60,075
Show flat costs	2,218	2,567
Marketing expenses	7,438	8,096
Staff costs, including directors’ emoluments	389,615	303,875
Depreciation of owned assets	32,809	31,817
Depreciation of right-of-use assets	10,409	–
Depreciation of assets under finance leases	–	8,303
Amortisation of intangible assets	2,897	2,956
Legal and professional fees	11,493	12,743
Rental expenses on operating leases	33,400	22,394

During the six months ended 30 June 2019, staff costs included share-based payment expenses of approximately HK\$4,590,000 (six months ended 30 June 2018: approximately HK\$9,698,000).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 FINANCE COSTS — NET

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated) (Note 4)
Finance income		
Interest income from bank deposits	5,626	13,387
Interest income from loans to associated companies	17,336	24,671
Interest income from loans to other related parties	5,667	847
	28,629	38,905
Finance costs		
Interest expenses on lease liabilities	(978)	–
Interest expenses on finance leases	–	(563)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	(57,986)	(71,881)
Interest expenses in medium term note	(14,500)	(14,779)
Interest expenses on loans from non-controlling shareholders of the subsidiaries	(9,811)	(15,276)
	(83,275)	(102,499)
Less: Interest expenses capitalised	15,214	33,244
	(68,061)	(69,255)
Net foreign exchange gains/(losses)	5,545	(15,707)
Finance costs — net	(33,887)	(46,057)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 INCOME TAX EXPENSE

Hong Kong profits tax, Macau profits tax, Malaysia income tax and Singapore income tax have been provided for at the rate of 16.5%, 12%, 24% and 17% respectively for the six months ended 30 June 2019 and 2018 on the estimated assessable profit for the period in the respective jurisdiction.

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated) (Note 4)
Current income tax		
— Hong Kong profits tax	1,088	1,229
— Macau profits tax	103	2,750
— Malaysia income tax	821	417
— Singapore income tax	68,110	58,563
Deferred income tax	(36,029)	13,368
Income tax expense	34,093	76,327

15 EARNINGS PER SHARE

Basic

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

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited) (Restated) (Note 4)
Profit attributable to ordinary shares	176,980	201,212
Profit attributable to CPS	18,227	25,500
Profit attributable to owners of the Company	195,207	226,712

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 EARNINGS PER SHARE (CONTINUED)

Basic (Continued)

	Six months ended 30 June 2019		Six months ended 30 June 2018	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	1,490,116	153,108	1,485,169	187,837
Basic earnings per share (HK\$)	0.119	0.119	0.136	0.136

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

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 EARNINGS PER SHARE (CONTINUED)

Diluted

	Six months ended 30 June 2019		Six months ended 30 June 2018	
	Ordinary shares (Unaudited)	CPS (Unaudited)	Ordinary shares (Unaudited)	CPS (Unaudited)
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousands)	1,490,116	153,108	1,485,169	187,837
Adjustments for outstanding share options (in thousands)	42	–	58	–
	1,490,158	153,108	1,485,227	187,837
Dilutive earnings per share (HK\$)	0.119	0.119	0.136	0.136

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES UNDER DEVELOPMENT, GOODWILL AND OTHER INTANGIBLE ASSETS

	Right-of-use assets HK\$'000 (Unaudited)	Property, plant and equipment HK\$'000 (Unaudited)	Investment properties under development HK\$'000 (Unaudited)	Goodwill HK\$'000 (Unaudited)	Other intangible assets HK\$'000 (Unaudited)
Six months ended 30 June 2019					
Opening amount as at 31 December 2018	–	331,481	561,012	563,327	38,475
Adoption of HKFRS 16 (Note 4)	50,400	(6,498)	–	–	–
Opening net book amount as at 1 January 2019, as restated	50,400	324,983	561,012	563,327	38,475
Additions	26,513	252,001	12,885	–	132
Disposal	(1,023)	(1,334)	–	–	–
Depreciation and amortisation	(10,409)	(32,809)	–	–	(2,897)
Exchange differences	272	(160)	3,813	(4,348)	(84)
Closing amount as at 30 June 2019	65,753	542,681	577,710	558,979	35,626
Six months ended 30 June 2018					
Net book value					
Opening amount as at 1 January 2018	–	414,202	518,546	565,755	44,708
Additions	–	25,137	36,060	–	–
Disposal	–	(12,066)	–	–	–
Depreciation and amortisation	–	(40,120)	–	–	(2,956)
Exchange differences	–	(2,165)	(7,527)	(11,070)	(516)
Closing amount as at 30 June 2018	–	384,988	547,079	554,685	41,236

