



建聯集團有限公司^{*}
Chinney Alliance Group Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 385

Interim Report 2018

^{*} For identification purpose only

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

James Sai-Wing WONG (*Chairman*)
Yuen-Keung CHAN (*Vice Chairman and Managing Director*)
James Sing-Wai WONG
Philip Bing-Lun LAM

Non-Executive Director

Wendy Kim-See GAN

Independent Non-Executive Directors

Yuen-Tin NG
Chi-Chiu WU
Ronald James BLAKE

AUDIT COMMITTEE

Yuen-Tin NG (*Chairman*)
Chi-Chiu WU
Wendy Kim-See GAN

REMUNERATION COMMITTEE

Chi-Chiu WU (*Chairman*)
Yuen-Tin NG
Wendy Kim-See GAN

COMPANY SECRETARY

Yun-Sang LO

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited
The Bank of East Asia, Limited
Shanghai Commercial Bank Limited
Hang Seng Bank Limited
Bank of China (Hong Kong) Limited

AUDITOR

Ernst & Young

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Management (Bermuda) Limited
Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
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REGISTERED OFFICE

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Bermuda

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STOCK CODE

SEHK 00385

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REVIEW OF OPERATIONS

RESULTS

The board of directors (the “Board”) of Chinney Alliance Group Limited (the “Company”, collectively with its subsidiaries, the “Group”) is pleased to announce that the Group recorded a revenue of HK\$2,820 million for the six months ended 30 June 2018 (2017: HK\$2,617 million). The net profit for the period amounted to HK\$88.2 million (2017: HK\$107.7 million). The Group has applied, for the first time, HKFRS 9 *Financial Instruments* and HKFRS 15 *Revenue from Contracts with Customers* which are the revised or new Hong Kong Financial Reporting Standards applied in the current interim period. Had the Group not applied this new accounting standards, the unaudited net profit for the period of the Group for the six months ended 30 June 2018 would be increased by HK\$0.7 million as more detailed in the note 1 to the condensed consolidated interim financial statements. The profit attributable to the owners of the Company was HK\$80.0 million (2017: HK\$95.3 million), which was arrived after the deduction of the profit attributable to non-controlling interests held by the public shareholders in the Company’s listed subsidiary Chinney Kin Wing Holdings Limited (“Chinney Kin Wing”, collectively with its subsidiaries, the “Chinney Kin Wing Group”) of HK\$8.3 million (2017: HK\$12.5 million).

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

BUSINESS REVIEW AND PROSPECTS

Trading of plastics and chemical products

Jacobson van den Berg (Hong Kong) Limited and its fellow subsidiaries contributed a revenue of HK\$288 million (2017: HK\$258 million) and an operating profit of HK\$3.1 million (2017: HK\$5.3 million). The segment was benefited for the price hike in certain products in the first half of the year which contributed to the increase in revenue and profit margin for the period. However, the devaluation of Renminbi eroded the profit of the segment. The second half of the year would be difficult given the threat of trade war and uncertainty faced by customers of the segment. The segment continues to develop the sales of the “JcoNAT” brand disinfectant products via the web and vending machines in various locations.

Building related contracting services

Shun Cheong Investments Limited and its subsidiaries (“Shun Cheong”) contributed a revenue of HK\$1,135 million (2017: HK\$940 million, restated) and an operating profit of HK\$43.3 million for 2018 (2017: HK\$47.2 million, restated). The figures for last year were restated for the reclassification of the distribution of aviation system and other hi-tech products business engaged by Chinney Alliance Engineering Limited (“CAE”) from “Building related contracting services” segment to “Others” segment in last year. The revenue of the segment increased with the progress of the projects. However, the profit of the segment was not increased proportionately to the increase in revenue mainly because of preliminary expenses incurred in the commencement of projects, and additional staff costs and rent to cope with the increase in projects awarded. The construction of internet data centre by IDC Realty Holdings Limited and its subsidiary (the “IDC Group”), which was acquired in January 2018, is on the way and is expected to complete in the second half of the year. As at end of the reporting period, the division had outstanding contract sum of approximately HK\$4,659 million.

