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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 RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of directors (the “**Director(s)**” and the “**Board**”, respectively) of Kaisa Capital Investment Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2022 (the “**Period**”) together with the unaudited comparative figures for the six months ended 30 June 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	<i>Notes</i>	Six months ended 30 June	
		2022	2021
		HK\$'000	HK\$'000
		(Unaudited)	(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

		Six months ended 30 June	
	<i>Notes</i>	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(1,928)</u>	<u>159</u>
Other comprehensive (loss)/income for the period		<u>(1,928)</u>	<u>159</u>
Total comprehensive income for the period		<u><u>1,892</u></u>	<u><u>3,572</u></u>
Profit/(loss) for the period attributable to:			
Owners of the Company		<u>3,820</u>	<u>3,881</u>
Non-controlling interests		<u>–</u>	<u>(468)</u>
		<u><u>3,820</u></u>	<u><u>3,413</u></u>
Total comprehensive income/(loss) attributable to:			
Owners of the Company		<u>1,892</u>	<u>4,040</u>
Non-controlling interests		<u>–</u>	<u>(468)</u>
		<u><u>1,892</u></u>	<u><u>3,572</u></u>
Earnings per share			
– Basic and diluted (HK cents)	13	<u><u>0.36</u></u>	<u><u>0.37</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (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

		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
		<u>85,102</u>	<u>130,594</u>
Net assets		<u>134,128</u>	<u>132,236</u>
EQUITY			
Share capital		10,600	10,600
Reserves		123,528	121,636
Total equity		<u>134,128</u>	<u>132,236</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 "**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 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.

1. GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

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.

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.

3. ADOPTION OF NEW AND AMENDED HKFRSs (CONTINUED)

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.

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.

5. SEGMENT INFORMATION (CONTINUED)

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

	Unaudited							Property Development Business	
	Construction Equipment 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	
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	

	Unaudited							Property Development Business	
	Construction Equipment 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	

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	Singapore	Vietnam	Macau	PRC	Inter segment elimination	Sub-total	Hong Kong	Hong Kong	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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							(1,413)	-	-	(1,413)
- Corporate staff costs							(598)	-	-	(598)
- Others										
Profit/(loss) for the period							3,817	(53)	(351)	3,413
Audited										
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

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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	95,689	94,774	-	-	95,689	94,774
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6. REVENUE

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<i>Revenue from Contract with Customers within the scope of HKFRS 15:</i>		
Sales of machinery	4,942	10,419
Sales of spare parts	1,789	173
Service income	9,190	13,205
	<u>15,921</u>	<u>23,797</u>
<i>Revenue from other sources:</i>		
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
	<u>79,768</u>	<u>70,977</u>
	<u>95,689</u>	<u>94,774</u>

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	2021	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(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
	<u>15,921</u>	<u>23,797</u>	<u>-</u>	<u>-</u>	<u>15,921</u>	<u>23,797</u>
Revenue from other sources	79,768	70,977	-	-	79,768	70,977
	<u>95,689</u>	<u>94,774</u>	<u>-</u>	<u>-</u>	<u>95,689</u>	<u>94,774</u>

7. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (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
	<u>4,559</u>	<u>9,477</u>

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

8. OTHER OPERATING EXPENSES

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (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
	<u>31,111</u>	<u>29,148</u>

9. FINANCE COSTS

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (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
	<u>4,898</u>	<u>4,973</u>

10. PROFIT BEFORE INCOME TAX

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

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (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
	<u>2,774</u>	<u>45</u>

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.

11. INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (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	<u>723</u>	<u>579</u>

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).

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)	<u>0.36</u>	<u>0.37</u>

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	<u>3,820</u>	<u>3,881</u>

(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	<u>1,060,000,000</u>	<u>1,060,000,000</u>

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.

15. INTANGIBLE ASSETS

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

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
	<hr/> <hr/>	<hr/> <hr/>

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).

17. TRADE RECEIVABLES

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

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 <i>HK\$'000</i> (Unaudited)	As at 31 December 2021 <i>HK\$'000</i> (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	<u>13,683</u>	<u>47,943</u>
	<u><u>41,064</u></u>	<u><u>88,658</u></u>

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

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

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
	<u>79,909</u>	<u>61,703</u>

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
	<u>62,819</u>	<u>106,548</u>
Portion classified as current liabilities	(19,790)	(15,735)
	<u>43,029</u>	<u>90,813</u>

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.

19. BORROWINGS (CONTINUED)

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.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

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 (Note)	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.

Interim Dividend

The Board has resolved not to declare the payment of an interim dividend in respect of the Period (six months ended 30 June 2021: Nil).

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 is decreasing 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 announcement.

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.

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

Saved as disclosed above, 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

Saved as disclosed above, the Group did not have other plans for material investments and capital assets as at 30 June 2022.

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 Company (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 comprise three independent non-executive Directors (“**INEDs**”), 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.

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) 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.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors by Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Having been made specific enquiries by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the Period.

PUBLICATION OF 2022 INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (<https://kaisa-capital.com>). The interim report of the Company for the Period, containing all the information required by Appendix 16 to the Listing Rules, will be dispatched to the shareholders of the Company and published on the same websites in due course in the manner as required by the Listing Rules.

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

Hong Kong, 30 August 2022

As at the date of this announcement, the Board comprises Mr. Kwok Ying Shing, Mr. Zhao Yi and Ms. Lee Kin Ping Gigi as executive Directors; and Mr. Xu Xiaowu, Mr. Li Yongjun and Mr. Diao Yingfeng as INEDs.