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE AND OTHER RECEIVABLES

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Restated) (Note 4)	1 January 2018 HK\$'000 (Restated) (Note 4)
Current			
Trade receivables (Note (b))			
— An associated company	54,045	224,538	34,772
— Other related parties	6,710	2,439	5,787
— Third parties	455,564	560,234	611,802
	516,319	787,211	652,361
Retention receivables from customers for contract work from (Note (c))			
— Other related parties	4,597	656	—
— Third parties	260,448	280,729	279,075
	265,045	281,385	279,075
Development properties — due from customers	—	3,353	605,619
Other receivables (Note (d))			
— Associated companies	151,118	151,247	81,318
— A Joint venture	112,207	112,204	—
— Other related parties	896	17,164	8,986
— Third parties	149,941	159,027	33,893
Prepayments	166,380	399,890	85,808
Deposits	41,725	48,380	35,822
Staff advances	4,860	3,410	3,097
Goods and services tax receivable	3,296	8,416	12,204
	630,423	899,738	261,128
Loans receivables			
— An associated company (Note (e))	—	163,457	—
	1,411,787	2,135,144	1,798,183
Non-current			
Loans to			
— Associated companies (Note (e))	864,679	858,835	959,953
— Other related parties	47,591	37,244	—
Prepayments and other receivables	59,710	19,630	13,174
	971,980	915,709	973,127

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) The credit periods granted to customers were 14 to 60 days. No interest was charged on the outstanding balance.
- (b) The aging analysis of trade receivables based on invoice date is as follows:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Restated) (Note 4)	1 January 2018 HK\$'000 (Restated) (Note 4)
1–30 days	406,258	704,899	509,089
31–60 days	26,254	35,759	18,409
61–90 days	14,024	2,062	1,754
Over 90 days	69,783	44,491	123,109
	516,319	787,211	652,361

During the six months ended 30 June 2019, no additional provision was recorded for its trade receivables (30 June 2018: Nil).

- (c) Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK\$11,681,000 (31 December 2018: HK\$9,039,000) are expected to be recovered in more than twelve months from the reporting date.
- (d) The other receivables due from related parties included amounts due from associated companies, a joint venture and other related parties. These balances were unsecured, interest-free and repayable on demand. The other receivables did not contain any impaired assets.
- (e) Loans to associated companies were lent to company in which the Group invested to develop properties in Singapore. The loans were made in proportion to the percentages of the Group's shareholding in these companies. The loans were unsecured, and interest-bearing at a fixed rate at 5% per annum as at 30 June 2019 (31 December 2018: same).

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 DEVELOPMENT PROPERTIES FOR SALE

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Restated) (Note 4)	1 January 2018 HK\$'000 (Restated) (Note 4)
Properties in the course of development			
Leasehold land at cost	3,901,010	1,096,230	2,834,435
Development costs	1,314,439	814,716	1,257,808
Overheads expenditure capitalised	120,687	20,349	29,576
Interest expenses capitalised	22,708	124,879	219,708
	5,358,844	2,056,174	4,341,527

Interest expenses on bank borrowings and loans from related parties were capitalised. The weighted average rates of capitalisation of the interest expenses were 3.1% (Year ended 31 December 2018: 1.4%) per annum for bank borrowings and 4.2% (Year ended 31 December 2018: 2.9%) per annum for loans from related parties for the six months ended 30 June 2019.

As at 30 June 2019, development properties with net carrying amounts of HK\$5,347,110,000 (31 December 2018: HK\$2,056,174,000) were pledged as securities for certain bank loans of the Group (Note 19).

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 BORROWINGS

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Current		
Bank borrowings — secured (Note (a))	2,545,972	1,763,097
Bank borrowings — mortgage (Note (b))	96,633	18,394
Loans from non-controlling shareholders of subsidiaries — unsecured (Note (c))	–	40,099
Lease liabilities (Note (f))	–	3,124
	2,642,605	1,824,714
Non-current		
Bank borrowings — unsecured	76,430	–
Bank borrowings — secured (Note (a))	2,631,004	1,336,889
Bank borrowings — mortgage (Note (b))	9,155	9,444
Medium term notes (Note (d))	576,017	571,768
Loans from non-controlling shareholders of subsidiaries — unsecured (Note (c))	997,609	347,694
Lease liabilities (Note (g))	–	2,536
	4,290,215	2,268,331
Total borrowings	6,932,820	4,093,045

The exposure of the borrowings of the Group as at 30 June 2019, 31 December 2018 and 1 January 2018 to interest rate changes and the contractual re-pricing dates were as follows:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Within 1 year	3,189,985	3,031,744
Between 1 and 2 years	812,687	712,817
Between 2 and 5 years	2,924,380	348,380
Later than 5 years	5,768	104
Total	6,932,820	4,093,045

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 BORROWINGS (CONTINUED)

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Within 1 year	2,798,317	1,612,714
Between 1 and 2 years	913,392	1,857,419
Between 2 and 5 years	3,147,573	616,056
Later than 5 years	73,538	6,856
Total	6,932,820	4,093,045

