



Analogue Holdings Limited  
安樂工程集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1977)

2019 Interim Report

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## Financial Highlights

	<b>For the six months ended 30 June</b>	
	<b>2019 HK\$M</b>	2018 HK\$M
Revenue	<b>2,079.3</b>	3,144.1
Gross profit	<b>364.9</b>	514.3
Profit attributable to equity holders of the Company	<b>107.8</b>	216.7
Basic earnings per share	<b>HK\$0.10</b>	HK\$0.21

The Board declared the payment of interim dividend of HK3.85 cents per share for the six months ended 30 June 2019.<sup>(i)</sup>

(i) The interim dividend for the six months ended 30 June 2019 of HK3.85 cents per share represents a dividend payout ratio of 50%.

## Chairman's Statement

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Analogue Holdings Limited (the "**Company**"), I am pleased to present the interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2019.

The Group marked a major milestone this year with its listing on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2019 (the "**Listing Date**"), which undoubtedly provides an effective platform to further the Group's development and expansion in the market and stand the Group in good stead for its future growth. With over 40 years of experience, we are even more determined to reinforce the Group's position as the largest electrical and mechanical ("**E&M**") engineering services provider in Hong Kong, through all four business segments of the Group, comprising of Building Services, Environmental Engineering, Information, Communications and Building Technologies ("**ICBT**"), and Lifts and Escalators.

We see enormous opportunities in these sectors, as the Hong Kong Government projected that the construction expenditure for the public and private sectors will increase to HK\$340 billion in ten years' time. The local E&M engineering sector is particularly promising, having already grown at a compound annual growth rate of 9.4% from 2013 to 2018 and is expected to reach HK\$80.4 billion by 2023, while the development of the E&M sectors in mainland China and Macau are also encouraging. It is clear that the governments in all three markets are committed to infrastructure development as well as elevating their environmental standards. With the Group's solid experience and proven track record, we are well-positioned to capture emerging opportunities.

During the first half of 2019, we secured several new projects for the building services business, including those requiring use of innovation and technology, such as InnoCell at Hong Kong Science Park – one of Hong Kong's pioneering construction projects that will employ Modular Integrated Construction (MiC), and a reprovisioning project at the Fu Shan Public Mortuary that will utilise Building Information Modelling (BIM) technology.

In addition, we will continue to cooperate with universities on research and development of specialised waste water treatment techniques. We believe such efforts will enable the Group to meet the growing demand for such services in Hong Kong and mainland China and to expedite penetration into the environmental engineering market in Asia.

Given the Hong Kong Government's initiative to encourage "Smart City" development, we intend to make long-term investments in developing building technologies, as well as collaborate with universities and institutions on the research and development of Internet of Things ("**IoT**"), big data analytics, artificial intelligence (AI) for various innovative applications, including the employment of data analytic technology to achieve energy saving for three prestigious office buildings in Hong Kong. This sets the scene for us to capture the immense opportunities set to come.

For the lifts and escalators business, we continue to achieve encouraging results in North America, Australia and South Korea. We have also obtained our first order for the growing market of Mexico for lifts and escalators for a prestigious office/shopping complex, and our first order for Portugal for escalators. The Group will continue to tap overseas markets while further expand the existing manufacturing facilities, open offices and sales and service centres in mainland China. To complement such efforts, we will explore suitable merger and acquisition opportunities so as to enhance revenue from this segment.

## Chairman's Statement

Going forward, we will be committed to raising the corporate governance of the Group to a very high level, and strive for excellence in the aspects of quality, safety, efficiency and cost-effectiveness, which will be conducive to the Group's growth and better return on investment for the shareholders. We will remain vigilant and place priority first and foremost on bolstering the Group's four business segments while developing innovative solutions, processes and technologies for new market opportunities.

On behalf of the Board, I would like to express my gratitude to all customers, business partners and shareholders for their unwavering trust and support to the Group, particularly during the IPO exercise. I also wish to thank the management team and all fellow staff members for their dedication, professionalism and contributions. As always, we will remain steadfast and committed to assuring the Group's long-term development and bringing greater returns to our shareholders.

**Dr. Poon Lok To, Otto**

*Chairman*

Hong Kong, 28 August 2019

# Management Discussion and Analysis

## INTERIM BUSINESS REVIEW

### Overview

The first half of 2019 was a very busy six months for us during which the Group had put in great effort to replenish and build our order book, following a year of record high business turnover in 2018. During the reporting period, the Group submitted a total of approximately 637 tenders or quotations each of an individual value of over HK\$1 million. In the reporting period, approximately 150 tenders and quotations each of an individual value of over HK\$1 million were awarded, the total value of which amounted to approximately HK\$2.91 billion. As at 30 June 2019, the overall value of outstanding contracts in hand amounted to approximately HK\$8.87 billion (including contracting work, maintenance work and sales of goods), representing an increase of approximately HK\$1.66 billion over that at 30 June 2018. It is particularly encouraging that the increase in outstanding contracts in hand has been achieved across all the four business segments of the Group, namely Building Services, Environmental Engineering, Information Communication and Building Technologies (ICBT) and Lifts and Escalators.

The Group recorded a total revenue of HK\$2,079.3 million in the first six months of 2019, which was 33.9% lower as compared to the same period of 2018, (the year 2018 has been a year of record high business turnover). The decrease in revenue in the reporting period was mainly attributable to a few factors, including the significant revenue recognised from one of the Group's notable projects during the six months ended 30 June 2018 and the delay in progress of some of our E&M engineering projects in Hong Kong resulting in a decrease in project billing for the period as compared to the corresponding period in 2018 (which such delay was caused by, among other reasons, third party's delay in the completion of their engineering works preceding the Group's work stage in the relevant projects).

Following the factors mentioned above, the Group recorded a consolidated net profit for the period of HK\$107.8 million, which represents a decrease of 50% compared to the same period of 2018. Notwithstanding the drop in profit, the gross profit margin of the Group remained stable in the reporting period compared to that of the corresponding period in 2018.

### Building Services

Our building services segment continued to be the largest business segment of the Group in terms of revenue in the reporting period. Our capability encompasses the design, installation, testing and commissioning and maintenance of heating ventilation and air-conditioning (HVAC) systems, fire services systems, plumbing and drainage systems, electrical and extra low voltage (ELV) systems as well as combined services E&M engineering contracts. We serve customers in Hong Kong, Macau and mainland China for a wide range of buildings and premises including residential, commercial, industrial, institutional, data centre, hospital and healthcare, as well as infrastructure facilities such as airport, public transportation, road and tunnel, etc.

As at 30 June 2019, the value of outstanding contracts of the Group in this business segment amounted to HK\$5,034 million, representing an increase of HK\$1,377 million over that at 30 June 2018.

## Management Discussion and Analysis

To maintain our leading position in the market, we are committed to investing in, developing and implementing innovative construction technologies. We have built up a strong capability in Building Information Modelling (BIM) which enables us to deliver our projects in a better coordinated and more professional manner in the design, planning and construction stages. Coupled with our endeavour in digitalisation of construction process and assets management, it also opens up many opportunities for improved life cycle management of built engineering systems and buildings after their handover to customers. To quest for higher level of safety, quality and productivity, when the construction industry is suffering from the acute problems of aging and shortage of site workers, we are developing and adopting prefabrication and modularisation techniques in our projects. In the first half of 2019, we secured the contract for the combined electrical and mechanical services installation of the InnoCell development project in Pak Shek Kok of the Hong Kong Science & Technology Park, which is one of the first projects in Hong Kong adopting the latest construction technology – Modular Integrated Construction (MiC). This exemplifies that we are at the forefront of innovative and technological E&M construction in Hong Kong.

Apart from tendering for many projects of private developers in the reporting period, we also actively partnered with a few reputable main contractors to tender for infrastructure related projects. The award of the Intermodal Transfer Terminal Building of the Hong Kong International Airport Mechanical, Electrical & Plumbing (MEP) (Mechanical, Ventilation and Air-conditioning (MVAC), Electrical and Plumbing and Drainage & Seawater Pump House installations) in the first half of 2019 of approximately HK\$300 million will further strengthen our experience and performance records in airport projects, better position ourselves to bid for other forthcoming and sizable third runway related projects in the second half of 2019.

### Environmental Engineering

Our environmental engineering segment provides total solutions for the design, construction, maintenance and operation of environmental engineering systems and treatment plants for water, sewage, sludge, solid wastes and gas projects.

As at 30 June 2019, the value of outstanding contracts of the Group in this business segment amounted to HK\$2,775 million, representing an increase of HK\$102 million over that at 30 June 2018.

Our strong technological expertise and proven track records in project delivery set us apart from our competitors, and firmly place us in the market leading position in environmental engineering segment in Hong Kong. Within the Group and through collaboration with reputable universities, research institutes and technological partners in Hong Kong, mainland China and overseas, we have developed a wide range of advanced treatment processes, such as electrocoagulation, extra deep bed filter, compact black stream water treatment plant and nano bubble technology for waste water treatment plant, etc. During the reporting period, we also obtained one new patent named “A system to inject gel material into a kiln (一種膏狀物料焚燒入窑裝置)” in mainland China, a technology that enhances the performance of incineration process and produces cement from sludge.

