Space Group Holdings Limited
恆宇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 2448

Interim Report 2018

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Che Chan U *(Chairman)*
Ms. Lei Soi Kun
Mr. Wan Yee Sang

Independent Non-Executive Directors
Mr. Fan Chun Wah, Andrew
Mr. Eulógio dos Remédios, José António
Ms. Leong Iat Lun

AUDIT COMMITTEE
Mr. Fan Chun Wah, Andrew *(Chairman)*
Mr. Eulógio dos Remédios, José António
Ms. Leong Iat Lun

REMUNERATION COMMITTEE
Mr. Eulógio dos Remédios, José António *(Chairman)*
Ms. Leong Iat Lun
Mr. Wan Yee Sang

NOMINATION COMMITTEE
Mr. Che Chan U *(Chairman)*
Ms. Lei Soi Kun
Mr. Eulógio dos Remédios, José António
Ms. Leong Iat Lun
Mr. Fan Chun Wah, Andrew

AUTHORISED REPRESENTATIVES
Mr. Che Chan U
Mr. Ho Kwong Yu

COMPANY SECRETARY
Mr. Ho Kwong Yu (CPA)

AUDITORS
KPMG

COMPLIANCE ADVISER
CLC International Limited

REGISTERED OFFICE
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU
Edificio Centro Comercial Chong Fok
8C, Avenida de Marciano Baptista 18
Macau

PRINCIPAL PLACE OF BUISNESS IN HONG KONG
Room 1603, 16/F, China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS
Banco Nacional Ultramarino, S.A.
The Hongkong and Shanghai Banking Corporation Limited
Bank of China Macau Branch

LEGAL ADVISER
As to Hong Kong laws
Loong & Yeung

STOCK CODE
2448 (listed on the Main Board of The Stock Exchange of Hong Kong Limited)

WEBSITE
spacegroup.com.mo

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "**Board**") of directors (the "**Directors**") of Space Group Holdings Limited (the "**Company**") is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2018 (the "**Period**"), together with the comparative figures for the corresponding period in 2017 (the "**Previous Period**"). These information should be read in conjunction with the prospectus of the Company dated 28 December 2017 (the "**Prospectus**").

BUSINESS REVIEW

During the six months ended 30 June 2018, the Macau government has launched various promotional campaigns and related policies to support tourism. Meanwhile, the completion of the Hong Kong-Zhuhai-Macau Bridge is expected to further promote the economic development in Macau, including the construction of new integrated resorts.

The Group is a Macau-based contractor providing (i) fitting-out works; and (ii) building construction works in Macau. It has been operating the fitting-out business in Macau since 2007 and began to provide building construction works in 2015.

The Group's customers mainly include: (i) hotel and casino developers and owners, retailers, restaurants and other property owners; and (ii) hotel and casino, retail shops and restaurant operators. For fitting-out works, the services provided by the Group mainly include the first renovation for newly-built properties or refurbishment of existing properties. The scope of works of the fitting-out project includes construction drawings, procurement of materials, implementation of renovation works, site supervision, management of subcontractors and overall project management. The project scope of the building construction project includes structural engineering, metal wall panels, paint, engineering works, mechanical and electrical installation works and fitting-out works.

With the enhanced corporate profile, market reputation and brand awareness of the Group after the Listing, the Group came across with business opportunities for projects which consist of building construction works and/or fitting-out works in Hong Kong and Zhuhai, and the Group obtained a project in Hong Kong in April 2018 with a contract sum of approximately MOP398.0 million and a project in Zhuhai at the end of June 2018 with a contract sum of approximately MOP176.4 million. The Group commenced the project in Hong Kong in April 2018. The project in Zhuhai has yet to commence as at 30 June 2018. The geographical expansion of the Group's business to Hong Kong and Mainland China will ensure a healthy revenue stream to the Group.

The Group's revenue mainly came from (i) fitting-out works; and (ii) building construction works. For the six months ended 30 June 2018, the Group's total newly awarded fitting-out projects and building construction projects received a total contract amount of approximately MOP591.1 million compared with approximately MOP273.9 million for the six months ended 30 June 2017.

Together with the completion of the Hong Kong-Zhuhai-Macau Bridge, which will have positive impact on tourism industry due to the high demand of hospitalities services in these areas, the management is optimistic about the growth prospects of the fitting-out works and building construction works in these areas in the coming years.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2018, revenue of the Group amounted to approximately MOP236.9 million, representing an decrease of approximately 1.6% from approximately MOP240.7 million in the corresponding period in 2017.

The decrease of the Group's revenue was mainly attributable to the decrease in revenue from the building construction projects, partially offset by increase in the revenue derived from fitting-out projects.

The revenue from fitting-out works increased from approximately MOP121.0 million for the six months ended 30 June 2017 to approximately MOP138.5 million for the six months ended 30 June 2018. Such increase was mainly attributable to several projects from new customers which have been commenced in 2017 and continue to perform during the six months ended 30 June 2018.