(a) The details of secured bank borrowings are as follows:

	Note	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Secured by:			
Machinery and equipment	(i)	6,550	1,593
Interests in construction contracts	(ii)	441,428	418,385
Development properties for sale and joint guarantee from directors of certain subsidiaries	(iii)	1,279,506	1,300,947
Fixed bank deposits	(iv)	86,324	160,476
Interests in construction contracts and corporate guarantee from a related party	(v)	3,363,168	1,218,585
		5,176,976	3,099,986
Represented by:			
— Current portion		2,545,972	1,763,097
— Non-current portion		2,631,004	1,336,889

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 BORROWINGS (CONTINUED)

- (a) The details of secured bank borrowings are as follows: (Continued)

Notes:

- (i) As at 30 June 2019, the bank borrowings bearing interest at 2.5% per annum above 3-month Hong Kong Interbank Offered Rate ("HIBOR") per annum (31 December 2018: same).
- (ii) As at 30 June 2019, the bank borrowings bore interest at fixed rate of 3.5% per annum over Singapore Interbank Offered Rate ("SIBOR").(31 December 2018: fixed rate of 3.5% or 1.8% over SIBOR per annum).
- (iii) As at 30 June 2019, the amounts comprise land and development loans of HK\$1,279,506,000 (2018: HK\$1,300,947,000), and bore interest at rates of 1.8% over the relevant bank's one month SGD Cost of Funds ("COF") (31 December 2018: same) per annum. The loans were secured by mortgages over the Group's development properties for sale, investment properties under development 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.
- (iv) As at 30 June 2019, the bank borrowings were secured by fixed deposits of RMB160,000,000 (approximately HK\$170,655,000) (31 December 2018: RMB150,000,000 (approximately HK\$170,625,000)) and bore interest at 0.87% over 1-month SIBOR (31 December 2018: 1.1% over 3-month SIBOR) calculated daily with monthly rate based on a 365-day year.
- (v) As at 30 June 2019, the bank borrowings bore interest at fixed rates of ranged from 2.9% to 3.8% per annum (31 December 2018: same) and at floating rate included 1.7% to 2.3% over SIBOR per annum (31 December 2018: 3.2% over the 6-months London Interbank Offered Rate ("LIBOR") per annum), 1.8% to 2.3% over 1-month HIBOR per annum (31 December 2018: 2.5% over 1-month HIBOR per annum) and 2.0% over the relevant bank's COF per annum (31 December 2018: same).
- (b) As at 30 June 2019, bank borrowings of HK\$105,788,000 (31 December 2018: HK\$27,838,000) were secured by mortgages over part of the Group's leasehold land and buildings. The effective interest rates of the loan were between 1.5% and 2.8% (31 December 2018: between 1.7% and 5.3%) per annum. The loans will be repaid by fixed monthly payment over 10 years to 20 years.
- (c) The loans from non-controlling shareholders of the 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 5% as at 30 June 2019 (31 December 2018: same).
- (d) On 7 November 2017, the Company issued medium term notes with nominal value of SGD100,000,000 at coupon of 4.9% per annum for a period of 3 years under a medium term note programme established during the year. The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately SGD99,625,000. The medium term notes due 2020 will mature on 7 November 2020. The notes are listed on Singapore Exchange Securities Trading Limited. The carrying amount approximates its fair value.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 BORROWINGS (CONTINUED)

- (e) The fair values of the bank borrowings and the loans from related parties approximated their respective carrying values as at 30 June 2019 and 31 December 2018, as these borrowings were charged at market interest rates.
- (f) These committed banking facilities were subject to annual review. As at 30 June 2019, the undrawn banking facilities amounted to HK\$456,176,000 (31 December 2018: HK\$451,943,000).
- (g) The Group leased certain plant and machinery and motor vehicles from third parties under finance leases. The lease agreements do not have renewal clauses but provide the Group with options to purchase the leased assets at nominal values at the end of the lease terms.

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Minimum lease payments due		
— Within 1 year	-	3,255
— Between 1 and 2 years	-	1,840
— Between 2 and 5 years	-	797
— Later than 5 years	-	125
	-	6,017
Less: future finance charges	-	(357)
Present value of finance lease liabilities	-	5,660

The present values of finance lease liabilities are analysed as follows:

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Within 1 year	-	3,124
Between 1 and 2 years	-	1,768
Between 2 and 5 years	-	663
Later than 5 years	-	105
	-	5,660

