



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

2017 INTERIM REPORT



CONTENTS

| | |
|--------------------------------------------------------------------------------|----|
| CORPORATE INFORMATION | 02 |
| REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION | 04 |
| UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION | |
| INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 06 |
| INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 08 |
| INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 10 |
| INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS | 12 |
| NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION | 13 |
| MANAGEMENT DISCUSSION AND ANALYSIS | 41 |
| DISCLOSURE OF INTEREST | 47 |
| SHARE OPTION SCHEME | 50 |
| CORPORATE GOVERNANCE AND OTHER INFORMATION | 52 |



CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Zhang Zhihua
(resigned as a non-executive director
on 30 August 2017)
Dr. Sun Huiye
Mr. Wang Xianmao
(appointed as a non-executive director
on 16 January 2017)

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Ng Yiu Fai (FCPA)
(resigned on 29 May 2017)
Mr. Chan Tat Hung
(appointed on 29 May 2017)

AUDIT COMMITTEE

Mr. Tam Tak Kei, Raymond
(*Chairman of the Audit Committee*)
Mr. Zhang Zhihua
(resigned as a member on 30 August 2017)
Mr. Chuck Winston Calptor
Mr. Ching Kwok Hoo, Pedro
Mr. Chan Kok Chung, Johnny
Mr. Wang Xianmao
(appointed as a member on 16 January 2017)

REMUNERATION COMMITTEE

Mr. Chuck Winston Calptor
(*Chairman of the Remuneration Committee*)
Mr. Zhang Yuqiang
Mr. Wang Congyuan
Mr. Ching Kwok Hoo, Pedro
Mr. Chan Kok Chung, Johnny

NOMINATION COMMITTEE

Mr. Cheng Wing On, Michael
Dr. Sun Huiye
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. Ho Chi Ling
Mr. Wang Linxuan
Mr. Zhang Zhihua
(resigned as a member on 30 August 2017)
Mr. Wang Xianmao
(appointed as a member on 16 January 2017)
Dr. Sun Huiye
Mr. Chan Kok Chun, Johnny

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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



CORPORATE INFORMATION

LEGAL ADVISERS AS TO HONG KONG LAWS

Norton Rose Fulbright Hong Kong

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
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



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

To the Board of Directors of CNQC International Holdings Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 6 to 40, which comprises the interim condensed consolidated statement of financial position of CNQC International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2017 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

*PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888*



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

OTHER MATTERS

The interim condensed consolidated financial information includes comparative information as required by Hong Kong Accounting Standard 34 "Interim Financial Reporting". The comparative information for the interim condensed consolidated statement of financial position is based on the audited consolidated financial information of the Company as at 31 December 2016. The comparative information for the interim condensed consolidated statement of comprehensive income, changes in equity and cash flows, and related explanatory notes, for the six months ended 30 June 2016 has not been audited or reviewed.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30 August 2017



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 2017 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2016 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

| | Note | Six months ended 30 June | |
|------------------------------------------------------------------|------|---------------------------------|---------------------------------|
| | | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Revenue | 7 | 7,711,221 | 4,061,280 |
| Cost of sales | | (6,621,514) | (3,531,332) |
| Gross profit | | 1,089,707 | 529,948 |
| Other income | 8 | 44,020 | 1,440 |
| Other (losses)/gains — net | 9 | (30,714) | 2,235 |
| Selling and marketing expenses | | (160,822) | (52,915) |
| General and administrative expenses | | (186,324) | (158,352) |
| Operating profit | 10 | 755,867 | 322,356 |
| Finance income | | 37,048 | 9,213 |
| Finance costs | | (21,599) | (14,060) |
| Finance income/(costs), net | 11 | 15,449 | (4,847) |
| Share of losses of associated companies | | (14,626) | (865) |
| Share of profit of joint ventures | | 291 | — |
| Profit before income tax | | 756,981 | 316,644 |
| Income tax expense | 12 | (131,787) | (58,722) |
| Profit for the period | | 625,194 | 257,922 |
| Other comprehensive income/(loss) | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| — Revaluation (loss)/gain on available-for-sale financial assets | | (22,226) | 19,039 |
| — Currency translation differences | | 89,833 | 36,074 |
| Total comprehensive income for the period | | 692,801 | 313,035 |

The notes on pages 13 to 40 are an integral part of these interim condensed consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

| | Note | Six months ended 30 June | |
|----------------------------------------------------------------------------|------|---------------------------------|---------------------------------|
| | | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Profit for the period attributable to: | | | |
| Owners of the Company | | 459,362 | 237,186 |
| Non-controlling interests | | 165,832 | 20,736 |
| | | 625,194 | 257,922 |
| Total comprehensive income for the period attributable to: | | | |
| Owners of the Company | | 517,185 | 289,112 |
| Non-controlling interests | | 175,616 | 23,923 |
| | | 692,801 | 313,035 |
| Earnings per share attributable to owners of the Company during the period | 13 | | |
| Basic earnings per share | | | |
| — ordinary shares (HK cents) | | 27.45 | 17.72 |
| — convertible preference shares (HK cents) | | 27.47 | 17.72 |
| Diluted earnings per share | | | |
| — ordinary shares (HK cents) | | 27.45 | 17.72 |
| — convertible preference share (HK cents) | | 27.47 | 17.72 |

The notes on pages 13 to 40 are an integral part of these interim condensed consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

| | Note | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|-------------------------------------------------------|------|--------------------------------------------|----------------------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 426,514 | 441,715 |
| Investment properties under development | 14 | 466,675 | 426,723 |
| Goodwill | 14 | 561,954 | 561,954 |
| Other intangible assets | 14 | 44,851 | 54,340 |
| Investments in associated companies | | 1,320 | 19,682 |
| Investments in joint ventures | | 670 | 355 |
| Deferred income tax assets | | 42,626 | 75,530 |
| Available-for-sale financial assets | | 74,620 | 92,329 |
| Derivative financial instruments | | 42 | 12,600 |
| Prepayments and other receivables | 15 | 656,748 | 344,878 |
| | | 2,276,020 | 2,030,106 |
| Current assets | | | |
| Development properties for sale | 17 | 4,452,133 | 8,758,473 |
| Trade and other receivables, prepayments and deposits | 15 | 3,535,193 | 1,870,489 |
| Amounts due from customers for contract work | 16 | 49,694 | 65,240 |
| Derivative financial instruments | | 5,345 | 20,343 |
| Tax recoverable | | 17,188 | 10,686 |
| Cash and cash equivalents | | 2,286,699 | 1,792,639 |
| Pledged bank deposits | | 242,410 | 223,696 |
| | | 10,588,662 | 12,741,566 |
| Total assets | | 12,864,682 | 14,771,672 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital — ordinary shares | 20 | 14,294 | 14,294 |
| Share capital — convertible preference shares | 20 | 2,437 | 2,437 |
| Share premium | | 3,317,938 | 3,317,938 |
| Other reserves | | (1,160,181) | (1,235,529) |
| Retained earnings | | 1,156,599 | 881,275 |
| | | 3,331,087 | 2,980,415 |
| Non-controlling interests | | 239,325 | 81,658 |
| Total equity | | 3,570,412 | 3,062,073 |

The notes on pages 13 to 40 are an integral part of these interim condensed consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

| | | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|-------------------------------------|----|------------------------------------------------------|----------------------------------------------|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 18 | 3,921,654 | 3,164,706 |
| Derivative financial instruments | | 2,177 | – |
| Deferred income tax liabilities | | 62,477 | 76,445 |
| | | 3,986,308 | 3,241,151 |
| Current liabilities | | | |
| Trade and other payables | 19 | 2,749,725 | 4,734,569 |
| Tax payables | | 187,077 | 191,537 |
| Borrowings | 18 | 2,370,345 | 3,542,342 |
| Derivative financial instruments | | 815 | – |
| | | 5,307,962 | 8,468,448 |
| Total liabilities | | 9,294,270 | 11,709,599 |
| Total equity and liabilities | | 12,864,682 | 14,771,672 |

