



KAISA CAPITAL INVESTMENT HOLDINGS LIMITED

佳兆業資本投資集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 936)

INTERIM REPORT 2022



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CORPORATE INFORMATION

(information as of 9 September 2022)

EXECUTIVE DIRECTORS

Mr. Kwok Ying Shing (*Chairman*)
Mr. Zheng Wei (*Chief Executive Officer*)
(*appointed on 9 September 2022*)
Mr. Zhao Yi (*Chief Executive Officer*)
(*resigned on 9 September 2022*)
Ms. Lee Kin Ping Gigi

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Xu Xiaowu
Mr. Li Yongjun
Mr. Diao Yingfeng

COMPANY SECRETARY

Ms. Poon Yuk Ching Ada

AUTHORISED REPRESENTATIVES

Mr. Zheng Wei (*appointed on 9 September 2022*)
Mr. Zhao Yi (*ceased to act on 9 September 2022*)
Ms. Poon Yuk Ching Ada

PRINCIPAL BANKERS

Hong Kong
Standard Chartered Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited
United Overseas Bank Limited
The Bank of East Asia, Limited
Singapore
United Overseas Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT IN THE CAYMAN ISLANDS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

AUDIT COMMITTEE

Mr. Xu Xiaowu (*Chairman*)
Mr. Li Yongjun
Mr. Diao Yingfeng

REMUNERATION COMMITTEE

Mr. Li Yongjun (*Chairman*)
Mr. Kwok Ying Shing
Mr. Diao Yingfeng

NOMINATION COMMITTEE

Mr. Kwok Ying Shing (*Chairman*)
Mr. Xu Xiaowu
Mr. Li Yongjun

REGISTERED OFFICE

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F.,
Lee Garden One, 33 Hysan Avenue,
Causeway Bay,
Hong Kong

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

WEBSITE

<https://kaisa-capital.com>

Listing Information Place of Listing

Main Board of The Stock Exchange of Hong Kong Limited

Stock Code

936

Board lot

10,000 shares

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022

| | Notes | Six months ended 30 June | |
|--|-------|---------------------------------|---------------------------------|
| | | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Revenue | 6 | 95,689 | 94,774 |
| Cost of sales and services | | (32,850) | (39,650) |
| Gross profit | | 62,839 | 55,124 |
| Other income and gains | 7 | 4,559 | 9,477 |
| Selling and distribution expenses | | (884) | (1,114) |
| Administrative expenses | | (25,962) | (25,374) |
| Other operating expenses | 8 | (31,111) | (29,148) |
| Finance costs | 9 | (4,898) | (4,973) |
| Profit before income tax | 10 | 4,543 | 3,992 |
| Income tax expense | 11 | (723) | (579) |
| Profit for the period | | 3,820 | 3,413 |
| Other comprehensive income | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences on translating foreign operations | | (1,928) | 159 |
| Other comprehensive (loss)/income for the period | | (1,928) | 159 |
| Total comprehensive income for the period | | 1,892 | 3,572 |
| Profit/(loss) for the period attributable to: | | | |
| Owners of the Company | | 3,820 | 3,881 |
| Non-controlling interests | | – | (468) |
| | | 3,820 | 3,413 |
| Total comprehensive income/(loss) attributable to: | | | |
| Owners of the Company | | 1,892 | 4,040 |
| Non-controlling interests | | – | (468) |
| | | 1,892 | 3,572 |
| Earnings per share | | | |
| – Basic and diluted (HK cents) | 13 | 0.36 | 0.37 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

| | <i>Notes</i> | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|---|--------------|--|--|
| ASSETS AND LIABILITIES | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 176,394 | 187,634 |
| Right-of-use assets | 14 | 108,424 | 105,154 |
| Intangible assets | 15 | 2,471 | 3,432 |
| Deferred tax assets | | 98 | 101 |
| Deposits | | – | 164 |
| | | 287,387 | 296,485 |
| Current assets | | | |
| Properties under development | 16 | 127,277 | 115,938 |
| Inventories and consumables | | 14,504 | 10,249 |
| Trade receivables | 17 | 41,064 | 88,658 |
| Prepayments, deposits and other receivables | | 21,214 | 11,950 |
| Tax recoverable | | 231 | 380 |
| Cash and cash equivalents | | 25,560 | 26,356 |
| | | 229,850 | 253,531 |
| Current liabilities | | | |
| Trade payables | 18 | 79,909 | 61,703 |
| Receipt in advance, accruals and other payables | | 82,909 | 83,654 |
| Contract liabilities | | 2,172 | 3,840 |
| Borrowings | 19 | 19,790 | 15,735 |
| Other loans | 20 | 83,000 | 83,000 |
| Lease liabilities | | 26,702 | 37,161 |
| Tax payable | | 3,525 | 2,093 |
| | | 298,007 | 287,186 |
| Net current liabilities | | (68,157) | (33,655) |
| Total assets less current liabilities | | 219,230 | 262,830 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

as at 30 June 2022

| | <i>Notes</i> | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|--------------------------------|--------------|--|--|
| Non-current liabilities | | | |
| Borrowings | 19 | 43,029 | 90,813 |
| Lease liabilities | | 39,876 | 37,584 |
| Deferred tax liabilities | | 2,197 | 2,197 |
| | | 85,102 | 130,594 |
| Net assets | | 134,128 | 132,236 |
| EQUITY | | | |
| Share capital | | 10,600 | 10,600 |
| Reserves | | 123,528 | 121,636 |
| Total equity | | 134,128 | 132,236 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022