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 TRADE AND OTHER PAYABLES

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Restated) (Note 4)	1 January 2018 HK\$'000 (Restated) (Note 4)
Current			
Trade payables to:			
— Other related parties	21,072	29,643	68,145
— Third parties	601,008	1,609,003	1,794,337
	622,080	1,638,646	1,862,482
Non-trade payables to:			
— Non-controlling shareholders of the subsidiaries	70,572	44,184	120,722
— Associated companies	28,852	–	–
— Other related parties	13,121	18,742	26,913
— Third parties	82,918	42,362	96,027
— Good and service tax payable	6,043	9,401	2,355
	201,506	114,689	246,017
Accruals for operating expenses	916,560	129,065	171,409
Accruals for construction costs	2,077	6,568	65,596
Advanced proceeds received from customers	–	–	1,412,419
Deferred gain	8,837	58,380	22,178
Put option exercisable by non-controlling shareholder of the subsidiaries	14,008	13,614	13,278
Provision for foreseeable losses on certain construction contracts	28,477	28,284	–
	969,959	235,911	1,684,880
Total trade and other payables	1,793,545	1,989,246	3,793,379

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

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Restated) (Note 4)	1 January 2018 HK\$'000 (Restated) (Note 4)
1–30 days	570,731	1,583,570	1,784,492
31–60 days	31,367	24,822	44,593
61–90 days	3,461	3,965	15,218
Over 90 days	16,521	26,289	18,179
	622,080	1,638,646	1,862,482

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 SHARE CAPITAL

	Number of shares (thousands)	Share capital HK\$'000	Treasury Shares HK\$'000
Authorised:			
<i>Ordinary Shares</i>	6,000,000	60,000	–
As 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	6,000,000	60,000	–
<i>CPS</i>			
As 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	1,000,000	10,000	–
Issued and fully paid:			
<i>Ordinary shares</i>			
At 1 January 2018	1,485,239	14,852	–
Shares repurchase	–	–	(12,958)
At 30 June 2018	1,485,239	14,852	(12,958)
At 1 January 2019	1,455,941	14,559	(1,142)
Conversion of CPS	62,961	630	–
Cancellation of shares	(582)	(6)	1,142
At 30 June 2019	1,518,320	15,183	–
<i>CPS</i>			
At 1 January 2018 and 30 June 2018	187,837	1,879	–
At 1 January 2019	187,837	1,879	–
Conversion during the period	(62,961)	(630)	–
At 30 June 2019	124,876	1,249	–

Note:

The Group had not bought back the Company's shares during the six months ended 30 June 2019 (2018: 5,792,500). The total consideration paid including the expenses directly relating to buy back these shares was nil (2018: HK\$12,958,000), which has been deducted from equity attributable to the owners of the Company.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 DIVIDENDS

- (a) At a meeting held on 29 August 2019, the directors declared an interim dividend of HK\$0.06 per ordinary share and CPS (totalling approximately HK\$98,592,000) for the year ending 31 December 2019. The dividend is not reflected as dividend payable in the interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2019. No interim dividends were paid for the six months ended 30 June 2019.
- (b) At a meeting held on 28 March 2019, the directors recommended a final dividend of HK\$0.05 per ordinary share and CPS (totalling approximately HK\$82,160,000) for the year ended 31 December 2018, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 30 June 2019.

23 COMMITMENTS

Capital commitment

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Contracted but not provided for:		
Development expenditure	31,498	7,495
Investment in the fund	473,891	478,268
Machineries	6,972	–
	512,361	485,763

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 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. Related parties may be individuals or other entities.

- (a) The following is a summary of significant related party transactions, in addition to those disclosed elsewhere in the condensed consolidated interim financial information, 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:

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Construction revenue from associated companies	115,053	197,950
Construction service costs provided by a fellow subsidiary	8,462	27,908
Management fee from an associated company	6,020	1,711
Dividend from an associated company	5,770	16,492
Sales commission paid to a related party	576	–
Interest income from related parties	–	847
Interest income from associated companies	25,828	24,671
Interest charged by non-controlling shareholders of the subsidiaries	14,502	9,489

Outstanding balances as at the year-end dates arising from sale/purchase of goods and services, were unsecured and receivable or payable within 12 months from year-end dates, and were disclosed in Notes 17 and Note 20.

(b) Key management compensation

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Directors' fee, salaries, wages and allowances	9,258	12,512
Share-based payments	4,253	3,366
Retirement benefit expenses	156	168
	13,667	16,046

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 CONTINGENT LIABILITIES

(a) Guarantees

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Guarantees on performance bonds in respect of contracts	231,449	157,393

Subsidiaries of the Group also issued corporate guarantees to banks for borrowings of the Group's associated companies and related companies in which subsidiaries of the Company are non-controlling shareholders. As at 30 June 2019, these bank borrowings amounted to HK\$1,681,574,000 (31 December 2018: HK\$2,774,170,000).