The notes on pages 13 to 40 are an integral part of these interim condensed consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

| | Attributable to owners of the Company | | | | | | | |
|------------------------------------------------------------------|---------------------------------------|-----------------------------------------------|---------------|----------------|-------------------|-----------|---------------------------|-----------|
| | Share capital - ordinary shares | Share capital - convertible preference shares | Share premium | Other reserves | Retained earnings | Total | Non-controlling interests | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | | | | | | | |
| For the six months ended 30 June 2017 (Unaudited) | | | | | | | | |
| Balance at 1 January 2017 | 14,294 | 2,437 | 3,317,938 | (1,235,529) | 881,275 | 2,980,415 | 81,658 | 3,062,073 |
| Comprehensive income | | | | | | | | |
| Profit for the period | - | - | - | - | 459,362 | 459,362 | 165,832 | 625,194 |
| Other comprehensive income/(loss) | | | | | | | | |
| Currency translation difference | - | - | - | 80,049 | - | 80,049 | 9,784 | 89,833 |
| Revaluation loss on available-for-sale financial assets | - | - | - | (22,226) | - | (22,226) | - | (22,226) |
| Total comprehensive income | - | - | - | 57,823 | 459,362 | 517,185 | 175,616 | 692,801 |
| Transactions with owners: | | | | | | | | |
| Employee share option scheme — share based compensation benefits | - | - | - | 17,525 | - | 17,525 | - | 17,525 |
| Dividend paid | - | - | - | - | (184,038) | (184,038) | (17,949) | (201,987) |
| | - | - | - | 17,525 | (184,038) | (166,513) | (17,949) | (184,462) |
| Balance at 30 June 2017 (Unaudited) | 14,294 | 2,437 | 3,317,938 | (1,160,181) | 1,156,599 | 3,331,087 | 239,325 | 3,570,412 |

The notes on pages 13 to 40 are an integral part of these interim condensed consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

| | Attributable to owners of the Company | | | | | | | Total HK\$'000 |
|-------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------|---------------------------|----------------------------|-------------------------------|-------------------|---------------------------------------|-------------------|
| | Share capital - ordinary shares HK\$'000 | Share capital - convertible preference shares HK\$'000 | Share premium HK\$'000 | Other reserves HK\$'000 | Retained earnings HK\$'000 | Total HK\$'000 | Non-controlling interests HK\$'000 | |
| For the six months ended 30 June 2016 | | | | | | | | |
| (Unaudited) | | | | | | | | |
| Balance at 1 January 2016 | 3,000 | 9,519 | 2,227,382 | (1,287,205) | 547,890 | 1,500,586 | (19,793) | 1,480,793 |
| Comprehensive income | | | | | | | | |
| Profit for the period | - | - | - | - | 237,186 | 237,186 | 20,736 | 257,922 |
| Other comprehensive income | | | | | | | | |
| 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 20) | 902 | - | 215,584 | - | - | 216,486 | - | 216,486 |
| Issuance of shares upon share subscription (Note 20) | 1,100 | - | 268,400 | - | - | 269,500 | - | 269,500 |
| Issuance of shares upon conversion of convertible preference shares (Note 20) | 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) |
| Total transactions with owners: | 8,002 | (6,000) | 483,984 | 32,005 | (161,049) | 356,942 | (5,796) | 351,146 |
| Balance at 30 June 2016 (Unaudited) | 11,002 | 3,519 | 2,711,366 | (1,203,274) | 624,027 | 2,146,640 | (1,666) | 2,144,974 |

The notes on pages 13 to 40 are an integral part of these interim condensed consolidated financial statements.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

| | Six months ended 30 June | |
|------------------------------------------------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Cash flows from operating activities | | |
| Net cash generated from operations | 1,916,224 | 1,220,207 |
| Interest paid | (112,234) | (94,385) |
| Income tax paid | (131,119) | (115,875) |
| | | |
| Net cash generated from operating activities | 1,672,871 | 1,009,947 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (19,391) | (12,819) |
| Proceeds from disposal of property, plant and equipment | 942 | 1,978 |
| Purchase of other intangible assets | (113) | – |
| Addition of investment properties | (8,837) | – |
| Prepayments | (298,414) | – |
| Loans to related parties | – | (10,375) |
| Repayment of loans to related parties | 6,943 | – |
| Interest received | 1,353 | 3,969 |
| Dividends received | 28,003 | 174 |
| Increase in pledged bank deposits for derivative financial instruments | (10,419) | – |
| | | |
| Net cash used in investing activities | (299,933) | (17,073) |
| Cash flows from financing activities | | |
| Dividends paid | (201,987) | (166,845) |
| Inception of finance leases | – | 3,047 |
| Drawdown on bank borrowings | 1,367,703 | 1,985,587 |
| Repayment of bank borrowings | (2,103,697) | (2,962,741) |
| Repayments of finance leases | (19,941) | (35,614) |
| Issue of shares | – | 485,986 |
| Decrease in pledged bank deposits for bank borrowings | 3,727 | – |
| | | |
| Net cash used in financing activities | (954,195) | (690,580) |
| | | |
| Net increase in cash and cash equivalents | 418,743 | 302,294 |
| Cash and cash equivalents at beginning of the period | 1,792,639 | 1,625,816 |
| Exchange gains on cash and cash equivalents | 75,317 | 72,590 |
| | | |
| Cash and cash equivalents at end of the period | 2,286,699 | 2,000,700 |

The notes on pages 13 to 40 are an integral part of these interim condensed consolidated financial statements.



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 2017.

During the six months ended 30 June 2016, 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 20.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 December 2016 (“**2016 Financial Statements**”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”).

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 2017 are consistent with the 2016 Financial Statements.

The Group has adopted the following new accounting standards and amendments to standards for accounting periods beginning on or after 1 January 2017:

| | |
|------------------------------------------------------|----------------------------------------------------------|
| Annual Improvements Project HKFRS 12 (Amendments) | Annual Improvements 2014–2016 Cycle |
| HKAS 7 (Amendments) | Disclosure Initiative |
| HKAS 12 (Amendments) | Recognition of Deferred Tax Assets for Unrealised Losses |

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 |
|--------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Annual Improvements Project | | |
| HKFRS 1 and HKAS 28 (Amendments) | Annual Improvements 2014-2016 Cycle | 1 January 2018 |
| HKFRS 2 (Amendments) | Classification and Measurement of Share-based Payment Transactions | 1 January 2018 |
| HKFRS 9 | Financial Instruments | 1 January 2018 |
| HKFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| HKFRS 15 (Amendments) | Clarifications to HKFRS 15 | 1 January 2018 |
| HK(IFRIC)-Int-22 | Foreign Currency Transactions and Advance Consideration | 1 January 2018 |
| HKAS 40 (Amendments) | Transfers of Investment Property | 1 January 2018 |
| HKFRS 16 | Leases | 1 January 2019 |
| HKFRS 10 and HKAS 28 (Amendments) | Sale or Contribution of Assets Between Investor and its Associate or Joint Venture | To be determined |

The Group will adopt these new standards and amendments to standards in the period of initial application. It is not expected to have a significant impact on the Group's results of operations and its financial position, except for HKFRS 15. One of the Group's principal operations is the development and sales of executive condominiums and condominiums in Singapore. Laws and regulations in Singapore applicable to such properties and the terms of the sale and purchase agreements for executive condominiums and condominiums are different from that in Hong Kong. HKFRS 15 "Revenue from contracts with customers" takes a principle-based approach and inter alia, has a focus on whether the construction creates an asset with alternative use to the property developer, and whether the property developer is entitled to payment from the purchasers that compensate its performance completed to date. Whether revenue from pre-sale of properties should be recognised over time or at a point in time under HKFRS 15 depends on careful analysis of the specific contract terms and the applicable laws and regulations. The current accounting policy, as described in Note 2(aa) below, is that revenue from pre-sale of properties is recognised when the construction of relevant properties has been completed, the properties have been delivered to the purchasers and the collectability of related receivables is reasonably assured. Upon adoption of HKFRS 15 and after analysing the specific contract terms and the relevant laws and regulations in Singapore, the Group may recognise the revenue from pre-sale of certain properties over time. Under such circumstances, a portion of revenue and profit relating to the development and sales of such properties may be recognised earlier as compared to those recognised according to the current accounting policy, although the total revenue and profit to be recognised upon completion of the development and sales of such properties remain unchanged.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 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, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements of the Company for the year ended 31 December 2016.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 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 2016.