| | Share capital HK\$'000 (Unaudited) | Share premium HK\$'000 (Unaudited) | Statutory reserve HK\$'000 (Unaudited) | Merger reserve HK\$'000 (Unaudited) | Capital reserve HK\$'000 (Unaudited) | Translation reserve HK\$'000 (Unaudited) | Accumulated losses HK\$'000 (Unaudited) | Equity attributable to the owners of the Company HK\$'000 (Unaudited) | Non-controlling interests HK\$'000 (Unaudited) | Total equity HK\$'000 (Unaudited) |
|--|---|---|---|--|---|---|--|---|--|--|
| At 1 January 2021 (audited) | 10,600 | 346,824 | 2,378 | 120,985 | 17,537 | 5,792 | (377,308) | 126,808 | 468 | 127,276 |
| Profit for the period | - | - | - | - | - | - | 3,881 | 3,881 | (468) | 3,413 |
| Other comprehensive income for the period: | | | | | | | | | | |
| Exchange differences arising on translating foreign operations | - | - | - | - | - | 159 | - | 159 | - | 159 |
| Total comprehensive income for the period | - | - | - | - | - | 159 | 3,881 | 4,040 | (468) | 3,572 |
| Transactions with equity holders in their capacity as owners: | | | | | | | | | | |
| Deregistration of a subsidiary | - | - | - | - | - | (4,105) | 4,105 | - | - | - |
| At 30 June 2021 (unaudited) | 10,600 | 346,824 | 2,378 | 120,985 | 17,537 | 1,846 | (369,322) | 130,848 | - | 130,848 |
| | Share capital HK\$'000 (Unaudited) | Share premium HK\$'000 (Unaudited) | Statutory reserve HK\$'000 (Unaudited) | Merger reserve HK\$'000 (Unaudited) | Capital reserve HK\$'000 (Unaudited) | Translation reserve HK\$'000 (Unaudited) | Accumulated losses HK\$'000 (Unaudited) | | | Total equity HK\$'000 (Unaudited) |
| At 1 January 2022 (audited) | 10,600 | 346,824 | 3,157 | 120,985 | 17,537 | 6,742 | (373,609) | | | 132,236 |
| Profit for the period | - | - | - | - | - | - | 3,820 | | | 3,820 |
| Other comprehensive loss for the period: | | | | | | | | | | |
| Exchange differences arising on translating foreign operations | - | - | - | - | - | (1,928) | - | | | (1,928) |
| Total comprehensive income for the period | - | - | - | - | - | (1,928) | 3,820 | | | 1,892 |
| At 30 June 2022 (unaudited) | 10,600 | 346,824 | 3,157 | 120,985 | 17,537 | 4,814 | (369,789) | | | 134,128 |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2022

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Cash flows from operating activities | | |
| Cash generated from operations | 77,689 | 13,218 |
| Interest paid | (2,463) | (2,604) |
| Tax paid | (239) | (550) |
| <i>Net cash generated from operating activities</i> | 74,987 | 10,064 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (17,332) | (40,863) |
| Interest received | – | 512 |
| Acquisition of a subsidiary, net of cash acquired | – | (2,474) |
| Proceeds from disposal of property, plant and equipment | – | 2,649 |
| <i>Net cash used in investing activities</i> | (17,332) | (40,176) |
| Cash flows from financing activities | | |
| Repayment of lease liabilities | (13,397) | (20,811) |
| Interest element of lease rentals paid | (2,507) | (2,116) |
| Repayment of borrowings | (58,908) | (5,083) |
| Proceed from amount due to intermediate holding company | – | 10,000 |
| Proceed from borrowing | 16,884 | 37,344 |
| <i>Net cash (used in)/generated from financing activities</i> | (57,928) | 19,334 |
| Net decrease in cash and cash equivalents | (273) | (10,778) |
| Cash and cash equivalents at 1 January | 26,356 | 29,953 |
| Effect of exchange rates changes on cash and cash equivalents | (523) | 273 |
| Cash and cash equivalents at 30 June | 25,560 | 19,448 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

For the six months ended 30 June 2022

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Kaisa Capital Investment Holdings Limited is an exempted company with limited liability incorporated in the Cayman Islands. The address of its registered office is located at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business in Hong Kong is changed from Unit 3610, 36/F., The Center, 99 Queen's Road Central, Central, Hong Kong to Room 1901, 19/F., Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. The Company is an investment company and its subsidiaries (collectively known as the "Group") are principally engaged in (i) trading of construction machinery and spare parts, leasing of the construction machinery under operating leases and providing repair and maintenance services in respect of the construction machinery ("Construction Equipment Business") and (ii) property development ("Property Development Business").

The Company's issued shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 19 July 2010. The immediate and ultimate holding companies of the Company were Mighty Empire Group Limited ("Mighty Empire Group") and Kaisa Group Holdings Ltd. ("Kaisa Group"). Mighty Empire Group was incorporated in the British Virgin Islands (the "BVI") and Kaisa Group was incorporated in the Cayman Islands. The issued shares of Kaisa Group are listed on the Main Board of the Stock Exchange.

The interim financial report for the six months ended 30 June 2022 (the "Period") (the "Interim Financial Report") have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure provisions of the Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

At the end of reporting period, the Group's current liabilities exceeded its current assets by approximately HK\$68,157,000. The directors of the Company (the "Directors") consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 30 June 2022, on the basis that financial support is obtained from a former substantial shareholder of the Company for not to demand for repayment of the unsecured other loans and interest payable due by the Group of approximately HK\$83,000,000 and of HK\$25,483,000 respectively as at 30 June 2022 in the next twelve months. Taking into account the above measures and after assessing the Group's current and future cash flow positions, the Directors are satisfied that the Group will be able to meet their financial obligations when they fall due. Accordingly, the Directors are of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

The preparation of the Interim Financial Report in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in Note 4.

The Interim Financial Report is presented in Hong Kong Dollars ("HK\$"), unless otherwise stated. The Interim Financial Report contains condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements (the "2021 Annual Financial Statements"). The Interim Financial Report and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2021 Annual Financial Statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

2. ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the 2021 Annual Financial Statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning or after 1 January 2022

In the current period, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2022:

| | |
|----------------------------------|--|
| Amendments to HKFRS 3 | Reference to the Conceptual Framework |
| Amendments to HKAS 16 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to HKAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to HKFRSs | Annual Improvements to HKFRS Standards 2018-2020 |
| Accounting Guideline 5 (Revised) | Merger Accounting for Common Control Combination |

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

| | |
|---|--|
| HKFRS 17 | Insurance Contracts and related amendments ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ² |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2021) ¹ |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies ¹ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ¹ |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹ |

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective date not yet determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's condensed consolidated interim financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing the Interim Financial Report, 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 2021 Annual Financial Statements.

5. SEGMENT INFORMATION

The Group's operating businesses are structured and managed separately according to the geographic location of their operations. Each of the Group's operating segments represents a strategic business unit that offers products and services from which are subject to risks and returns that are different from those of the other operating segments.

The Chief Operating Decision-Maker ("CODM") identifies construction equipment business and property development business as reportable segments.