(b) Pending litigation

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

26 SUBSEQUENT EVENTS

On 25 July 2019, a tender submitted by the Group for purchase of Phoenix Heights, at a total consideration of SGD42,600,000 (approximately equivalent to HK\$234,800,000) has been duly accepted by the vendors of Phoenix Heights, representing over 80% of the total owners of Phoenix Heights. The land site is planned for redeveloping into residential apartments after completion of acquisition.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Construction business — Hong Kong and Macau

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

Revenue from the construction contracts in Hong Kong for the Reporting Period was approximately HK\$314.9 million (six months ended 30 June 2018: approximately HK\$686.2 million). During the Reporting Period, the Group had undertaken 8 new projects, mainly foundation and superstructure work for residential, commercial and infrastructure projects in Hong Kong and Macau. The total contract sum of these projects was approximately HK\$1 billion. As at 30 June 2019, there were 17 projects on hand with outstanding contract sums of HK\$1.42 billion.

Construction business — Singapore and Southeast Asia

The Group's Construction revenue from Singapore and Southeast Asia for the Reporting Period was approximately HK\$1,408.8 million (six months ended 30 June 2018: approximately HK\$1,031.0 million). The Group completed 4 construction projects including 2 Housing and Development Board ("HDB") construction projects, 1 private project and 1 owned property development project. As at 30 June 2019, there were 22 construction projects on hand and the outstanding contract sums are approximately HK\$7.98 billion.

Property development business — Singapore

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

Projects	Sales Revenue	ASP
	(HK\$' billion)	(HK\$/sq.m)
	1H 2019	1H 2019
I iNz Residence	2.46	49,403
II Le Quest	0.72	83,417

The Group started to hand over units at the iNz Residence which obtained its Temporary Occupation Permit ("TOP") in April 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Le Quest is a private complex under development and it started to recognize sales revenue from year 2018 based on its percentage of completion. Therefore, it recognized pre-sales revenue of HK\$723.8 million during the Reporting Period.

As at 30 June 2019, the Group's portfolio of property development projects with significant interest consisted of 3 projects across Singapore, focusing on the development of private apartments.

Project	Location	Intended use	Site Area sq.m.	Total SFA sq.m.	Cumulative Contracted sales amount (HK\$ billion)	% of completion as at 30 June 2019	Estimated year of construction completion	Ownership interest
1	Le Quest Bukit Batok West Avenue 6, Singapore	Residential, Private & Retail Space	14,697	37,562	2.08	81.96%	March 2020	73%
2	Jadescape 314-319 Shunfu Road 18, Singapore	Residential, Private & Retail Space	37,991	107,259	3.20	16.16%	May 2021	45%
3	Goodluck Garden 32-46 Toh Tuck Road, Singapore	Residential, Private	33,457	47,308	N/A	0%	Dec 2022	51%

Land bank status

(1) Phoenix Heights project, Singapore

On 25 July 2019, the vendors, representing over 80% of the total owners of Phoenix Heights, accepted the Group's tender to purchase Phoenix Heights at a total consideration of SGD42.6 million (equivalent to approximately HK\$243.8 million). It is a strata development with a total land area of approximately 63,000 sq.ft. After completion of the acquisition, the land site is planned for redeveloping into residential apartments with an expected plot ratio of approximately 1.4.

(2) Yau Tong project, Hong Kong

The Group acquired the land parcels at Yau Tong Marine Lot No. 58 and 59 and the extensions thereto for a total consideration of HK\$530 million. The total site area of the lots and its extensions to the harbour are approximately 17,400 sq.ft. and 5,400 sq.ft. respectively and the maximum plot ratio under the approved outline zoning plan is 5. It is intended to be a residential redevelopment. Planning application to facilitate the redevelopment is undergoing.

(3) Sham Shui Po project, Hong Kong

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

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's total revenue for the Reporting Period was approximately HK\$5,021.9 million (six months ended 30 June 2018: approximately HK\$5,138.7 million), representing a decrease of approximately 2.3% over the six months ended 30 June 2018.

Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 5.3% (six months ended 30 June 2018: approximately 12.8%). The decrease was mainly due to the lower gross profit margin from the property development project in Singapore due to the accounting treatment of a step up acquisition. During the Reporting Period, the Group had a step up acquisition which increased its equity interest in QJR CCK from 46% to 51% and QJR CCK changed from an associated company to a subsidiary of the Group. QJR CCK holds a property development project namely "iNz Residence" in Singapore. From the step up acquisition, the carrying value of the net assets of QJR CCK, including the iNz Residence project, has been fair valued up which resulted in a lower gross profit margin recognised when the project's relevant properties were sold. The fair value up from the step up acquisition had resulted in a deemed disposal gain of HK\$168,671,000 which was recognised in "Other gains/(losses) — net". The Group's gross profit margin for the Reporting Period would be 10.1% if excluding the above project.

Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK\$69.6 million (six months ended 30 June 2018: approximately HK\$70.7 million), which was approximately 1.4% (six months ended 30 June 2018: approximately 1.4%) of the Group's total revenue.