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

5.2 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 2017, the Group had cash and cash equivalents of HK\$2,286,699,000 (31 December 2016: HK\$1,792,639,000) of which approximately 64.1 % was held in Singapore Dollar, 18.4% was held in Hong Kong dollar, 16.4% was held in US Dollars and the remaining was mainly held in Macau Patacas, Indonesian Rupiah and Vietnamese Dong. The gearing ratio of the Group as at 30 June 2017 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings less cash and cash equivalents and pledged bank deposits) was approximately 51.3% (31 December 2016: approximately 60.5%).

5.3 Fair value measurements

The table below analyses the group's financial instruments carried at fair value as at 30 June 2017 and 31 December 2016 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

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

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair value measurements (Continued)

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

| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 | Total HK\$'000 |
|--------------------------------------|---------------------|---------------------|---------------------|-------------------|
| 30 June 2017 (Unaudited) | | | | |
| Assets | | | | |
| Available-for-sale financial assets | – | – | 74,620 | 74,620 |
| Derivative financial instruments: | | | | |
| — Foreign exchange forward contracts | – | 5,345 | – | 5,345 |
| — Cross currency swap contracts | – | 42 | – | 42 |
| Liabilities | | | | |
| Derivative financial instruments: | | | | |
| — Foreign exchange forward contracts | – | 2,992 | – | 2,992 |
| 31 December 2016 | | | | |
| Assets | | | | |
| Available-for-sale financial assets | – | – | 92,329 | 92,329 |
| Derivative financial instruments: | | | | |
| — Foreign exchange forward contracts | – | 20,343 | – | 20,343 |
| — Cross currency swap contracts | – | 12,600 | – | 12,600 |

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 balance sheet date, with the resulting value discounted back to present value.

The investments in unquoted available-for-sale financial assets held by the Group as at 31 December 2016 and 30 June 2017 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.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

5.3 Fair value measurements (Continued)

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

| | Six months ended 30 June | |
|-----------------------------------------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| At 1 January | 92,329 | 1,095 |
| Fair value (loss)/gain recognised in other comprehensive income | (22,226) | 19,039 |
| Exchange differences | 4,517 | 614 |
| At 30 June | 74,620 | 20,748 |

During the six months ended 30 June 2017 and 2016, there were no transfers of financial assets and liabilities between level 1, level 2 and level 3.

The fair value of available-for-sale financial assets 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\$3,773,000 higher/lower. Should the discount rate be increased/decreased by 1%, other comprehensive income would have been HK\$994,000 lower/higher.

5.4 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
- Amounts due from customers for contract work
- Deposits and other receivables
- Cash and cash equivalents
- Pledged bank deposits
- Trade payables
- Accruals and other payables
- Borrowings

6 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
- Construction — Singapore
- Property development — Singapore



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

Information regarding the above segments is reported below.

| | Foundation and construction — Hong Kong and Macau HK\$'000 | Construction — Singapore HK\$'000 | Property development — Singapore HK\$'000 | Total HK\$'000 |
|------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------|-------------------|
| Six months ended 30 June 2017 (Unaudited) | | | | |
| Sales | | | | |
| Sales to external parties | 748,366 | 923,756 | 6,039,099 | 7,711,221 |
| Inter-segment sales | – | 243,415 | – | 243,415 |
| Total segment sales | 748,366 | 1,167,171 | 6,039,099 | 7,954,636 |
| Adjusted segment profit | 4,296 | 54,030 | 604,106 | 662,432 |
| Depreciation | 31,083 | 10,265 | 889 | 42,237 |
| Amortisation | – | 12,277 | – | 12,277 |
| Share-based payment expenses | 3,027 | 4,445 | 963 | 8,435 |
| Six months ended 30 June 2016 (Unaudited) | | | | |
| Sales | | | | |
| Sales to external parties | 908,841 | 1,264,894 | 1,887,545 | 4,061,280 |
| Inter-segment sales | – | 520,667 | – | 520,667 |
| Total segment sales | 908,841 | 1,785,561 | 1,887,545 | 4,581,947 |
| Adjusted segment profit | 116,773 | 20,524 | 191,767 | 329,064 |
| Depreciation | 31,264 | 9,589 | 1,044 | 41,897 |
| Amortisation | 2,167 | – | – | 2,167 |
| Share-based payment expenses | 3,465 | 7,620 | 1,651 | 12,736 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

The following tables present segment assets and liabilities as at 30 June 2017 and 31 December 2016 respectively.

| | Foundation and construction — Hong Kong and Macau HK\$'000 | Construction — Singapore HK\$'000 | Property development — Singapore HK\$'000 | Total HK\$'000 |
|--------------------------------------------|------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------|-------------------|
| As at 30 June 2017 (Unaudited) | | | | |
| Segment assets | 1,260,648 | 3,326,838 | 9,162,217 | 13,749,703 |
| Segment liabilities | 338,369 | 1,894,354 | 8,078,075 | 10,310,798 |
| Segment assets include: | | | | |
| Additions to property, plant and equipment | 17,362 | 1,423 | 606 | 19,391 |
| Additions to investment properties | — | — | 16,943 | 16,943 |
| Additions to intangible assets | — | 113 | — | 113 |
| Increase in prepayments | — | — | 313,122 | 313,122 |
| As at 31 December 2016 (Audited) | | | | |
| Segment assets | 1,319,307 | 3,332,497 | 11,325,497 | 15,977,301 |
| Segment liabilities | 443,650 | 1,979,696 | 10,594,613 | 13,017,959 |
| Segment assets include: | | | | |
| Additions to property, plant and equipment | 20,081 | 13,196 | 895 | 34,172 |
| Additions to investment properties | — | — | 446,589 | 446,589 |
| Additions to intangible assets | — | 82,375 | — | 82,375 |
| Prepaid land costs | — | — | 176,666 | 176,666 |
| Investments in associated companies | — | 6,740 | 12,942 | 19,682 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 SEGMENT INFORMATION (CONTINUED)

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

| | Six months ended 30 June | |
|-------------------------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Adjusted segment profit for reportable segments | 662,432 | 329,064 |
| Unallocated expenses | (13,828) | (39,585) |
| Elimination | 107,263 | 32,877 |
| Finance income | 37,048 | 9,213 |
| Finance costs | (21,599) | (14,060) |
| Share of losses of associated companies | (14,626) | (865) |
| Share of profit of joint ventures | 291 | – |
| Profit before income tax | 756,981 | 316,644 |

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

| | As at 30 June 2017 HK\$'000 (Unaudited) | As at 31 December 2016 HK\$'000 (Audited) |
|--------------|-----------------------------------------------------|-------------------------------------------------------|
| | Segment assets | 13,749,703 |
| Unallocated | 1,310,461 | 347,861 |
| Elimination | (2,195,482) | (1,553,490) |
| Total assets | 12,864,682 | 14,771,672 |

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

| | As at 30 June 2017 HK\$'000 (Unaudited) | As at 31 December 2016 HK\$'000 (Audited) |
|-------------------|-----------------------------------------------------|-------------------------------------------------------|
| | Segment liabilities | 10,310,798 |
| Unallocated | 659,630 | 30,333 |
| Elimination | (1,676,158) | (1,338,693) |
| Total liabilities | 9,294,270 | 11,709,599 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 REVENUE

| | Six months ended 30 June | |
|---------------------------------|--------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Revenue | | |
| Construction contract income | 1,671,972 | 2,173,550 |
| Sales of development properties | 6,039,099 | 1,887,545 |
| Rental of equipment | 150 | 185 |
| | 7,711,221 | 4,061,280 |