These inhouse advanced treatment processes give us the competitive edge not only for bidding tenders in Hong Kong but also for tapping into the vast market of mainland China, which has set stringent environmental control standards and ambitious national environmental targets under the current five years plan. Leveraging on our strong technological expertise and proven track records in Hong Kong and mainland China, we are also exploring opportunities of providing environmental engineering service overseas, particularly to relevant belt and road countries.

## Management Discussion and Analysis

### ICBT

The mission of our ICBT segment is to offer solutions to help build green and intelligent buildings and facilitate Hong Kong to become a smart city through integrating a wide range of information and communication technologies with building energy and management technologies. Through inhouse R&D as well as collaboration with many leading hardware and software business partners, universities and research institutes, we provide customised software and one-stop engineering solutions to meet diverse needs of our customers.

As at 30 June 2019, the value of outstanding contracts of the Group in this business segment amounted to HK\$655 million, representing an increase of HK\$98 million over that at 30 June 2018.

Our ICBT segment is constantly engaged in the development and implementation of innovative solutions. In the first half of 2019, our self-developed Cloud-based Chiller Plant Energy Management Platform, which proved to be able to provide further energy saving in the chilled water system of a Beam Plus Platinum rating office building by about 10%, won us the Silver Award in Smart Business (Big Data and Open Data Applications) in the Hong Kong ICT Awards 2019. This solution works on a subscription-based business model and has attracted the interests of many reputable customers and a number of orders were received or under negotiation during the reporting period. On top of our existing types of ICBT business, we are also actively engaged in developing and growing business in new areas such as retro-commissioning of building services in existing buildings, IoT infrastructure installation for new and existing buildings, Automated Guided Vehicular (AGV) Parking System, etc.

### Lifts & Escalators

Our lifts and escalators segment encompasses the design, manufacturing (under the trade name "Anlev"), sale, installation and maintenance of a wide range of lifts, escalators and moving walkways meeting different uses and requirements, including heavy duty escalators for public transport and large cargo and vehicular lifts. Anlev Elex Elevator Ltd, our wholly owned subsidiary, has obtained the highest rating in safety and quality performance for both the Lift Contractors' Performance Rating and Escalator Contractors' Performance Rating systems of the Hong Kong Electrical and Mechanical Services Department for 26 consecutive quarters since the commencement of the systems in January 2013 up to the second quarter of 2019.

As at 30 June 2019, the value of outstanding contracts of the Group in this business segment amounted to HK\$400 million, representing an increase of HK\$79 million over that at 30 June 2018.

Capitalising on our outstanding performance ratings in safety and quality, the segment continued to see a steady growth in order intake, revenue and gross profit in the first half of 2019. On top of our normal projects of new lift installation and maintenance, we received many enquiries for modernisation of aged lifts recently, primarily due to increasing safety concern for lifts by society. During the reporting period, we secured orders for modernisation of 43 lifts and completed 32 installations. Moreover, as the Chief Executive of HKSAR announced in the 2018 Policy Address that the Government planned to launch a HK\$2.5 billion "Lift Modernisation Subsidy Scheme" ("LIMSS") over six years starting from 2019-20 to promote lift modernisation in the community through provision of financial incentive to building owners in need, we are well positioned to capture these forthcoming business opportunities.



## Management Discussion and Analysis

Subsequent to our admission to the Hong Kong Housing Authority (“HKHA”) approved contractor list of lift installations in March 2018, we started submitting tenders to HKHA actively in the latter part of 2018 and in the first half of 2019. As HKHA is the single largest customer of the lift market in Hong Kong, we are keen and hopeful to gain a share of this important market sector as early as possible.

In subways or shopping centres where space is very constrained, it is difficult to remove the old escalators and to replace them with new escalators. We have developed a solution to offer a complete package to carry out the retrofit on such highly constrained sites and completed our first retrofit project of this kind in Hong Kong in the reporting period. We believe there is also a big market globally for this kind of installation and will promote our solution to overseas distributors and partners.

We will continue to put in effort to expand overseas markets and actively support our distributors in bidding projects, such as metro/railway tenders in South Korea, Australia, Mexico and Egypt. During the reporting period, we were awarded our first order in Mexico and Portugal respectively and signed new distributorship agreements in Eurasia and Eastern Europe regions. We will continue to expand our distributor network overseas.

### FINANCIAL REVIEW

#### Gross profit

The Group’s overall gross profit decreased by HK\$149.4 million or 29% to HK\$364.9 million for the period under review from HK\$514.3 million for the six months ended 30 June 2018. The gross profit margin was 17.5% in the six months ended 30 June 2019, representing an increase of 1.1% as compared with the 16.4% gross profit margin in the same period last year.

#### Other income

The Group recorded other income of HK\$6.8 million (six months ended 30 June 2018: HK\$6 million) during the reporting period, mainly included bank interest income and rental income.

#### Administrative expenses

Administrative expenses of the Group decreased by approximately HK\$24 million or 9.4% compared with that in the same period last year, mainly on lower bonus provision.

## Management Discussion and Analysis

### Liquidity and financial resources

As at 30 June 2019, the Group had total cash and bank balances (excluding pledged bank deposits) of HK\$475.7 million, of which 69.8%, 26.6% and 3.6% (31 December 2018: 74.8%, 23.9%, 1.3%) were denominated in Hong Kong dollars or Macau Pataca, RMB and other currencies, respectively.

The Group maintained a healthy liquidity position throughout the reporting period. The Group was in net cash position. As at 30 June 2019, the Group had banking facilities in respect of bond, bank overdraft and loans, and other trade finance of approximately HK\$1,761.2 million (31 December 2018: HK\$1,761.8 million), of which approximately HK\$420.4 million (31 December 2018: HK\$426.9 million) had been utilised.

### Use of proceeds from listing

The aggregate net proceeds raised by the Company from the listing (the "**Listing**") through the issue of an aggregate of 350,000,000 new shares (the "**Offer Shares**") of HK\$0.01 each in the Company at the final offer price of HK\$1.2 per Offer Share pursuant to the global offering (the "**Global Offering**") referred to the prospectus issued by the Company on 28 June 2019 (the "**Prospectus**") were approximately HK\$335.7 million.

The net proceeds from the Listing had not been utilised up to the date of this report and are placed as short-term time deposits in licensed banks in Hong Kong.

### Gearing Ratio and Indebtedness

As at 30 June 2019, the Group's gearing ratio (being gross borrowings divided by total equity) stood at 7.2%, compared to nil gearing as at the same period of 2018. The borrowings are denominated in Hong Kong dollars and are at fixed interest rate. The gearing arose due to the short-term operation needs during the six months ended 30 June 2019.

### Charges on Group Assets

The Group had pledged assets of HK\$303.9 million as at 30 June 2019. These represented bank deposits, financial assets at fair value through profit or loss, and investment properties pledged to banks to secure general short-term banking facilities granted to certain of the Company's subsidiaries. The pledged deposit is classified as current assets and will be released upon the release of relevant banking facilities.

### Capital Commitment

As at 30 June 2019, the Group had a capital commitment contracted but not provided for in the condensed consolidated financial statements for upgrading human resources management system in an amount of HK\$5.8 million.

## Management Discussion and Analysis

### Human Resources

As at 30 June 2019, a total of 2,273 employees, including 66 contract staff and 153 term contract staff, were employed by the Group in Hong Kong, Macau and mainland China.

The Group provides competitive remuneration to attract and retain staff. The Group aims to compete in the market for the best skills available. Quality and committed staff are valuable assets contributing to the success of the Group. To attract and retain talents, the Group's remuneration policy is built upon the principles of providing equitable and market-competitive remuneration packages. The Group's remuneration policy is also performance-linked to motivate staff to achieve the Group's strategic business goals, and to share the fruit of success of the Group with its staff. We have a comprehensive system of goals setting and performance appraisal which provides a robust framework to serve the purpose.

Remuneration of directors and senior management is recommended by the remuneration committee of the Board and approved by the Board, which is subject to periodic review.

The Group's vision is to be an innovative, leading and sustainable multi-disciplinary E&M engineering group. We believe in continuous improvement and development, encourage life-long learning, and foster innovation culture within the Group. To support staff development, we make great effort and invest ample resources in staff training, in managerial, engineering and technician levels.

We are an equal opportunity employer and treat our staff on a fair basis. We require our staff to act with integrity at work, and we uphold a high standard of business ethics when working with our customers and business partners. The full set of Code of Conduct of the Group which sets out the standard of ethics and conducts expected of the Group and its staff is readily accessible by all staff via the Group's intranet.