Segment assets include all assets but exclude corporate assets which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's headquarter. Segment liabilities exclude corporate liabilities and other loans which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

5. SEGMENT INFORMATION *(Continued)*

(a) Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:

| | Unaudited | | | | | | | Total HK\$'000 |
|---|---------------------------------|-----------------------|-------------------|-----------------|---|-----------------------|-------------------------------------|-------------------|
| | Construction Equipment Business | | | | | Sub-total HK\$'000 | Property Development Business | |
| | Hong Kong HK\$'000 | Singapore HK\$'000 | Macau HK\$'000 | PRC HK\$'000 | Inter segment elimination HK\$'000 | | Hong Kong HK\$'000 | |
| Six months ended 30 June 2022 | | | | | | | | |
| Revenue | | | | | | | | |
| From external customers | 17,935 | 41,816 | - | 35,938 | - | 95,689 | - | 95,689 |
| From inter segment | 2,329 | - | - | - | (2,329) | - | - | - |
| Reportable segment revenue | 20,264 | 41,816 | - | 35,938 | (2,329) | 95,689 | - | 95,689 |
| Reportable segment (loss)/profit | (2,922) | 9,456 | (2,163) | 4,711 | - | 9,082 | (42) | 9,040 |
| Interest on other loans | | | | | | (2,059) | - | (2,059) |
| Unallocated corporate expenses | | | | | | | | |
| - Corporate staff costs | | | | | | (2,531) | - | (2,531) |
| - Others | | | | | | (630) | - | (630) |
| Profit/(loss) for the period | | | | | | 3,862 | (42) | 3,820 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

5. SEGMENT INFORMATION *(Continued)*

- (a) Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:
(Continued)

| | Unaudited | | | | | | | |
|-------------------------------------|---------------------------------|-----------------------|-------------------|-----------------|---|-----------------------|-------------------------------|-------------------|
| | Construction Equipment Business | | | | | | Property Development Business | |
| | Hong Kong HK\$'000 | Singapore HK\$'000 | Macau HK\$'000 | PRC HK\$'000 | Inter segment elimination HK\$'000 | Sub-total HK\$'000 | Hong Kong HK\$'000 | Total HK\$'000 |
| At 30 June 2022 | | | | | | | | |
| Reportable segment assets | 87,838 | 194,248 | - | 108,781 | (2,643) | 388,224 | 128,626 | 516,850 |
| Other unallocated segment asset | | | | | | | | 387 |
| Total assets | | | | | | | | 517,237 |
| Reportable segment liabilities | 69,543 | 68,777 | - | 148,430 | - | 286,750 | 11,301 | 298,051 |
| Other loans | | | | | | | | 83,000 |
| Other unallocated segment liability | | | | | | | | 2,058 |
| Total liabilities | | | | | | | | 383,109 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

5. SEGMENT INFORMATION *(Continued)*

- (a) Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:
(Continued)

| | Unaudited | | | | | | | | | | |
|---|---------------------------------|-----------------------|---------------------|-------------------|-----------------|---|-------------------------------|-----------------------|-----------------------|---------------|-------|
| | Construction Equipment Business | | | | | | Property Development Business | | Other | | Total |
| | Hong Kong HK\$'000 | Singapore HK\$'000 | Vietnam HK\$'000 | Macau HK\$'000 | PRC HK\$'000 | Inter segment elimination HK\$'000 | Sub-total HK\$'000 | Hong Kong HK\$'000 | Hong Kong HK\$'000 | | |
| Six months ended 30 June 2021 | | | | | | | | | | | |
| Revenue | | | | | | | | | | | |
| From external customers | 22,652 | 38,411 | - | - | 33,711 | - | 94,774 | - | - | 94,774 | |
| From inter segment | 7,774 | - | - | - | - | (7,774) | - | - | - | - | |
| Reportable segment revenue | 30,426 | 38,411 | - | - | 33,711 | (7,774) | 94,774 | - | - | 94,774 | |
| Reportable segment (loss)/profit | (3,937) | 2,328 | 136 | 25 | 2,440 | - | 992 | (53) | (351) | 588 | |
| Gain on disposal of financial assets at fair value through profit or loss ("FVTPL") | | | | | | | 453 | - | - | 453 | |
| Fair value gain in financial assets at FVTPL | | | | | | | 6,240 | - | - | 6,240 | |
| Interest income from financial assets at FVTPL | | | | | | | 512 | - | - | 512 | |
| Interest on other loans | | | | | | | (2,058) | - | - | (2,058) | |
| Interest on loan from intermediate holding company | | | | | | | (311) | - | - | (311) | |
| Unallocated corporate expenses | | | | | | | | | | | |
| - Corporate staff costs | | | | | | | (1,413) | - | - | (1,413) | |
| - Others | | | | | | | (598) | - | - | (598) | |
| Profit/(loss) for the period | | | | | | | 3,817 | (53) | (351) | 3,413 | |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

5. SEGMENT INFORMATION *(Continued)*

- (a) Information regarding the Group's reportable segments as provided to the Group's CODM is set out below:
(Continued)

| | Audited | | | | | | | Property Development Business | Total HK\$'000 |
|---------------------------------------|---------------------------------|-----------------------|---------------------|-------------------|-----------------|-----------------------|---|-------------------------------------|-------------------|
| | Construction Equipment Business | | | | | | Inter segment elimination HK\$'000 | | |
| | Hong Kong HK\$'000 | Singapore HK\$'000 | Vietnam HK\$'000 | Macau HK\$'000 | PRC HK\$'000 | Sub-total HK\$'000 | | | |
| At 31 December 2021 | | | | | | | | | |
| Reportable segment assets | 85,140 | 206,305 | - | 3 | 136,623 | (4,428) | 423,643 | 119,412 | 543,055 |
| Other unallocated segment asset | | | | | | | | | 6,961 |
| Total assets | | | | | | | | | 550,016 |
| Reportable segment liabilities | 69,830 | 79,841 | - | 6 | 125,002 | (326) | 274,353 | 56,277 | 330,630 |
| Other loans | | | | | | | | | 83,000 |
| Other unallocated segment liability | | | | | | | | | 4,150 |
| Total liabilities | | | | | | | | | 417,780 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

5. SEGMENT INFORMATION *(Continued)*

- (b) In the following table, revenue is disaggregated by primary geographical markets of which the external customers from. The table also includes a reconciliation of the disaggregated revenue within the Group's reportable segments.