General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$133.0 million (six months ended 30 June 2018: approximately HK\$174.2 million), representing a decrease of approximately 23.7% over the six months ended 30 June 2018. This was mainly attributable to the decrease in staff remuneration during the Reporting Period.

Net Profit

During the Reporting Period, the Group reported a net profit of approximately HK\$199.4 million (six months ended 30 June 2018: approximately HK\$278.0 million), representing a decrease of 28.3% over the six months ended 30 June 2018. The profit attributable to owners of the Company was approximately HK\$195.2 million (six months ended 30 June 2018: approximately HK\$226.7 million), representing a decrease of 13.9% over the six months ended 30 June 2018. Basic earnings per share was HK\$0.119 (six months ended 30 June 2018: HK\$0.136).

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS

The U.S. Federal Reserve announced to cut down the interest rate by a quarter-point at the end of July this year for the first time in the past ten years. The major economies around the world intended to adopt an easing monetary policy, and it was generally considered by the market participants that the market interest rate would remain at a relatively low level in the coming period with even more room to cut in the second half of the year, facilitating the development of property market.

In the first half of 2019, the Sino-US trade war was still in a state of stalemate, and it may take a long time for China and the US to reach an agreement. Pursuant to the Global Economic Prospects recently published by the World Bank, the global economic growth rate for 2019 was expected to be revised from 2.9% at the beginning of the year to 2.6%. However, the World Bank predicted that the global economic growth rate would rebound to 2.7% next year, meaning that the global economy would gradually recover.

It was the major development strategy of the Group to increase the land bank. In June 2019, the Group obtained all the legal ownership of Goodluck Garden after undergoing legal procedures and therefore Goodluck Garden formally became the Group's land bank. The site is located in a high class residential area in central Singapore and is planned to be rebuilt into over 600 residential units. In addition, the Group tendered for the acquisition of the project named Phoenix Heights. The tender was officially accepted by the vendor in July 2019. The project will become new land bank of the Group upon completion of the acquisition, and was intended to be redeveloped into residential units. The Group would continue to evaluate property projects in Hong Kong, Singapore and Southeast Asia proactively, and seek opportunities to increase land bank.

In order to enhance the product quality, the Group continued to upgrade the industrialization or prefabricated prefinished volumetric construction technology (i.e. PPVC technology). We own a self-operated PPVC factory in Singapore. With the long-term technical advancement and practice of the research team, the Group has achieved a leading edge in technology. In respect of the smart community technology, the smart community platform "Hi-Life" launched by our Singapore subsidiary in 2015 ranked the foremost with respect to the local smart community service market shares in just two years. Currently, The Group continues to carry out relevant business development with partners in Vietnam and Indonesia.

To enhance the capital use efficiency, the Group will look into opportunities to invest in new and high technology industries for superior investment returns.

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

MANAGEMENT DISCUSSION AND ANALYSIS

DEBTS AND CHARGE ON ASSETS

The total interest bearing bank borrowings of the Group, including bank loans, finance leases and lease liabilities, increased from approximately HK\$4.1 billion as at 31 December 2018 to approximately HK\$6.9 billion as at 30 June 2019. These banking facilities were secured by the Group's property, plant and equipment, investment properties under development and development properties for sale with net carrying amounts of HK\$61,285,000 (As at 31 December 2018: HK\$62,029,000), HK\$577,710,000 (As at 31 December 2018: HK\$561,012,000) and HK\$5,347,110,000 (As at 31 December 2018: HK\$2,056,174,000), respectively.

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

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As at 30 June 2019, the Group had cash and cash equivalents of approximately HK\$1.2 billion (As at 31 December 2018: HK\$1.5 billion) of which approximately 61.7% was held in Singapore Dollar, 26.4% was held in Hong Kong dollar, 0.7% was held in US Dollars and the remaining was mainly held in Malaysian Ringgit, Macau Patacas, Renminbi, Vietnamese Dong and Indonesian Rupiah. The gearing ratio of the Group as at 30 June 2019 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings less cash and cash equivalents and pledged bank deposits) was approximately 60.8% (As at 31 December 2018: approximately 41.9%). The increase was mainly due to the approximately SGD427 million (equivalent to HK\$2,464 million) bank loan drawn down for settlement of the outstanding consideration to the vendors of Goodluck Garden in June 2019.

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

FOREIGN EXCHANGE

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, there was no significant acquisitions and disposals of subsidiaries and associated companies save as disclosed in note 6 of the Interim Financial Information.

CAPITAL COMMITMENTS

As at 30 June 2019, the Group had capital commitments of approximately HK\$31.5 million (31 December 2018: HK\$7.5 million) for development expenditure, HK\$473.9 million (31 December 2018: HK\$478.3 million) for investment in Great Wall and CNQC Fund and HK\$7.0 million (31 December 2018: Nil) for purchase of machineries.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

Save as disclosed in note 19 to the Interim Financial Information, the Group had no other contingent liabilities as at 30 June 2019 and 31 December 2018.