### Corporate Recognition

During the reporting period, the Group received numerous awards from various organisations including Construction Industry Council, Development Bureau, Electrical and Mechanical Services Department, Labour Department, and the Office of the Government Chief Information Officer, recognising our outstanding performances and achievements on innovation, environment, occupational health and safety.

The Group will continue to strive for innovation and adhere to stringent quality, safety and environmental standards in order to deliver high quality services and products and upkeep workplace safety for all stakeholders.

## Management Discussion and Analysis

### OUTLOOK

The trade conflicts between China and the United States of America (“**U.S.**”) has an adverse impact on the global economic performance and outlook and, inevitably, the economy in Hong Kong, Macau and mainland China, which are our three major business regions. Locally in Hong Kong, the social unrest which stemmed in early June and is still continuing as at the date of this report may have an impact on the award, commencement and progress of some construction and fitting out projects. According to the advance estimates on Gross Domestic Product for second quarter of 2019 released by the Census and Statistics Department (C&SD) on 31 July 2019, on a seasonally adjusted quarter-to-quarter comparison basis, GDP decreased by 0.3% in real terms in the second quarter of 2019 when compared with the first quarter. Recently, the Secretary of Finance has pointed out that if our third quarter GDP continues to show a negative growth, technically speaking, the Hong Kong economy will be slipping into a period of recession. Amid the volatile economic atmosphere globally and locally, market competition has become increasingly fierce, exerting pressure on the Group’s profit margin.

On the other hand, the HKSAR Secretary for Development has advised that the Hong Kong Government’s spending in capital expenditure of public works will be no less than HK\$100 billion per annum in the coming few years, with overall construction outputs increasing to HK\$300 billion per annum. To Hong Kong construction and E&M companies, this is a particularly positive and reassuring message about the outlook of our industry.

Against the backdrop of the multitude of market factors mentioned above, the Group managed to secure a satisfactory value of order intake of HK\$3.52 billion in the first half of 2019 as compared to HK\$2.68 billion over the same period of 2018. The Group maintained a comfortable level of outstanding contracts in hand of approximately HK\$8.87 billion as at 30 June 2019, as compared to HK\$7.21 billion as at 30 June 2018 and HK\$7.42 billion as at 31 December 2018. As at the date of this report, there are also a number of tenders and quotations that have been submitted in the first half of 2019 which are under active negotiation. Moreover, we foresee that there is a healthy pipeline of tenders that will come out for tendering in the second half of 2019 and beyond. Therefore, we remain cautiously optimistic about the business outlook in the second half of 2019 and in the coming few years.

Soon after the Group’s successful Listing on 12 July 2019, we started actively pursuing mergers and acquisitions opportunities which will facilitate our business growth horizontally, vertically and/or geographically. We have started some preliminary enquiries to companies in South East Asia and North America on building services and lifts and escalators segments respectively, but no concrete proposals have been offered or agreed as at the date of this report. As disclosed in the section headed “Business – Our Business Strategies” of the Prospectus, the Company has been looking out for opportunities to expand our various business segments, and may therefore enter into value-enhancing transactions (such as acquisition and formation of joint venture) in the future using internal resources of the Group and/or external financing if necessary. As at the date of this report, the Company has not entered into any definitive legal agreements for any such transactions which are required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

With our strong commitment and continuous investment in innovation, technology, process improvement and people development, we are confident in harvesting material benefits of improved productivity and competitiveness and opening of new business opportunities in the medium future, which will further strengthen our market leadership position and translate into increased shareholder value.

# Report on Review of Condensed Consolidated Financial Statements

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF ANALOGUE HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Analogue Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 14 to 45, which comprise the condensed consolidated statement of financial position as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

## Report on Review of Condensed Consolidated Financial Statements

### **OTHER MATTERS**

The comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2018 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with HKSRE 2410.

### **Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

28 August 2019

## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2019

		<b>Six months ended 30 June</b>	
		<b>2019</b>	2018
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
	NOTES		
Revenue	3	<b>2,079,310</b>	3,144,120
Cost of sales and services		<b>(1,714,440)</b>	(2,629,864)
Gross profit		<b>364,870</b>	514,256
Other income		<b>6,817</b>	5,991
Other gains and losses	4	<b>(1,516)</b>	9,964
Impairment loss recognised in respect of trade receivables, net	14	<b>(12,113)</b>	(14,480)
Selling and distribution expenses		<b>(1,952)</b>	(2,320)
Administrative expenses		<b>(232,623)</b>	(256,642)
Listing expenses		<b>(6,992)</b>	(17,290)
Share of results of associates		<b>15,542</b>	16,653
Share of results of a joint venture		–	40
Finance costs	5	<b>(1,174)</b>	(433)
Profit before tax		<b>130,859</b>	255,739
Income tax expense	6	<b>(23,066)</b>	(39,083)
Profit for the period	7	<b>107,793</b>	216,656
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Gain on revaluation of leasehold properties		–	72,865
Income tax relating to gain on revaluation of leasehold properties		–	(12,023)
		–	60,842
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising from translation of foreign operations		<b>(993)</b>	(6,339)
Reclassification of exchange differences upon dilution of interest in an associate		<b>20</b>	(113)
		<b>(973)</b>	(6,452)
Other comprehensive (expense) income for the period, net of tax		<b>(973)</b>	54,390
Total comprehensive income for the period		<b>106,820</b>	271,046
		<b>HK cents</b>	HK cents
<b>Earnings per share</b>			
Basic	9	<b>10</b>	21

# Condensed Consolidated Statement of Financial Position

As at 30 June 2019

	NOTES	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
<b>Non-current assets</b>			
Investment properties	10	76,500	74,300
Property, plant and equipment	11	65,166	44,326
Right-of-use assets		38,809	–
Intangible assets		6,301	6,592
Deposits paid for acquisition of software		5,372	22,415
Interest in associates	12	234,995	241,279
Prepaid land use rights		–	2,930
Deferred tax assets		809	775
		<b>427,952</b>	392,617
<b>Current assets</b>			
Prepaid land use rights		–	88
Inventories		89,509	62,390
Contract assets	13	1,035,283	978,397
Trade receivables	14	708,376	721,712
Other receivables, deposits and prepayments		98,367	80,337
Amount due from an associate	12	–	–
Amounts due from partners of joint operations		12,127	4,312
Financial assets at fair value through profit or loss		19,414	17,230
Tax recoverable		9,702	17,384
Pledged bank deposits		207,981	208,553
Bank balances and cash		475,686	569,951
		<b>2,656,445</b>	2,660,354
<b>Current liabilities</b>			
Trade and retention payables	15	433,883	462,922
Other payables and accrued expenses	16	1,133,638	1,173,774
Dividend payable		–	100,000
Amounts due to associates		12,499	12,533
Amounts due to partners of joint operations		5,381	26,526
Derivative financial instruments		98	602
Lease liabilities		12,447	–
Bank borrowings	17	95,000	–
Tax payable		34,359	54,667
		<b>1,727,305</b>	1,831,024
<b>Net current assets</b>		<b>929,140</b>	829,330
<b>Total assets less current liabilities</b>		<b>1,357,092</b>	1,221,947



## Condensed Consolidated Statement of Financial Position

As at 30 June 2019

		<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
	NOTES		
<b>Capital and reserves</b>			
Share capital	18	<b>94</b>	94
Reserves		<b>1,313,333</b>	1,206,513
		<b>1,313,427</b>	1,206,607
<b>Non-current liabilities</b>			
Deferred tax liabilities		<b>16,188</b>	12,371
Lease liabilities		<b>24,641</b>	–
Deferred income		<b>2,836</b>	2,969
		<b>43,665</b>	15,340
		<b>1,357,092</b>	1,221,947

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

	Share capital	Capital redemption reserve	Leasehold property revaluation reserve	Translation reserve	Other reserves	Retained profits	Total
	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000	HK\$' 000
At 1 January 2018 (audited)	94	5	236,562	6,867	16,226	1,592,370	1,852,124
Profit for the period	-	-	-	-	-	216,656	216,656
Other comprehensive income (expense) for the period	-	-	60,842	(6,452)	-	-	54,390
Total comprehensive income for the period	-	-	60,842	(6,452)	-	216,656	271,046
Realisation upon depreciation of revalued leasehold properties	-	-	(2,058)	-	-	2,058	-
Reclassification adjustment and released of relevant deferred tax upon Distribution in Specie (as defined and detailed in note 24)	-	-	(263,074)	-	-	305,743	42,669
Dividends recognised as distribution (note 8)	-	-	-	-	-	(537,044)	(537,044)
At 30 June 2018 (unaudited)	94	5	32,272	415	16,226	1,579,783	1,628,795
At 1 January 2019 (audited)	<b>94</b>	<b>5</b>	<b>32,272</b>	<b>(20,399)</b>	<b>16,589</b>	<b>1,178,046</b>	<b>1,206,607</b>
Profit for the period	-	-	-	-	-	<b>107,793</b>	<b>107,793</b>
Other comprehensive expense for the period	-	-	-	<b>(973)</b>	-	-	<b>(973)</b>
Total comprehensive income for the period	-	-	-	<b>(973)</b>	-	<b>107,793</b>	<b>106,820</b>
Transfer to other reserves	-	-	-	-	<b>1</b>	<b>(1)</b>	-
At 30 June 2019 (unaudited)	<b>94</b>	<b>5</b>	<b>32,272</b>	<b>(21,372)</b>	<b>16,590</b>	<b>1,285,838</b>	<b>1,313,427</b>

Note: Other reserves represent legal reserves of subsidiaries in Macau Special Administrative Region ("Macau") and statutory reserves of subsidiaries in the People's Republic of China ("PRC").