| | For the six months ended 30 June | | | | | |
|--|----------------------------------|---------------|-------------------------------|-------------|---------------|---------------|
| | Construction Equipment Business | | Property Development Business | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Primary geographical markets | | | | | | |
| Hong Kong (place of domicile) | 17,935 | 22,652 | – | – | 17,935 | 22,652 |
| Singapore | 39,456 | 33,026 | – | – | 39,456 | 33,026 |
| The People's Republic of China ("PRC") | 35,938 | 33,711 | – | – | 35,938 | 33,711 |
| Korea | 686 | 942 | – | – | 686 | 942 |
| Turkey | 1,143 | – | – | – | 1,143 | – |
| Vietnam | 391 | 154 | – | – | 391 | 154 |
| Thailand | 140 | 1,046 | – | – | 140 | 1,046 |
| Israel | – | 1,413 | – | – | – | 1,413 |
| Australia | – | 1,830 | – | – | – | 1,830 |
| Total | 95,689 | 94,774 | – | – | 95,689 | 94,774 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

6. REVENUE

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Revenue from Contract with Customers within the scope of HKFRS 15: | | |
| Sales of machinery | 4,942 | 10,419 |
| Sales of spare parts | 1,789 | 173 |
| Service income | 9,190 | 13,205 |
| | 15,921 | 23,797 |
| Revenue from other sources: | | |
| Rental income from leasing of owned machinery and right-of-use assets | 60,457 | 39,252 |
| Rental income from subleasing of plant and machinery | 19,311 | 31,725 |
| | 79,768 | 70,977 |
| | 95,689 | 94,774 |

In following table, revenue is disaggregated by timing of revenue recognition. The table also includes revenue from other sources and a reconciliation of the disaggregated revenue within the Group's reportable segment.

| | For the six months ended 30 June | | | | | |
|--------------------------------------|----------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Construction Equipment Business | | Property Development Business | | Total | |
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Timing of revenue recognition | | | | | | |
| At a point in time | 6,731 | 10,592 | – | – | 6,731 | 10,592 |
| Transferred over time | 9,190 | 13,205 | – | – | 9,190 | 13,205 |
| | 15,921 | 23,797 | – | – | 15,921 | 23,797 |
| Revenue from other sources | 79,768 | 70,977 | – | – | 79,768 | 70,977 |
| | 95,689 | 94,774 | – | – | 95,689 | 94,774 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

7. OTHER INCOME AND GAINS

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Gain on disposal of financial assets at FVTPL | – | 453 |
| Fair value gain in financial assets at FVTPL | – | 6,240 |
| Interest income from financial assets at FVTPL | – | 512 |
| Gain on disposal of property, plant and equipment | – | 37 |
| Recovery of impairment loss on trade receivables, net | 1,469 | 19 |
| Government subsidy | 759 | 247 |
| Compensation received <i>(Note)</i> | 385 | – |
| Gain on sales of material | 207 | 104 |
| Others | 1,739 | 1,865 |
| | 4,559 | 9,477 |

Note: Amount represented claim received from the insurance company during the Period.

8. OTHER OPERATING EXPENSES

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Depreciation of property, plant and equipment | 14,208 | 13,284 |
| Depreciation of right-of-use assets | 15,942 | 15,041 |
| Amortisation of intangible assets | 961 | 823 |
| | 31,111 | 29,148 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

9. FINANCE COSTS

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Interest charges on financial liabilities stated at amortised cost: | | |
| – Borrowings | 332 | 488 |
| – Other loans | 2,059 | 2,058 |
| – Lease liabilities | 2,507 | 2,116 |
| – Loan from intermediate holding company | – | 311 |
| | 4,898 | 4,973 |

10. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting):

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Depreciation of property, plant and equipment | 14,208 | 13,284 |
| Depreciation of right-of-use assets | 15,942 | 15,041 |
| Amortisation of intangible assets | 961 | 823 |
| Recovery of impairment loss of trade receivables, net | (1,469) | (19) |
| Leases charges in respect of the premise and plant and machinery <i>(Note)</i> | 20,159 | 17,616 |
| Employee costs, included in cost of sales and services and administrative expenses | | |
| – Wages, salaries and bonus | 15,359 | 16,593 |
| – Contribution to defined contribution plans | 1,677 | 1,379 |
| Exchange loss, net | 2,774 | 45 |

Note: The premise and plant and machinery are determined as short-term lease with lease term of 12 months or less from lease commencement date.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

11. INCOME TAX EXPENSE

| | Six months ended 30 June | |
|---|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Current tax | | |
| – Provision for the period | 635 | 500 |
| – Under-provision for PRC enterprise income tax | 85 | 76 |
| Deferred tax | | |
| – Current year | 3 | 3 |
| Total income tax expense | 723 | 579 |

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the BVI.

Hong Kong and Singapore income tax and Macau Complementary Tax have not been provided as the Group has no assessable profits in respective jurisdictions for the periods.

PRC enterprise income tax has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2021: 25%).

12. INTERIM DIVIDEND

No interim dividend has been paid or declared by the Company for the Period (2021: Nil).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

13. EARNINGS PER SHARE

(i) Basic earnings per share

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

| | Six months ended 30 June | |
|---|--------------------------|------|
| | 2022 | 2021 |
| Basic and diluted earnings per share (HK cents) | 0.36 | 0.37 |

Diluted earnings per share equals to basic earnings per share, as there were no potential dilutive ordinary shares issued during the periods ended 30 June 2021 and 2022.

(ii) Reconciliations of earnings used in calculating earnings per share

| | Six months ended 30 June | |
|--|--------------------------|-------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| | (Unaudited) | (Unaudited) |
| Basic and diluted earnings per share | | |
| Profit attributable to owners of the Company | 3,820 | 3,881 |

(iii) Weighted average number of shares used as the denominator

| | Six months ended 30 June | |
|--|--------------------------|---------------|
| | 2022 | 2021 |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share | 1,060,000,000 | 1,060,000,000 |

14. CAPITAL EXPENDITURES

During the Period, the Group incurred capital expenditures of approximately HK\$36,805,000 (2021: approximately HK\$54,144,000) which were mainly related to the additions of property, plant and equipment and right-of-use assets.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

15. INTANGIBLE ASSETS

| | Construction licenses HK\$'000 |
|---------------------------------------|---|
| At 1 January 2022 (audited) | 3,432 |
| Amortisation | (961) |
| At 30 June 2022 (unaudited) | 2,471 |
| At 1 January 2021 (audited) | 2,466 |
| Acquisition of a subsidiary (Note 21) | 2,749 |
| Amortisation | (1,783) |
| At 31 December 2021 (audited) | 3,432 |

16. PROPERTIES UNDER DEVELOPMENT

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|---|--|---|
| Within normal operating cycle included under current assets | 127,277 | 115,938 |

The properties under development are all located in Hong Kong. No provision for impairment was made during the Period. The properties under development are expected to be completed and available for sale more than 12 months.

