



# 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  
2016**





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## CORPORATE INFORMATION

### DIRECTORS

#### Executive Directors

Dr. Du Bo (resigned as the Chairman and an executive Director on 26 January 2016)  
Mr. Cheng Wing On, Michael (*Chairman*)  
(appointed as the Chairman and resigned as the Chief Executive Officer on 26 January 2016)  
Mr. Wang Congyuan (*Chief Executive Officer*)  
(appointed as an executive Director and the Chief Executive Officer on 26 January 2016)  
Mr. Ho Chi Ling  
Mr. Zhang Yuqiang  
Mr. Wang Linxuan (appointed as an executive Director on 26 January 2016)

#### Non-executive Directors

Mr. Zhang Zhihua  
Dr. Ding Hongbin  
Dr. Sun Huiye (appointed as a non-executive Director on 26 January 2016)

#### Independent Non-executive Directors

Mr. Chuck Winston Calptor  
Mr. Ching Kwok Hoo, Pedro  
Mr. Tam Tak Kei, Raymond  
Mr. Chan Kok Chung, Johnny (appointed as an independent non-executive Director on 26 January 2016)

### COMPANY SECRETARY

Mr. Ng Yiu Fai (*FCPA*)

### AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond  
(*Chairman of the Audit Committee*)  
Mr. Zhang Zhihua  
Dr. Ding Hongbin (appointed on 22 March 2016)  
Mr. Chuck Winston Calptor  
Mr. Ching Kwok Hoo, Pedro  
Mr. Chan Kok Chung, Johnny  
(appointed on 22 March 2016)

### REMUNERATION COMMITTEE

Mr. Chuck Winston Calptor  
(*Chairman of the Remuneration Committee*)  
Mr. Zhang Yuqiang (appointed on 22 March 2016)  
Mr. Wang Congyuan (appointed on 26 January 2016)  
Mr. Ching Kwok Hoo, Pedro  
Mr. Chan Kok Chung, Johnny  
(appointed on 22 March 2016)  
Mr. Cheng Wing On, Michael  
(resigned as a member on 26 January 2016)

### NOMINATION COMMITTEE

Mr. Cheng Wing On, Michael  
(*Chairman of the Nomination Committee*)  
(appointed on 26 January 2016)  
Dr. Du Bo (resigned as a member and the Chairman of the Nomination Committee on 26 January 2016)  
Dr. Sun Huiye (appointed on 22 March 2016)  
Mr. Tam Tak Kei, Raymond  
Mr. Ching Kwok Hoo, Pedro  
Mr. Chan Kok Chung, Johnny  
(appointed on 22 March 2016)

### STRATEGY AND INVESTMENT COMMITTEE (Established on 22 March 2016)

Mr. Cheng Wing On, Michael  
(*Chairman of Strategy and Investment Committee*)  
Mr. Wang Congyuan  
Mr. Zhang Yuqiang  
Mr. Ho Chi Ling  
Mr. Wang Linxuan  
Mr. Zhang Zhihua  
Dr. Ding Hongbin  
Dr. Sun Huiye  
Mr. Chan Kok Chun, Johnny

### REGISTERED OFFICE

Clifton House, 75 Fort Street  
PO Box 1350, Grand Cayman, KY1-1108  
Cayman Islands

## CORPORATE INFORMATION

### **HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 601, 6/F  
Exchange Tower  
33 Wang Chiu Road  
Kowloon Bay, Hong Kong

### **LEGAL ADVISERS AS TO HONG KONG LAWS**

Norton Rose Fulbright Hong Kong  
Loong & Yeung Solicitors

### **AUDITOR**

PricewaterhouseCoopers

### **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

Estera Trust (Cayman) Limited  
Clifton House, 75 Fort Street  
PO Box 1350, Grand Cayman, KY1-1108  
Cayman Islands

### **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### **PRINCIPAL BANKER**

United Overseas Bank  
China Development Bank  
The Hongkong and Shanghai Banking Corporation Limited  
Fubon Bank (Hong Kong) Limited  
DBS Bank (Hong Kong) Limited  
Dah Sing Bank Limited

### **STOCK CODE**

1240

### **WEBSITE**

[www.cnqc.com.hk](http://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 consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2016 (the "Reporting Period"), together with the restated comparative figures for the six months ended 30 June 2015 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated) (Note 2)
Revenue	5	4,061,280	5,661,616
Cost of sales		(3,531,332)	(4,863,458)
<b>Gross profit</b>		<b>529,948</b>	798,158
Other income		1,440	2,876
Other gains/(losses)		2,235	(231)
Selling and marketing expenses		(52,915)	(91,876)
General and administrative expenses		(158,352)	(220,336)
<b>Operating profit</b>	6	<b>322,356</b>	488,591
Finance income		9,213	2,349
Finance costs		(14,060)	(76,273)
Finance costs, net	7	(4,847)	(73,924)
Share of losses of associated companies		(865)	(379)
<b>Profit before income tax</b>		<b>316,644</b>	414,288
Income tax expense	8	(58,722)	(107,448)
<b>Profit for the period</b>		<b>257,922</b>	306,840
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified to profit or loss</i>			
– Revaluation gain on available-for-sale financial assets		19,039	–
– Currency translation differences		36,074	(20,333)
<b>Total comprehensive income for the period</b>		<b>313,035</b>	286,507

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	Note	Six months ended 30 June	
		2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated) (Note 2)
<b>Profit for the period attributable to:</b>			
Owners of the Company		237,186	191,176
Non-controlling interests		20,736	115,664
		<b>257,922</b>	306,840
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		289,112	176,202
Non-controlling interests		23,923	110,305
		<b>313,035</b>	286,507
Earnings per share attributable to owners of the Company during the period	9		
– basic (HK cents)		17.72	15.27
– diluted (HK cents)		17.72	15.27

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	473,138	498,787
Goodwill		282,933	282,933
Other intangible assets		3,200	5,367
Prepayments and other receivables	11	138,116	127,219
Investments in associated companies		138	1,150
Available-for-sale financial assets		20,748	1,095
Deferred income tax assets		98,620	93,031
		<b>1,016,893</b>	1,009,582
<b>Current assets</b>			
Cash and cash equivalents		2,000,700	1,625,816
Pledged bank deposits		287,287	273,850
Trade and other receivables, prepayments and deposits	11	2,170,879	2,817,877
Amounts due from customers for contract work	12	70,535	60,970
Development properties for sale	13	9,201,666	9,137,882
Tax recoverable		–	695
		<b>13,731,067</b>	13,917,090
<b>Total assets</b>		<b>14,747,960</b>	14,926,672
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital – ordinary shares	16	11,002	3,000
Share capital – convertible preference shares	16	3,519	9,519
Share premium		2,711,366	2,227,382
Other reserves		(1,203,274)	(1,287,205)
Retained earnings		624,027	547,890
		<b>2,146,640</b>	1,500,586
<b>Non-controlling interests</b>		<b>(1,666)</b>	(19,793)
<b>Total equity</b>		<b>2,144,974</b>	1,480,793

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Note	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	14	5,063,970	4,486,186
Deferred income tax liabilities		50,674	52,245
		<b>5,114,644</b>	4,538,431
<b>Current liabilities</b>			
Trade and other payables	15	5,096,973	5,258,113
Tax payables		187,566	212,189
Borrowings	14	2,203,803	3,437,146
		<b>7,488,342</b>	8,907,448
<b>Total liabilities</b>		<b>12,602,986</b>	13,445,879
<b>Total equity and liabilities</b>		<b>14,747,960</b>	14,926,672