BUSINESS REVIEW AND PROSPECTS *(continued)*

Building construction

Chinney Construction Company, Limited and Chinney Builders Company Limited which operate in Hong Kong and Chinney Timwill Construction (Macau) Company Limited which operates in Macau, contributed a revenue of HK\$852 million (2017: HK\$822 million) and an operating profit of HK\$41.5 million (2017: HK\$35.7 million). While revenue of the division increased slightly, the higher increase in profit was mainly due to savings in project costs. The division is actively seeking tender opportunities in Hong Kong and Macau. The outstanding contract sum as at end of the reporting period was approximately HK\$1,086 million.

Foundation piling and ground investigation

Chinney Kin Wing and its subsidiaries contributed revenue of HK\$539 million (2017: HK\$591 million) and operating profit of HK\$37.3 million (2017: HK\$58.8 million) to the Group. The continuing weakness of the foundation market and intensive competition amongst contractors resulted in reduced contract value of individual projects, which were attributable to the decrease in both revenue and profit margin of the segment. The segment attained savings in costs from the implementation of stringent costs control on overheads which set-off partly the decrease in profit margin. On the other hand, the drilling division of the segment performed satisfactorily with steady increase in revenue and profit contribution. The specialised technical know-how in ground investigation, instrumentation and down-the-hole drilling added value to the enhanced revenue and profit margin of the drilling division. As at 30 June 2018, Chinney Kin Wing had 22 and 31 projects in progress with total contract sum of HK\$2,144 million and HK\$252 million in the foundation division and drilling division, respectively.

The segment had sound financial position with unpledged cash and bank balances of HK\$193.2 million as at 30 June 2018 (31 December 2017: HK\$291.7 million). The decrease was mainly due to the payment of 2017 final dividend of HK\$45.0 million, of which HK\$33.5 million was paid to the Company, the acquisition of plant and machineries of HK\$10.5 million and net cash used in certain sizeable projects due to their early stage of project progress.

Given the established reputation of Chinney Kin Wing Group in the market, together with the talented and highly motivated staff led by the execution panel, the management of Chinney Kin Wing Group believes that the segment's business will remain stable and its client base will continue to expand. Despite the current weak foundation market conditions, the management of Chinney Kin Wing is still prudently optimistic as to the long-term demands for reliable and reputable contractors in the construction industry.

Other businesses

Other businesses recorded revenue of HK\$7 million (2017: HK\$7 million, restated) and operating loss of HK\$1.8 million (2017: loss of HK\$0.3 million, restated). The loss of the segment represented the operating loss of CAE which was due to the delay in billing customers to second half of the year, as well as the depreciation charges for the Group's property for own use, net of rental income.

The Group's associate, Fineshade Investments Limited ("Fineshade"), disposed all its interests in real estate property in Hangzhou, the People's Republic of China (the "PRC") in the second half of 2017, with minimal operation for finalisation of the disposal. During the period, Fineshade paid HK\$6.4 million to the Group as dividend and return of capital.

REVIEW OF OPERATIONS

FINANCIAL REVIEW

Liquidity and financial resources

Total interest-bearing debts of the Group, which included trust receipt loans, bank loans and the liability component of the convertible bond, amounted to HK\$210.1 million as at 30 June 2018 (31 December 2017: HK\$146.1 million), of which HK\$209.6 million or 99% (31 December 2017: HK\$145.1 million or 99%) were classified as current liabilities. Included in the current portion of bank and other borrowings were trust receipt loans of HK\$148.5 million (31 December 2017: HK\$106.9 million) for financing the purchases of goods by the Plastic Trading segment and the purchases of materials and equipment for installation in the projects of the Building Services segment. Current ratio of the Group as at 30 June 2018, measured by total current assets over total current liabilities, was 1.7 (31 December 2017: 1.6). Total unpledged cash and bank balances as at 30 June 2018 were HK\$778.2 million (31 December 2017: HK\$942.1 million). The decrease in unpledged bank balances was mainly due to net cash outflow from operations of HK\$173.4 million, payment of 2017 final dividend to the shareholders of the Company and public shareholders of Chinney Kin Wing of HK\$47.2 million, purchases of plant and machinery as well as other equipment of HK\$14.9 million, and cash inflow from new bank loans and increase in trust receipt loans of HK\$61.1 million.