As stipulated by the relevant laws and regulations for enterprises in the PRC, the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of at least 10% of profit after taxation as reflected in the statutory financial statements of the relevant PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the relevant PRC subsidiaries' registered capital. The statutory surplus reserves can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

In accordance with provision of the Macau Commercial Code, the subsidiaries incorporated in Macau are required to transfer a minimum of 25% of the profit after taxation as reflected in the statutory financial statements of the subsidiaries each year to the legal reserve until the balance has reached 50% of the respective subsidiaries' registered capital. The reserve is not distributable to shareholders of the subsidiaries.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019 HK\$' 000 (Unaudited)	2018 HK\$' 000 (Unaudited)
Operating cash flows before movements in working capital	145,328	253,752
Increase in inventories	(29,296)	(32,046)
Increase in contract assets	(57,125)	(5,873)
Decrease in trade receivables	1,294	15,550
(Increase) decrease in other receivables, deposits and prepayments	(16,514)	28,201
(Decrease) increase in trade and retention payables	(29,057)	59,365
(Decrease) increase in other payables and accrued expenses	(44,666)	192,407
Decrease in deferred income	(133)	(134)
Cash (used in) generated from operations	(30,169)	511,222
Tax paid	(31,916)	(22,111)
<b>Net cash (used in) generated from operating activities</b>	<b>(62,085)</b>	489,111
Bank interest income received	1,581	2,140
Investment income received from financial assets at fair value through profit or loss	271	251
Proceeds on disposals of property, plant and equipment	–	6
Additions of property, plant and equipment	(6,057)	(4,439)
Deposits paid for acquisition of software	(2,378)	(2,043)
Placement of pledged bank deposits	(180)	(102,082)
Release of pledged bank deposits	727	3,807
Advances to partners of joint operations	(7,815)	–
Repayments from partners of joint operations	–	8,779
Dividend received from an associate	16,286	–
<b>Net cash generated from (used in) investing activities</b>	<b>2,435</b>	(93,581)
Finance costs paid	(1,174)	(433)
Repayment of lease liabilities	(6,328)	–
Repayment of bank borrowings	–	(51,216)
New bank borrowings raised	95,000	–
Dividend paid to equity holders of the Company	(100,000)	–
Issue costs paid	(652)	(3,642)
Advances from partners of joint operations	–	729
Repayments to partners of joint operations	(21,145)	–
<b>Net cash used in financing activities</b>	<b>(34,299)</b>	(54,562)
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(93,949)</b>	340,968
<b>Cash and cash equivalents at the beginning of the period</b>	<b>569,951</b>	544,235
Effect of foreign exchange rate changes	(316)	(1,612)
<b>Cash and cash equivalents at the end of the period, represented by bank balances and cash</b>	<b>475,686</b>	883,591

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements of the Company have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those adopted in the preparation of the Group’s financial statements for the three years ended 31 December 2018 which are the underlying financial statements for the preparation of historical financial information as set out in the accountants’ report in Appendix I to the prospectus of the Company, except for the changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) as disclosed in note 2.

## 2. CHANGES IN ACCOUNTING POLICIES

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory and effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group’s condensed consolidated financial statements:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* (“HKAS 17”), and the related interpretations.

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

##### **Definition of a lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### **As a lessee**

##### **Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

##### **Right-of-use assets**

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

##### **As a lessee (Continued)**

##### **Right-of-use assets (Continued)**

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

##### **Leasehold land and building**

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

##### **Refundable rental deposits**

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* ("HKFRS 9") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets. The amounts of such adjustments are considered insignificant.

##### **Lease liabilities**

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

##### As a lessee (Continued)

##### Lease liabilities (Continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option reasonably certain to be exercised by the Group; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that reflect changes in market rental rates are initially measured using the market rental rates as at the commencement date. Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities and right-of-use assets, and are recognised as expense in the period on which the event or condition that triggers the payment occurs.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.1 Key changes in accounting policies resulting from application of HKFRS 16 (Continued)

##### As a lessee (Continued)

##### Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

##### Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-to-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

##### As a lessor

##### Allocation of consideration to components of a contract

Effective on 1 January 2019, the Group applies HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### Refundable rental deposits

Refundable rental deposits received are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16

##### Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

##### As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;
- ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;
- iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- iv. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

##### As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities of approximately HK\$34,674,000 and right-of-use assets approximately of HK\$36,751,000 equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8 (b)(ii) transition.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.125% per annum.

	At 1 January 2019 HK\$' 000
Operating lease commitments disclosed as at 31 December 2018	31,552
Lease liabilities discounted at relevant incremental borrowing rates	28,162
Add: Extension options reasonably certain to be exercised	15,608
Less: Recognition exemption – short-term leases	(9,096)
Lease liabilities relating to operating leases recognised upon application of HKFRS 16	<b>34,674</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

##### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

##### As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Notes	Right-of-use assets HK\$' 000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		<b>34,674</b>
Add: Reclassified from prepaid land use rights	(a)	<b>3,018</b>
Less: Accrued lease liabilities relating to rent free period at 1 January 2019	(b)	<b>(941)</b>
		<b>36,751</b>
By class:		
Leasehold lands		<b>3,018</b>
Buildings		<b>33,733</b>
		<b>36,751</b>

Notes:

- (a) Upfront payments for leasehold lands in the PRC were classified as prepaid land use rights as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land use rights amounting to approximately HK\$88,000 and approximately HK\$2,930,000 respectively were reclassified to right-of-use assets.
- (b) These relate to accrued lease liabilities for leases of properties in which the lessors provided rent-free period. The carrying amount of the lease incentive liabilities as at 1 January 2019 was adjusted to right-of-use assets at transition.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 2. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

### 2.1 Impacts and changes in accounting policies of application on HKFRS 16 Leases (Continued)

#### 2.1.2 Transition and summary of effects arising from initial application of HKFRS 16 (Continued)

##### As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated. As at 30 June 2019, no material impact is noted for the Group.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 HK\$'000	Adjustments HK\$'000	<b>Carrying amounts under HKFRS 16 at 1 January 2019 HK\$'000</b>
<b>Non-current assets</b>			
Prepaid land use rights	2,930	(2,930)	–
Right-of-use assets	–	36,751	<b>36,751</b>
<b>Current assets</b>			
Prepaid land use rights	88	(88)	–
<b>Current liabilities</b>			
Other payables and accrued expenses	1,173,774	(941)	<b>1,172,833</b>
Lease liabilities	–	10,627	<b>10,627</b>
<b>Non-current liabilities</b>			
Lease liabilities	–	24,047	<b>24,047</b>

Note: For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1 January 2019 as disclosed above.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 3. REVENUE AND SEGMENT INFORMATION

The Group recognises revenue from three major sources, namely, contracting work, maintenance work and sales of goods.

The following is an analysis of the Group's revenue from its major products and services:

	<b>Six months ended 30 June</b>	
	<b>2019</b> <b>HK\$' 000</b> <b>(Unaudited)</b>	2018 HK\$' 000 (Unaudited)
<i>Timing of revenue recognition and category of revenue</i>		
Recognised over time and long-term contracts		
Contracting work	<b>1,661,048</b>	2,781,002
Maintenance work	<b>341,326</b>	287,127
	<b>2,002,374</b>	3,068,129
Recognised at a point in time and short-term contracts		
Sales of goods	<b>76,936</b>	75,991
	<b>2,079,310</b>	3,144,120

#### *Transaction price allocated to the remaining performance obligations*

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the respective reporting period.

	<b>As at</b> <b>30 June</b> <b>2019</b> <b>HK\$' 000</b> <b>(Unaudited)</b>	As at 31 December 2018 HK\$' 000 (Audited)
	Provision of contracting work	<b>6,343,856</b>
Provision of maintenance work	<b>2,280,647</b>	1,950,011
	<b>8,624,503</b>	7,212,037

Based on the information available to the Group at the end of the respective reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as of 30 June 2019 and 31 December 2018 will be recognised as revenue during the years ending 31 December 2019 to 31 December 2023 in respect of provision of contracting work and during the years ending 31 December 2019 to 31 December 2035 in respect of provision of maintenance work.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Information reported to the management of the Group, being the chief operating decision maker ("CODM") for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by CODM have been aggregated in arriving at the reportable segments of the Group.