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	(Unaudited)							Total equity HK\$'000
	Share capital – ordinary shares HK\$'000	Share capital – convertible preference shares HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	
Balance at 1 January 2015	3,000	–	–	774,708	(29,427)	748,281	28,072	776,353
Comprehensive income								
Profit for the period	–	–	–	–	191,176	191,176	115,664	306,840
Other comprehensive income/(loss)								
Currency-translation difference	–	–	–	(14,974)	–	(14,974)	(5,361)	(20,335)
Total comprehensive income	–	–	–	(14,974)	191,176	176,202	110,303	286,505
Transaction with owners:								
Employee share option scheme – share based compensation benefits	–	–	–	70,797	–	70,797	–	70,797
Dividend paid	–	–	–	–	–	–	(5,655)	(5,655)
Balance at 30 June 2015 unaudited and restated	3,000	–	–	830,531	161,749	995,280	132,720	1,128,000
Balance at 1 January 2016	<b>3,000</b>	<b>9,519</b>	<b>2,227,382</b>	<b>(1,287,205)</b>	<b>547,890</b>	<b>1,500,586</b>	<b>(19,793)</b>	<b>1,480,793</b>
Comprehensive income								
Profit for the period	–	–	–	–	237,186	237,186	20,736	257,922
Other comprehensive income/(loss)								
Currency translation difference	–	–	–	32,887	–	32,887	3,187	36,074
Revaluation gain on available-for-sale financial assets	–	–	–	19,039	–	19,039	–	19,039
Total comprehensive income	–	–	–	51,926	237,186	289,112	23,923	313,035
Transactions with owners:								
Issuance of shares by placing (Note 16)	902	–	215,584	–	–	216,486	–	216,486
Issuance of shares upon share subscription (Note 16)	1,100	–	268,400	–	–	269,500	–	269,500
Issuance of shares upon conversion of convertible preference shares (Note 16)	6,000	(6,000)	–	–	–	–	–	–
Employee share option scheme – share based compensation benefits	–	–	–	32,005	–	32,005	–	32,005
Dividend paid	–	–	–	–	(161,049)	(161,049)	(5,796)	(166,845)
Balance at 30 June 2016 unaudited	<b>11,002</b>	<b>3,519</b>	<b>2,711,366</b>	<b>(1,203,274)</b>	<b>624,027</b>	<b>2,146,640</b>	<b>(1,666)</b>	<b>2,144,974</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated) (Note 2)
<b>Cash flows from operating activities</b>		
Net cash generated from/(used in) operations	1,220,207	(938,041)
Interest paid	(94,385)	(71,264)
Income tax paid	(115,875)	(44,355)
Net cash generated from/(used in) operating activities	<b>1,009,947</b>	(1,053,660)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(12,819)	(25,006)
Loan to related parties	(10,375)	(35,259)
Proceeds from disposal of property, plant and equipment	1,978	997
Interest received	3,969	252
Dividends received from associated companies	174	—
Net cash used in investing activities	<b>(17,073)</b>	(59,016)
<b>Cash flows from financing activities</b>		
Contribution from non-controlling shareholders of subsidiaries	—	178
Dividends paid	(166,845)	(4,498)
Inception of finance leases	3,047	9,601
Drawdown on bank borrowings	1,985,587	1,995,439
Repayment of bank borrowings	(2,962,741)	(762,942)
Repayments of finance leases	(35,614)	(36,844)
Issue of shares	485,986	—
Net cash (used in)/generated from financing activities	<b>(690,580)</b>	1,200,934
Net increase in cash and cash equivalents	<b>302,294</b>	88,258
Cash and cash equivalents at beginning of the period	<b>1,625,816</b>	904,622
Exchange gains on cash and cash equivalents	<b>72,590</b>	62,188
Cash and cash equivalents at end of the period	<b>2,000,700</b>	1,055,068

# 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 and property development businesses in Singapore.

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

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

This condensed consolidated interim financial information is presented in Hong Kong Dollar ("HK\$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 30 August 2016.

During the Reporting period, the Company's ultimate holding company has changed from Guotsing Holding Group Company Limited ("Guotsing PRC") to Hui Long Enterprises Limited as a result of the conversion of convertible preference shares into ordinary shares by Guotsing Holding Company Limited detailed in Note 16.

## 2. BASIS OF PREPARATION

This condensed interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting". The condensed interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2015 ("2015 Financial Statements"), which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

On 15 October 2015, the Company acquired the entire issued share capital of Wang Bao Development Limited and its subsidiaries (collectively the "Target Group") from Guotsing Holding (South Pacific) Investment Pte. Ltd., an entity wholly owned by Guotsing PRC (the "Acquisition"). The consideration was satisfied by the allotment and issuance of 951,872,727 non-redeemable convertible preference shares ("CPS") of the Company at a price of HK\$2.75 per CPS on the same date.

Further details of the Acquisition were set out in the Company's circular dated 25 September 2015 and the 2015 Financial Statements.

The Acquisition is accounted for as a reverse acquisition under HKFRS 3 (Revised) "Business Combinations" under which the Target Group was regarded as the accounting acquirer, whereas the Group immediately prior to the completion of the Acquisition (the "Existing Group") was regarded as the accounting acquiree, as both the Company and the Target Group have been under common control of Guotsing PRC since 17 March 2014, the date on which Guotsing PRC became the controlling shareholder of the Company. Under reverse acquisition accounting, the 2015 Financial Statements represented the continuation of the financial statements of the Target Group. As a result, the comparative financial information for 2015 Financial Statements in respect of the consolidated statement of financial position as at 31 December 2014 and 1 January 2014, and the consolidated statement of comprehensive income for the year ended 31 December 2014 had been restated according to the bases set out in Note 2.1(a)(i) to the 2015 Financial Statements. Similarly, the condensed consolidated interim financial information also represented the continuation of the financial information of the Target Group and therefore the condensed consolidated statement of comprehensive income for the six months ended 30 June 2015 is also restated according to the same bases as set out in the 2015 Financial Statements.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 2. BASIS OF PREPARATION *(Continued)*

#### **Use of going concern assumption**

The Group entered into a conditional sale and purchase agreement on 19 May 2016 with approximately 81% of the owners of a residential estate in Singapore known as Shunfu Ville (the "Shunfu Project") to acquire all properties therein at a consideration of Singapore dollars ("S\$") \$638 million (equivalent to approximately HK\$3,586 million) for redevelopment purpose, the completion of which is subject to several conditions including, but not limited to, the approvals from various governmental authorities in Singapore and the acceptance of the Group's offer by all property owners who have not yet agreed to sell their units under the collective sale arrangement as disclosed in the Company's announcement dated 22 May 2016. On 30 May 2016, the Group also successfully tendered for a commercial and residential development site in Singapore (the "Bukit Batok Project") at a consideration of S\$301 million (equivalent to approximately HK\$1,692 million).

The Shunfu Project and the Bukit Batok Project are expected to be completed by 2022 and 2021 respectively (subject to the completion of the sale and purchase agreement for Shunfu Project). Based on the Company's preliminary financing plans, the financial resources required by these two projects will be funded by both debt financing and equity financing. Debt financing may comprise bank borrowings and a bond offering. According to the prior experience of more than ten property development projects, the Company was able to secure bank financing of approximately 70% of the land acquisition costs. Equity financing may comprise introduction of strategic investors to these two projects as well as placing new shares or a rights issue by the Company. The Company intends to own 40% to 60% beneficial interests in these projects while the strategic investors will own the remaining beneficial interests. The Company has extensive experience working on many property development projects with strategic investors in Singapore and does not anticipate any difficulties in introducing investors to these two projects.

According to preliminary financing plans and subject to the completion of the sales and purchase agreement for the Shunfu Project, the Directors expect that the cash outflows within the next twelve months from the reporting date will mainly comprise the initial considerations stipulated in the conditional sale and purchase agreement and land tender document, and the corresponding stamp duties and lease premium payable to the governmental authorities in Singapore arising from the approval of the redevelopment plans, amounting to approximately S\$992 million (equivalent to approximately HK\$5,575 million). Approximately S\$667 million (equivalent to approximately HK\$3,748 million), S\$173 million (equivalent to approximately HK\$971 million) and S\$69 million (equivalent to approximately HK\$388 million) will be financed by the funding from banks, strategic investors and bond offering respectively, and the remaining amount of S\$83 million (equivalent to approximately HK\$467 million) will be financed using the internal resources of and new share placing by the Group. The Company is actively discussing with various banks in Singapore which have indicated their strong interests to provide loan facilities to the Company to finance the two projects. As of the date of this report, the Group has already obtained committed bank facilities of approximately S\$317 million (equivalent to approximately HK\$1,820 million). In addition, the Company is also discussing with strategic investors who have indicated their interests to invest in the two projects.