The Group had a total of HK\$1,647 million undrawn banking facilities at period-end available for its working capital, trade finance and issue of performance/surety bonds. The gearing ratio of the Group, measured by total interest-bearing borrowings of HK\$210.1 million over the equity attributable to the owners of the Company of HK\$1,674.3 million, was 12.5% as at 30 June 2018 (31 December 2017: 9.0%).

Funding and treasury policy

The Group maintains a prudent funding and treasury policy. Surplus funds are maintained in the form of cash deposits with leading banks. Borrowings are mainly denominated in Hong Kong dollars and bear interest at floating rates. Forward contracts of non-speculative nature are entered to hedge the foreign currency trade purchase commitments of the Group when desirable.

Pledge of assets

As at 30 June 2018, certain properties having an aggregate book value of HK\$158.4 million were pledged to banks to secure certain bank loans and general banking facilities extended to the Group. In addition, time deposits of HK\$2.7 million were pledged to banks to secure the performance/surety bonds issued in favour of the Group's clients on contracting works.

Contingent liability

Details of the contingent liabilities of the Group are set out in note 16 to the condensed consolidated interim financial statements.

Employees and remuneration policies

The Group employed approximately 1,970 staff in Hong Kong and other parts of the PRC as at 30 June 2018. Remuneration packages are reviewed annually and determined by reference to market pay and individual performance. In addition to salary payments and year-end discretionary bonuses, the Group also provides other employment benefits including medical insurance cover, provident fund and educational subsidies to eligible staff.

PROCEEDS FROM ISSUE OF CONVERTIBLE BOND

Out of the net proceeds from the issue of a convertible bond by Chinney Shun Cheong Holdings Limited (“Chinney Shun Cheong”) of HK\$39.7 million in April 2017, the Group utilised HK\$18 million for capital injection to the newly acquired IDC Group for the construction and purchase of equipment for the internet data centre in Longgang District, Shenzhen, the PRC up to the date of this interim report.

CONNECTED TRANSACTIONS

During the interim period and up to the date of this interim report, the Company had the following connected transactions:

1. On 12 June 2018, Shun Cheong Data Centre Solutions Company Limited (“Shun Cheong Data Centre Solutions”), an indirect wholly-owned subsidiary of the Company, entered into a consultancy agreement with Gold Famous Development Limited (“Gold Famous”), an indirect wholly-owned subsidiary of Hon Kwok Land Investment Company, Limited (“Hon Kwok”) and an indirect non wholly-owned subsidiary of Chinney Investments, Limited (“Chinney Investments”), for the provision of consultancy services by Shun Cheong Data Centre Solutions to Gold Famous in relation to the construction and development of a data centre in a parcel of land situated at and known as K.C.T.L. 495, Kin Chuen Street, Kwai Chung, New Territories, Hong Kong (the “Data Centre Project”) at a consultancy fee of HK\$16,200,000 (the “Consultancy Agreement”). As Dr. James Sai-Wing Wong is the chairman and executive director of Chinney Investments, Hon Kwok and the Company (collectively, the “Companies”) and has control in these Companies, the entering into the Consultancy Agreement constituted a connected transaction for each of the Companies. As the applicable percentage ratios for each of the Companies were more than 0.1% but less than 5%, the transactions contemplated under the Consultancy Agreement were subject to the reporting and announcement requirements but exempt from the circular and independent shareholders’ approval requirement for each of the Companies under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Details of the Consultancy Agreement and transactions contemplated thereunder were set out in a joint announcement of the Companies dated 12 June 2018.
2. On 12 July 2018, Chinney Construction Company, Limited (the “Contractor”), an indirect wholly-owned subsidiary of the Company, entered into a framework agreement with Gold Famous for the construction works to be carried out by the Contractor as the main contractor for the Data Centre Project at a total contract sum of HK\$757,838,691.70 (the “Framework Agreement”). The entering into of the Framework Agreement constituted a connected transaction of each of Chinney Investments, Hon Kwok and the Company. Since the entering into of the Consultancy Agreement on 12 June 2018 also constituted a connected transaction for each of the Companies under the Listing Rules, pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the Consultancy Agreement and the Framework Agreement should be aggregated as a series of transactions as they were entered into within a 12-month period and involved parties which were connected with one another among the Companies. As the applicable percentage ratios for each of the Companies, on both stand-alone and the basis when aggregated with the Consultancy Agreement, are more than 5% and the total contract sum under the Framework Agreement was more than HK\$10 million, the entering into the Framework Agreement constituted a non-exempt connected transaction under Chapter 14A of the Listing Rules and was subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules. On 24 August 2018, at the respective extraordinary general meetings held by each of Chinney Investments and Hon Kwok and on the special general meeting held by the Company, the transaction was approved by the independent shareholders of each of Chinney Investments, Hon Kwok and the Company.