The properties under development include costs of acquiring rights to use certain lands, which are located in Hong Kong, for property development over fixed periods. Land use rights are held on leases of 50 years.

As at 30 June 2022 and 31 December 2021, properties under development of HK\$85,900,000 was pledged as collateral for bank borrowings (Note 19).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

17. TRADE RECEIVABLES

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|--------------------------|--|---|
| Trade receivables, gross | 42,838 | 91,937 |
| Less: Loss allowance | (1,774) | (3,279) |
| Trade receivables, net | 41,064 | 88,658 |

The Group's trading terms with its existing customers are mainly on credit. The credit period is, in general, ranging from 0 to 90 days (2021: 0 to 90 days) or based on the terms agreed in the relevant sales and rental agreements.

The ageing analysis of trade receivables as at the reporting date, net of impairment, based on invoice date, is as follows:

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|--------------|--|---|
| 0-30 days | 19,843 | 29,197 |
| 31-60 days | 5,311 | 5,716 |
| 61-90 days | 2,227 | 5,802 |
| Over 90 days | 13,683 | 47,943 |
| | 41,064 | 88,658 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

17. TRADE RECEIVABLES *(Continued)*

The movement in the loss allowance for trade receivables during the period is as follows:

| | As at 30 June 2022 HK\$'000 | As at 30 June 2021 HK\$'000 |
|----------------------------|--|--------------------------------------|
| At 1 January (audited) | 3,279 | 1,550 |
| Impairment loss recognised | 45 | 423 |
| Recovery of impairment | (1,514) | (442) |
| Net exchange differences | (36) | (207) |
| At 30 June (Unaudited) | 1,774 | 1,324 |

18. TRADE PAYABLES

The credit period is, in general, ranging from 30 to 60 days or based on the terms agreed in the relevant purchase agreements.

The ageing analysis of trade payables as at the reporting date, based on the invoice date, is as follows:

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|--------------|--|---|
| 0-30 days | 6,189 | 12,013 |
| 31-60 days | 7,360 | 2,443 |
| 61-90 days | 2,305 | 10,127 |
| Over 90 days | 64,055 | 37,120 |
| | 79,909 | 61,703 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

19. BORROWINGS

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|---|--|---|
| Borrowings repayable: | | |
| Within one year | 19,790 | 15,735 |
| More than one year, but not exceeding two years | 20,643 | 66,243 |
| More than two years, but not exceeding five years | 22,385 | 24,569 |
| More than five years | 1 | 1 |
| | 62,819 | 106,548 |
| Portion classified as current liabilities | (19,790) | (15,735) |
| | 43,029 | 90,813 |

The borrowings denominated in Singapore dollars and Renminbi bore interest at variable interest rates with effective interest rates from 2.90% to 6.25% (at 31 December 2021: from 2.4% to 5.0%) per annum.

At 30 June 2022, the Group's banking facilities were secured by a building of the Group carried at cost with an amount of approximately HK\$28,366,000 (at 31 December 2021: approximately HK\$28,168,000), property, plant and equipment of approximately HK\$34,422,000 (at 31 December 2021: HK\$6,974,000) and land use rights of the Group carried at cost with an amount of approximately HK\$85,900,000 (at 31 December 2021: HK\$85,900,000) in properties under development.

At 30 June 2022, the Group's other borrowings were secured by property, plant and equipment of approximately HK\$30,815,000 (at 31 December 2021: approximately HK\$21,375,000).

No provision for the obligation of the Company and certain subsidiaries under corporate guarantees have been made as the Directors considered that it is not probable the repayment of bank borrowings would be in default.

At 31 December 2021 and 30 June 2022, the relevant loan agreements of outstanding bank borrowings did not contain a clause that provided the lender with an unconditional right to demand repayment at any time at its own discretion.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

20. OTHER LOANS

On 28 August 2018, the Company entered into an unsecured other loan agreement with a shareholder, Harbour Luck Investments Limited (“Harbour Luck”), until 29 April 2021, in relation to a loan of HK\$173,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, would be used for fulfilment of financial obligations of the Group. On 28 August 2018, HK\$173,000,000 was drawn down by the Company.

On 30 November 2018, the Company entered into an unsecured other loan agreement with Harbour Luck in relation to a loan of HK\$5,000,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, would be used for financing the daily operations of the Group. On 3 December 2018, HK\$5,000,000 was drawn down by the Company.

On 26 February 2019, the Company further entered into an unsecured other loan agreement with Harbour Luck in relation to a loan of HK\$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, would be used for financing the daily operations of the Group. On 27 February 2019, HK\$2,500,000 was drawn down by the Company.

On 24 April 2019, the Company further entered into an unsecured other loan agreement with Harbour Luck in relation to a loan of HK\$2,500,000 bearing interest at 10% per annum and repayable on demand. The loan, if drawn down, would be used for financing the daily operations of the Group. On 25 April 2019, HK\$2,500,000 was drawn down by the Company.

On 6 August 2020, the Company entered in to a supplementary agreement with Harbour Luck that Harbour Luck agreed to adjust the annual interest rate from 10% to 5% for loan balance of HK\$183,000,000, starting from the date of draw down, and Harbour Luck agreed to waive the interest receivables from the Company for any parts that exceed the reassessed interest receivables. The waiver balance of HK\$17,537,000 has been included in the capital reserve of the Company as a deemed contribution from shareholder.

On 10 August 2020, an amount of HK\$100,000,000 was repaid to Harbour Luck.

Other loans were not secured by any assets of the Group. In the opinion of the Directors, the other loans were granted to the Company on normal commercial terms or better to the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

21. ACQUISITION OF SUBSIDIARIES

During the six months ended 30 June 2021, the Group entered into an agreement to acquire 100% equity interest in Victor-Oasis Holdings Limited and its subsidiary (collective the “Victor-Oasis Group”) from an independent third party, at a total cash consideration of HK\$2,750,000. On the acquisition date, it was inactive and had construction licenses. The acquisition was recognised as acquisition of assets. Construction licenses was recognised as intangible assets.