8 OTHER INCOME

| | Six months ended 30 June | |
|----------------------------------------------------------|--------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Income from default payments of development properties | 4,611 | 1,092 |
| Dividend income from available-for-sale financial assets | 28,003 | – |
| Management fee income from an associated company | 1,727 | – |
| Sundry income | 9,679 | 348 |
| | 44,020 | 1,440 |

9 OTHER (LOSSES)/GAINS — NET

| | Six months ended 30 June | |
|-----------------------------------------------------|--------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Gain on disposal of property, plant and equipment | 1,023 | 1,053 |
| Fair value loss on derivative financial instruments | (31,737) | – |
| Others | – | 1,182 |
| Other (losses)/gains — net | (30,714) | 2,235 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 OPERATING PROFIT

Operating profit is stated after charging the following:

| | Six months ended 30 June | |
|--------------------------------------------------------------------------------------------------------------------|--------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Contractor and material costs net of changes in construction contract work-in-progress included in "cost of sales" | 1,300,600 | 1,685,094 |
| Property development costs included in "cost of sales" | 5,045,837 | 1,578,645 |
| Sales commissions | 133,712 | 17,203 |
| Show flat costs | 2,497 | 18,269 |
| Marketing expenses | 24,613 | 17,443 |
| Staff costs, including directors' emoluments | 355,422 | 270,030 |
| Depreciation of owned assets | 27,017 | 21,238 |
| Depreciation of assets under finance leases | 15,220 | 20,888 |
| Amortisation of intangible assets | 12,277 | 2,167 |
| Legal and professional fees | 3,781 | 12,515 |
| Rental expenses on operating leases | 18,304 | 46,114 |

During the six months ended 30 June 2017, staff costs included share-based payment expenses of approximately HK\$17,525,000 (six months ended 30 June 2016: approximately HK\$32,005,000).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 FINANCE INCOME/(COSTS) — NET

| | Six months ended 30 June | |
|--------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|
| | 2017 HK\$'000 (Unaudited) | 2016 HK\$'000 (Unaudited) |
| Finance income | | |
| Interest income from bank deposits | 4,578 | 3,972 |
| Interest income from loans to associated companies | 3,929 | 3,903 |
| Interest income from loans to other related parties | 1,035 | 1,338 |
| | 9,542 | 9,213 |
| Net foreign exchange gains | 27,506 | – |
| | 37,048 | 9,213 |
| Finance costs | | |
| Interest expenses on finance leases | (1,131) | (1,845) |
| Interest expenses on bank borrowings and arrangement fee amortised in respect of bank facilities | (92,452) | (93,769) |
| Interest expenses on loans from non-controlling shareholders of the subsidiaries | (15,225) | (30,795) |
| | (108,808) | (126,409) |
| Less: Interest expenses capitalised | 87,209 | 112,132 |
| | (21,599) | (14,277) |
| Net foreign exchange gains | – | 217 |
| Sub-total | (21,599) | (14,060) |
| Finance income/(costs) – net | 15,449 | (4,847) |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 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 2017 and 2016 on the estimated assessable profit for the period in the respective jurisdiction.

| | Six months ended 30 June | |
|-------------------------|--------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Current income tax | | |
| — Hong Kong profits tax | 2,402 | 19,322 |
| — Macau profits tax | — | (9) |
| — Singapore income tax | 109,740 | 42,337 |
| Deferred income tax | 19,645 | (2,928) |
| Income tax expense | 131,787 | 58,722 |

13 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 | |
|----------------------------------------------|--------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Profit attributable to ordinary shares | 392,428 | 114,377 |
| Profit attributable to CPS | 66,934 | 122,809 |
| Profit attributable to owners of the Company | 459,362 | 237,186 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EARNINGS PER SHARE (CONTINUED)

Basic (Continued)

| | Six months ended 30 June 2017 | | Six months ended 30 June 2016 | |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------|-----------------------------------|--------------------|
| | 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) | 1,429,396 | 243,680 | 645,684 | 692,752 |
| Basic earnings per share (HK cents) | 27.45 | 27.47 | 17.72 | 17.72 |

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 (i.e. HK\$9,519,000). Distributions beyond this amount are to be made on a pari passu basis among the holders of any class of shares including the CPS. Hence, the rights of the CPS to the entitlements of dividend and distribution of assets are substantially the same as those of the ordinary shares of the Company. Accordingly, the CPS is accounted for as an equity instrument and is included in the calculation of earnings per share.

Diluted

| | Six months ended 30 June 2017 | | Six months ended 30 June 2016 | |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------|--------------------|-----------------------------------|--------------------|
| | 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) | 1,429,396 | 243,680 | 645,684 | 692,752 |
| Adjustments for outstanding share options (in thousands) | 43 | – | – | – |
| | 1,429,439 | 243,680 | 645,684 | 692,752 |
| Diluted earnings per share (HK cents) | 27.45 | 27.47 | 17.72 | 17.72 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 EARNINGS PER SHARE (CONTINUED)

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.

14 PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES, GOODWILL AND OTHER INTANGIBLE ASSETS

| | Property, plant and equipment HK\$'000 (Unaudited) | Investment properties HK\$'000 (Unaudited) | Goodwill HK\$'000 (Unaudited) | Other intangible assets HK\$'000 (Unaudited) |
|--------------------------------------|----------------------------------------------------------------|-----------------------------------------------------|-------------------------------------|----------------------------------------------------------|
| Six months ended 30 June 2017 | | | | |
| Net book value | | | | |
| Opening amount as at 1 January 2017 | 441,715 | 426,723 | 561,954 | 54,340 |
| Additions | 19,391 | 16,943 | – | 113 |
| Depreciation and amortisation | (42,237) | – | – | (12,277) |
| Exchange differences | 7,645 | 23,009 | – | 2,675 |
| Closing amount as at 30 June 2017 | 426,514 | 466,675 | 561,954 | 44,851 |
| Six months ended 30 June 2016 | | | | |
| Net book value | | | | |
| Opening amount as at 1 January 2016 | 498,787 | – | 282,933 | 5,367 |
| Additions | 12,819 | – | – | – |
| Disposals | (5,362) | – | – | – |
| Depreciation and amortisation | (42,126) | – | – | (2,167) |
| Exchange differences | 9,020 | – | – | – |
| Closing amount as at 30 June 2016 | 473,138 | – | 282,933 | 3,200 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 TRADE AND OTHER RECEIVABLES

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Current | | |
| Trade receivables (Note (b)) | | |
| — An associated company | 65,746 | 82,616 |
| — Other related parties | 16,405 | 36,236 |
| — Third parties | 493,090 | 403,987 |
| | 575,241 | 522,839 |
| Retention receivables from customers for contract work from (Note (c)) | | |
| — Other related parties | 25,007 | 23,743 |
| — Third parties | 242,777 | 242,283 |
| | 267,784 | 266,026 |
| Development properties — due from customers | 2,460,445 | 685,160 |
| Other receivables (Note (d)) | | |
| — Associated companies | 19,835 | 14,769 |
| — Other related parties | 30,274 | 26,283 |
| — Third parties | 19,645 | 23,689 |
| Prepayments | 36,050 | 137,191 |
| Deposits | 52,669 | 32,875 |
| Staff advances | 549 | 1,080 |
| Goods and services tax receivable | 30,241 | 113,553 |
| | 189,263 | 349,440 |
| Loans to other related parties (Note (e)) | 42,460 | 47,024 |
| Total | 3,535,193 | 1,870,489 |
| Non-current | | |
| Loans to | | |
| — Associated companies (Note (e)) | 161,302 | 153,152 |
| Prepayments | 495,446 | 191,726 |
| | 656,748 | 344,878 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 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 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|--------------|------------------------------------------------------|----------------------------------------------|
| 1–30 days | 413,587 | 428,243 |
| 31–60 days | 127,255 | 30,722 |
| 61–90 days | 29,299 | 16,048 |
| Over 90 days | 5,100 | 47,826 |
| | 575,241 | 522,839 |

As at 30 June 2017, trade receivables of HK\$166,191,000 (31 December 2016: HK\$130,582,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and no provision has therefore been made.