The Group's reportable and operating segments are as follows:

Building services:	Provision of electrical and mechanical engineering building services, including the design, installation, testing and commissioning and maintenance of heating, ventilation and air-conditioning system, fire service system, plumbing and drainage system and electrical and extra low voltage system
Environmental engineering:	Provision of total solutions for the design, construction, operation and maintenance of environmental engineering systems for treatment of sewage, water, solid waste, sludge and gas
Information, communication and building technology ("ICBT"):	Provision of total solution for the design, hardware and software development, installation and maintenance of infrastructure communications and security and access systems
Lift and escalators:	Provision of i) total solution for design, supply and installation of a wide range lifts and escalators offered under the trade name of "Anlev Elex"; and ii) repair and maintenance services for lifts and escalators

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Disaggregation of revenue

For the six months ended 30 June 2019 (Unaudited)

	Building services HK\$'000	Environmental engineering HK\$'000	ICBT HK\$'000	Lift & escalators HK\$'000	Total HK\$'000
Revenue					
– Contracting work	1,198,579	248,666	164,001	49,802	1,661,048
– Maintenance work	77,792	151,875	47,671	63,988	341,326
– Sales of goods	13,752	49,491	3,945	9,748	76,936
Total revenue	1,290,123	450,032	215,617	123,538	2,079,310

For the six months ended 30 June 2018 (Unaudited)

	Building services HK\$'000	Environmental engineering HK\$'000	ICBT HK\$'000	Lift & escalators HK\$'000	Total HK\$'000
Revenue					
– Contracting work	2,323,263	274,979	145,977	36,783	2,781,002
– Maintenance work	74,856	108,195	41,781	62,295	287,127
– Sales of goods	6,970	41,575	6,464	20,982	75,991
Total revenue	2,405,089	424,749	194,222	120,060	3,144,120

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

## 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the six months ended 30 June 2019 (Unaudited)

	Building services HK\$' 000	Environmental engineering HK\$' 000	ICBT HK\$' 000	Lift & escalators HK\$' 000	Inter segment elimination/ unallocated HK\$' 000	Total HK\$' 000
Revenue						
– external	1,290,123	450,032	215,617	123,538	–	2,079,310
– inter-segment	1,080	–	18,575	31	(19,686)	–
Total revenue	1,291,203	450,032	234,192	123,569	(19,686)	2,079,310
Segment profit	64,172	25,064	36,240	12,964	–	138,440
Share of results of associates						15,542
Bank interest income						1,581
Finance costs						(1,174)
Unallocated income						7,500
Unallocated expenses						(31,030)
Profit before tax						130,859
Income tax expense						(23,066)
Profit for the period						107,793
Other segment information						
Depreciation of property, plant and equipment	1,324	620	560	1,852	4,791	9,147
Depreciation of right-of-use of assets	3,889	95	2,020	548	124	6,676
Impairment loss recognised (reversed) in respect of trade receivables, net	3,262	8,970	(349)	230	–	12,113
Amortisation of intangible assets	–	–	13	278	–	291



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment revenue and results (Continued)

For the six months ended 30 June 2018 (Unaudited)

	Building services HK\$' 000	Environmental engineering HK\$' 000	ICBT HK\$' 000	Lift & escalators HK\$' 000	Inter segment elimination/ unallocated HK\$' 000	Total HK\$' 000
Revenue						
– external	2,405,089	424,749	194,222	120,060	–	3,144,120
– inter-segment	5,579	656	55,733	303	(62,271)	–
Total revenue	2,410,668	425,405	249,955	120,363	(62,271)	3,144,120
Segment profit	199,646	4,308	28,301	7,597	–	239,852
Share of results of associates						16,653
Share of results of a joint venture						40
Bank interest income						2,140
Finance costs						(433)
Unallocated income						16,338
Unallocated expenses						(18,851)
Profit before tax						255,739
Income tax expense						(39,083)
Profit for the period						216,656
Other segment information						
Depreciation of property, plant and equipment	1,403	597	170	1,888	5,991	10,049
Impairment loss recognised (reversed) in respect of trade receivables, net	14,902	(901)	355	124	–	14,480
Loss on disposal of property, plant and equipment	2	–	–	22	–	24
Amortisation of intangible assets	–	–	13	278	–	291
Amortisation of prepaid land use rights	–	–	–	–	47	47

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, certain other income, certain other gains and losses, and share of results of associates and shares of results of a joint venture. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment revenue are charged at prevailing market rates.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

#### Segment assets and liabilities

No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the CODM for review.

### 4. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Gain from change in fair value of investment properties	2,200	13,287
Gain from change in fair value of financial assets at fair value through profit or loss	2,184	1,094
Loss on disposals of property, plant and equipment	–	(24)
Net exchange losses	(618)	(873)
Loss on dilution of interest in an associate	(5,282)	(3,520)
	<b>(1,516)</b>	<b>9,964</b>

### 5. FINANCE COSTS

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest expenses on bank borrowings	62	99
Interest expenses on lease liabilities	841	–
Ancillary costs in respect of banking facilities	271	334
	<b>1,174</b>	<b>433</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax		
Hong Kong	16,997	39,813
Macau	1,619	2,823
PRC Enterprise Income Tax	710	1,304
	19,326	43,940
Deferred tax	3,740	(4,857)
	23,066	39,083

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of corporations not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Under Macau Complementary Tax Law, companies are divided into Group A and Group B tax payers. Group A tax payers are assessed based on their actual taxable profits. Group B tax payers are assessed based on deemed profits ascertained by the Macau Finance Bureau.

The Group has Group A and Group B tax payers and Macau Complementary Tax is calculated at a rate of 12% on the assessable profit above Macau Pataca ("MOP") 600,000 for both periods.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for both periods.

The Company's subsidiaries, associates and joint ventures of the Group that are tax residents in the PRC are subject to the PRC dividend withholding tax at 10% when and if undistributed earnings out of profits that arose on or after 1 January 2008 are declared to be paid as dividends to its immediate holding company which is a non-PRC tax resident. According to the "Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" and Guoshuifa [2008] No. 112, where the Hong Kong resident company directly owns at least 25% of the capital of the Mainland company, 5% dividend withholding tax rate is applicable. 5% withholding tax rate was used for both periods. A provision for dividend withholding tax of approximately HK\$662,000 (unaudited) was charged (six months ended 30 June 2018: a net reversal of provision of approximately HK\$3,656,000 (unaudited) was credited) to profit or loss for the six months ended 30 June 2019.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 7. PROFIT FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
	<b>(Unaudited)</b>	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration):		
– Directors' remuneration	<b>18,858</b>	20,733
– Salaries and other benefits	<b>434,793</b>	453,159
– Retirement benefit scheme contributions (excluding directors)	<b>21,154</b>	20,164
	<b>474,805</b>	494,056
Cost of inventories recognised as expenses (included in cost of sales and services)	<b>116,931</b>	131,270
Depreciation of property, plant and equipment	<b>9,147</b>	10,049
Depreciation of right-of-use assets	<b>6,676</b>	–
Amortisation of prepaid land use rights	–	47
Amortisation of intangible assets	<b>291</b>	291
Write-down of inventories, net	<b>1,602</b>	647
Loss from change in fair value of derivative financial instruments	<b>504</b>	1,808
Rental income from investment properties	<b>(1,052)</b>	(1,046)
Less: direct operating expenses incurred for investment properties that generated rental income during the period	<b>133</b>	139
	<b>(919)</b>	(907)
Auditor's remuneration	<b>4,223</b>	1,926

### 8. DIVIDENDS

Subsequent to the end of the current interim period, the directors of the Company have determined that an interim dividend of HK3.85 cents per share will be paid to the shareholders of the Company whose names appear in the Register of Members of the Company at the close of business on 30 September 2019, amounting to HK\$53,900,000 in aggregate, calculated based on HK3.85 cents multiplied by 1,400,000,000 shares.

During the six months ended 30 June 2018, the Company declared a total dividend of approximately HK\$537,044,000 (equivalent to approximately HK\$44,754 per share multiplied by 12,000 shares), which included Distribution in Specie (as defined and detailed in note 24) of approximately HK\$255,297,000 and a cash dividend of HK\$281,747,000 which was settled through the current accounts due from Wise Eagle Group (defined in note 24) to the Group, to its shareholders.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 9. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the equity holders of the Company is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	2018 HK\$'000 (Unaudited)
<b>Earnings</b>		
Earnings for the purposes of calculating basic earnings per share (profit for the period attributable to the equity holders of the Company)	<b>107,793</b>	216,656
<b>Number of ordinary shares</b>		
Number of ordinary shares for the purpose of calculating basic earnings per share	<b>1,050,000,000</b>	1,050,000,000

The number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that 1,050,000,000 ordinary shares of the Company were in issue and issuable for both reporting periods, comprising an aggregate of 9,360,000 ordinary shares in issue and adjusted for the effect of capitalisation issue of 1,040,640,000 ordinary shares as if the capitalisation issue had been effective on 1 January 2018.