The following table summarises the consideration paid for acquisition, the aggregate amount of fair values of the assets acquired and liabilities assumed of Victor-Oasis Group on 10 February 2021.

The revenue and loss after taxation of Nil and HK\$76,000 respectively included in the consolidated financial statements were contributed by Victor-Oasis Group from the date of acquisition to 30 June 2021.

If the acquisition had occurred on 1 January 2021, the Group’s revenue would have been HK\$94,774,000 and profit for the period would have been HK\$3,354,000, for the period ended 30 June 2021. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future results.

| | HK\$’000 |
|---|----------|
| Trade receivables | 921 |
| Cash and cash equivalents | 1 |
| Trade payables | (921) |
| Total identifiable net assets at fair value | 1 |
| Less: non-controlling interest | – |
| Identifiable net assets acquired | 1 |
| Intangible assets | 2,749 |
| Total purchase consideration | 2,750 |
| Purchase consideration settled in: | |
| Cash | 2,750 |
| Cash and bank balances in subsidiaries acquired | (1) |
| Net cash outflow on acquisition of a subsidiary | 2,749 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

22. COMMITMENTS

22.1 Lease commitment - as lessor

The Group had future aggregate minimum lease receipts in respect of machineries owned by the Group under non-cancellable operating leases as follows:

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|---|--|---|
| Within one year | 123,957 | 42,076 |
| In the second to fifth years, inclusive | 41,109 | 1,990 |
| | 165,066 | 44,066 |

The Group had future aggregate minimum lease receipts in respect of machineries sublet by the Group under non-cancellable operating leases as follows:

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|---|--|---|
| Within one year | 34,957 | 34,933 |
| In the second to fifth years, inclusive | 2,507 | 2,792 |
| | 37,464 | 37,725 |

The Group leased its machinery under operating leases arrangements which run for an initial period of one to two years. All leases were on a fixed rental basis and did not include contingent rentals. The terms of leases generally required the lessee to pay security deposits.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

22. COMMITMENTS *(Continued)*

22.2 Lease commitment - as lessee

At 30 June 2022 and 31 December 2021, the total future minimum lease payments related to short-term leases were as follows:

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|-----------------|--|---|
| Within one year | 30,464 | 23,369 |

22.3 Capital commitment

| | As at 30 June 2022 HK\$'000 (Unaudited) | As at 31 December 2021 HK\$'000 (Audited) |
|---|--|---|
| Acquisition of property, plant and equipment – contracted but not provided for | 48,312 | 5,678 |
| Acquisition of property development activities – contracted but not provided for | 14,038 | 24,370 |
| | 62,350 | 30,048 |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(Continued)*

For the six months ended 30 June 2022

23. RELATED PARTY TRANSACTIONS

23.1 Significant related party transaction during the Period

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated interim financial statements, the Group had the following transactions with its related parties during the Period:

| Related party relationships | Type of transaction | Six months ended 30 June | |
|--|---|---------------------------------|---------------------------------|
| | | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Former immediate and ultimate holding company of the Company | Interest expense on other loans | – | 2,058 |
| Loan from intermediate holding company | Interest expenses on loan from intermediate holding company | – | 311 |

During the six months ended 30 June 2021, the Group entered into a loan agreement with intermediate holding company to obtain loan of HK\$10,000,000 with interest-bearing at 8% per annum.

The terms and conditions of the other loans related to former immediate and ultimate holding company are set out in Note 20.

The transactions were conducted in the normal course of business at prices and terms mutually agreed by the Group and the related parties.

23.2 Key management personnel compensations

The remuneration of the Directors and other members of key management during the Period was as follows:

| | Six months ended 30 June | |
|--|---------------------------------|---------------------------------|
| | 2022 HK\$'000 (Unaudited) | 2021 HK\$'000 (Unaudited) |
| Directors and other members of key management: | | |
| Short-term employee benefits | 614 | 895 |
| Post employment benefits | 15 | 24 |
| | 629 | 919 |

24. APPROVAL OF THE INTERIM FINANCIAL REPORT

The interim financial report for six months ended 30 June 2022 were approved and authorised for issue by the Board on 30 August 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The board of directors of Kaisa Capital Investment Holdings Limited (the “Company”, the “Directors” and the “Board”, respectively) has resolved not to declare the payment of an interim dividend in respect of the six months ended 30 June 2022 (the “Period”) (six months ended 30 June 2021: Nil).

OVERALL GROUP RESULTS

For the Period, the Group generated revenue of approximately HK\$95.7 million (six months ended 30 June 2021: approximately HK\$94.8 million) with a profit for the Period of approximately HK\$3.8 million (six months ended 30 June 2021: approximately HK\$3.4 million).

The increase in the revenue for the Period was mainly attributable to the increase in rental income.

Revenue from sales of machinery of approximately HK\$4.9 million was recorded for the Period, representing a decrease of approximately 52.6% of the amount we achieved in the six months ended 30 June 2021. This was due to the decrease in demands of new cranes in Hong Kong and Singapore.

Our rental income increased to approximately HK\$79.8 million for the Period, representing an increase of approximately 12.4% as compared with approximately HK\$71.0 million for the six months ended 30 June 2021.

Sales of spare parts of approximately HK\$1.8 million was recorded for the Period, representing an increase of approximately 934% from the amount recorded for the same period in 2021. The increase was mainly due to the change in market demand of spare parts for the machinery. Service income was recorded at approximately HK\$9.2 million for the Period, approximately 30.3% lower than that of approximately HK\$13.2 million for the same period in 2021. This was due to the decrease in demand for services including chargeable climbing and dismantling activities during the Period.

As at 30 June 2022, the Group had one property development project under development in Hong Kong and it commenced in the second quarter of 2020. There was no sale during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

The Group's Property Development Project as at 30 June 2022

| Project name | Location/ Postal address | Interests Attributable to the Group | Total Site Area (sq. ft.) | Status | Estimated completion time <i>(Note)</i> | Usage |
|--------------|---|---|---------------------------------|----------------------|--|-------------|
| Mong Kok | Lot No. 11238 at Reclamation Street and Shanghai Street, Mong Kok, Kowloon, Hong Kong | 100% | 2,718 | Under development | February 2024 | Residential |

Note: The estimated completion time is made based on the present situation and progress of the project.