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

- (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\$81,724,000 (31 December 2016: HK\$39,791,000) 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 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 and other related companies were lent to 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 at 5.0% per annum as at 30 June 2017 (0% to 7.0% per annum as at 31 December 2016).

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

16 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORK

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|-------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Aggregate costs incurred and profits (less foreseeable losses) recognised to date on uncompleted construction contracts | 13,032,615 | 7,910,878 |
| Less: progress billings to date | (12,982,921) | (7,845,638) |
| Amounts due from customers for contract work | 49,694 | 65,240 |

There were no advances received from customers for contract work as at 30 June 2017 and 31 December 2016. Progress billings to date include retention receivables of HK\$135,732,000 as at 30 June 2017 (31 December 2016: HK\$121,731,000).

17 DEVELOPMENT PROPERTIES FOR SALE

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Properties in the course of development | | |
| Leasehold land at cost | 2,992,456 | 5,298,283 |
| Development costs | 1,181,227 | 2,817,835 |
| Overheads expenditure capitalised | 27,662 | 56,473 |
| Interest expenses capitalised | 250,788 | 585,882 |
| | 4,452,133 | 8,758,473 |

Interest expenses on bank borrowings and loans from related parties were capitalised. The weighted average rates of capitalisation of the interest expenses were 4.0% (Year ended 31 December 2016: 2.7%) per annum for bank borrowings and 5.0% (Year ended 31 December 2016: 5.2%) per annum for loans from related parties for the six months ended 30 June 2017.

As at 30 June 2017, development properties with net carrying amounts of HK\$4,452,133,000 (31 December 2016: HK\$8,758,473,000) were pledged as securities for certain bank loans of the Group (Note 18).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 BORROWINGS

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|--------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Current | | |
| Bank borrowings — secured (Note (a)) | 1,824,947 | 3,167,905 |
| Bank borrowings — unsecured (Note (b)) | 202,248 | – |
| Bank borrowings — mortgage (Note (c)) | 20,630 | 21,507 |
| Loans from non-controlling shareholders of subsidiaries — unsecured (Note (d)) | 300,604 | 319,784 |
| Finance lease liabilities (Note (g)) | 21,916 | 33,146 |
| | 2,370,345 | 3,542,342 |
| Non-current | | |
| Bank borrowings — secured (Note (a)) | 3,465,491 | 2,903,187 |
| Bank borrowings — unsecured (Note (b)) | 133,023 | – |
| Bank borrowings — mortgage (Note (c)) | 5,412 | 541 |
| Loans from non-controlling shareholders of subsidiaries — unsecured (Note (d)) | 312,416 | 247,441 |
| Finance lease liabilities (Note (g)) | 5,312 | 13,537 |
| | 3,921,654 | 3,164,706 |
| Total borrowings | 6,291,999 | 6,707,048 |

The exposure of the borrowings of the Group as at 30 June 2017 and 31 December 2016 to interest rate changes and the contractual re-pricing dates were as follows:

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|-----------------------|------------------------------------------------------|----------------------------------------------|
| Within 1 year | 5,995,589 | 6,619,680 |
| Between 1 and 2 years | 289,603 | 40,724 |
| Between 2 and 5 years | 3,162 | 44,648 |
| Later than 5 years | 3,645 | 1,996 |
| Total | 6,291,999 | 6,707,048 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 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 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|-----------------------|--------------------------------------------|----------------------------------------------|
| Within 1 year | 2,370,346 | 3,346,409 |
| Between 1 and 2 years | 2,263,024 | 772,997 |
| Between 2 and 5 years | 1,655,941 | 2,564,306 |
| Later than 5 years | 2,688 | 23,336 |
| Total | 6,291,999 | 6,707,048 |

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

| | Note | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|--------------------------------------------------------------------------------------------|-------|--------------------------------------------|----------------------------------------------|
| Secured by: | | | |
| Machinery and equipment | (i) | 15,164 | 21,539 |
| Interests in construction contracts | (ii) | 147,050 | 139,620 |
| Development properties for sale and joint guarantee from directors of certain subsidiaries | (iii) | 3,626,729 | 4,808,290 |
| Fixed bank deposits | (iv) | 342,738 | 150,897 |
| Interests in construction contracts and corporate guarantee from a related party | (v) | 1,158,757 | 950,746 |
| | | 5,290,438 | 6,071,092 |

Notes:

- (i) As at 30 June 2017 and 31 December 2016, the bank borrowings bore interest at 2.5% per annum above the Hong Kong Interbank Offered Rate ("HIBOR").
- (ii) As at 30 June 2017 and 31 December 2016, the bank borrowings bore interest at fixed rate of 2.9% or 1.8% over 3-months Singapore Interbank Offered Rate ("SIBOR") per annum.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 BORROWINGS (CONTINUED)

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

Notes: (Continued)

- (iii) As at 30 June 2017, the bank borrowings bore interest at fixed rate of 4.9% and rates of 1.8% over the relevant bank's one month SGD Cost of Funds ("**COF**") (31 December 2016: 1.8% over the relevant bank's 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 2017, the bank borrowings were secured by fixed deposits of USD25,000,000 (approximately HK\$192,660,000) (31 December 2016: RMB150,000,000, approximately HK\$165,601,000), and bore interest at 1.1% over 3-months SIBOR and 0.5% over 1-month SIBOR, respectively (31 December 2016: 1.3% over 1-month SIBOR) calculated daily with monthly rate based on a 365-day year.
- (v) As at 30 June 2017, the bank borrowings bore interest at fixed rates of 2.9% and 3.8% and rate of 320 basis points over the 6-months London Interbank Offered Rate ("**LIBOR**") (31 December 2016: fixed rate of 2.7% and rate of 320 basis points over the 6-months LIBOR per annum) per annum.
- (b) As at 30 June 2017, bank borrowings bore interest at 1.4% over 3-months SIBOR and 2.5% over 1-month HIBOR.
- (c) As at 30 June 2017, bank borrowings of HK\$20,050,000 (31 December 2016: HK\$22,408,000) and HK\$5,992,000 (31 December 2016: HK\$Nil) were secured by mortgages over part of the Group's leasehold land and buildings and bore the effective interest rates of 6.9% and 4.1% per annum, respectively (31 December 2016: 6.4% per annum). The loans will be repaid by fixed monthly payment over 10 years to 20 years.
- (d) 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 between 5% and 7% as at 30 June 2017 (31 December 2016: between 5% and 7%).
- (e) The fair values of the bank borrowings and the loans from related parties approximated their respective carrying values as at 30 June 2017 and 31 December 2016, as these borrowings were charged at market interest rates.
- (f) These committed banking facilities were subject to annual review. As at 30 June 2017, the undrawn banking facilities amounted to HK\$560,444,000 (31 December 2016: HK\$688,742,000).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 BORROWINGS (CONTINUED)

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 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|--------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| Minimum lease payments due | | |
| — Within 1 year | 22,555 | 34,187 |
| — Between 1 and 2 years | 4,266 | 11,594 |
| — Between 2 and 5 years | 1,358 | 2,395 |
| — Later than 5 years | 214 | 324 |
| | 28,393 | 48,500 |
| Less: future finance charges | (1,165) | (1,817) |
| Present value of finance lease liabilities | 27,228 | 46,683 |

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

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|-----------------------|------------------------------------------------------|--------------------------------------------------------|
| Within 1 year | 21,916 | 33,146 |
| Between 1 and 2 years | 3,974 | 11,086 |
| Between 2 and 5 years | 1,164 | 2,167 |
| Later than 5 years | 174 | 284 |
| | 27,228 | 46,683 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 TRADE AND OTHER PAYABLES