No diluted earnings per share was presented as there were no potential ordinary shares in issue for both periods.

### 10. INVESTMENT PROPERTIES

	<b>As at</b> <b>30 June</b> <b>2019</b> <b>HK\$'000</b> <b>(Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
	<b>FAIR VALUE</b>	
At beginning of the period/year	<b>74,300</b>	60,110
Change in fair value recognised in profit or loss	<b>2,200</b>	14,190
At the end of the period/year	<b>76,500</b>	74,300

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 10. INVESTMENT PROPERTIES (CONTINUED)

The fair value of the Group's investment properties as at 30 June 2019 and 31 December 2018 has been arrived at on the basis of a valuation carried out on the respective dates by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuer not connected with the Group. The valuation, which conforms to International Valuation Standards, is arrived at direct comparison method by reference to market evidence of transaction prices for similar properties in the same locations and conditions, and on the assumption that the Group's current use of its investment properties is at its highest and best use.

The Group's investment properties held under long lease term in Hong Kong for rental purpose are measured by using the fair value model and are classified and accounted for as investment properties. The rental income earned by the Group from the investment properties for the six months ended 30 June 2019 amounted to approximately HK\$1,052,000 (unaudited) (six months ended 30 June 2018: HK\$1,046,000 (unaudited)). The investment properties have been pledged to secure general banking facilities granted to certain subsidiaries of the Group for both reporting periods.

### 11. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group incurred approximately HK\$30,023,000 on the acquisition of property, plant and equipment.

### 12. INTERESTS IN ASSOCIATES/AMOUNT DUE FROM AN ASSOCIATE

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Investment cost		
Listed outside Hong Kong	118,453	118,453
Unlisted	24,492	24,492
Share of post-acquisition profits and other comprehensive income, net of dividends received	92,050	98,334
Interests in associates	234,995	241,279
Fair value of listed investment	943,038	852,454
Amount due from an associate	83,575	83,575
Less: Share of post-acquisition losses in excess of the cost of investment	(83,575)	(83,575)
	-	-

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 13. CONTRACT ASSETS

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Contract assets	<b>1,035,283</b>	978,397

As at 30 June 2019, contract assets include retention receivables of approximately HK\$385,024,000 (unaudited) (31 December 2018: HK\$375,456,000 (audited)). The Group generally provides its customers with one-year warranty period. Upon the expiration of retention period, the customers will provide a final inspection and acceptance certificate and pay the retention within the term specified in the contract.

Retention receivables are interest-free and repayable at the end of retention period of the respective construction contract. The Group's guaranty cycle with respect to the construction contract is usually one year. The Group did not have any retention receivables that were past due but not impaired at the end of the respective reporting period.

The changes in contract assets are due to i) adjustments arising from changes in the measure of progress of contracting work, or ii) reclassification to trade receivables when the Group has unconditional right to the consideration.

### 14. TRADE RECEIVABLES

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Trade receivables	<b>672,808</b>	708,362
Less: Allowance for impairment	<b>(61,776)</b>	(49,839)
	<b>611,032</b>	658,523
Unbilled revenue (note)	<b>97,344</b>	63,189
	<b>708,376</b>	721,712

Note: Unbilled revenue represents accrued revenue for works performed by the Group but yet to bill. The Group has unconditional right to the payment of the unbilled revenue which is expected to be billed within 90 days and received within 12 months from the end of the respective reporting period.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 14. TRADE RECEIVABLES (CONTINUED)

The Group generally allows credit period ranging from 14 to 90 days. The Group will assess the credit quality of each potential customer and define rating and credit limit for each customer.

Ageing of trade receivables net of allowance for impairment presented based on the invoice dates are as follows:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
0 – 30 days	<b>346,829</b>	350,885
31 – 90 days	<b>181,606</b>	232,827
91 – 360 days	<b>79,463</b>	72,674
Over 1 year	<b>3,134</b>	2,137
Total	<b>611,032</b>	658,523

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

For debtors with significant amounts, they are assessed individually for impairment allowance and collectively for remaining debtors based on the Group's internal credit rating, historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

During the six months ended 30 June 2019, the Group recognised an impairment allowance for trade receivables of approximately HK\$3,122,000 (unaudited) (six months ended 30 June 2018: a net reversal of impairment allowance of approximately HK\$5,487,000 (unaudited)), based on the provision matrix. Impairment allowance of approximately HK\$8,991,000 (unaudited) (six months ended 30 June 2018: HK\$19,967,000 (unaudited)) was made on debtors with significant balances and credit impaired debtors. Impairment allowance for contract assets as at 30 June 2019 and 31 December 2018 was not material.



## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 15. TRADE AND RETENTION PAYABLES

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Trade payables	<b>237,839</b>	298,400
Trade accruals	<b>72,731</b>	37,588
Retention payables	<b>123,313</b>	126,934
	<b>433,883</b>	462,922

The credit period on trade payables is ranging from 0 to 90 days. The aging analysis of the Group's trade payables below is presented based on the invoice date at the end of the reporting period:

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
0 – 30 days	<b>134,748</b>	160,395
31 – 90 days	<b>38,911</b>	59,460
91 – 360 days	<b>20,057</b>	37,819
Over 1 year	<b>44,123</b>	40,726
	<b>237,839</b>	298,400

### 16. OTHER PAYABLES AND ACCRUED EXPENSES

	<b>As at 30 June 2019 HK\$'000 (Unaudited)</b>	As at 31 December 2018 HK\$'000 (Audited)
Contract liabilities	<b>36,288</b>	24,693
Accrued staff costs	<b>110,967</b>	155,657
Accrued contract costs	<b>939,696</b>	965,593
Accrued issue costs and listing expenses	<b>12,691</b>	7,382
Others	<b>33,996</b>	20,449
	<b>1,133,638</b>	1,173,774

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 17. BANK BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounted to HK\$95,000,000 (31 December 2018: nil). The borrowings carry interest at fixed rate of 4% per annum and are repayable within one year from the end of the reporting period. The proceeds were used to finance short term operation needs of the Group.

### 18. SHARE CAPITAL

	Number of shares	Nominal value per share	Share capital	Presented as HK\$'000
<b>Authorised</b>				
At 1 January 2018 and 30 June 2018	12,600	US\$1	US\$12,600	
Increase in share capital (note)	100,000,000,000	HK\$0.01	HK\$1,000,000,000	
Cancellation of share capital (note)	(12,600)	US\$1	(US\$12,600)	
<b>At 31 December 2018 and 30 June 2019</b>	<b>100,000,000,000</b>	<b>HK\$0.01</b>	<b>HK\$1,000,000,000</b>	
<b>Issued and fully paid</b>				
At 1 January 2018 and 30 June 2018	12,000	US\$1	US\$12,000	94
Issue of shares (note)	9,360,000	HK\$0.01	HK\$93,600	
Repurchase of shares (note)	(12,000)	US\$1	(US\$12,000)	
<b>At 31 December 2018 and 30 June 2019</b>	<b>9,360,000</b>	<b>HK\$0.01</b>	<b>HK\$93,600</b>	<b>94</b>

Note: On 14 September 2018, the authorised share capital of the Company was increased to HK\$1,000,000,000 by the creation of 100,000,000,000 shares with par value of HK\$0.01 each. On the same day, the Company allotted and issued 9,360,000 shares with par value of HK\$0.01 to the existing shareholders and repurchased the 12,000 shares with par value of US\$1 each. On 14 September 2018, the authorised but unissued shares capital of the Company was diminished by cancellation of 12,600 shares with par value of US\$1 each.

### 19. PLEDGE OF ASSETS

At the end of the respective reporting period, the Group pledged the following assets to secure general banking facilities granted to the Group:

	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)
Investment properties	76,500	74,300
Pledged bank deposits	207,981	208,553
Financial assets at fair value through profit or loss	19,414	17,230
	<b>303,895</b>	<b>300,083</b>

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

#### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on recurring basis

Certain of the Group's financial assets and financial liabilities are measured at fair value at the end of the respective reporting period. Information about how the fair value of these financial assets and financial liabilities are determined including valuation technique and key input as well as the level of fair value hierarchy of which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements are observable is listed below.

Financial assets/liabilities	Fair value		Fair value hierarchy	Valuation technique and key input
	As at 30 June 2019 HK\$'000 (Unaudited)	As at 31 December 2018 HK\$'000 (Audited)		
Financial assets at fair value through profit or loss	19,414	17,230	Level 1	Quoted bid prices in an active market.
Derivative financial liabilities	(98)	(602)	Level 2	Discounted cash flow.  Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There were no transfers between Level 1 or 2 during both reporting periods.

#### Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities of the Group recorded at amortised cost in the condensed consolidated financial statements approximate to their fair value. The fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 21. PERFORMANCE BONDS

As at 30 June 2019, the Group had outstanding performance bonds of approximately HK\$304,504,000 (unaudited) (31 December 2018: HK\$368,811,000 (audited)), given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance bonds have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance bonds will be released upon completion of the contracting works.