The decrease in revenue from building construction works was mainly attributable to a project which was close to completion in 2018. Partially offset by the revenue recognised from the building construction project in Hong Kong.

Cost of sales

For the six months ended 30 June 2018, cost of sales of the Group amounted to approximately MOP181.0 million, representing no material change when compared with approximately MOP181.0 million in 2017.

The Group's cost of sales was stable mainly attributable to the increase of the sub-contracting costs and direct labour costs from fitting-out projects, partially offset by the decrease in the sub-contracting costs and direct labour costs from the building construction projects.

Gross profit and gross profit margin

Gross profit of the Group for the six months ended 30 June 2018 declined by approximately MOP3.8 million to approximately MOP56.0 million (Previous Period: approximately MOP59.8 million), and the gross profit margin decreased to 23.6% (Previous Period: 24.8%). The decrease in the gross profit margin was mainly due to increase in sub-contracting and direct labour cost. This can be attributed to decrease in revenue contribution from the fitting-out projects with higher margin, partially offset by the increase in the gross profit from the building constructions projects.

Other income

Other income mainly included interest income of MOP1.2 million and MOP0.4 million for the six months ended 30 June 2018 and 2017 respectively.

General and administrative expenses

The Group's administrative expenses increased to approximately MOP18.7 million for the six months ended 2018 from approximately MOP14.0 million for the six months ended 2017.

The increase by approximately 32.9% was mainly attributable to the increase in administrative staff cost and legal and professional fee.

The listing expenses have impacted the profit or loss of the Group for this financial year. These expenses are significant and have heavily impacted the Group's results of this financial year. It should be noted however, that these expenses are one-off in nature and will not have any impact on the Group's financial performance moving forward.

Finance costs

The finance costs represented interests on bank borrowings and overdrafts and other borrowings. Finance costs decreased by approximately MOP0.5 million to approximately MOP2.5 million for the six months ended 30 June 2018 from approximately MOP3.0 million for the six months ended 30 June 2017. The decrease was mainly due to a decrease in our average outstanding bank loans and overdraft and other borrowings during the six months ended 30 June 2018.

Income tax expenses

The Group's income tax expenses increased by approximately MOP0.2 million from MOP6.2 million for the six months ended 30 June 2017 to MOP6.4 million for the six months ended 30 June 2018. The increase was primarily due to the increase in profit derived in Hong Kong with an assessable profit tax rate of 16.5%.

Profit for the Period

For the six months ended 30 June 2018, profit after taxation decreased from approximately MOP36.9 million for the six months ended 30 June 2017 to approximately MOP29.7 million mainly due to the combined effect of the aforementioned items.

CONTINGENT LIABILITIES

The Group's contingent liabilities as at 30 June 2018 are set out in note 11 in this interim report.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had no capital commitments (31 December 2017: Nil).

CAPITAL STRUCTURE

The Shares were listed on the Main Board of the Stock Exchange on 16 January 2018. There has been no change in the capital structure of the Company since that date. The capital of the Company comprises ordinary shares and other reserves.

USE OF PROCEEDS

The Company successfully listed its Shares on the Main Board of the Stock Exchange on 16 January 2018 and issued a total of 190,000,000 Shares by way of share offer at the offer price of HK$1.20 on Listing. The net proceeds from the share offer in association with the Listing amounted to approximately HK$188.8 million (equivalent to approximately MOP194.5 million).

From the Listing Date to 30 June 2018, the net proceeds had been applied as follows:

Use of Net Proceeds from the Share Offer

	Net proceeds (HK$ million)		
	Available	**Utilised**	**Unutilised**
Finance fitting-out projects	46.1	46.1	–
Finance building construction projects	127.6	92.9	34.7
General working capital	15.1	6.0	9.1
Total	188.8	145.0	43.8

The building construction projects which were financed by the net proceeds included projects in Macau and Hong Kong. As of the date of this report, the Directors are not aware of any material change to the planned use of the proceeds from the plan as stated in the Prospectus.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

The Group's cash and cash equivalents balances as at 30 June 2018 amounted to approximately MOP47.0 million, representing an increase of approximately MOP29.8 million as compared to approximately MOP17.2 million as at 31 December 2017, which was attributable to the proceeds received from issurance of shares pursuant to the Listing partially offset by the payments of direct costs for fitting-out and building construction projects.

As at 30 June 2018, the Group's indebtedness comprised bank loans and overdrafts and other borrowings of approximately MOP147.1 million (31 December 2017: approximately MOP191.5 million), of which certain of them were secured by pledged bank deposits.

As at 30 June 2018, the gearing ratio (calculated by total debts divided by total equity; total debts include payables incurred not in the ordinary course of business) was 0.8, as compared with 5.6 as at 31 December 2017.