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|----------------------------------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Current | | |
| Trade payables to: | | |
| — Other related parties | 67,136 | 79,993 |
| — Third parties | 1,634,825 | 1,699,234 |
| | 1,701,961 | 1,779,227 |
| Non-trade payables to: | | |
| — Non-controlling shareholders of the subsidiaries | 109,167 | 99,761 |
| — Other related parties | 60,954 | 24,487 |
| — Third parties | 54,011 | 33,907 |
| — Good and service tax payable | 21,478 | 14,706 |
| | 245,610 | 172,861 |
| Accruals for operating expenses | 153,562 | 250,077 |
| Accruals for construction costs | 46,122 | 39,202 |
| Advanced proceeds received from customers | 589,873 | 2,481,499 |
| Put option exercisable by non-controlling shareholder of the subsidiaries (Note) | 12,597 | 11,703 |
| | 802,154 | 2,782,481 |
| Total trade and other payables | 2,749,725 | 4,734,569 |

Note:

On 20 December 2016, the Group entered into shareholders' agreement which granted the non-controlling shareholder of the subsidiaries the right to sell its interest in the subsidiaries to the Group at a pre-determined price. The put option is exercisable during the period from 30 March 2021 to 29 April 2021.

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



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 TRADE AND OTHER PAYABLES (CONTINUED)

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

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|--------------|------------------------------------------------------|--------------------------------------------------------|
| 1–30 days | 1,622,589 | 1,636,973 |
| 31–60 days | 66,292 | 89,741 |
| 61–90 days | 6,525 | 43,064 |
| Over 90 days | 6,555 | 9,449 |
| | 1,701,961 | 1,779,227 |

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.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 SHARE CAPITAL

| | Six months ended 30 June | | | |
|--------------------------------------------------------------|---------------------------------------------|-------------------------------|---------------------------------------------|-------------------------------|
| | 2017 | | 2016 | |
| | Number of ordinary shares (thousands) | Nominal amount HK\$'000 | Number of ordinary shares (thousands) | Nominal amount HK\$'000 |
| Authorised: | | | | |
| Ordinary Shares | | | | |
| As at 1 January and 30 June | 6,000,000 | 60,000 | 6,000,000 | 60,000 |
| Convertible preference shares (Note (a)) | | | | |
| As at 1 January and 30 June | 1,000,000 | 10,000 | 1,000,000 | 10,000 |
| Issued and fully paid: | | | | |
| Ordinary shares | | | | |
| At 1 January | 1,429,396 | 14,294 | 300,000 | 3,000 |
| Issue of shares by placing (Note (b)) | – | – | 90,203 | 902 |
| Issue of shares upon share subscription (Note (c)) | – | – | 110,000 | 1,100 |
| Issue of shares upon conversion of CPS (Note (a) and (c)) | – | – | 600,000 | 6,000 |
| At 30 June | 1,429,396 | 14,294 | 1,100,203 | 11,002 |
| CPS | | | | |
| At 1 January | 243,680 | 2,437 | 951,873 | 9,519 |
| Conversion of CPS (note (b) and (c)) | – | – | (600,000) | (6,000) |
| At 30 June | 243,680 | 2,437 | 351,873 | 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 are convertible into fully-paid ordinary shares at the option of the CPS holders at any time after the issue date according to a fixed conversion ratio of one CPS for one ordinary share, subject to the condition that the Company is able to meet the requirement of public float under the relevant listing rules of the Stock Exchange and no shareholders of the Company trigger any mandatory general offer obligation under Rule 26 of the Takeovers Code (unless a waiver from compliance with such requirement has otherwise been obtained).



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 SHARE CAPITAL (CONTINUED)

Note: (Continued)

(a) (Continued)

- The CPS are non-redeemable by the Company or their holders.
- Each CPS shall confer on its holder the right to receive a non-cumulative preferred distribution from the date of the issue of the CPS at a rate of 0.01% per annum on the issue price of HK\$2.75 per CPS, payable annually in arrears. The Company may, in its sole discretion, elect to defer or not pay a preferred distribution. No interest accrues on any unpaid preferred distribution. However, the Company shall not pay any dividends or distributions to the holders of ordinary shares of the Company unless at the same time it pays to the holders of the CPS any deferred or unpaid preferred distribution which was scheduled to be paid during the same financial year as such dividends or distributions were scheduled.
- Each CPS shall confer on its holder the right to receive, in addition to the above preferred distribution, any dividend *pari passu* with the holders of the ordinary shares.
- The holders of the CPS shall have priority over the holders of ordinary shares on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company up to an amount equal to the aggregate nominal amounts of the CPS issued (i.e. HK\$9,519,000). Distributions beyond this amount are to be made on a *pari passu* basis among the holders of any class of shares including the CPS.
- The CPS do not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

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

- (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.



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

21 DIVIDENDS

- (a) At a meeting held on 30 August 2017, the directors declared an interim dividend of HK\$0.06 per ordinary share and CPS (totaling approximately HK\$100,385,000) for the year ending 31 December 2017. 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 2017. No interim dividends were paid for the six months ended 30 June 2017.
- (b) At a meeting held on 28 March 2017, the directors recommended a final dividend of HK\$0.11 per ordinary share and CPS (totaling approximately HK\$184,038,000) for the year ended 31 December 2016, which was paid during the period and had been reflected as an appropriation of retained earnings for the six months ended 30 June 2017.

22 COMMITMENTS

Capital commitment

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|----------------------------------|------------------------------------------------------|----------------------------------------------|
| Contracted but not provided for: | | |
| Development expenditure | 28,298 | 49,871 |
| Land | 3,191,000 | 3,438,000 |

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.

The future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities as at 30 June 2017 and 31 December 2016 were as follows:

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|-----------------------|------------------------------------------------------|----------------------------------------------|
| Not later than 1 year | 18,693 | 21,344 |
| 1–5 years | 23,262 | 20,849 |
| Later than 5 years | 30,953 | 31,127 |
| | 72,908 | 73,320 |

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 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 | |
|----------------------------------------------------------------------|--------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Construction revenue from other related parties | 2,863 | 60,735 |
| Construction revenue from an associated company | 105,443 | – |
| Purchase of materials from other related parties | 25,759 | 165,341 |
| Construction service costs provided by a fellow subsidiary | 11,933 | 84,379 |
| Management fee from an associated company | 1,727 | 1,735 |
| Dividend from an associated company | 4,446 | – |
| Interest income from related parties | 1,035 | 1,048 |
| Interest income from associated companies | 3,929 | 3,903 |
| Interest charged by non-controlling shareholders of the subsidiaries | 15,225 | 30,795 |

Outstanding balances as at the period/year-end dates arising from sale/purchase of goods and services, were unsecured and receivable or payable within 12 months from period/year-end dates, and were disclosed in Notes 15 and Note 19.

(b) Key management compensation

| | Six months ended 30 June | |
|------------------------------------------------|--------------------------|-------------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Directors' fee, salaries, wages and allowances | 29,038 | 21,511 |
| Share-based payments | 4,888 | 7,422 |
| Retirement benefit expenses | 175 | 93 |
| | 34,101 | 29,026 |



NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 CONTINGENT LIABILITIES

(a) Guarantees

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

| | 30 June 2017 HK\$'000 (Unaudited) | 31 December 2016 HK\$'000 (Audited) |
|---------------------------------------------------------|------------------------------------------------------|----------------------------------------------|
| Guarantees on performance bonds in respect of contracts | 127,320 | 107,548 |

Subsidiaries of the Group also issued corporate guarantees to banks for borrowings of the Group's associated companies and related companies in which subsidiaries of the Company are non-controlling shareholders. As at 30 June 2017, these bank borrowings amounted to HK\$356,482,000 (31 December 2016: HK\$333,859,000).

(b) Pending litigation

In the ordinary course of the Group's contract works business, the Group has been subject to a number of claims due to personal injuries suffered by employees of the Group or the Group's subcontractors in accidents arising out of and in the course of their employment. The directors are of the opinion that such claims are well covered by insurance and 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.