### 22. RELATED PARTY TRANSACTIONS

(a) Details of the balances with the related parties are disclosed in the condensed consolidated statement of financial position on pages 15 to 16. The Group entered into the following transactions with related parties during the respective reporting period:

Name of related company	Relationship	Nature of transactions	Six months ended 30 June	
			2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Oscar Bioenergy Joint Venture	Associate	Sales	6,537	11,676
Perfect Motive Limited ("Perfect Motive")	Related party (note)	Rental expenses	8,722	4,399
Perfect Motive	Related party (note)	Services expense	406	494
Perfect Motive	Related party (note)	Direct expenses recharge	314	1,049

Note: Upon the completion of Distribution in Specie as defined and detailed in note 24, Perfect Motive became a related party of the Group.

### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the six months ended 30 June 2019 and 2018 are set out in note 7.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### 23. CAPITAL COMMITMENTS

At the end of the respective reporting period, the Group had the following commitments contracted but not provided in the condensed consolidated financial statements.

	<b>As at 30 June 2019 HK\$' 000 (Unaudited)</b>	As at 31 December 2018 HK\$' 000 (Audited)
Enterprise resources planning system	–	10,028
Human resources management system	<b>5,831</b>	8,209
	<b>5,831</b>	18,237

### 24. DISTRIBUTION IN SPECIE

On 18 April 2018, the Company subscribed for, and was allotted and issued with, an additional 9,999 new shares in Wise Eagle Holdings Limited (“Wise Eagle”) at par in contemplation of the declaration of dividend by way of Distribution in Specie of its shareholding interest in the Wise Eagle Group as defined and detailed below.

On 18 April 2018, the Company declared and approved payments of an interim dividend by way of distribution in specie of its entire equity interests in Wise Eagle, a wholly owned subsidiary of the Company and holding company of Perfect Motive (collectively the “Wise Eagle Group”) (“Distribution in Specie”). The net assets of Wise Eagle Group as at 18 April 2018 was approximately HK\$255,297,000, which excluded the deferred tax liabilities of approximately HK\$42,669,000 related to revaluation of its leasehold properties recognised on consolidation. The difference of HK\$42,669,000 was transferred to retained profits at the date of completion of the Distribution in Specie. The assets and liabilities of Wise Eagle Group derecognised as at 18 April 2018 are as follows:

	HK\$' 000
Property, plant and equipment	543,085
Other receivables, deposits and prepayments	2,215
Bank balances and cash	739
Other payables and accrued expenses	(304)
Tax payable	(277)
Amounts due to the Group	(281,747) <sup>#</sup>
Deferred tax liabilities	(51,083)
Net assets attributable to equity holders of the Company and distributed by the Company through Distribution in Specie	212,628

<sup>#</sup> On 24 April 2018, the Company further declared and approved an interim dividend of HK\$281,747,000, which was settled through the current accounts due from Wise Eagle Group to the Group.

## Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2019

### **24. DISTRIBUTION IN SPECIE (CONTINUED)**

At the date of completion of Distribution in Specie, leasehold property revaluation reserve of approximately HK\$263,074,000 had been transferred to retained profits.

### **25. EVENT AFTER THE REPORTING PERIOD**

On 12 July 2019, the Company completed its initial public offering on the Main Board of The Stock Exchange of Hong Kong Limited (the "Offering"). Pursuant to the Offering, the Company issued 350,000,000 new shares at the price of HK\$1.2 per share. The gross proceeds from the Offering were amounted to HK\$420 million.

## Interim Dividend

The Board has declared an interim dividend of HK3.85 cents per share of the Company (the **"Share(s)"**) for the reporting period (the **"Interim Dividend"**) to the shareholders whose names appear on the register of members of the Company (the **"Register of Members"**) as at the close of business on Monday, 30 September 2019. The Interim Dividend is expected to be paid to the shareholders of the Company (the **"Shareholders"**) on or about Friday, 18 October 2019.

### **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of ascertaining Shareholders' entitlement to the Interim Dividend, the Register of Members will be closed from Friday, 27 September 2019 to Monday, 30 September 2019, both days inclusive, during which period no transfer of Shares will be registered. The Shares will be traded ex-dividend as from Wednesday, 25 September 2019. In order to be entitled to the Interim Dividend, Shareholders must lodge all transfer documents accompanied by the relevant share certificates with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Thursday, 26 September 2019.

## Other Information

### BUSINESS ACTIVITIES IN COUNTRIES SUBJECT TO INTERNATIONAL SANCTIONS

During the reporting period, the Group did not enter into any transactions that are currently subject to applicable laws and regulations related to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted, administered and enforced by the U. S. Government, the European Union and its member states, United Nations or the Government of Australia (the “**International Sanctions**”) or with certain person(s) and identity(ies) listed on the Office of Foreign Assets Control (“**OFAC**”)’s Specially Designated Nationals and Blocked Persons List or other restricted parties list maintained by the United States, the European Union, the United Nations of Australia (the “**Sanctioned Persons**”).

The Risks Management Committee (Sanctions Risks) will continue to monitor and evaluate the Group’s exposure to economic sanctions risks and take measures to comply with the Group’s continuing undertakings to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as disclosed in the Prospectus, and to protect the interests of the Group and the Shareholders from economic sanctions risks.

The Group has implemented the following measures upon Listing:

- The Company has set up a separate bank account, which is designated for the sole purpose of the deposit and deployment of the proceeds from the Global Offering or any other funds raised through the Stock Exchange;
- The Directors will continuously monitor the use of proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, countries subject to International Sanctions or Sanctioned Persons where this would be in breach of International Sanctions;
- The Board has established a risk management committee (sanctions risks), comprising Dr. Poon Lok To, Otto, chairman and executive Director of the Company, Mr. Phaisalakani Vichai, the chief financial officer and Ms. Li Kit Chi, Fiona, the company secretary and legal counsel as initial members, with written policies adopted with effect upon the Listing. The responsibilities of the risk management committee (sanctions risks) include, among other things, monitoring our exposure to sanctions risks and our implementation of the related internal control procedures. According to the abovementioned written policies, the risk management committee (sanctions risks) will meet to approve whenever there exists a tender that involves any countries subject to International Sanctions or Sanctioned Persons. In any event, the risk management committee (sanctions risks). will hold at least two meetings each year to monitor our exposure to sanctions risks;



## Other Information

- The risk management committee (sanctions risks) will meet and evaluate the sanctions risks prior to determining whether the Group should embark on any business opportunities in countries subject to International Sanctions and with Sanctioned Persons. The risk management committee (sanctions risks) needs to review and approve all relevant business transaction(s) from existing customers or potential customers from countries subject to International Sanctions and with Sanctioned Persons. In particular, the risk management committee (sanctions risks) will review the information (such as identity and nature of business as well as its ownership) relating to the counterparty. The risk management committee (sanctions risks) will check the counterparty against the various lists of restricted parties and countries maintained by the U.S., the European Union, United Nations or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions which lists are publicly available, and determine whether the counterparty is, or is owned or controlled by, a person located in countries subject to International Sanctions or a Sanctioned Person. If any potential sanctions risk is identified, the Company will seek advice from reputable external international legal counsel with necessary expertise and experience in International Sanctions matters;
- The risk management committee (sanctions risks) will periodically review the Company's internal control policies and procedures with respect to sanctions matters. As and when the risk management committee (sanctions risks) considers necessary, the Company will retain external international legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice; and
- If necessary, external international legal counsel will provide training programs relating to the sanctions to the Directors, the senior management and other relevant personnel to assist them in evaluating the potential sanctions risks in the daily operations. The external international legal counsel will provide current list of countries subject to International Sanctions and Sanctioned Persons (once there are updates or amendments) to the legal counsel and company secretary of the Company, who will in turn disseminate such information with members of the risk management committee (sanctions risks), the Directors, the senior management and heads of the business units.

The Directors are of the view that the measures provide an adequate and effective internal control framework to assist us in identifying and monitoring any material risk relating to sanctions laws so as to protect the interests of the Shareholders and the Company.

### REVIEW OF INTERIM RESULTS

The Audit Committee of the Company was established by the Board for the purposes of, among other things, reviewing and providing supervision over the Group's financial reporting process and internal controls. It currently comprises two independent non-executive directors and one non-executive director of the Company. The Audit Committee has reviewed the Group's unaudited condensed consolidated interim financial statements for the six months ended 30 June 2019 and discussed financial related matters with the management and the external auditors of the Company.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019 have been reviewed by the Company's external auditor, Deloitte Touche Tohmatsu, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## Other Information

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

All the Shares were not yet listed on the Stock Exchange as at 30 June 2019. The principles and code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules were not applicable to the Company during the reporting period.