The Group's equity balance increased to approximately MOP290.0 million as at 30 June 2018 from approximately MOP33.9 million as at 31 December 2017, which was attributable to the issuance of shares from Initial Public Offering and profit for the period attributable to the equity shareholders of the Company.

The Group has certain bank balances denominated in Hong Kong Dollar other than the functional currency of respective group entities as at 30 June 2018. Since MOP is pegged to Hong Kong Dollar, the Group does not have significant exposure to foreign currency risk.

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2018, bank deposits of approximately MOP14.4 million were pledged to secure the banking facilities (including bank loans and overdraft and issuance of performance bonds).

EMPLOYEES AND REMUNERATION POLICIES

The Group had 348 employees as at 30 June 2018 (30 June 2017: 376). Remuneration is determined by reference to prevailing market terms and in accordance with the job scope, responsibilities, and performance of each individual employee.

The Company has adopted a share option scheme pursuant to which the Directors and employees of the Group are entitled to participate. The local employees are also entitled to discretionary bonus depending on their respective performances and the profitability of the Group.

EVENTS AFTER THE REPORTING PERIOD

No significant event took place subsequent to 30 June 2018.

PROSPECTS

As the completion of the Hong Kong – Zhuhai – Macau Bridge will connect Macau with the road networks of Western Pearl River Delta and Hong Kong, in which the transportation cost and time will be substantially reduced. Such improved connectivity brought by the Hong Kong-Zhuhai-Macau Bridge will attract more tourists from Hong Kong and Western Pearl River Delta to Macau, thus further promoting Macau as a tourism and business hub in the region. It helps to improve the tourism industry in Macau, which with such a high demanding of hospitalities services. It is expected that the Group will enjoy from this as hotels in Macau will require fitting-out services continuously. At the same time, it also helps to improve the tourism industry and commercial sector in Zhuhai. Thus, the management believes that there will be more business opportunities for fitting out and building construction works in Zhuhai.

The management looks forward to the development of the fitting-out and building construction industry in Macau, Hong Kong and Zhuhai. It is believed that the industry will keep growing in Macau, Hong Kong and Zhuhai in coming years. The Group will further strengthen its market position in the fitting-out and building construction industry in Macau and develop fitting-out and building construction business in Hong Kong and Zhuhai.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

The Shares of the Company were listed on the Stock Exchange on 16 January 2018.

As at the date of this interim report, the interests and short positions of Directors and/or the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) (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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

The Company

Name of Director	Capacity	Number of Shares held/ interested[1]	Approximate percentage of the total issued Shares
Che Chan U ("**Mr. Che**")	Interest held jointly with another person; interest in a controlled corporation[2]	541,500,000 Shares (L)	71.25%
Lei Soi Kun ("**Ms. Lei**")	Interest held jointly with another person; interest in a controlled corporation[2]	541,500,000 Shares (L)	71.25%
Wan Yee Sang ("**Mr. Wan**")	Interest held jointly with another person; interest in a controlled corporation[3]	28,500,000 Shares (L)	3.75%

Notes:

(1) The letter "L" denotes the Directors' long position in the Shares.

(2) The Company was held as to approximately 71.25% by Space Investment (BVI) Ltd ("Space Investment"). Space Investment is held as to 94.74% by Mr. Che and 5.26% by Ms. Lei.

(3) The Company was held as to 3.75% by SW Construction. SW Construction is held as to 100% by Mr. Wan.

Associated corporation

Name of Director	Name of associated corporation	Capacity	Number of Shares held/ interested(1)	Approximate percentage of the total issued Shares
Mr. Che	Space Investment	Beneficial owner	9,474 Shares (L)	94.74%
Ms. Lei	Space Investment	Beneficial owner	526 Shares (L)	5.26%

Notes:

(1) The letter "L" denotes the Directors' long position in the Shares.

Save as disclosed in the foregoing, as at the date of this interim report, none of the Directors or chief executive of the Company or their respective close associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the date of this interim report, so far as the Directors are aware, the interest and short positions of the persons, other than a Director or chief executive of the Company, in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO are as follows:

Name of Shareholders	Capacity	Number of Shares held/ interested(1)	Approximate percentage of the total issued Shares
Space Investment	Beneficial owner(2)	541,500,000 Shares (L)	71.25%
Ng Lai Kuan ("**Ms. Ng**")	Interest of spouse(3)	541,500,000 Shares (L)	71.25%
Loi Ka Hou	Beneficial owner(4)	66,665,000 Shares (L)	8.77%

Notes:

(1) The letter "L" denotes the Directors' long position in the Shares

(2) Space Investment is directly interested in 71.25% in the Company.

(3) Ms. Ng is the spouse of Mr. Che. Ms. Ng is deemed to be interested in the same number of Shares in which Mr. Che is interested by virtue of the SFO.