Based on the Company's prior experience in property development projects in Singapore and the ongoing discussions with the banks and strategic investors who have indicated their interests in providing financing to the two projects, the Directors are confident that sufficient financial resources will be available to the Group to finance these projects. Accordingly, the Directors consider that the adoption of going concern assumptions in preparation of the condensed consolidated interim financial information is appropriate.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied to prepare this unaudited condensed interim financial information for the six months ended 30 June 2016 are consistent with the 2015 Financial Statements.

The Group has adopted the following new accounting standards and amendments to standards for accounting periods beginning on or after 1 January 2016:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets Between Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
Annual Improvements Project	Annual Improvements 2012–2014 Cycle

The adoption of these new accounting standards and amendments to standards does not result in significant impact on the Group's results and financial position.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3. ACCOUNTING POLICIES *(Continued)*

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
HKAS 7 (Amendment)	Statement of Cash Flows – Disclosure Initiative	1 January 2017
HKAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
HKFRS 16	Leases	1 January 2019

Management is in the process of making an assessment of the impact of these new standards and amendments to existing standards and is not yet in a position to state whether they will have a significant impact on the Group's results and financial position.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4. 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:

- Construction – Hong Kong and Macau (including foundation and superstructure operations)
- Construction – Singapore
- Property development – Singapore

Information regarding the above segments is reported below.

	<b>Construction – Hong Kong and Macau</b> HK\$'000	<b>Construction – Singapore</b> HK\$'000	<b>Property Development – Singapore</b> HK\$'000	<b>Total</b> HK\$'000
<b>Six months ended 30 June 2016 (Unaudited)</b>				
<b>Sales</b>				
Sales to external parties	908,841	1,264,894	1,887,545	4,061,280
Inter-segment sales	–	520,667	–	520,667
<b>Total segment sales</b>	<b>908,841</b>	<b>1,785,561</b>	<b>1,887,545</b>	<b>4,581,947</b>
<b>Adjusted segment profit</b>	<b>116,773</b>	<b>20,524</b>	<b>191,767</b>	<b>329,064</b>
Depreciation	31,264	9,589	1,044	41,897
Capital expenditure	7,532	4,611	676	12,819
<b>Six months ended 30 June 2015 (Unaudited and restated)</b>				
<b>Sales</b>				
Sales to external parties	835,217	1,482,746	3,343,653	5,661,616
Inter-segment sales	–	727,615	–	727,615
<b>Total segment sales</b>	<b>835,217</b>	<b>2,210,361</b>	<b>3,343,653</b>	<b>6,389,231</b>
<b>Adjusted segment profit</b>	<b>82,890</b>	<b>28,552</b>	<b>443,484</b>	<b>554,926</b>
Depreciation	32,460	10,136	746	43,342
Capital expenditure	21,575	1,379	2,019	24,973

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

#### 4. SEGMENT INFORMATION *(Continued)*

The following tables present segment assets and liabilities as at 30 June 2016 and 31 December 2015 respectively.

	<b>Construction – Hong Kong and Macau</b> HK\$'000	<b>Construction – Singapore</b> HK\$'000	<b>Property Development – Singapore</b> HK\$'000	<b>Total</b> HK\$'000
<b>As at 30 June 2016 (Unaudited)</b>				
Segment assets	1,649,365	3,478,883	12,572,917	17,701,165
Segment liabilities	512,521	2,748,947	12,305,709	15,567,177
<b>As at 31 December 2015 (Audited)</b>				
Segment assets	1,321,724	2,355,050	12,313,575	15,990,349
Segment liabilities	523,159	1,762,891	11,980,454	14,266,504

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

	<b>Six months ended 30 June</b>	
	<b>2016</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2015 HK\$'000 (Unaudited) (Restated)
Adjusted segment profit for reportable segments	<b>329,064</b>	554,926
Unallocated expenses	<b>(39,585)</b>	(77,738)
Elimination	<b>32,877</b>	11,403
Finance income	<b>9,213</b>	2,349
Finance costs	<b>(14,060)</b>	(76,273)
Share of losses of associated companies	<b>(865)</b>	(379)
Profit before income tax	<b>316,644</b>	414,288



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 5. REVENUE

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
<b>Revenue</b>		
Construction contract income	<b>2,173,550</b>	2,315,986
Sales of development properties	<b>1,887,545</b>	3,343,653
Sale of goods	–	1,634
Rental of equipment	<b>185</b>	343
	<b>4,061,280</b>	5,661,616

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6. OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Contractor and material costs net of changes in construction contract work-in-progress included in "Cost of sales"	<b>1,685,094</b>	2,207,239
Property development costs included in "Cost of sales"	<b>1,578,645</b>	2,342,559
Sales commissions	<b>17,203</b>	66,152
Show flat costs	<b>18,269</b>	10,048
Marketing expenses	<b>17,443</b>	15,676
Staff costs, including directors' emoluments	<b>270,030</b>	417,930
Depreciation of owned assets	<b>21,238</b>	21,458
Depreciation of assets under finance leases	<b>20,888</b>	22,003
Legal and professional fees	<b>12,515</b>	19,342
Rental expenses on operating leases	<b>46,114</b>	27,895

During the period, staff costs included share-based payment expenses of approximately HK\$32,005,000 (six months ended 30 June 2015: approximately HK\$70,795,000).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7. FINANCE COSTS – NET

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
<b>Finance income</b>	<b>9,213</b>	2,349
<b>Finance costs</b>		
Interest expenses on finance leases	(1,845)	(2,484)
Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities	(93,769)	(173,789)
Other interest expenses	(30,795)	(38,216)
	(126,409)	(214,489)
Less: Interest expenses capitalised	112,132	171,733
	(14,277)	(42,756)
Net foreign exchange gains/(losses)	217	(33,517)
<b>Sub-total</b>	<b>(14,060)</b>	(76,273)
<b>Finance costs – net</b>	<b>(4,847)</b>	(73,924)

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 8. INCOME TAX EXPENSE

Hong Kong profits tax, Macau profits tax and Singapore income tax have been provided for at the rate of 16.5%, 12% and 17% respectively for the six months ended 30 June 2016 and 30 June 2015 on the estimated assessable profit for the period in the respective jurisdiction.

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Current income tax		
– Hong Kong profits tax	19,322	13,256
– Macau profits tax	(9)	645
– Singapore income	42,337	91,172
Deferred income tax	(2,928)	2,375
Income tax expense	58,722	107,448

### 9. 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	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Profit attributable to owners of the Company	237,186	191,176
Weighted average number of issued shares for the purpose of calculating basic earnings per share (in thousand)	1,338,436	1,251,873
Basic earnings per share (HK cents)	17.72	15.27

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 9. EARNINGS PER SHARE *(Continued)*

### **Basic** *(Continued)*

As described in Note 2 above, 951,872,727 CPS were issued on 15 October 2015 in connection with the Acquisition. As further explained in Note 16, each CPS, in addition to a non-cumulative preferred distribution, 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.

As stated in Note 16 below, the CPS is accounted for as an equity instrument. In addition, the rights of the CPS on the entitlements of dividend and distribution of assets are substantially the same as those of the ordinary shares of the Company.

In applying the reverse acquisition accounting method, the issuance of CPS was accounted for as if they had been issued on 1 January 2015.

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares and CPS deemed to be in issue during each of the reporting periods calculated on the above basis.