On the Listing Date, the Company has adopted the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules as the basis of the Company's corporate governance practices, and the Corporate Governance Code has been applicable to the Company with effect from the Listing Date.

The Company has complied with all the code provisions set out in the Corporate Governance Code from the Listing Date up to the date of this report.

### DIRECTORS' DEALINGS IN THE COMPANY'S SECURITIES

The Company has adopted the securities dealing code on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"). As the Shares were not yet listed on the Stock Exchange as at 30 June 2019, the Model Code was not applicable to the Company during the reporting period.

The provisions under the Listing Rules in relation to the compliance with the Model Code by the Directors regarding securities transactions have been applicable to the Company since the Listing Date. In response to specific enquiries made by the Company, all the Directors confirmed that they have complied with the required standards set out in the Model Code and the securities dealing code adopted by the Company for the period from the Listing Date up to the date of this report.

### UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, save as disclosed in the Prospectus, the changes in information of the Directors during the reporting period up to the date of this report are set out below.

The salaries of the following Directors were increased with effect from 1 April 2019 as follows:

<b>Name of Director</b>	<b>Amount of new salary per month (HK\$)</b>
Dr. Poon Lok To, Otto	201,510
Dr. Mak Kin Wah	120,000
Mr. Cheng Siu Ngai, Kevin	244,600
Mr. Law Wei Tak	183,880
Mr. Chan Hoi Ming	161,520

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As the Company was not listed on the Stock Exchange as at 30 June 2019, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (“SFO”) and section 352 of the SFO were not applicable to the Directors or the chief executive of the Company as at 30 June 2019.

As at the Listing Date, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (i) Interests and/or short positions in the Company

Name of Director	Capacity/ Nature of Interest	Number of Shares (Note 1)	Approximate percentage of shareholding as at the Listing Date
Dr. Poon Lok To, Otto	Founder of a discretionary trust (Note 2)	888,650,000	63.48%
Mr. Cheng Siu Ngai, Kevin	Beneficial interest	52,500,000	3.75%
Mr. Law Wei Tak	Beneficial interest	52,500,000	3.75%

Notes:

- All the above interests in the Shares are long positions.
- Arling Investment Limited directly held 888,650,000 Shares, representing approximately 63.48% of the total issued share capital of the Company. Arling Investment Limited is wholly owned by Ardik Investment Limited which is in turn wholly owned by HSBC International Trustee Limited as trustee of a trust. Dr. Poon Lok To, Otto is the settlor and protector of the trust. Accordingly, Dr. Poon Lok To, Otto is deemed to be interested in the same number of Shares held by Arling Investment Limited under Part XV of SFO.

## Other Information

### (ii) Interests and/or short positions in associated corporations of the Company

Name of Director	Capacity/ Nature of Interest	Name of associated corporations (Note 2)	Number of shares (Note 1)	Percentage of shareholding as at the Listing Date
Dr. Poon Lok To, Otto	Founder of a discretionary trust (Note 2)	Arling Investment Limited	2	100.00%
Dr. Poon Lok To, Otto	Founder of a discretionary trust (Note 2)	Wise Eagle Holdings Limited	8,463	84.63%
Mr. Cheng Siu Ngai, Kevin	Beneficial owner	Wise Eagle Holdings Limited	500	5.00%
Mr. Law Wei Tak	Beneficial owner	Wise Eagle Holdings Limited	500	5.00%
Dr. Poon Lok To, Otto	Founder of a discretionary trust (Note 2)	Perfect Motive Limited	1	100.00%

#### Notes:

- All the above interests in the shares of Arling Investment Limited, Wise Eagle Holdings Limited and Perfect Motive Limited are long positions.
- As at the Listing Date, Arling Investment Limited owned approximately 63.48% of the total issued share capital of the Company. Arling Investment Limited also owned 8,463 shares of Wise Eagle Holdings Limited, representing 84.63% of the total issued share capital of Wise Eagle Holdings Limited, which in turn owned 1 share of Perfect Motive Limited, representing 100% of the issued share capital of Perfect Motive Limited. Accordingly, Arling Investment Limited, being the holding company of the Company; and Wise Eagle Holdings Limited and Perfect Motive Limited, being subsidiaries of Arling Investment Limited, are therefore associated corporations of the Company within the meaning of Part XV of the SFO. Arling Investment Limited is wholly owned by Ardik Investment Limited which is in turn wholly owned by HSBC International Trustee Limited as trustee of a trust. Dr. Poon Lok To, Otto is the settlor and protector of the trust. Accordingly, Dr. Poon Lok To, Otto is deemed to be interested in (i) the shares of Arling Investment Limited; and (ii) the shares of Wise Eagle Holdings Limited and Perfect Motive Limited in which Arling Investment Limited is deemed to be interested, under Part XV of the SFO.

Save as disclosed above, as at the Listing Date, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated associations (within the meaning of Part XV of the SFO), as recorded in the register of the Company required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As the Company was not listed on the Stock Exchange as at 30 June 2019, Divisions 2 and 3 of Part XV of the SFO and section 336 of the SFO were not applicable to the Company as at 30 June 2019.

As at the Listing Date, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/ Nature of Interest	Number of Shares held (Note 1)	Approximate shareholding percentage as at the Listing Date
Ms. Cheng Teresa Yeuk Wah ("Ms. Cheng")	Interest of Spouse (Note 2)	888,650,000	63.48%
HSBC International Trustee Limited	Trustee of a discretionary trust (Note 2)	888,650,000	63.48%
Ardik Investment Limited	Interest of controlled corporation (Note 2)	888,650,000	63.48%
Arling Investment Limited	Beneficial owner	888,650,000	63.48%

Notes:

- All the above interests in the Shares are long positions.
- Arling Investment Limited directly held 888,650,000 Shares. Arling Investment Limited is wholly owned by Ardik Investment Limited which is in turn wholly owned by HSBC International Trustee Limited as trustee of a trust. Dr. Poon Lok To, Otto is the settlor and protector of the trust. Accordingly, each of Ardik Investment Limited, HSBC International Trustee Limited and Dr. Poon Lok To, Otto is deemed to be interested in the 888,650,000 Shares held by Arling Investment Limited under Part XV of the SFO. As Ms. Cheng is the spouse of Dr. Poon Lok To, Otto, Ms. Cheng is deemed to be interested in the same number of Shares that Dr. Poon Lok To, Otto is interested in under Part XV of the SFO. According to section 316(1)(a) of the SFO, Ms. Cheng is deemed to be interested in any voting shares in a Hong Kong listed company in which her spouse is interested. Accordingly, Ms. Cheng is taken to be interested in 888,650,000 Shares, while Ms. Cheng does not have any legal or beneficial ownership or financial interests in any of the Shares, directly or indirectly. It follows that Ms. Cheng does not have any rights to dividends, vote or deal in respect of the Shares.

Save as disclosed above, as at the Listing Date, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed in the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

## Other Information

### SHARE OPTION SCHEME

The share option scheme of the Company (the “**Share Option Scheme**”) was adopted by written resolutions of shareholders of the Company on 14 September 2018 and came into effect on the Listing Date. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as defined in the Share Option Scheme as incentives or rewards for their contribution to the Group. No share option was granted from the Listing Date up to the date of this report.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities from the Listing Date up to the date of this report.

# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. Poon Lok To, Otto  
Mr. Cheng Siu Ngai, Kevin  
Mr. Law Wei Tak  
Mr. Chan Hoi Ming

### Non-executive Director

Dr. Mak Kin Wah

### Independent non-executive Directors

Mr. Chan Fu Keung  
Mr. Lam Kin Fung, Jeffrey  
Mr. Wong King On, Samuel

## AUDIT COMMITTEE

Mr. Wong King On, Samuel (*Chairman*)  
Mr. Chan Fu Keung  
Dr. Mak Kin Wah

## REMUNERATION COMMITTEE

Mr. Chan Fu Keung (*Chairman*)  
Mr. Wong King On, Samuel  
Dr. Mak Kin Wah

## NOMINATION COMMITTEE

Mr. Lam Kin Fung, Jeffrey (*Chairman*)  
Mr. Chan Fu Keung  
Mr. Wong King On, Samuel  
Dr. Mak Kin Wah  
Mr. Cheng Siu Ngai, Kevin

## COMPANY SECRETARY

Ms. Li Kit Chi, Fiona

## AUDITOR

### Deloitte Touche Tohmatsu

35th Floor, One Pacific Place  
88 Queensway  
Hong Kong

## PRINCIPAL BANKERS

### The Hongkong and Shanghai Banking Corporation Limited

1 Queen's Road Central  
Hong Kong

### Bank of China (Hong Kong) Limited

1 Garden Road  
Central  
Hong Kong

## REGISTERED OFFICE

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

13th Floor, Island Place Tower  
510 King's Road  
North Point  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

### Estera Management (Bermuda) Limited

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

### Tricor Investor Services Limited

Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## STOCK CODE

1977

## WEBSITE

[www.atal.com](http://www.atal.com)