Details of the Framework Agreement and the transactions contemplated thereunder were set out in the joint announcement of Chinney Investments, Hon Kwok and the Company dated 12 July 2018 and the Company’s circular dated 8 August 2018.

REVIEW OF OPERATIONS

OUTLOOK

The global economy continues the growth momentum from last year. With the US maintains above-trend growth and inflation hovering around the Federal Reserve's target level, the market expects the rise of the US interest rates would be faster than earlier expectation. Nevertheless, the critics by the US President on the Federal Reserve's interest rate rise brings uncertainty on the pace of the interest rate rise. The recent trade conflicts between US and China as well as other major economies would affect the global economic sentiment as well as trade and investment activities. Aside from the international trade, the global financial and asset markets could be more volatile upon further tightening of financial conditions across advanced economies.

The Hong Kong economy was benefited from the robust external market and strong domestic demand and recorded 3.5% grow in the second quarter of 2018 over a year earlier. The unemployment rate further lowered to 2.8% in the second quarter of 2018, being the lowest level in more than 20 years. Yet, given the trade conflicts would suppress the export trade of Hong Kong, the momentum of such growth would be dampened. The local flat prices keep on rising. In view of the worsen home purchase affordability, the Hong Kong Government introduced new housing initiative aiming at making subsidised sale flats more affordable, increasing supply of subsidised housing units and enhancing support for transitional housing supply, and encouraging more timely supply of first-hand private flats. But more importantly, the supply of new land should be increased to meet the development of Hong Kong and maintain the living standard of the citizens. With the rising costs of materials and labour and shortage of land supply, the construction industry is facing intensive competition in tendering and spending great effort in managing construction projects so as to maintain liquidity and profitability. The uncertainty of the effect of trade conflicts will affect the export trade and thus the Group's Plastic Trading segment's customers in the Mainland and Hong Kong. Although the short-term market conditions are less favourable to trading and construction businesses, the Board is cautiously optimistic on the Group's business development in the year with the effort of the management teams of each segment and the level of contracts awarded.

APPRECIATION

I would like to thank my fellow directors for their advice and continued support and staff of all levels for their hard working and contribution for the success during the period under review.

BY ORDER OF THE BOARD

James Sai-Wing Wong

Chairman

Hong Kong, 28 August 2018

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Six months ended 30 June	
		2018	2017
		(Unaudited) HK\$'000	(Unaudited) HK\$'000
REVENUE	3	2,819,840	2,617,658
Cost of sales/services provided		(2,489,015)	(2,266,289)
Gross profit		330,825	351,369
Other income	3	5,571	5,914
Selling and distribution costs		(7,912)	(7,437)
Administrative expenses		(209,396)	(215,521)
Other operating income/(expenses), net		(2,336)	727
Finance costs	4	(5,032)	(2,348)
Share of profits and losses of an associate		(351)	183
PROFIT BEFORE TAX	5	111,369	132,887
Income tax expense	6	(23,129)	(25,153)
PROFIT FOR THE PERIOD		88,240	107,734
Attributable to:			
Owners of the Company		79,982	95,250
Non-controlling interests		8,258	12,484
		88,240	107,734
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	7		
Basic and diluted		HK13.44 cents	HK16.01 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
PROFIT FOR THE PERIOD	88,240	107,734
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations and net other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods	(199)	1,621
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Loss on change in fair value of financial assets at fair value through other comprehensive income	(6)	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(205)	1,621
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	88,035	109,355
Attributable to:		
Owners of the Company	79,777	96,871
Non-controlling interests	8,258	12,484
	88,035	109,355