### **Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares and CPS outstanding to assume conversion of all dilutive potential ordinary shares arising from the Company's share option schemes. A calculation is made to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's share in the relevant periods) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the six months ended 30 June 2016 and 30 June 2015 equal basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, there was approximately HK\$12,819,000 (six months ended 30 June 2015: HK\$24,973,000) spent on acquisition of property, plant and equipment.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 11. TRADE AND OTHER RECEIVABLES

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<b>Current</b>		
Trade receivables		
– Related parties	<b>44,891</b>	120,633
– Third parties	<b>692,137</b>	611,787
	<b>737,028</b>	732,420
Retention receivables from customers for contract work from		
– Related parties	<b>50,953</b>	48,569
– Third parties	<b>225,964</b>	235,100
	<b>276,917</b>	283,669
Development properties – due from customers	<b>759,626</b>	1,612,680
Other receivables		
– Related parties	<b>34,687</b>	28,290
– Third parties	<b>21,104</b>	14,327
Prepayments, deposits and others	<b>306,761</b>	113,358
	<b>362,552</b>	155,975
Loans to related parties	<b>34,756</b>	33,133
<b>Total</b>	<b>2,170,879</b>	2,817,877
<b>Non-current</b>		
Loans to related parties	<b>131,089</b>	114,779
Prepayments	<b>7,027</b>	12,440
	<b>138,116</b>	127,219

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 11. 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:

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
1-30 days	<b>652,097</b>	690,362
31-60 days	<b>53,608</b>	29,809
61-90 days	<b>2,398</b>	1,267
Over 90 days	<b>28,925</b>	10,982
	<b>737,028</b>	732,420

As at 30 June 2016, trade receivables of HK\$84,931,000 (31 December 2015: HK\$42,058,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and no provision has therefore been made.

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

Retention receivables in respect of the construction and foundation businesses are settled in accordance with the terms of respective contracts. Retention receivables held by customers for construction and foundation work amounting to approximately HK\$52,058,000 (31 December 2015: HK\$43,319,000) are expected to be recovered in more than twelve months from the reporting date.

- (c) The other receivables due from related parties included amounts due from holding companies, fellow subsidiaries, associated companies and other related parties. These balances were unsecured, interest-free and repayable on demand. The other receivables did not contain any impaired assets.
- (d) Loans to related companies included loans to associated companies and other related parties which were companies in which the Group invested to develop real estates in Singapore. The loans were made in proportion to the percentages of the Group's shareholding in these companies. The loans were unsecured, and interest-bearing at a fixed rate ranging from 0% to 7.68% per annum as at 30 June 2016 (0% to 7.68% per annum as at 31 December 2015).
- (e) The carrying amounts of the Group's trade and other receivables (excluding prepayments) approximated their fair values. The Group did not hold any collateral as security for its trade and other receivables.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 12. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Aggregate costs incurred and profits (less foreseeable losses) recognised to date on uncompleted construction contracts	<b>6,864,277</b>	6,053,496
Less: progress billings to date	<b>(6,793,742)</b>	(5,992,526)
Amounts due from customers for contract work	<b>70,535</b>	60,970

There were no advances received from customers for contract work as at 30 June 2016 and 31 December 2015. Progress billings to date include retention receivables of HK\$158,037,000 and HK\$204,445,000 as at 30 June 2016 and 31 December 2015, respectively.

### 13. DEVELOPMENT PROPERTIES FOR SALE

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<b>Properties in the course of development</b>		
Leasehold land at cost	<b>5,738,163</b>	5,751,787
Development costs	<b>2,775,452</b>	2,716,795
Overheads expenditure capitalised	<b>57,802</b>	67,437
Interest expenses capitalised	<b>630,249</b>	601,863
	<b>9,201,666</b>	9,137,882

Interest expenses on bank borrowings and loans from related parties were capitalised. The weighted average rates of capitalisation of the interest expenses were 3.00% (Year ended 31 December 2015: 3.12%) per annum for bank borrowings and 7.17% (Year ended 31 December 2015: 7.22%) per annum for loans from related parties for the six months ended 30 June 2016.

As at 30 June 2016, development properties with net carrying amounts of HK\$8,686,954,000 (31 December 2015: HK\$9,137,882,000) were pledged as securities for certain bank loans of the Group (Note 14).



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. BORROWINGS

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<b>Current</b>		
Bank borrowings – secured (Note (a))	<b>2,086,159</b>	3,317,457
Bank borrowings – mortgage (Note (c))	<b>23,603</b>	23,152
Loans from related parties – unsecured (Note (d))	<b>29,878</b>	34,505
Finance lease liabilities (Note g)	<b>64,163</b>	62,032
	<b>2,203,803</b>	3,437,146
<b>Non-current</b>		
Bank borrowings – secured (Note (a))	<b>4,579,411</b>	3,869,070
Bank borrowings – unsecured (Note (b))	–	128,162
Bank borrowings – mortgage (Note (c))	<b>1,316</b>	4,966
Loans from related parties – unsecured (Note (d))	<b>470,351</b>	437,864
Finance lease liabilities (Note g)	<b>12,892</b>	46,124
	<b>5,063,970</b>	4,486,186
<b>Total borrowings</b>	<b>7,267,773</b>	7,923,332

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 14. BORROWINGS (Continued)

The exposure of the borrowings of the Group as at 30 June 2016 and 31 December 2015 to interest rate changes and the contractual re-pricing dates were as follows:

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Within 1 year	<b>2,219,971</b>	6,942,768
Between 1 and 2 years	<b>3,469,295</b>	853,715
Between 2 and 5 years	<b>1,578,277</b>	111,586
Later than 5 years	<b>230</b>	15,263
<b>Total</b>	<b>7,267,773</b>	7,923,332

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

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Within 1 year	<b>2,183,423</b>	3,413,503
Between 1 and 2 years	<b>3,478,547</b>	3,357,428
Between 2 and 5 years	<b>1,590,709</b>	1,137,138
Later than 5 years	<b>15,094</b>	15,263
<b>Total</b>	<b>7,267,773</b>	7,923,332

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 14. BORROWINGS (Continued)

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

	Note	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
<b>Secured by:</b>			
Machinery and equipment	(i)	3,154	37,492
Interests in construction contracts	(ii)	25,571	60,247
Development properties for sale and joint guarantee from directors of certain subsidiaries	(iii)	4,748,880	6,144,649
Fixed bank deposits	(iv)	161,403	259,514
Interests in construction contracts and corporate guarantee from a related party	(v)	1,726,562	684,625
		<b>6,665,570</b>	<b>7,186,527</b>

Notes:

- (i) As at 30 June 2016, the amount comprises bank borrowings of HK\$214,000 (31 December 2015: HK\$282,000) and HK\$2,940,000 (31 December 2015: HK\$37,210,000), respectively bearing interest at a fixed rate of 2.1% (31 December 2015: 2% to 2.5%) per annum and rates from 1.8% to 2.5% (31 December 2015: 2% to 3.5%) per annum above the Hong Kong Interbank Offered Rate ("HIBOR").
- (ii) As at 30 June 2016, the bank borrowings borne interest at 3.20% over 3 months Singapore Interbank Offered Rate ("SIBOR") (31 December 2015: 2.55% over 3-months SIBOR).
- (iii) As at 30 June 2016, the amounts comprise land and development loans of HK\$4,102,931,000 (31 December 2015: HK\$4,407,168,000) and term loans of HK\$645,949,000 (31 December 2015: HK\$1,737,481,000), and borne interest at rates from 1.80% to 2.50% over the relevant bank's one month SGD Cost of Funds ("COF") (31 December 2015: 1.80% to 2.00% over one month SGD COF) per annum. The loans were secured by mortgages over the Group's development properties for sale 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 2016, the bank borrowings were secured by a fixed deposit of SGD50,000,000 (approximately HK\$287,287,000 (31 December 2015: SGD50,000,000, approximately HK\$273,850,000), and borne interest at 0.65% (31 December 2015: 0.5%) over SGD COF calculated daily with monthly rate based on a 365-day year.
- (v) As at 31 December 2015, the bank borrowings borne interest at fixed rate of 4.52% per annum.
- (b) As at 31 December 2015, bank borrowings borne interest at a fixed rate of 2.65%.
- (c) As at 30 June 2016, bank borrowings of HK\$24,919,000 (31 December 2015: HK\$28,118,000) were secured by a mortgage over part of the Group's leasehold land and buildings. The interest rate of the loan was 5.70% (31 December 2015: 5.85%) per annum as at 30 June 2016. The loans will be repaid by fixed monthly payment over 10 years to 20 years.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 14. BORROWINGS *(Continued)*

- (d) The loans from related parties refer to loans from non-controlling interest shareholders of subsidiaries, which 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 were subject to variable interest rates which contractually re-priced within 12 months from the financial reporting date. The effective interest rate was between 7.00% and 7.68% as at 30 June 2016 (31 December 2015: between 7.23% and 7.96%).
- (e) The fair values of the bank borrowings and the loans from related parties approximated their respective carrying values as at 30 June 2016 and 31 December 2015, as these borrowings were charged at market interest rates.
- (f) These committed banking facilities were subject to annual review. As at 30 June 2016, the undrawn banking facilities amounted to HK\$610,494,000 (31 December 2015: HK\$700,321,000).
- (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.