(4) According to the disclosure of interest filing by Loi Ka Hou dated 17 January 2018, Loi Ka Hou purchased 66,665,000 Shares on 16 January 2018.

OTHER INFORMATION (continued)

Save as disclosed above, as at the date of this interim report, the Directors are not aware of any other persons or corporations (other than the Directors and chief executive of the Company) who/which had any interests or short positions in the Shares or underlying Shares of the Company or any of its associated companies which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

On 20 December 2017, the then shareholders of the Company approved and conditionally adopted a share option scheme (the "**Share Option Scheme**") to enable the Company to grant options to eligible participants as incentives and rewards for their contribution to the Group. The principal terms of the Share Option Scheme was summarized in the section headed "Share Option Scheme" in Appendix V to the Prospectus. No option has been granted up to the date of this report.

SIGNIFICANT INVESTMENTS HELD

Except for investment in subsidiaries, during the six months ended 30 June 2018, the Group did not hold any significant investment in equity interest in any company.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the Prospectus, the Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing Date and up to 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company is committed to maintain high standards of corporate governance to protect the interests of its Shareholders and to enhance corporate value and accountability. The Board has reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code set out in Appendix 14 of the Listing Rules since the Listing Date and up to 30 June 2018.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she has complied with the Model Code since the Listing Date and up to 30 June 2018.

DIVIDEND

The Board takes into account the Group's overall results of operation, financial position and capital requirements, among other factors, in considering the declaration of dividends. The Board does not recommend payment of any dividend in respect of the Period.

AUDIT COMMITTEE

The audit committee of the Company, comprising three independent non-executive Directors, namely Mr. Fan Chun Wah, Andrew, Mr. Eulógio dos Remédios, José António and Ms. Leong Iat Lun, has reviewed with the management the interim report for the six months ended 30 June 2018, accounting principles and practices adopted by the Group and discussed auditing, internal controls, risk management and financial reporting matters including a review of the unaudited interim financial information.

By order of the Board
Space Group Holdings Limited
Che Chan U
Chairman

Hong Kong, 30 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2018
(Expressed in Macau Pataca)

	Note	Six months ended 30 June 2018	2017
			(Note)
		MOP'000	MOP'000
Revenue	3	**236,911**	240,733
Cost of sales		**(180,956)**	(180,945)
Gross profit		**55,955**	59,788
Other income		**1,361**	385
General and administrative expenses		**(18,666)**	(14,047)
Profit from operations		**38,650**	46,126
Finance costs		**(2,548)**	(3,011)
Profit before taxation	4	**36,102**	43,115
Income tax	5	**(6,425)**	(6,197)
Profit for the period		**29,677**	36,918
Attributable to:			
Equity shareholders of the Company		**29,677**	35,630
Non-controlling interests		**–**	1,288
Profit for the period		**29,677**	36,918
Earnings per share			
– Basic and diluted	6	**MOP0.04**	MOP0.06

Note: The Group has initially applied Hong Kong Financial Reporting Standard ("HKFRS") 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 19 to 34 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 10.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2018
(Expressed in Macau Pataca)

	Note	Six months ended 30 June	
		2018	2017 (Note)
		MOP'000	MOP'000
Profit for the period		**29,677**	36,918
Other comprehensive income for the period:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of operations based outside Macau		**(29)**	–
Total comprehensive income for the period		**29,648**	36,918
Attributable to:			
Equity shareholders of the Company		**29,648**	35,630
Non-controlling interests		**–**	1,288
Total comprehensive income for the period		**29,648**	36,918

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 19 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2018
(Expressed in Macau Pataca)

	Note	30 June 2018 MOP'000	31 December 2017 (Note) MOP'000
Non-current assets			
Property, plant and equipment		88,295	88,155
Current assets			
Contract assets		115,252	–
Gross amounts due from customers for contract work		–	9,284
Trade and other receivables	7	270,925	297,398
Pledged deposits		14,356	26,726
Cash and cash equivalents	8	46,953	17,201
		447,486	350,609
Current liabilities			
Gross amounts due to customers for contract work		–	9,807
Trade and other payables	9	75,676	187,904
Bank loans and overdrafts and other borrowings		147,044	191,393
Tax payable		22,994	15,652
		245,714	404,756

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 30 June 2018
(Expressed in Macau Pataca)

	Note	30 June 2018 MOP'000	31 December 2017 (Note) MOP'000
Net current assets/(liabilities)		**201,772**	(54,147)
Total assets less current liabilities		**290,067**	34,008
Non-current liability			
Bank loans and other borrowings		**36**	71
NET ASSETS		**290,031**	33,937
CAPITAL AND RESERVES			
Share capital	10(b)	**7,828**	5,871
Reserves		**282,203**	28,066
TOTAL EQUITY		**290,031**	33,937

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 19 to 34 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2018
(Expressed in Macau Pataca)