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
	Notes		
NON-CURRENT ASSETS			
Property, plant and equipment		764,399	797,550
Investment properties		16,990	16,990
Investment in an associate		537	13,969
Investment in a joint venture		–	–
Available-for-sale investment		–	1,287
Financial assets at fair value through other comprehensive income		2,217	–
Goodwill		14,369	12,528
Deferred tax assets		210	210
Other assets		–	2,345
Financial assets at fair value through profit or loss		3,964	–
Deposits		1,006	–
Total non-current assets		<u>803,692</u>	<u>844,879</u>
CURRENT ASSETS			
Inventories		96,458	100,409
Gross amount due from contract customers		–	430,576
Contract assets		465,588	–
Trade receivables	9	667,548	647,337
Retention monies receivable		491,474	476,014
Amount due from a related company	10	34,518	37,282
Amount due from a joint venture		967	967
Prepayments, deposits and other receivables		146,387	85,800
Tax recoverable		4,606	5,083
Pledged time deposits		2,660	11,264
Cash and cash equivalents		778,210	942,074
Total current assets		<u>2,688,416</u>	<u>2,736,806</u>
CURRENT LIABILITIES			
Gross amount due to contract customers		–	754,948
Trade and bills payables	11	395,243	476,900
Trust receipt loans		148,471	106,934
Retention monies payable		250,075	231,231
Amount due to an associate		–	6,708
Other payables and accruals		719,933	119,668
Tax payable		40,388	21,404
Interest-bearing bank borrowings		20,932	918
Convertible bond	12	40,222	37,290
Total current liabilities		<u>1,615,264</u>	<u>1,756,001</u>
NET CURRENT ASSETS		<u>1,073,152</u>	<u>980,805</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,876,844</u>	<u>1,825,684</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
	<i>Notes</i>		
TOTAL ASSETS LESS CURRENT LIABILITIES		1,876,844	1,825,684
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		477	946
Deferred tax liabilities		96,019	96,487
Total non-current liabilities		96,496	97,433
Net assets		1,780,348	1,728,251
EQUITY			
Equity attributable to owners of the Company			
Issued capital	13	59,490	59,490
Reserves		1,614,848	1,559,534
Non-controlling interests		1,674,338	1,619,024
		106,010	109,227
Total equity		1,780,348	1,728,251

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company											
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Valuation reserve (non-recycling) (Unaudited) HK\$'000	Equity component of a convertible bond (Unaudited) HK\$'000	Legal reserve (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Total (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
At 1 January 2018	59,490	60,978	120,946	280,408	-	6,499	49	719	1,089,935	1,619,024	109,227	1,728,251
Impact on initial application of HKFRS 9 and 15	-	-	-	-	-	-	-	-	10,630	10,630	601	11,231
Adjusted balance at 1 January 2018	59,490	60,978	120,946	280,408	-	6,499	49	719	1,100,565	1,629,654	109,828	1,739,482
Profit for the period	-	-	-	-	-	-	-	-	79,982	79,982	8,258	88,240
Other comprehensive loss for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(199)	-	(199)	-	(199)
Loss on change in fair value of financial assets at fair value through other comprehensive income	-	-	-	-	(6)	-	-	-	-	(6)	-	(6)
Total comprehensive income for the period	-	-	-	-	(6)	-	-	(199)	79,982	79,777	8,258	88,035
Release of revaluation reserve on land and buildings to retained profits	-	-	-	(5,473)	-	-	-	-	5,473	-	-	-
Transfer to legal reserve	-	-	-	-	-	-	1,456	-	(855)	601	(601)	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(11,475)	(11,475)
Final 2017 dividend declared	-	-	-	-	-	-	-	-	(35,694)	(35,694)	-	(35,694)
At 30 June 2018	59,490	60,978*	120,946*	274,935*	(6)*	6,499*	1,505*	520*	1,149,471*	1,674,338	106,010	1,780,348
At 1 January 2017	59,490	60,978	120,946	236,470	-	-	49	(4,524)	939,974	1,413,383	104,044	1,517,427
Profit for the period	-	-	-	-	-	-	-	-	95,250	95,250	12,484	107,734
Other comprehensive income for the period:												
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,621	-	1,621	-	1,621
Total comprehensive income for the period	-	-	-	-	-	-	-	1,621	95,250	96,871	12,484	109,355
Release of revaluation reserve on land and buildings to retained profits	-	-	-	(4,442)	-	-	-	-	4,442	-	-	-
Issue of convertible bond	-	-	-	-	-	6,499	-	-	-	6,499	-	6,499
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(15,300)	(15,300)
Final 2016 dividend declared	-	-	-	-	-	-	-	-	(35,694)	(35,694)	-	(35,694)
At 30 June 2017	59,490	60,978	120,946	232,028	-	6,499	49	(2,903)	1,003,972	1,481,059	101,228	1,582,287