Analysis of Properties Under Development as at 30 June 2022

| Project name | Total GFA* (sq. ft.) | GFA under development/ completed (sq. ft.) | Total Saleable GFA* (sq. ft.) | Accumulated GFA* sold as at 30 June 2022 (sq. ft.) | Accumulated GFA* delivered as at 30 June 2022 (sq. ft.) | Average Selling Price (HK\$/sq. ft.) |
|--------------|-------------------------|---|-------------------------------------|---|--|--|
| Mong Kok | 22,594 | 0 | 12,279 | 0 | 0 | Not applicable |

* GFA means gross floor area

Overall, the Group incurred total administrative and other operating expenses of approximately HK\$57.1 million for the Period, representing an increase of approximately 4.7% over the amount incurred in the six months ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

OUTLOOK

The Group will continue to leverage on the competitive advantages of its respective operating platforms in Singapore, Hong Kong and Mainland China, while developing its sales network with a core focus on each of these regions and consequently radiating towards peripheral Southeast Asian countries, South Korea, Dubai, South America and other countries. The Group's multi-regional development policy has sufficiently enabled the diversification of operational risks while maintaining a stable business growth, amidst unfavourable factors such as global economic slowdown and regional regulatory policies.

The land development authorities in Singapore continue to make plans on future infrastructure and land use development for Singapore, with a number of major projects currently underway, including a fifth airport passenger terminal and the expansion of two casino and entertainment complexes. Singapore continues to be a popular destination for foreigners, with private residential development continuing to drive construction boom. The modular construction method continues to be used, whereby modular constructions supported by large tower cranes were successfully introduced to the Group's business in the Singapore region and has become an important element of the business since the beginning of last year.

The Hong Kong SAR Government is currently moving forward with the Northern Metropolis development plan and will be building a large number of public housing flats, which will make extensive use of the Modular Integrated Construction (MiC) method, a construction method that requires the use of heavy tower cranes. The Group's business in the Hong Kong region will also keep up with such market development by purchasing large tower cranes to meet market demand. These cranes will also be compatible with those used in the Group's business in the Singapore region to maximise synergies.

With the changes in the real estate market in the second half of 2021, the growth of the construction market in the PRC region is slowing, and new construction projects for the Period decreased significantly as compared to the same period last year. The construction machinery rental market is in a period of adjustment, during which some small and medium-sized rental companies will be eliminated. The Group's business in the Shenzhen region will make use of this period of market adjustment to conduct market expansion vigorously, especially in the public construction market, and expand its market share and brand influence.

SUBSEQUENT EVENT AFTER REPORTING PERIOD

The Group did not have any other material subsequent event after the reporting period and up to the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$25.6 million (At 31 December 2021: approximately HK\$26.4 million).

As at 30 June 2022, the Group's total assets amounted to approximately HK\$517.2 million, representing a decrease of approximately HK\$32.8 million as compared to those as at 31 December 2021.

The Group's gearing ratio as at 30 June 2022 was 1.6 (At 31 December 2021: 2.0), which is calculated by dividing the total debts (sum of carrying amounts of other loans, borrowings, and lease liabilities) by the total equity as at the respective dates.

During the Period and as at 30 June 2022, more than half of the revenue and part of assets and liabilities of the Group were denominated in currencies other than Hong Kong dollar. In particular, the revenue generated from our rental operations in Singapore was primarily denominated in Singapore dollar. Purchases of tower cranes, spare parts and accessories from suppliers were usually denominated in Euro or United States dollar. For foreign currency purchases, hedging arrangements against foreign exchange fluctuations may be entered into. However, no hedging arrangement was undertaken for revenue generated from our Singapore and the PRC operations.

As at 30 June 2022, the Group had net current liabilities of approximately HK\$68.2 million (At 31 December 2021: approximately HK\$33.7 million).

The Group generally finances its ordinary operations with internally generated resources or banking facilities. The interest rates of most of the borrowings and finance lease arrangements are charged by reference to prevailing market rates.

The debts (including other loans, borrowings, and lease liabilities) of the Group were denominated in HK\$, Renminbi and Singapore dollar, of which approximately HK\$129.5 million is repayable within one year after 30 June 2022 (At 31 December 2021: approximately HK\$135.9 million) and approximately HK\$82.9 million is repayable more than one year (At 31 December 2021: approximately HK\$128.4 million).

CAPITAL STRUCTURE

As at 30 June 2022, the Company's share capital comprised 1,060,000,000 issued ordinary shares with par value of HK\$0.01 each. There was no change in the share capital of the Company during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

INVESTMENT POSITION AND PLANNING

During the Period, the Group spent approximately HK\$36.8 million for acquisition of plant and equipment and right-of-use assets (2021: approximately HK\$54.1 million).

PLEDGE OF GROUP ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2022, the Group's banking facilities were secured by the Group's estate right title benefit and interest of the leasehold land with a carrying amount of HK\$85.9 million (At 31 December 2021: approximately HK\$85.9 million), a building of the Group with an aggregate carrying amount of approximately HK\$28.4 million (At 31 December 2021: approximately HK\$28.2 million), property, plant and equipment of approximately HK\$34.4 million (At 31 December 2021: HK\$7.0 million), and corporate guarantees executed by the Company and certain subsidiaries.

As at 30 June 2022, the Group's lease liabilities were secured by property, plant and equipment of approximately HK\$78.0 million (At 31 December 2021: approximately HK\$58.1 million).

As at 30 June 2022, the Group's other borrowings were secured by property, plant and equipment of approximately HK\$30.8 million (At 31 December 2021: approximately HK\$21.4 million) and corporate guarantees executed by the Company and certain subsidiaries.

As at 30 June 2022, the Group and the Company did not have any significant contingent liabilities (At 31 December 2021: Nil).

EMPLOYMENT AND REMUNERATION POLICY

As at 30 June 2022, the Group had a total of 100 (At 31 December 2021: 121) employees in Hong Kong, Singapore and the PRC. The Group has not had any significant problems with its employees or disruptions due to labour disputes nor has it experienced difficulties in the recruitment and retention of experienced staff. The Group remunerates its employees based on industry practices. Its staff benefits, welfare and statutory contributions, if any, are made in accordance with individual performance and prevailing labour laws of its operating entities. Periodic in-house training is provided to the employees to enhance the knowledge of the workforce.

SIGNIFICANT INVESTMENTS / MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this report, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, the Group did not have other plans for material investments and capital assets as at 30 June 2022.