		Attributable to equity shareholders of the Company								
	Note	Share capital MOP'000	Share premium MOP'000	Legal reserve MOP'000	Other reserve MOP'000	Exchange reserve MOP'000	Retained profits MOP'000	Total MOP'000	Non-controlling interests MOP'000	Total equity MOP'000
Balance at 1 January 2017		150	–	100	–	–	74,571	74,821	8,561	83,382
Changes in equity for the six months ended 30 June 2017:										
Profit and total comprehensive income for the period		–	–	–	–	–	35,630	35,630	1,288	36,918
Dividend declared	10(a)	–	–	–	–	–	(57,576)	(57,576)	(6,257)	(63,833)
Incorporation of the Company		*–	–	–	–	–	–	*–	–	*–
Incorporation of an intermediate holding company prior to completion of the reorganisation		1	–	–	–	–	–	1	–	1
Transferred from retained profits		–	–	50	–	–	(35)	15	(15)	–
Balance at 30 June 2017 and 1 July 2017		**151**	**–**	**150**	**–**	**–**	**52,590**	**52,891**	**3,577**	**56,468**
Changes in equity for the six months ended 31 December 2017										
Profit and total comprehensive income for the period		**–**	**–**	**–**	**–**	**–**	**50,583**	**50,583**	**1,886**	**52,469**
Dividend declared		**–**	**–**	**–**	**–**	**–**	**(75,000)**	**(75,000)**	**–**	**(75,000)**
Capitalisation issue		**5,871**	**(5,871)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Acquisition of interests from the non-controlling shareholders upon completion of the reorganisation		**–**	**–**	**–**	**5,463**	**–**	**–**	**5,463**	**(5,463)**	**–**
Arising from reorganisation		**(151)**	**33,938**	**–**	**(33,787)**	**–**	**–**	**–**	**–**	**–**
Balance at 31 December 2017 (Note)		**5,871**	**28,067**	**150**	**(28,324)**	**–**	**28,173**	**33,937**	**–**	**33,937**

* The balances represent amounts less than MOP1,000.

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

for the six months ended 30 June 2018
(Expressed in Macau Pataca)

	Note	Attributable to equity shareholders of the Company								
		Share capital MOP'000	Share premium MOP'000	Legal reserve MOP'000	Other reserve MOP'000	Exchange reserve MOP'000	Retained profits MOP'000	Total MOP'000	Non-controlling interests MOP'000	Total equity MOP'000
Balance at 31 December 2017		5,871	28,067	150	(28.324)	-	28.173	33.937	-	33,937
Impact on initial application of HKFRS 15	2	-	-	-	-	-	8,250	8,250	-	8,250
Impact on initial application of HKFRS 9	2	-	-	-	-	-	(1,516)	(1,516)	-	(1,516)
Adjusted balance at 1 January 2018		5,871	28,067	150	(28,324)	-	34,907	40,671	-	40,671
Changes in equity for the six months ended 30 June 2018:										
Profit for the period		-	-	-	-	-	29,677	29,677	-	29,677
Other comprehensive income		-	-	-	-	(29)	-	(29)	-	(29)
Total comprehensive income		-	-	-	-	(29)	29,677	29,648	-	29,648
Issuance of shares under the Initial Public Offering ("IPO"), net of issuing expenses	10(b)	1,957	217,755	-	-	-	-	219,712	-	219,712
Balance at 30 June 2018		7,828	245,822	150	(28,324)	(29)	64,584	290,031	-	290,031

The notes on pages 19 to 34 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2018
(Expressed in Macau Pataca)

	Note	Six months ended 30 June 2018 MOP'000	2017 (Note) MOP'000
Operating activities			
Cash (used in)/generated from operations		**(159,771)**	30,688
Tax paid		**–**	(6,797)
Net cash (used in)/generated from operating activities		**(159,771)**	23,891
Investing activities			
Other cash flows arising from investing activities		**41**	100
Net cash generated from investing activities		**41**	100
Financing activities			
Payment of listing expenses		**(10,795)**	(2,535)
Proceeds from issuance of shares		**234,840**	–
Increase in net amounts due from/to directors		**–**	(10,916)
Proceeds from new bank loans and other borrowings		**139,653**	170,115
Repayment of bank loans and other borrowings		**(184,037)**	(192,597)
Other cash flows arising from financing activities		**31,317**	1,776
Net cash generated from/(used in) financing activities		**210,978**	(34,157)
Net increase in cash and cash equivalents		**51,248**	(10,166)
Cash and cash equivalents at the beginning of the year		**(7,428)**	(8,995)
Cash and cash equivalents at the end of the year	8	**43,820**	(19,161)

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 19 to 34 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Macau Pataca unless otherwise indicated)

1 BASIS OF PREPARATION

Space Group Holdings Limited (the "Company") and its subsidiaries (together, "the Group") are principally engaged in the fitting-out works and building construction works. The Company was incorporated in the Cayman Islands on 24 April 2017 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company's shares were listed on the Stock Exchange on 16 January 2018 (the "Listing").