* These reserve accounts comprise the consolidated reserves of HK\$1,614,848,000 in the condensed consolidated statement of financial position.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		111,369	132,887
Adjustments for:			
Finance costs	4	5,032	2,348
Share of profits and losses of an associate		351	(183)
Depreciation	5	42,458	43,271
Impairment of trade receivables	5	–	77
Provision/(Write-back of provision) for inventories included in cost of inventories sold		(189)	67
Loss on disposal of items of property, plant and equipment, net	5	824	911
Transfer of property, plant and equipment to contract costs		4,673	–
Impairment of goodwill	5	398	–
Interest income	3	(1,931)	(2,234)
		162,985	177,144
Decrease in inventories		4,140	14,269
Decrease/(increase) in gross amount due from contract customers		430,576	(40,972)
Increase in contract assets		(454,549)	–
Increase in trade receivables		(20,211)	(95,181)
Increase in retention monies receivable		(15,460)	(33,930)
Decrease/(increase) in amount due from a related company		2,764	(14,326)
Increase in prepayments, deposits and other receivables		(60,119)	(12,501)
Increase/(decrease) in gross amount due to contract customers		(754,948)	3,714
Decrease in trade and bills payables		(81,657)	(23,193)
Increase in retention monies payable		18,844	30,509
Increase/(decrease) in other payables and accruals		599,879	(32,118)
		(167,756)	(26,585)
Cash generated used in operations		(167,756)	(26,585)
Interest received		1,931	1,155
Interest paid		(2,100)	(1,391)
Dividend paid		(35,694)	(35,694)
Dividend paid to non-controlling shareholders		(11,475)	(15,300)
Hong Kong profits tax paid, net		(3,487)	(2,700)
Overseas tax paid, net		(2,016)	(367)
		(220,597)	(80,882)
Net cash flows used in operating activities		(220,597)	(80,882)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(14,876)	(57,469)
Dividend income from an associate		3,572	–
Purchase of subsidiaries	14	(3,327)	–
Purchase of financial assets at fair value through other comprehensive income		(936)	–
Proceeds from return on capital of an associate		2,801	–
Proceeds from disposals of items of property, plant and equipment		–	212
Net cash flows used in investing activities		(12,766)	(57,257)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in trust receipt loans		41,537	39,272
Issuance of convertible bond		–	40,000
New bank loans		20,000	–
Repayment of bank loans		(455)	(440)
Decrease in pledged time deposits		8,604	2,626
Net cash flows from financing activities		69,686	81,458
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		942,074	859,797
Effect of foreign exchange rate changes, net		(187)	330
CASH AND CASH EQUIVALENTS AT END OF PERIOD		778,210	803,446
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		371,064	572,567
Non-pledged time deposits with original maturity of less than three months when acquired		407,146	229,879
Cash and cash equivalents as stated in the condensed consolidated statement of financial position		778,210	802,446
Time deposit with original maturity of less than three months when acquired, pledged as security for bank overdraft facility		–	1,000
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		778,210	803,446

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The unaudited condensed consolidated interim financial statements 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”) and with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017.