EVENT AFTER THE REPORTING PERIOD

On 25 July 2019, a tender submitted by the Group for the purchase of Phoenix Heights, at a total consideration of SGD42.6 million (equivalent to HK\$243.8 million) has been duly accepted by the vendors of Phoenix Heights, representing over 80% of the total owners of Phoenix Heights. The property purchase is conditional upon, among other terms, the vendors of Phoenix Heights obtaining a statutory sales order. It is a strata development with a total land area of approximately 63,000 sq.ft. The land site is planned for redeveloping into residential apartments after completion of acquisition with an expected plot ratio of approximately 1.4.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2019, the Group had 2,196 full-time employees (31 December 2018: 1,846 full-time employees). Most of the Group's employees were based in Singapore and Hong Kong. The remuneration policy and package of the Group's employees are periodically reviewed. Apart from mandatory provident fund and in-house training programmes, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance.

The total remuneration cost incurred by the Group for Reporting Period was approximately HK\$389.6 million compared to approximately HK\$303.9 million for the six months ended 30 June 2018.

SHARE OPTIONS

Share Option Scheme

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

On 28 April 2016, the Company granted an aggregate of 10,500,000 share options (the **"2016 Share Options"**) to certain Directors of the Group (collectively, the **"2016 Grantees"**) under the Share Option Scheme. The 2016 Share Options enable the 2016 Grantees to subscribe for an aggregate of 10,500,000 new Shares, representing 1.59% of the issued share capital of the Company as at the date of grant, subject to certain vesting periods.

Since then, the Company has not granted any new options under the Share Option Scheme up to the date of this interim report and no options has been exercised.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Management Share Scheme

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

60,919,852 CPS and 55,843,197 CPS were vested and converted to Shares in 2016 and in 2017 respectively. During the reporting period, 62,961,027 CPS were vested and converted to Shares. As at the date of this interim report, there were 124,875,197 CPS remaining under the trust.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.06 (six months ended 30 June 2018: HK\$0.06) per ordinary share and per CPS for the six months ended 30 June 2019 to the Shareholders whose names appear in the register of members of the Company on Friday 4 October 2019. It is expected that the payment of the interim dividend will be made on or before Friday, 25 October 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 2 October 2019 to Friday, 4 October 2019, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 September 2019.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S SECURITIES

On 21 May 2019, 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.

DISCLOSURE OF INTEREST

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 30 June 2019, interests or short positions in the 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”)) 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 10 to the Listing Rules are as follows:

Name of director	Capacity	Number of Shares and underlying Shares held in long position	Approximate percentage of interests
Mr. Cheng Wing On, Michael	Beneficial owner (<i>note 1</i>)	3,000,000	0.198%
	Beneficial owner (<i>note 3</i>)	3,000,000	0.198%
Mr. Wang Congyuan	Beneficial owner (<i>note 3</i>)	2,100,000	0.138%
	Beneficiary of a trust (<i>note 2</i>)	6,189,663	0.408%
	Beneficial owner	1,547,416	0.102%
Mr. Zhang Yuqiang	Beneficial owner (<i>note 1</i>)	2,400,000	0.158%
	Beneficiary of a trust (<i>note 2</i>)	2,010,540	0.132%
	Beneficial owner	502,635	0.033%

Notes:

1. This represents long position in the underlying Shares under share options granted on 27 June 2014 pursuant to the share option scheme of the Company.
2. This represents long position in the underlying CPS under the Awards granted under the Management Share Scheme. Please refer to the paragraph headed “Share Option Scheme — Management Share Scheme” in this report for more details.
3. This represents long position in the underlying Shares under share options granted on 28 April 2016 pursuant to the share option scheme of the Company.

Save as disclosed above, as at 30 June 2019, 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.

DISCLOSURE OF INTEREST

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

As at 30 June 2019, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares of the Company (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
Dr. Du Bo	Interest of controlled corporation (Note 1)	1,019,662,028	67.16%
	Beneficiary of a trust (Note 4)	45,689,892	3.01%
	Beneficial owner	12,484,972	0.82%
Hui Long Enterprises Limited	Interest in controlled corporation (Note 1)	1,019,662,028	67.16%
Bliss Wave Holding Investments Limited	Interest in controlled corporation (Note 1)	1,019,662,028	67.16%
Top Elate Investments Limited	Interest in controlled corporation (Note 1)	1,019,662,028	67.16%
Hao Bo Investments Limited	Interest in controlled corporation (Note 1)	1,019,662,028	67.16%
Guotsing Holding Company Limited	Beneficial owner (Note 1)	756,421,520	49.82%
	Interest in controlled corporation (Notes 1, 2 and 3)	263,240,508	17.34%
Trustee	Trustee (Note 5)	124,875,197	8.22%
Qingdao Qingjian Holding Co Staff Shareholding Union	Interest in controlled corporation (Note 1)	1,019,662,028	67.16%
Qingdao Qingjian Holdings Co	Interest in controlled corporation (Note 1)	1,019,662,028	67.16%
CNQC Development Limited	Beneficial owner (Note 1)	224,145,000	14.76%
Guotsing Finance Holding Limited	Interest in controlled corporation (Note 3)	39,095,508	2.57%
Guotsing Asset Management Limited	Interest in controlled corporation (Note 3)	39,095,508	2.57%