DISCLOSURE OF ADDITIONAL INFORMATION

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

As at 30 June 2022, none of the Directors or the chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")), which were required to be: (a) 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 he/she was taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, recorded in the register referred therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") notified to the Company and the Stock Exchange.

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

As at 30 June 2022, so far as is known to the Directors, the following entities or persons other than the Directors and the chief executive of the Company had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long position in the Shares

| Name of Shareholders | Capacity/Nature of interests | Number of Shares interested/held | Approximate percentage of the Company's issued Shares (Note 1) |
|--|--|----------------------------------|---|
| Mighty Empire Group Limited ("Mighty Empire") | Beneficial owner and a concert party to an agreement | 600,020,000 (Note 4) | 56.60% |
| Kaisa Group Holdings Limited ("Kaisa Group") | Interest of a controlled corporation | 600,020,000 (Notes 2 and 4) | 56.60% |
| Excel Range Investments Limited ("Excel Range") | Beneficial owner and a concert party to an agreement | 600,020,000 (Notes 3 and 4) | 56.60% |
| Ms. Kwok Hiu Ting ("Ms. Kwok HT") | Interest of a controlled corporation | 600,020,000 (Notes 3 and 4) | 56.60% |
| Ms. Kwok Hiu Yan ("Ms. Kwok HY") | Interest of a controlled corporation | 600,020,000 (Notes 3 and 4) | 56.60% |
| Ms. Kwok Ho Lai ("Ms. Kwok HL") | Interest of a controlled corporation | 600,020,000 (Notes 3 and 4) | 56.60% |
| Mr. Chan Mo | Beneficial owner | 130,000,000 | 12.26% |

DISCLOSURE OF ADDITIONAL INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES *(Continued)*

Notes:

1. The percentage represents the total number of the Shares interested divided by the number of issued Shares of 1,060,000,000 as at 30 June 2022.
2. 324,420,000 Shares, representing approximately 30.60% of the issued share capital of the Company, are held by Mighty Empire which is wholly and beneficially owned by Kaisa Group. Therefore, Kaisa Group is deemed to be interested in the same parcel of Shares held by Mighty Empire under the SFO.
3. Excel Range holds 275,600,000 Shares, representing approximately 26.00% of the issued share capital of the Company, which is owned as to one-third by Ms. Kwok HT, Ms. Kwok HY and Ms. Kwok HL. Under the SFO, Ms. Kwok HT, Ms. Kwok HY and Ms. Kwok HL is each deemed to be interested in the Shares held by Excel Range.
4. Excel Range entered into a deed of undertaking on 28 April 2021 (the "Acting in Concert Undertaking") in favour of Mighty Empire, pursuant to which Excel Range irrevocably and unconditionally undertook to Mighty Empire, among other things, that it will act in concert with Mighty Empire with respect to the Company. The Acting in Concert Undertaking took effect on 29 April 2021. By virtue of the SFO, Mighty Empire, Kaisa Group, Excel Range, Ms. Kwok HT, Ms. Kwok HY and Ms. Kwok HL are deemed to be interested in the respective Shares held by Mighty Empire and Excel Range, which are 600,020,000 Shares in aggregate, representing approximately 56.6% of the total number of Shares in issue.

Save as disclosed above, as at 30 June 2022, so far as is known by or otherwise notified to the Directors, no other entity or person (other than a Director or the chief executive of the Company) had interests and short positions in the Shares and underlying Shares as required to be recorded in the register to be kept by the Company under section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Period was the Company or any of its holding companies and subsidiaries a party to any arrangement to enable the Directors or the chief executive of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

SHARE OPTION SCHEME

At the extraordinary general meeting held on 30 July 2015, the Company adopted a new share option scheme (the "Share Option Scheme") to replace the old share option scheme adopted on 25 June 2010 (the "Old Scheme") for the purpose of providing an incentive and/or a reward to eligible participants for their contribution to, and continuing efforts to promote the interest of, the Group. The eligible participants include (a) full-time or part-time employees of the Group (including any directors, whether executive or non-executive and whether independent or not, of the Group); (b) any business or joint venture partners, contractors, agents or representatives, consultants, advisers, suppliers, producers or licensors, customers, licensees (including any sub-licensee) or distributors, landlords or tenants (including any sub-tenants) of the Group; and (c) any person who, in the sole discretion of the Board, has contributed or may contribute to the Group. Further details of the Share Option Scheme are set out in the Company's circular dated 13 July 2015.

DISCLOSURE OF ADDITIONAL INFORMATION *(Continued)*

SHARE OPTION SCHEME *(Continued)*

As at 30 June 2022 and the date of this report, there were no outstanding Share Options granted under the Old Scheme.

No Share Option has been granted under the Share Option Scheme since its adoption and therefore, as at 30 June 2022 and the date of this report, there were no outstanding Share Options granted under the Share Option Scheme and no Share Option was exercised and cancelled or lapsed during the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has, throughout the Period, complied with all the code provisions as set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules (the “CG Code”).

AUDIT COMMITTEE

The audit committee of the Board (the “Audit Committee”) was established with written terms of reference on 25 June 2010. In order to comply with the relevant code provisions of the CG Code, the written terms of reference had been revised on 27 March 2012 and were further revised on 31 December 2015, 22 March 2017 and 24 December 2018.

Currently, the members of the Audit Committee comprises three independent non-executive Directors, namely Mr. Xu Xiaowu (chairman of the Audit Committee), Mr. Li Yongjun and Mr. Diao Yingfeng.

REVIEW OF FINANCIAL INFORMATION

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management auditing, risk management, internal controls and financial reporting matters, including the review of the Group’s unaudited condensed consolidated interim financial statements for the Period.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

During the Period, the Company had no disclosure obligation pursuant to Rule 13.21 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

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

DIRECTORS’ AND CONTROLLING SHAREHOLDERS’ INTERESTS IN COMPETING BUSINESS

None of the Directors, the controlling shareholders (as defined under the Listing Rules) of the Company or their respective close associates (as defined under the Listing Rules) (a) had interests in any business apart from the Group’s business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group; and (b) had or might have any other conflicts of interest with the Group during the Period.

DISCLOSURE OF ADDITIONAL INFORMATION *(Continued)*

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct governing the securities transactions by the Directors. In response to a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the required standards as set out in the Model Code throughout the Period.

By Order of the Board
Kaisa Capital Investment Holdings Limited
Kwok Ying Shing
Chairman and Executive Director

Hong Kong, 30 August 2022