25 SUBSEQUENT EVENTS

On 16 May 2017, a direct wholly-owned subsidiary of the Company entered into a Limited Partnership Agreement and a Subscription Agreement with an independent third party and a related party in relation to a formation of fund. The fund was formed primarily for the purpose of investing in the Shunfu Ville Enbloc Project in Singapore. On 17 August 2017, as all the conditions precedent under the agreements have been fulfilled, the formation of fund was completed. Pursuant to the agreements, the Group had agreed to commit a cash contribution of US\$90 million (equivalent to approximately HK\$700.8 million) to the fund.



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 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\$748.4 million (six months ended 30 June 2016: approximately HK\$908.8 million). During the Reporting Period, the Group had undertaken eight new projects, including the foundation work for Sports Centre, Community Hall & Football Pitches in Area 1, Tai Po, and the foundation work for a development project at Castle Peak Road in Tuen Mun. The total contract sum of these projects was approximately HK\$87.2 million.

The revenue contribution of these projects together with other ongoing significant projects, including the Public Rental Housing Development Phase 1 at Diamond Hill, Lamma Island Power Station Extension, Ma On Shan Town Lot No. 482, No.101–111 Wanchai Road and Area 56A Kau To, Highway Structures Phase 3, Shatin accounted for approximately HK\$706.5 million (representing approximately 94.4% of the total revenue from our Hong Kong construction business) during the Reporting Period. As at 30 June 2017, there were 17 projects on hand with outstanding contract sums of HK\$1.51 billion.

Construction business — Singapore

The Group's revenue from the Singapore construction contracts for the Reporting Period was approximately HK\$923.8 million (six months ended 30 June 2016: approximately HK\$1,264.9 million). The Group completed 6 construction projects including 2 Housing & Development Board ("HDB") construction projects, 1 private property development project and 3 owned property development projects. As at 30 June 2017, there were 13 external construction projects on hand with another 2 construction projects from the Group's property development segment and the outstanding contract sums are approximately HK\$3.09 billion and HK\$1.06 billion respectively.

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 (HK\$'billion) | Sales Area Sq.m. | ASP (HK\$/sq.m) |
|----------------|---------------------------------|---------------------|--------------------|
| | 1H 2017 | 1H 2017 | 1H 2017 |
| I Bellewoods | 2.34 | 50,846 | 45,990 |
| II Bellewaters | 3.27 | 70,216 | 46,537 |
| III West Star | 0.40 | 24,562 | 16,449 |



MANAGEMENT DISCUSSION AND ANALYSIS

The Group started to hand over units at Bellewoods and Bellewaters which obtained their Temporary Occupation Permit (“TOP”) in March and May 2017 respectively. The Group also started to hand over units at West Star which obtained its TOP in March 2017. As at 30 June 2017, the Group’s portfolio of property development projects with significant interest consisted of 4 projects across Singapore, with majority focusing on the development of Executive Condominium (“EC”) and private apartments.

| Project | Location | Intended use | Site Area sq.m. | Total GFA sq.m. | % of completion as at 30 June 2017 | Estimated year of construction completion | Ownership interest |
|--------------------------------------------------------------------|----------------|-------------------------------------------------------------|--------------------|--------------------|------------------------------------------------|----------------------------------------------------|-----------------------|
| Property projects which the Group held a majority interest | | | | | | | |
| 1 | Visionaire | Sembawang Road/ CanberraLink, Singapore | 28,746 | 66,398 | 65.3% | Jun-18 | 77% |
| 2 | Le Quest | Butik Batok West Avenue 6 | 14,697 | 47,850 | 8.0% | Mar-20 | 73% |
| Property projects which the Group held 30% interest or more | | | | | | | |
| 3 | iNz Residence | Choa Chu Kang Avenue 5 and Brickland road junction | 16,386 | 54,074 | 17% | Jun-19 | 46% |
| 4 | Shunfu Project | 314–319 Shunfu Road | 37,990 | 117,011 | 0% | Apr-21 | 45% |

FINANCIAL REVIEW

Revenue

The Group’s total revenue for the Reporting Period was approximately HK\$7,711.2 million (six months ended 30 June 2016: approximately HK\$4,061.3 million), representing an increase of approximately 89.9% over the six months ended 30 June 2016. The increase was mainly due to the growth in more revenue from sales of development properties recognized in the Reporting Period.

Gross Profit Margin

The Group’s gross profit margin during the Reporting Period was approximately 14.1% (six months ended 30 June 2016: approximately 13.0%). The slight increase in margin is mainly due to the higher proportion of sales revenue from property development segment which has a higher profit margin than construction segment in the Reporting Period.

Selling and Marketing Expenses

The Group’s selling and marketing expenses for the Reporting Period were approximately HK\$160.8 million (six months ended 30 June 2016: approximately HK\$52.9 million), which was approximately 2.1% (six months ended 30 June 2016: approximately 1.3%) of the Group’s total revenue. The increase was mainly attributable to the increase in sales commission in relation to the property development projects of Bellewoods and Bellewaters in 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\$186.3 million (six months ended 30 June 2016: approximately HK\$158.4 million), representing an increase of approximately 17.6% over the six months ended 30 June 2016. This was mainly attributable to the increase in staff remuneration during the Reporting Period.

Net Profit

During the Reporting Period, the Group recorded a net profit attributable to owners of the Company of approximately HK\$459.4 million (six months ended 30 June 2016: approximately 237.2 million), representing an increase of approximately 93.7% over the six months ended 30 June 2016. This is mainly attributable to the increase in revenue and profit from sales of development properties being recognized during the Reporting Period.

PROSPECTS

Regarding the property development segment in Singapore, the Singapore Government's real estate cooling measures have been relaxed. On 10 March 2017, Ministry of National Development and the Ministry of Finance (Singapore) announced to relax the real estate cooling measures on the seller's stamp duty ("**SSD**") and the Total Debt Servicing Ratio ("**TDSR**") framework from 11 March 2017. The Levy period of the SSD upon properties was reduced to a maximum of three years from the previous four years, and the SSD rates at all levels would decline by four percentage. For the property resold within one year, the SSD rate would drop from 16% to 12%.

As such, there is a recovery trend of rigid demand for residential apartments in Singapore. On the first day of sales launch, all the apartments for the first sales launch at Le Quest, a mixed development in Bukit Batok and being 73% owned by the Group, were sold out. The number of units sold is more than half of the total units available for sale. The achieved selling price is better than expected and the hot response from buyers is due to the recovering property market and the general public's appreciation on our brand name and product quality.

In order to capture the growing demand for residential apartments in Singapore, we will work closely with our partners in acquiring land banks with good potential. As disclosed in the Company's announcement dated 16 May 2017, the Group has formed an investment fund with prestigious partners to invest in property development projects including Shunfu Ville which has a site area of approximately 38,000 sq.m. with an estimated gross floor area of 117,000 sq.m. It is intended to be developed as a private condominium with about 1,200 apartments.

The Group also actively responded to the call of China's national policy "One belt, One Road" to seek investment opportunities in Southeast Asian countries. The Group would actively evaluate and seek appropriate projects with local partners at the major Southeast Asian cities. Our office at Ho Chi Minh, Vietnam commenced operation in June 2017 and will focus on potential construction and property development projects in Vietnam. Besides, the Group is evaluating potential construction and property development projects in other countries in the Southeast Asia region, for example, Malaysia, Sri Lanka and Indonesia.

As per the Half-yearly Economic Report 2017 released by Hong Kong SAR Government, Hong Kong economy sustained above-trend growth in Q2, expanding 3.8% year-on-year in real terms. The latest real GDP growth forecast for 2017 revised up to 3–4% and therefore the domestic demand would continue to display strength.