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 30 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

The Group has been impacted by HKFRS 15 in relation to timing of revenue recognition, timing of recognition of contract costs and presentation of contract assets and contract liabilities, and impacted by HKFRS 9 in relation to measurement of credit losses. Details of the changes in accounting policies are discussed in note 2(b) for HKFRS 15 and note 2(c) for HKFRS 9.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 15 and HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 15 and/or HKFRS 9.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Overview (Continued)

	At 31 December 2017	Impact on initial application of HKFRS 15 (note 2(b))	Impact on initial application of HKFRS 9 (note 2(c))	At 1 January 2018
	MOP'000	MOP'000	MOP'000	MOP'000
Contract assets	–	62,986	(206)	62,780
Gross amount due from customer for contract work	9,284	(9,284)	–	–
Trade and other receivables	297,398	(54,135)	(1,517)	241,746
Total current assets	350,609	(433)	(1,723)	348,453
Gross amount due to customer for contract work	(9,807)	9,807	–	–
Tax payable	(15,652)	(1,124)	207	(16,569)
Total current liabilities	(404,756)	8,683	207	(395,866)
Net current assets	(54,147)	8,250	(1,516)	(47,413)
Total assets less current liablities	34,008	8,250	(1,516)	40,742
Net assets	33,937	8,250	(1,516)	40,671
Reserves	(28,066)	(8,250)	1,516	(34,800)
Total equity	(33,937)	(8,250)	1,516	(40,671)

Further details of these changes are set out in sub-sections (b) and (c) of this note.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The following table summarises the impact of transition to HKFRS 15 on retained profits and the related tax impact at 1 January 2018:

Retained profits	MOP'000
Earlier revenue and deferral of cost recognition	9,374
Related tax	(1,124)
Net increase in retained profits at 1 January 2018	8,250

Further details of the nature and effect of the changes on previous accounting policies are set out below:

(i) Timing of revenue recognition

Previously, revenue arising from construction contracts was recognised over time.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. HKFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 15, *Revenue from contracts with customers* (Continued)

(i) Timing of revenue recognition (Continued)

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under HKFRS 15 the entity recognises revenue at a single point in time, being when control has passed.

The Group recognises revenue over time only if it can reasonably measure its progress toward complete satisfaction of the performance obligation. However, if the Group cannot reasonably measure the outcome but expects to recover the costs incurred in satisfying the performance obligation, then it recognises revenue to the extent of the costs incurred.

As a result of this change in accounting policy, the Group has made opening adjustments at 1 January 2018 which increased retained profits by MOP1,034,000, increased contract assets by MOP1,175,000 and increased tax payable by MOP141,000.

(ii) Timing of recognition of contract costs

Previously, contract costs of the Group are recognised by reference to the stage of completion of the contract, which is measured with reference to the progress certificates issued by the customers.

Under HKFRS 15, if the costs incurred in fulfilling a contract with a customer are not within the scope of another standard, assets shall only be recognised if the costs incurred (i) relate directly to a contract or an anticipated contract that can be specifically identified; (ii) generate or enhance resources of the Group that will be used in satisfying performance obligations in the future; and (iii) are expected to be recovered. Costs that relate to satisfied performance obligations (or partially satisfied performance obligations) in the contracts and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations shall be expensed as incurred under HKFRS 15.

Contract costs that related to satisfied performance obligations are expensed as incurred, the timing of recognition of contract costs would change and it would no longer be possible to defer or accrue costs to report a consistent margin percentage over the term of a contract.

As a result of this change in accounting policy, the Group made opening adjustments at 1 January 2018 which increased retained profits by MOP7,216,000, decreased contract assets by MOP1,608,000, decreased gross amounts due to customers for contract work by MOP9,807,000 and increased tax payable by MOP983,000.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 15, *Revenue from contracts with customers* (Continued)

(iii) Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to construction contracts in progress were presented in the consolidated statement of financial position under "gross amounts due from customers for contract work" or "gross amounts due to customers for contract work" respectively.

To reflect these changes in presentation, "retention receivables" and "deposits, prepayments and other receivables" which were previously included in trade and other receivables amounting to MOP36,712,000 and MOP17,423,000 respectively and "gross amounts due from customers for contract work" amounting to MOP9,284,000, are now included under contract assets at 1 January 2018, as a result of the adoption of HKFRS 15.

(c) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation*

HKFRS 9 replaces HKAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Continued)

The following table summarises the impact of transition to HKFRS 9 on retained profits and the related tax impact at 1 January 2018.