DISCLOSURE OF INTEREST

Name of substantial shareholder	Capacity/Nature of interest	Number of Shares and underlying Shares held/ interested	Approximate Shareholding Percentage
Guotsing Growth Fund LP I	Beneficial owner	39,095,508	2.57%
Great Wall Pan Asia International Investment Company Limited	Beneficial owner	142,000,000	9.35%
Sino Concord Ventures Limited	Beneficial owner	100,000,000	6.59%
Sun East Development Limited	Interest in Controlled corporation (Note 6)	100,000,000	6.59%

Note:

- (1) Guotsing Holding Company Limited ("**Guotsing BVI**") is wholly held by Hao Bo Investments Limited, and is in turn held as to 48.55% by Top Elate Investments Limited and as to 51.45% by Bliss Wave Holding Investments Limited, a company held as to 74.53% by Hui Long Enterprises Limited which is wholly-owned by Dr. Du Bo. Top Elate Investments Limited is wholly-owned by Qingdao Qingjian Holdings Co. which in turn is wholly-owned by the Qingdao Qingjian Holdings Co Staff Shareholding Union.
- (2) The 224,145,000 Shares were held by CNQC Development Limited ("**CNQC Development**") as at 30 June 2019. 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 held as to 100% by Guotsing BVI.
- (4) 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.
- (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.
- (6) Sino Concord Ventures Limited is owned as to 80% by Sun East Development Limited.

Save as disclosed above, as at 30 June 2019, 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.

SHARE OPTION SCHEME

Reference is made to the “Share Options” section of Management Discussion and Analysis in this annual report.

The Company adopted a share option scheme (the “**Share Option Scheme**” or the “**Scheme**”) to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme. Pursuant to the Scheme, the Board is authorised, at its absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the 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 Scheme shall be valid and effective for a period of ten years commencing on 11 September 2012, subject to early termination provisions contained in the Scheme.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange’s daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue on 18 October 2012, the date of listing of the Company. The Company may at any time refresh such limit, subject to the shareholders’ approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue unless approved by the shareholders of the Company and issue of a circular in compliance with the Listing Rules.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

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

As at the date of this report, the total number of securities available for issue under the Scheme was 66,020,250 Shares, which represented 4.35% of the issued share capital of the Company.

SHARE OPTION SCHEME

The outstanding share options granted entitled the relevant grantees to subscribe for an aggregate 30,000,000 new shares of HK\$0.01 each in the share capital of the Company. Detail of movements of the options granted under the Scheme for the period ended 30 June 2019 is as follows:

Grantees	Date of Grant	Exercise price per share	As at 01/01/2019	Number of options				As at 30/06/2019	Vesting Period	Exercise period
				Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period			
Executive directors										
Cheng Wing On, Michael	27/6/2014	HK\$2.70	3,000,000	-	-	-	-	3,000,000	27/06/2015	27/6/2015-27/6/2020
	28/04/2016	HK\$3.022	3,000,000	-	-	-	-	3,000,000	28/04/2017	28/04/2017-28/04/2022
Wang Congyuan	28/04/2016	HK\$3.022	2,100,000					2,100,000	28/04/2017	28/04/2017-27/04/2022
Zhang Yuqiang	27/6/2014	HK\$2.70	2,400,000	-	-	-	-	2,400,000	27/06/2015	27/6/2015-27/6/2020
Employees of the Group in aggregate	27/6/2014	HK\$2.70	11,100,000	-	-	-	-	11,100,000	27/06/2015	27/6/2015-27/6/2020
	28/04/2016	HK\$3.022	5,400,000					5,400,000	28/04/2017	28/04/2017-27/04/2022
Other participants of the Group in aggregate	27/6/2014	HK\$2.70	3,000,000	-	-	-	-	3,000,000	27/06/2015	27/6/2015-27/6/2020
			30,000,000	-	-	-	-	30,000,000		

Save as disclosed above, as at 30 June 2019 no Directors had any interest in the share options to subscribe for the shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

Corporate Governance Code

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

Code of Conduct Regarding Directors’ Securities Transactions

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

AUDIT COMMITTEE AND REVIEW OF FINANCIAL INFORMATION

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

By order of the Board
Mr. Cheng Wing On, Michael
Chairman

Hong Kong
29 August 2019