MANAGEMENT DISCUSSION AND ANALYSIS

In Hong Kong, the Group will place more resources on the superstructure construction business while developing the current foundation and construction business. Besides, the Group is evaluating property development projects in Hong Kong and Guangdong to capture the future prospect associated with the Guangdong-Hong Kong-Macau Big Bay Area initiative.

The Group will actively explore the opportunities and leverage on its listing platform to create long term shareholder value through localization of customers, resources and culture, globalization of materials and equipment purchase and business development, and integration of our construction and property development expertise.

DEBTS AND CHARGE ON ASSETS

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, decreased from approximately HK\$6.71 billion as at 31 December 2016 to approximately HK\$6.29 billion as at 30 June 2017. These banking facilities were secured by the Group's property, plant and equipment, leasehold land and buildings, investment properties under construction, development properties and pledged bank deposits with net carrying amounts of HK\$139.2 million (As at 31 December 2016: HK\$155.0 million), HK\$37.0 million (As at 31 December 2016: HK\$35.4 million), HK\$466.7 million (As at 31 December 2016: HK\$426.7 million), HK\$4,452.1 million (As at 31 December 2016: HK\$8,758.5 million) and HK\$192.7 million (As at 31 December 2016: HK\$165.6 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 2017, the Group had cash and cash equivalents of approximately HK\$2.29 billion (As at 31 December 2016: HK\$1.79 billion) of which approximately 64.1% was held in Singapore Dollar, 18.4% was held in Hong Kong dollar, 16.4% was held in US Dollars and the remaining was mainly held in Macau Patacas, Indonesian Rupiah and Vietnamese Dong. The gearing ratio of the Group as at 30 June 2017 (defined as the net debt divided by total equity plus net debt, where net debt is defined as borrowings less cash and cash equivalents and pledged bank deposits) was approximately 51.3% (As at 31 December 2016: approximately 60.5%).

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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

CAPITAL COMMITMENTS

The Group had capital commitments of approximately HK\$3.22 billion as at 30 June 2017 (31 December 2016: HK\$3.49 billion).

CONTINGENT LIABILITIES

Save as disclosed in note 24 to the unaudited condensed consolidated interim financial information, the Group had no other contingent liabilities as at 30 June 2017 and 31 December 2016.

EVENT AFTER THE REPORTING PERIOD

Reference is made to the announcement of the Company dated 16 May 2017 and the circular of the Company dated 28 July 2017.

As all the conditions precedent under the subscription agreement entered into by CNQC Asset Management Limited ("**CNQC Asset Management**") have been fulfilled, the subscriptions by CNQC Asset Management, Great Wall International Investment I Limited and Guotsing Asset Management Limited of their respective limited partnership interests in the Great Wall and CNQC B&R Industrial Development Fund L.P. were completed on 17 August 2017.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group had 2,112 full-time employees (31 December 2016: 2,143 full-time employees). Most of the Group's employees were based in Singapore, Hong Kong and Vietnam. 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\$355.4 million compared to approximately HK\$270.0 million for the six months ended 30 June 2016.



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

On 28 April 2016, the Company offered to grant an aggregate of 10,500,000 share options (the **"2016 Share Options"**) to certain Directors, employees and consultants of the Group (collectively, the **"2016 Grantees"**), subject to acceptance of the Grantees, under the Share Option Scheme. The Share Options will enable the 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 detail, please refer to the announcement of the Company dated 28 April 2016.

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

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

Management Share Scheme

A management share scheme (the **"Management Share Scheme"**) was constituted pursuant to which awards were conditionally granted to certain senior management and employees (the **"Selected Participants"**) of Guotsing Holding Group Co. Ltd. (**"Guotsing PRC"**, together with its subsidiaries, **"Guotsing Group"**) to purchase from the trust up to a total of 304,599,273 CPS in accordance with the terms and conditions of the Management Share Scheme. For further details, please refer to the circular of the Company dated 25 September 2015. As at the date of this interim report, there was 243,679,421 CPS remain under the trust.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.06 (six months ended 30 June 2016: HK\$0.05) per ordinary share and per CPS for the six months ended 30 June 2017 to the Shareholders whose names appear in the register of members of the Company on Friday, 6 October 2017. It is expected that the payment of the interim dividend will be made on or before Friday, 27 October 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 3 October 2017 to Friday, 6 October 2017, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 September 2017.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

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



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 2017, 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”)) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 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 (note 1) | 3,000,000 | 0.21% |
| | Beneficial owner (note 3) | 3,000,000 | 0.21% |
| Mr. Wang Congyuan | Beneficial owner | 397,500 | 0.03% |
| | Beneficiary of a trust (note 2) | 3,045,993 | 0.21% |
| Mr. Ho Chi Ling | Beneficial owner (note 3) | 2,100,000 | 0.15% |
| | Beneficial owner (note 1) | 2,400,000 | 0.17% |
| Mr. Zhang Yuqiang | Beneficial owner (note 3) | 2,400,000 | 0.17% |
| | Beneficial owner (note 1) | 2,400,000 | 0.17% |
| Mr. Wang Linxuan | Beneficial owner | 480,000 | 0.03% |
| | Beneficiary of a trust (note 2) | 8,122,647 | 0.57% |
| | Beneficial owner (note 3) | 2,100,000 | 0.15% |
| Mr. Zhang Zhihua (resigned as a non-executive director on 30 August 2017) | Beneficial owner (note 1) | 3,000,000 | 0.21% |
| | Beneficiary of a trust (note 2) | 30,459,927 | 2.13% |
| Dr. Sun Huiye | Beneficial owner (note 3) | 900,000 | 0.06% |
| Mr. Wang Xianmao | Beneficiary of a trust (note 2) | 3,045,993 | 0.21% |
| | Beneficial owner | 152,500 | 0.01% |

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, which was constituted to grant awards to certain senior management and employees of Guotsing Holding Group Co. Ltd..
- (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 2017, 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 2017, 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) | 932,338,306 | 65.23% |
| | Beneficiary of a trust (note 3) | 91,379,782 | 6.39% |
| Hui Long Enterprises Limited | Interest in controlled corporation (Note 1) | 932,338,306 | 65.23% |
| Bliss Wave Holding Investments Limited | Interest in controlled corporation (Note 1) | 932,338,306 | 65.23% |
| Top Elate Investments Limited | Interest in controlled corporation (Note 1) | 932,338,306 | 65.23% |
| Hao Bo Investments Limited | Interest in controlled corporation (Note 1) | 932,338,306 | 65.23% |
| Guotsing Holding Company Limited | Beneficial owner | 708,193,306 | 49.55% |
| | Interest in controlled corporation (Note 1) | 224,145,000 | 15.68% |
| Trustee | Trustee | 243,679,421 | 17.05% |
| Qingdao Qingjian Holding Co Staff Shareholding Union | Interest in controlled corporation (Note 1) | 932,338,306 | 65.23% |
| Qingdao Qingjian Holdings Co | Interest in controlled corporation (Note 1) | 932,338,306 | 65.23% |
| CNQC Development Limited | Beneficial owner (Note 1) | 224,145,000 | 15.68% |
| Great Wall Pan Asia International Investment Company Limited | Beneficial owner | 142,000,000 | 9.93% |
| Sino Concord Ventures Limited | Beneficial owner | 100,000,000 | 7.00% |



DISCLOSURE OF INTEREST

Note:

- (1) Guotsing Holding Company Limited ("**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 2017. CNQC Development is wholly-owned by New Guotsing Holdco.
- (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.

Save as disclosed above, as at 30 June 2017, 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.

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 interim report, the total number of securities available for issue under the Scheme was 66,020,250 Shares, which represented 4.62% 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 2017 is as follows:

| Grantees | Date of Grant | Exercise price per share | As at 01 January 2017 | Number of options | | | | As at 30 June 2017 | 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\$2.700 | - | 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 |
| Non-Executive directors | | | | | | | | | | |
| Zhang Zhihua (resigned as a non-executive director on 30 August 2017) | 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 | - | 7,200,000 | - | - | - | 7,200,000 | 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 2017, 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, risk management 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 2017