Retained profits	MOP'000
Recognition of additional expected credit losses on:	
– financial assets measured at amortised cost	(1,517)
– contract assets	(206)
Related tax	207
Net decrease in retained profits at 1 January 2018	(1,516)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

Under HKFRS 9, the classification for all the Group's financial assets and financial liabilities measured at amortised costs remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

(ii) Credit losses

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with the expected credit losses ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:
- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables); and
- contract assets as defined in HKFRS 15 (see note 2(b)).

Measurement of ECLs
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Continued)

(ii) Credit losses (Continued)

Measurement of ECLs (Continued)

Loss allowances for trade receivables, retention receivables and contract assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

Write-off policy

The gross carrying amount of a financial asset or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off .

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to MOP1,723,000, which decreased retained profits by MOP1,516,000 and decreased tax payable by MOP207,000 at 1 January 2018.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018.

	MOP'000
Loss allowance at 31 December 2017 under HKAS 39	521
Additional credit loss recognised at 1 January 2018 on:	
– Trade and other receivables	1,517
– Contract assets recognised on adoption of HKFRS 15	206
Loss allowance at 1 January 2018 under HKFRS 9	2,244

(iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except that information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

2 CHANGES IN ACCOUNTING POLICIES (Continued)

(d) HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by a mixture of both business lines (fitting-out works and building construction works) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by business lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2018	2017 (Note)
	MOP'000	MOP'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
– Revenue from fitting-out works	**138,506**	120,978
– Revenue from building construction works	**98,405**	119,755
	236,911	240,733
Disaggregated by geographical location of customers		
– Macau (place of domicile)	**157,627**	240,733
– Hong Kong	**79,284**	–
	236,911	240,733

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under the method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11 (see note 2(b)).

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Information about profit or loss

Disaggregation of revenue from contracts with customers by business lines, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

	Fitting-out works – Macau		Building construction works – Macau		Building construction works – Hong Kong		Total	
For the six months ended 30 June	**2018**	2017 (Note)	**2018**	2017 (Note)	**2018**	2017 (Note)	**2018**	2017 (Note)
	MOP'000	MOP'000	**MOP'000**	MOP'000	**MOP'000**	MOP'000	**MOP'000**	MOP'000
Reportable segment revenue	**138,506**	120,978	**19,121**	119,755	**79,284**	–	**236,911**	240,733
Reportable segment profit	**23,234**	29,732	**7,201**	30,056	**25,520**	–	**55,955**	59,788

Note: The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18 and HKAS 11 (see note 2(b)).

The measure used for reportable segment profit is gross profit.

(c) Reconciliations of reportable segment profit

	Six months ended 30 June	
	2018	2017 (Note)
	MOP'000	MOP'000
Reportable segment profit	**55,955**	59,788
Other income	**1,361**	385
Finance costs	**(2,548)**	(3,011)
Unallocated head office and corporate expenses	**(18,666)**	(14,047)
Consolidated profit before taxation	**36,102**	43,115

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under this transition methods chosen, comparative information is not restated. See note 2.

4 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2018	2017
	MOP'000	MOP'000
(a) Finance costs		
Interest on bank loans and overdrafts and other borrowings	**2,548**	3,011
(b) Other items		
Depreciation	**83**	236
Listing expenses	**8,238**	8,017
Interest income	**(1,168)**	(41)

5 INCOME TAX

	Six months ended 30 June	
	2018	2017
		(Note)
	MOP'000	MOP'000
Current tax – Macau Complementary Tax	**2,479**	6,209
Current tax – Hong Kong Profits Tax	**3,946**	–
Deferred tax	**–**	(12)
	6,425	6,197

Note: The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The Group is not subject to any income tax in the Cayman Islands and British Virgin Islands pursuant to the rules and regulations in the corresponding jurisdictions.

The provision for Macau Complementary Tax is calculated by applying the estimated annual effective tax rate of 12% (2017: 12%) to the six months ended 30 June 2018.

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2017: 16.5%) to the six months ended 30 June 2018.

6 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of MOP29,677,000 (six months ended 30 June 2017: MOP35,630,000) and the weighted average of 744,426,230 ordinary shares (2017: 570,000,000 shares on the assumption that the reorganisation and the capitalisation issue (as defined in the prospectus of the Company dated 28 December 2017) have been effective on 1 January 2017).

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as the Group did not have dilutive potential ordinary shares for both periods.

7 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the billing date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	Note	30 June 2018 MOP'000	31 December 2017 MOP'000
Within 1 month		70,510	21,149
1 to 3 months		94,527	62,746
3 to 6 months		45,767	94,500
6 to 12 months		41,309	51,181
Trade debtors, net of loss allowance	(i)	252,113	229,576
Amount due from a related company		–	119
Deposits, prepayments and other receivables	(ii)	97	23,083
Retention receivables	(iii)	18,715	44,620
		270,925	297,398

Notes:

(i) Except for MOP1,859,000 as at 31 December 2017 which is due from a related company, all of the remaining balances are due from third parties.