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Minimum lease payments due		
– Within 1 year	<b>66,224</b>	64,679
– Between 1 and 2 years	<b>11,568</b>	33,299
– Between 2 and 5 years	<b>1,873</b>	14,016
– Later than 5 years	<b>275</b>	528
	<b>79,940</b>	112,522
Less: future finance charges	<b>(2,885)</b>	(4,366)
Present value of finance lease liabilities	<b>77,055</b>	108,156

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

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Within 1 year	<b>64,163</b>	62,032
Between 1 and 2 years	<b>10,974</b>	32,123
Between 2 and 5 years	<b>1,689</b>	13,484
Later than 5 years	<b>229</b>	517
	<b>77,055</b>	108,156

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 15. TRADE AND OTHER PAYABLES

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
<b>Current</b>		
Trade payables to:		
– Related parties	<b>87,485</b>	97,234
– Third parties	<b>1,725,237</b>	1,530,474
	<b>1,812,722</b>	1,627,708
Non-trade payables to:		
– Related parties	<b>133,672</b>	176,245
– Third parties	<b>1,006</b>	53,065
– Good and service tax payable	<b>729</b>	4,932
	<b>135,407</b>	234,242
Accruals for operating expenses	<b>170,219</b>	274,600
Accruals for construction costs	<b>157,675</b>	97,279
Advanced proceeds received from customers	<b>2,820,950</b>	3,024,284
	<b>3,148,844</b>	3,396,163
<b>Total trade and other payables</b>	<b>5,096,973</b>	5,258,113

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 15. TRADE AND OTHER PAYABLES *(Continued)*

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

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

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
1-30 days	1,753,527	1,597,136
31-60 days	18,983	21,744
61-90 days	679	1,513
Over 90 days	39,533	7,315
	<b>1,812,722</b>	1,627,708

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

### 16. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Nominal amount HK\$'000</b>
<b>Authorised (Note a):</b>		
<i>Ordinary Shares</i>		
As at 1 January 2015 and 30 June 2015	2,000,000,000	20,000
As at 1 January 2016 and 30 June 2016	6,000,000,000	60,000
<i>Convertible preference shares</i>		
As at 1 January 2015 and 30 June 2015	–	–
As at 1 January 2016 and 30 June 2016	1,000,000,000	10,000

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. SHARE CAPITAL (Continued)

	Number of ordinary shares	Nominal amount HK\$'000
<b>Issued and fully paid (Note a):</b>		
<i>Ordinary shares</i>		
As 1 January and 30 June 2015	300,000,000	3,000
At 1 January 2016	300,000,000	3,000
Issue of shares by placing (Note (b))	90,202,500	902
Issue of shares upon share subscription (Note (c))	110,000,000	1,100
Issue of shares upon conversion of CPS (Note (b) and (c))	600,000,000	6,000
At 30 June 2016	1,100,202,500	11,002
<i>CPS</i>		
As 1 January and 30 June 2015	–	–
At 1 January 2016	951,872,727	9,519
Conversion of CPS (note (b) and (c))	(600,000,000)	(6,000)
At 30 June 2016	351,872,727	3,519

Note:

- (a) Following the passing of the ordinary resolution at the Company's extraordinary general meeting held on 14 October 2015, the authorised share capital of the Company was increased from HK\$20,000,000 divided into 2,000,000,000 ordinary shares of par value of HK\$0.01 each to HK\$70,000,000 divided into (i) 6,000,000,000 ordinary shares of HK\$0.01 each and (ii) 1,000,000,000 CPS of HK\$0.01 each. Save for the rights set out below, each CPS has the same rights as each of the ordinary shares:
- CPS shall be convertible into fully-paid ordinary shares at the option of the CPS holders at any time after the issue date according to a fixed conversion ratio of one CPS for one ordinary share, subject to the condition that the Company is able to meet the requirement of public float under the relevant listing rules of the Stock Exchange and no shareholders of the Company would trigger any mandatory general offer obligation under Rule 26 of the Takeovers Code (unless a waiver from compliance with such requirement has otherwise been obtained).
  - The CPS shall be non-redeemable by the Company or their holders.
  - Each CPS shall confer on its holder the right to receive a non-cumulative preferred distribution from the date of the issue of the CPS at a rate of 0.01% per annum on the issue price of HK\$2.75 per CPS, payable annually in arrears. The Company may, in its sole discretion, elect to defer or not pay a preferred distribution. No interest accrues on any unpaid preferred distribution. However, the Company shall not pay any dividends or distributions to the holders of ordinary shares of the Company unless at the same time it pays to the holders of the CPS any deferred or unpaid preferred distribution which was scheduled to be paid during the same financial year as such dividends or distributions were scheduled.

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. SHARE CAPITAL (Continued)

Note: (Continued)

(a) (Continued)

- Each CPS shall confer on its holder the right to receive, in addition to the above preferred distribution, any dividend *pari passu* with the holders of the ordinary shares.
- The holders of the CPS shall have priority over the holders of ordinary shares on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company up to an amount equal to the aggregate nominal amounts of the CPS issued. Distributions beyond this amount are to be made on a *pari passu* basis among the holders of any class of shares including the CPS.
- The CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

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

- (b) On 12 January 2016, 90,202,500 ordinary shares were issued to certain third parties by way of share placement at a price of HK\$2.40 per share. Of the gross proceeds of HK\$216,486,000 received, HK\$902,025 was credited as share capital whereas the remaining amounts of HK\$215,583,975 was credited as share premium.

On the same date, 270,000,000 ordinary shares were issued by the Company to Guotsing Holding Company Limited as the latter elected to convert 270,000,000 CPS into ordinary shares in accordance with the terms and conditions stated in note (a) above.

- (c) On 28 June 2016, 110,000,000 ordinary shares were issued to certain third parties at a subscription price of HK\$2.45 per share. Of the gross proceeds of HK\$269,500,000 received, HK\$1,100,000 was credited as share capital whereas the remaining amounts of HK\$268,400,000 was credited as share premium.

On the same date, 330,000,000 ordinary shares were issued by the Company to Guotsing Holding Company Limited as the latter elected to convert 330,000,000 CPS into ordinary shares in accordance with the terms and conditions stated in note (a) above.

## 17. DIVIDENDS

- (a) At a meeting held on 30 August 2016, the directors declared an interim dividend of HK\$0.05 per ordinary share and CPS (totalling approximately HK\$77,604,000) for the year ending 31 December 2016. 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 2016. No interim dividends were paid for the six months ended 30 June 2015.
- (b) At a meeting held on 22 March 2016, the directors recommended a final dividend of HK\$0.12 per ordinary share and CPS (totalling approximately HK\$161,049,000) for the year ended 31 December 2015, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 30 June 2016.

## 18. COMMITMENTS

### Capital commitment

As at 30 June 2016, development expenditure contracted for but not yet incurred amounted to HK\$18,030,000 (31 December 2015: HK\$19,911,000).

### Operating lease commitments – Group as lessee

The Group leases land, offices, warehouse and construction equipment under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.



## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 18. COMMITMENTS (Continued)

#### Operating lease commitments – Group as lessee (Continued)

The future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities as at 30 June 2016 and 31 December 2015 were as follows:

	<b>30 June 2016 HK\$'000 (Unaudited)</b>	31 December 2015 HK\$'000 (Audited)
Not later than 1 year	<b>13,076</b>	21,411
1–5 years	<b>17,280</b>	19,641
Later than 5 years	<b>31,533</b>	31,494
	<b>61,889</b>	72,546

### 19. 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:

	<b>Six months ended 30 June</b>	
	<b>2016 HK\$'000 (Unaudited)</b>	2015 HK\$'000 (Unaudited) (Restated)
Construction revenue from related parties	<b>60,735</b>	185,954
Sale of goods to a fellow subsidiary	–	379
Purchase of materials from related parties	<b>165,341</b>	286,185
Construction service costs provided by a fellow subsidiary	<b>84,379</b>	47,065
Management fee from an associated company	<b>1,735</b>	–
Interest income from related parties	<b>1,048</b>	986
Interest income from associated companies	<b>3,903</b>	1,111
Interest charged by related parties	<b>30,795</b>	70,217

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 11 and Note 15.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 19. RELATED PARTY TRANSACTIONS *(Continued)*

#### (b) Key management compensation

	Six months ended 30 June	
	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited) (Restated)
Directors' fee, salaries, wages and allowances	21,511	28,624
Share-based payments	7,422	49,787
Retirement benefit expenses	93	134
	<b>29,026</b>	78,545

### 20. CONTINGENT LIABILITIES

#### (a) Guarantees

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

	30 June 2016 HK\$'000 (Unaudited)	31 December 2015 HK\$'000 (Audited)
Guarantees on performance bonds in respect of contracts	193,600	205,640

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 2016, these bank borrowings amounted to HK\$903,787,000 (31 December 2015: HK\$329,093,000).

#### (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.

### 21. SUBSEQUENT EVENTS

On 13 July 2016, the Group acquired the entire equity interests of New Chic International Limited and its subsidiaries, which are principally involved in construction business in Singapore. The consideration of the acquisition was settled by cash payment of Singapore dollars 51,000,000 (equivalent to approximately HK\$293 million) and issue of 100,000,000 ordinary shares by the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

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

### Hong Kong Construction Market Review

According to First Quarter Economic Report 2016 released by HK SAR government, Hong Kong's economy slowed further to 0.8% year-on-year in real terms in the first quarter of 2016, compared with the growth of 2.4% for 2015. Despite the slowdown of the GDP growth, the public expenditure on infrastructure has been increasing. In order to maintain a healthy and stable development of the property market, the HK SAR government considered raising flat supply through increasing land supply as the top priority policy. In February, the government announced the 2016-2017 Land Sale Programme which includes 29 residential sites and provides a total of about 19,200 flats. The stimulus policy has provided a sound support to the foundation and superstructure construction industries in Hong Kong.

### Construction business — Hong Kong and Macau

The construction projects undertaken by the Group can be broadly divided into construction work with focus on 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. In the meantime, the Group also contracts for superstructure construction for private developers.

Revenue from the construction contracts in Hong Kong for the Reporting Period was approximately HK\$908.8 million (six months ended 30 June 2015: approximately HK\$835.2 million). During the Reporting Period, the Group had undertaken a number of new projects, including the foundation work for Public Housing Development at Diamond Hill, the foundation work for a hotel development project at Anchor Street in Tai Kok Tsui and the foundation work for a residential project at Rua De Antonio Basto 8-10, Macau. The total contract sum of these projects was approximately HK\$336.0 million.

The revenue contribution of these projects together with other ongoing significant projects, including the Lamma Island Power Station Extension, Tseung Kwan O Town Lot No. 95, Shek Kip Mei Estate Phase 6, Kwun Tong Inland Lot No. 761, Ma On Shan Town Lot No. 482, No.101-111 Wanchai Road and Area 56A Kau To, Shatin account for approximately HK\$816.8 million (representing approximately 88.9% of the total revenue from our Hong Kong construction business) during the Reporting Period.

### Singapore Construction Market Review

According to the Building and Construction Authority ("BCA") total construction demand in 2015 fell short of BCA's earlier estimates of S\$29 billion to S\$36 billion due to the rescheduling of several major infrastructure projects such as MRT projects from the fourth quarter of 2015 to early 2016. However, total construction output remained high at about S\$35 billion due to strong demand in the preceding two years. This accounted for approximately 4.7% of the Gross Domestic Product ("GDP") of Singapore in 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Construction business — Singapore

The Group's revenue from the Singapore construction contracts for the Reporting Period was approximately HK\$1,264.9 million (six months ended 30 June 2015: approximately HK\$1,482.7 million). During the Reporting Period, the Group completed one Executive Condominium ("EC") construction project, The Topiary, and was awarded one new construction project by a private developer, of a contract sum of approximately HK\$760 million. As at 30 June 2016, the Group had nine external construction projects and four construction projects from the Group's property development segment and the outstanding contract sums are approximately HK\$2.95 billion and HK\$993.5 million respectively.

### Singapore Property Market Review

Amidst concerns of over-supply and broader economic uncertainty, homebuyers have remained cautious and selective. Residential property prices in Singapore have declined since 2013. For the whole of 2015, the price decline was about 3.7 per cent. Some developers have resorted to offering price discount.

As of the second quarter of 2016, there was a slight rebound in pricing for non-landed, mass market apartments other than those in the Central Region. This reflects that the mid-market remains stable and with demand, and there is room for capital growth.

As for the EC sector, the Singapore government's cooling measures and the Mortgage Servicing Ratio ("MSR") framework have dampened demand for this sector. Moreover, the declining trend of private home prices and ample supply of private apartments and condominium units have presented more choices for prospective home owners.

As announced in the 2016 Budget, the Singapore government will put more effort in developing the Jurong District (located in the West of Singapore) with the establishment of Jurong Innovation Center. The purpose of which is to put together scientific research, innovation technology and productions in a region to help the transformation of the economy in the future. The western district will be a core development area and it is expected that the associated property price will be benefited soon.

### Property development business — Singapore

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

Project	Sales Revenue	Sales Area	ASP
	(HK\$' billion)	Sq.m.	(HK\$/sq.m)
	1H 2016	1H 2016	1H 2016
I Waterbay	1.89	43,277	43,615

The Group started to hand over units at Ecopolitan which obtained their Temporary Occupation Permit ("TOP") in January 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2016, the Group's portfolio of property development projects with majority interest consisted of five projects across Singapore, with the majority focusing on the development of EC apartments.

Project	Location	Intended use	Site Area sq.m.	Total GFA sq.m.	% of completion as at 30 June 2016	Estimated year of construction completion	Ownership interest
1 Ecolopolitan	Punggol Walk, Singapore	Residential, EC	18,748	61,867	99.23	Jun-16	85%
2 Bellewoods	Woodlands Avenue 5, Singapore	Residential, EC	21,004	64,693	87.33	Feb-17	65%
3 Bellewaters	Anchorvale Crescent, Singapore	Residential, EC	23,000	75,900	80.66	Feb-17	63%
4 Visionaire	Sembawang Road/ CanberraLink, Singapore	Residential, EC	28,746	60,366	23.91	Oct-18	77%
5 New project	Butik Batok West Avenue 6	Residential, private	14,697	44,091	0	May-21	100%

### FINANCIAL REVIEW

#### Revenue

The Group's total revenue for the Reporting Period was approximately HK\$4,061.3 million (six months ended 30 June 2015: approximately HK\$5,661.6 million), representing a decrease of approximately 28.3% over the six months ended 30 June 2015. The decrease was mainly due to less revenue from sales of property development recognized during the Reporting Period.

#### Gross Profit Margin

The Group's gross profit margin during the Reporting Period was approximately 13.0% (six months ended 30 June 2015: approximately 14.1%). The slight decline in margin is mainly due to the sale of private condominium during the six months ended 30 June 2015 whilst it was an EC project with lower margin for this Reporting Period, coupled with the increase in construction material costs and subcontractor charges.

#### Selling and Marketing Expenses

The Group's selling and marketing expenses for the Reporting Period were approximately HK\$52.9 million (six months ended 30 June 2015: approximately HK\$91.9 million), which was approximately 1.3% (six months ended 30 June 2015: approximately 1.6%) of the Group's total revenue. The decrease was mainly due to less commission paid to a smaller scale EC project during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## General and Administrative Expenses

The Group's general and administrative expenses for the Reporting Period were approximately HK\$158.4 million (six months ended 30 June 2015: approximately HK\$220.3 million), representing a decrease of approximately 28.1% over the six months ended 30 June 2015. This was mainly attributable to the decrease in professional fee incurred and less share option expense recognized as the Group's share option plans are vested by stage which resulted in higher charges in earlier period.