(ii) Upon the adoption of HKFRS 15, prepayments to suppliers and subcontractors are included in contract assets (see note 2(b)).

(iii) Upon the adoption of HKFRS 15, some of the retention receivables are included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional in the Group's work satisfactorily passing inspection.

Trade debtors are due within 45 days from the date of billing.

8 CASH AND CASH EQUIVALENTS

	30 June 2018 MOP'000	31 December 2017 MOP'000
Deposits with banks	**–**	9,678
Cash at bank and on hand	**46,953**	7,523
Cash and cash equivalents in the consolidated statement of financial position	**46,953**	17,201
Bank overdrafts	**(3,133)**	(24,629)
Cash and cash equivalents in the condensed consolidated cash flow statement	**43,820**	(7,428)

9 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

	30 June 2018 MOP'000	31 December 2017 MOP'000
Within 1 month	**1,668**	35,164
1 to 3 months	**8,637**	23,328
3 to 6 months	**9,290**	44,272
Over 6 months	**20,228**	37,904
Trade creditors (Note)	**39,823**	140,668
Retention payables	**30,786**	29,571
Other payables and accruals	**5,067**	17,665
	75,676	187,904

Note: Except for MOP382,000 as at 31 December 2017 which is due to a related company, all of the remaining balances are due to third parties.

10 CAPITAL AND DIVIDENDS

(a) Dividends

The Directors did not recommend the payment of a dividend by the Company for the six months ended 30 June 2018. For the six months ended 30 June 2017, the Group's subsidiaries declared dividends in aggregate amount of MOP63,833,000 to the then shareholders. The Company was incorporated on 24 April 2017 and no dividend was declared or paid by the Company during the six months ended 30 June 2017 to its equity shareholders.

(b) Share capital

	30 June 2018		31 December 2017	
	No. of shares	Amount MOP'000	No. of shares	Amount MOP'000
Authorised ordinary shares of HK$0.01 each:				
At 1 January 2018/ 24 April 2017 (date of incorporation)	**2,000,000,000**	**20,600**	38,000,000	391
Increase in authorised share capital	**–**	**–**	1,962,000,000	20,209
30 June 2018/31 December 2017	**2,000,000,000**	**20,600**	2,000,000,000	20,600
Ordinary shares, issued and fully paid:				
At 1 January 2018/ 24 April 2017 (date of incorporation)	**570,000,000**	**5,871**	100	–
Capitalisation Issue	**–**	**–**	569,999,800	5,871
Arising from Reorganisation	**–**	**–**	100	–
Issuance of shares upon IPO (Note)	**190,000,000**	**1,957**	–	–
30 June 2018/31 December 2017	**760,000,000**	**7,828**	570,000,000	5,871

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

10 CAPITAL AND DIVIDENDS (Continued)

(b) Share capital (Continued)

Note: On 16 January 2018, the Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong Limited following the completion of its share offer of 190,000,000 shares of HK$0.01 each were issued at a price of HK$1.20. Proceeds of MOP1,957,000, representing the par value of the shares issued, were credited to the Company's share capital. The remaining proceeds of MOP232,883,000, after deducting issuing expenses of MOP15,128,000, were credited to the share premium account.

11 CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in these financial statements were as follows:

	30 June 2018 MOP'000	31 December 2017 MOP'000
Performance bonds given to customers for due and proper performance of projects undertaken by the Group's subsidiaries	**16,793**	23,645
Bank guarantees given to potential customers for an invitation to tender	**4,076**	2,059
	20,869	25,704

12 COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

13 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. Except for the amendments to HKFRS 9, *Prepayment features with negative compensation*, which have been adopted at the same time as HKFRS 9 (see note 2(c)), the Group has not early adopted any new or amended standards in preparing this interim financial report.

The Group has the following update to the information provided in the last annual financial statements in respect of HKFRS 16, *Leases*, which may have a significant impact on the Group's consolidated financial statements.

HKFRS 16, *Leases*

Upon the adoption of HKFRS 16, where the Goup is the lessee under the lease the Group will be required to account for all leases in a similar way, i.e. recognise and measure a lease liability at the present value of the minimum future lease payments and recognise a corresponding "right-of-use" asset at the commencement date of the lease, subject to practical expedients. HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for items of property, plant and equipment.

The following is an updated information about the Group's future minimum lease payments, based on the non-cancellable operating leases that have been entered into by 30 June 2018:

	Properties MOP'000
Amounts payable:	
Within 6 months	163

Upon the initial adoption of HKFRS 16 at 1 January 2019, the present value of most of the future minimum lease payments that are payable after 6 months will be recognised as lease liabilities, with corresponding right-of-use assets recognised as non-current assets. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16.

14 REVIEW OF INTERIM FINANCIAL REPORT

The unaudited interim financial report for the six months ended 30 June 2018 has been reviewed by the Audit Committee with no disagreement.