## Net Profit

During the Reporting Period, the Group recorded a net profit attributable to owners of the Company of approximately HK\$237.2 million (six months ended 30 June 2015: approximately HK\$191.2 million), representing an increase of approximately 24.1% over the six months ended 30 June 2015. This is mainly attributable to the decrease in general and administrative expenses and finance cost incurred during the Reporting Period.

## PROSPECTS

Regarding the property development segment in Singapore, pressures continue to mount for projects affected by the Additional Buyer's Stamp Duty and the Qualifying Certificate rules. Since the implementation of the Total Debt Servicing Ratio ("TDSR") in 2013, residential transaction volumes have reduced significantly. The continuation of the cooling measures and the TDSR will mean that demand is expected to continue to moderate for the rest of 2016. However, the fundamentals of Singapore property remain stable and attractive with 57,597 new private units and 12,077 ECs in the pipeline as at May 2016, whilst only 15,000 units remain unsold. It is expected that the cooling measures will be eased in 2017 which will result in recovery in overall transaction volume, renew interest in home buying thus providing an improving operating environment.

During the period under review, the Group announced two significant residential development projects in Singapore:

- It entered into a sales and purchase agreement with 81% of the owners of Shunfu Ville for a collective sale valued at approximately S\$638 million on 19 May 2016. The agreement is conditional upon, amongst others, the owners obtaining an order of sale from the Strata Titles Board; and
- It was successful with its bid for S\$301 million to secure a commercial and residential development site at Bukit Batok West Avenue 6 on 30 May 2016.

The success with securing the above two projects reflects the Group's confidence of the depth and experience of its management to handle increasingly larger and more complex projects. On 29 August 2016, another EC project, namely Ecopolitan, obtained its TOP issued by BCA. This allows owners to occupy the building when certain requisite regulatory requirements are complied with.

The Group continues to move up the value chain through innovation, as with the introduction of the HiLife mobile App. Launched in February 2015, App will initially be introduced to the Visionaire EC project. The Group intends to introduce the App to more homeowners, building managers and service providers so as to promote smart home technologies which will bring convenience, energy efficiency and home safety to homeowners. The Group intends to introduce these features to all future projects to improve the living standard and to make its property projects more appealing to potential home buyers.

## MANAGEMENT DISCUSSION AND ANALYSIS

In view of construction segment in Singapore, the BCA estimated that the construction demand is expected to fall within the range of approximately S\$27 billion to S\$36 billion per annum for the 2016 to 2017 period and the range of approximately S\$26 billion to S\$37 billion for the 2018 to 2019 period with over 65% demand from the public construction. Meanwhile, private sector construction demand is expected to recover slightly as economic conditions pick up and private property buyer sentiment improves. After the Reporting Period, the Group was awarded a construction contract at Bukit Batok Neighbourhood 4 in Singapore by Housing & Development Board of Singapore with a contract sum of approximately HK\$1.07 billion. The details of which had been disclosed in the announcement of the Company dated 1 August 2016.

As for the construction segment in Hong Kong, according to the 2016-2017 Budget of the HK SAR government, the government has continued to increase the land for residential use and commercial use. For public housing, the government has imposed the public housing supply target of 280,000 units for the 10-year period from 2016/17 to 2025/26. For private housing, it is estimated that private housing land supply in 2015/2016 has massive room to produce 29,000 units. The government's initiative to increase the housing supply will fuel the growth of the foundation industry in the future. Meanwhile, the commencement and implementation of large-scale infrastructure projects are expected to continue to drive the growth of the foundation industry in Hong Kong in the coming years, including the MTR extension projects, the development areas in Wan Chai and the New Territories, and the five railway projects, which are currently at different stages of implementation and are expected to be completed by 2021.

Looking forward, the Group will further exploit the above markets in the second half of 2016. In Singapore and other South Eastern markets, the Group will seek to further increase the market share through mergers and acquisitions. The Group engaged its first construction project in Indonesia as disclosed in an announcement dated 25 August 2016 and this evidenced the Group's determination in reaching countries along the Maritime Silk Road. In Hong Kong, the Group will place more resources on the superstructure construction business while developing the current foundation and construction business. Leveraging on its current market position and well established industry reputation, the Company is striving to build up an image as the "One Belt One Road" landmark company. The Group will actively explore the opportunities and leverage on its listing platform in order to create long term shareholder value.

### DEBTS AND CHARGE ON ASSETS

The total interest bearing borrowings of the Group, including bank loans and finance leases, decreased from approximately HK\$7,923.3 million as at 31 December 2015 to approximately HK\$7,267.8 million as at 30 June 2016. The Group's banking facilities were secured by its property, plant and equipment, leasehold land and buildings and development properties with net carrying amounts of approximately HK\$136.9 million (As at 31 December 2015: HK\$230.4 million), HK\$65.6 million (As at 31 December 2015: HK\$36.7 million) and HK\$8,687.0 million (As at 31 December 2015: HK\$9,137.9 million), 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 2016, the Group had cash and cash equivalents of approximately HK\$2,000.7 million (As at 31 December 2015: HK\$1,625.8 million) of which approximately 30.2% was held in Singapore Dollar, 26.5% was held in Hong Kong dollar, 9.1% was held in Renminbi, 34.0% was held in US Dollars and the remaining was mainly held in Macau Patacas and Indian Rupee. The gearing ratio of the Group as at 30 June 2016 (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 69.9% (As at 31 December 2015: approximately 80.3%).

During the Reporting Period, the Group did not employ any financial instrument for hedging purposes.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FOREIGN EXCHANGE

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

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

On 26 May 2016, the Company as purchaser entered into a sale and purchase agreement (the "Agreement") with Sino Concord Ventures Limited and Rally Tech Investments Limited (being a connected person of the Company) (collectively, the "Sellers") as sellers, pursuant to which the Company conditionally agreed to acquire, and the Sellers conditionally agreed to sell, the entire issued share capital of New Chic International Limited at a consideration of \$101,000,000 (equivalent to approximately HK\$567,620,000) in accordance with the terms and conditions of the Agreement. The aforesaid acquisition was completed on 13 July 2016. For further details, please refer to the announcements of the Company dated 26 May 2016 and 13 July 2016, respectively, and the circular of the Company dated 23 June 2016.

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

## CAPITAL COMMITMENTS

The Group had capital commitments of HK\$18,030,000 in relation to development expenditure as at 30 June 2016 (31 December 2015: HK\$19,911,000).

## CONTINGENT LIABILITIES

Save as disclosed in note 20 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 June 2016 and 31 December 2015.

## EVENT AFTER THE REPORTING PERIOD

A significant acquisition of a construction group in Singapore was completed subsequent to the end of Reporting Period. For details, please refer to the announcement of the Company dated 26 May 2016 and the circular of the Company dated 23 June 2016. The completion of the transaction was taken place on 13 July 2016 with a completion announcement dated the same.

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2016, the Group had 1,899 full-time employees (31 December 2015: 2,034 fulltime 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\$270 million compared to approximately HK\$417.9 million for the six months ended 30 June 2015.



## MANAGEMENT DISCUSSION AND ANALYSIS

### SHARE OPTIONS

#### Share Option Scheme

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

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

For further details of the grant of options, please refer to the announcements of the Company dated 27 June 2014 and 28 April 2016. Since then, the Group has not granted any new options under the Share Option Scheme up to the date of this report nor is there any option being exercised.

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 AGM, 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.

#### Management Share Scheme

Pursuant to the acquisition of the entire issued share capital of Wang Bao Development Limited and its subsidiaries from Guotsing Holding (South Pacific) Investment Pte Ltd by the Company (the "Acquisition"), a trust (the "Trust") was constituted upon completion of the Acquisition to service a management share scheme (the "Management Share Scheme") pursuant to which awards were conditionally granted to certain senior management and employees of Guotsing Holding Group Company Limited and its subsidiaries (the "Selected Participants") to purchase from the Trust up to a total of 304,599,273 non-redeemable convertible preference shares 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 announcement of the Company dated 23 May 2015 and the circular of the Company dated 25 September 2015.

### INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.05 (six months ended 30 June 2015: HK\$Nil) per ordinary share and per CPS for the six months ended 30 June 2016 to the Shareholders whose names appear in the register of members of the Company on Wednesday, 5 October 2016.

It is expected that the payment of the interim dividend will be made on or before Wednesday, 26 October 2016.

### PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

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

## 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 2016, 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 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.

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

As at 30 June 2016, 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)	647,273,454	58.83
	Interest of controlled corporation (note 2)	224,145,000	20.37
	Beneficiary of a trust (note 3)	114,224,727	10.38
Hui Long Enterprises Limited	Interest in controlled corporation (Note 1)	647,273,454	58.83
Bliss Wave Holding Investments Limited	Interest in controlled corporation (Note 1)	647,273,454	58.83
Top Elate Investments Limited	Interest in controlled corporation (Note 1)	647,273,454	58.83
Hao Bo Investments Limited	Interest in controlled corporation (Note 1)	647,273,454	58.83

## DISCLOSURE OF INTEREST

Name of substantial shareholder	Capacity/ Nature of interest	Number of Shares and underlying Shares held/interested	Approximate Shareholding Percentage (%)
Guotsing Holding Company Limited	Interest in controlled corporation (Note 1)	647,273,454	58.83
Trustee	Trustee	304,599,273	27.69
Qingdao Qingjian Holding Co Staff Shareholding Union	Interest in controlled corporation (Note 1)	647,273,454	58.83
	Interest in controlled corporation (Note 2)	224,145,000	20.37
Shanghai Heliyuan Investment Co Ltd	Interest in controlled corporation (Note 2)	224,145,000	20.37
Qingdao Bohai Construction Group Co Ltd	Interest in controlled corporation (Note 2)	224,145,000	20.37
Qingdao Qingjian Holdings Co	Interest in controlled corporation (Note 1)	647,273,454	58.83
	Interest in controlled corporation (Note 2)	224,145,000	20.37
Guotsing Holding Group Co Ltd	Interest in controlled corporation (Note 2)	224,145,000	20.37
Guotsing Holding (South Pacific) Investment Pte. Ltd.	Interest in controlled corporation (Note 2)	224,145,000	20.37
Hyday (South Pacific) Investment Pte Ltd	Interest in controlled corporation (Note 2)	224,145,000	20.37
GUOTSING Group (HK) Limited	Interest in controlled corporation (Note 2)	224,145,000	20.37

## DISCLOSURE OF INTEREST

Name of substantial shareholder	Capacity/ Nature of interest	Number of Shares and underlying Shares held/interested	Approximate Shareholding Percentage (%)
CNQC Development Limited	Beneficial owner (Note 1)	224,145,000	20.37
Sino Concord Ventures Limited	Beneficial owner (Note 4)	100,000,000	15.15
Sun East Development Limited	Interest in controlled corporation (Note 4)	100,000,000	15.15

## Note:

- (1) This represents the long position in the 647,273,454 CPS allotted and issued to New Guotsing Holdco at completion of the Acquisition of which Dr. Du Bo is deemed to be interested in as he controls indirectly more than one-third of the voting power at general meetings of New Guotsing Holdco. New Guotsing Holdco is held as to 85% by Hao Bo Investments Limited, and is in turn held as to 48.547% by Top Elate Investments Limited and as to 51.453% by Bliss Wave Holding Investments Limited, a company held as to 74.533% by Hui Long Enterprises Limited.
- (2) The 224,145,000 Shares were held by CNQC Development Limited ("CNQC Development") as at 30 June 2016. CNQC Development is indirectly wholly-owned by Guotsing Holding Group Co. Ltd. ("Guotsing PRC") through Guotsing Holding (South Pacific) Investment Pte. Ltd. (wholly-owned by Guotsing Holding Group Co. Ltd.), Hyday (South Pacific) Investment Pte Ltd. (wholly-owned by Guotsing Holding (South Pacific) Investment Pte. Ltd.) and Guotsing Group (HK) Limited (wholly-owned by Hyday (South Pacific) Investment Pte Ltd. Guotsing Holding Group Co Ltd is in turn controlled by Qingdao Qingjian Holding Co Ltd., Shanghai Heliyuan Investment Co Ltd and Qingdao Bohai Construction (Group) Co. Ltd. (the "Guotsing PRC Controlling Shareholders") pursuant to a concert party agreement dated 22 September 2015 entered into amongst the Guotsing PRC Controlling Shareholders. Dr. Du Bo owns 99.5% interest in Shanghai Heliyuan Investment Ltd., being a member of the Guotsing PRC Controlling Shareholders.
- (3) 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.
- (4) The 100,000,000 Shares were deemed to be interested by Sino Concord Ventures Limited as at 30 June 2016. Sino Concord Ventures Limited is controlled by Sun East Development Limited.

Save as disclosed above, as at 30 June 2016, 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

The Company adopted a share option scheme (the "Scheme") on 11 September 2012 as 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 "Listing"). 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.

## SHARE OPTION SCHEME

On 28 April 2016, the Company offered to grant an aggregate of 10,500,000 share options (the "Share Options") to certain directors (the "Directors") of the Company (the "Grantees"), subject to acceptance of the Grantees, under the Scheme. The Share Options will enable the Grantees to subscribe for an aggregate of 10,500,000 new shares, representing approximately 1.59 % of the issued share capital of the Company as at the date of grant subject to certain vesting periods. For further details, please refer to the announcement of the Company dated 28 April 2016. Since then, the Group has not granted any new options under the Share Option Scheme up to the date of this report nor is there any option being exercised.

Grantees	Date of Grant	Exercise price per share	As at 1 January 2016	Granted during the period	Number of options			As at 30 June 2016	Vesting Period	Exercise period
					Exercised during the period	Lapsed during the period	Cancelled during the period			
<b>Executive directors</b>										
Cheng Wing On, Michael	27/6/2014	HK\$2.700		3,000,000	-	-	-	3,000,000	27/6/2015-27/6/2019	27/6/2015-27/6/2020
	28/4/2016	HK\$3.022		3,000,000	-	-	-	3,000,000	25/4/2017-25/4/2022	25/4/2017-25/4/2022
Wang Congyuan	28/4/2016	HK\$3.022		2,100,000	-	-	-	2,100,000	25/4/2017-25/4/2022	25/4/2017-25/4/2022
Ho Chi Ling	27/6/2014	HK\$2.700		2,400,000	-	-	-	2,400,000	27/6/2015-27/6/2019	27/6/2015-27/6/2020
	28/4/2016	HK\$3.022		2,400,000	-	-	-	2,400,000	25/4/2017-25/4/2022	25/4/2017-25/4/2022
Zhang Yuqiang	27/6/2014	HK\$2.700		2,400,000	-	-	-	2,400,000	27/6/2015-27/6/2019	27/6/2015-27/6/2020
Wang Linxuan	28/4/2016	HK\$3.022		2,100,000	-	-	-	2,100,000	25/4/2017-25/4/2022	25/4/2017-25/4/2022
<b>Non-Executive directors</b>										
Ding Hongbin	27/6/2014	HK\$2.700		3,000,000	-	-	-	3,000,000	27/6/2015-27/6/2019	27/6/2015-27/6/2020
Zhang Zhihua	27/6/2014	HK\$2.700		3,000,000	-	-	-	3,000,000	27/6/2015-27/6/2019	27/6/2015-27/6/2020
Sun Huiye	28/4/2016	HK\$3.022		900,000	-	-	-	900,000	25/4/2017-25/4/2022	25/4/2017-25/4/2022
Employees of the Group in aggregate	27/6/2014	HK\$2.700		1,500,000	-	-	-	1,500,000	27/6/2015-27/6/2019	27/6/2015-27/6/2020
Other participants of the Group in aggregate	27/6/2014	HK\$2.700		4,200,000	-	-	-	4,200,000	27/6/2015-27/6/2019	27/6/2015-27/6/2020
				30,000,000	-	-	-	30,000,000		

Save as disclosed above, as at 30 June 2016, no Directors had 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  
30 August 2016