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost convention, except for investment properties and land and buildings classified as property, plant and equipment, financial assets at fair value through other comprehensive income (“FVOCI”) as well as financial assets at fair value through profit or loss (“FVPL”), which have been measured at fair value. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2017, except as described below. In the current period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards (“HKFRS”, which include all HKFRSs, HKASs and Interpretations) issued by the HKICPA which are effective for the Group’s financial year beginning on or after 1 January 2018.

HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers</i>
HK(IFRIC)–Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>
<i>Annual Improvements 2014–2016 Cycle</i>	Amendments to HKFRS 1 and HKAS 28

Other than as further explained below, the adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited condensed consolidated interim financial statements of the Group.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to timing of revenue recognition, capitalisation of contract costs, and presentation of contract assets and contract liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 9 Financial instruments

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018. The standard introduces new requirements for classification and measurement and impairment. The Group has adopted HKFRS 9 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 retained profits and other components of equity at 1 January 2018. Therefore, comparative information continues to be reported under HKAS 39. The impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) Classification and measurement

Under HKFRS 9, debt financial instruments are subsequently measured at FVPL, amortised cost, or FVOCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI criterion").

The new classification and measurement of the Group's financial assets are, as follows:

- Debt instruments at amortised cost that are held within a business model with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade receivables, retention monies receivable, contract assets, and deposits and other receivables.
- Equity instruments at FVOCI, with no recycling of gains or losses to profit or loss on derecognition. This category only includes equity instruments, which the Group intends to hold for the foreseeable future and which the Group has irrevocably elected to so classify upon initial recognition or transition. The Group classified its unquoted equity instruments as equity instruments at FVOCI. Equity instruments at FVOCI are not subject to an impairment assessment under HKFRS 9. Under HKAS 39, the Group's unquoted equity instruments were classified as available-for-sale investments.
- Financial assets at FVPL comprise debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell. Under HKAS 39, the Group's debt instruments were classified as other assets stated at cost less impairment.

The accounting for financial liabilities remains largely the same as it was under HKAS 39.

(b) Impairment of financial assets

The adoption of HKFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss approach with a forward-looking expected credit losses ("ECLs") approach. HKFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 9 Financial instruments *(continued)*

(b) Impairment of financial assets *(continued)*

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate. Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that are expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

At 1 January 2018 and 30 June 2018, the Group assessed the impact of loss allowance under the application of HKFRS 9 was immaterial.

(c) Summary of effects arising from initial application of HKFRS 9

	Available- for-sale investments <i>HK\$'000</i>	Other assets <i>HK\$'000</i>	Financial assets at FVOCI required by HKFRS 9 <i>HK\$'000</i>	Financial assets at FVPL required by HKFRS 9 <i>HK\$'000</i>
Closing balance at 31 December 2017 – HKAS 39	1,287	2,345	–	–
Effects arising from initial application of HKFRS 9:				
Reclassification				
From other assets to financial assets at FVPL	–	(2,345)	–	2,345
From available-for-sale investments to financial assets at FVOCI (non- recycling)	(1,287)	–	1,287	–
Remeasurement				
From cost less impairment to fair value	–	–	–	1,619
Opening balance at 1 January 2018 – HKFRS 9	–	–	1,287	3,964

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18 *Revenue* and related Interpretations, 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 retained profits 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:

	<i>HK\$'000</i>
Retained profits	
Adjustments of amounts due from customers for contract work	11,039
Related tax	<u>(1,427)</u>
	9,612
Non-controlling interests	<u>(601)</u>
	<u>9,011</u>

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

Previously, revenue arising from construction contracts was recognised by applying the percentage-of-completion method, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 15 Revenue from Contracts with Customers *(continued)*

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; or
- (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.

If the contract terms and the entity's activities do not fall into any of these 3 situations, under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sale of goods. However, the effects of the adoption of HKFRS 15 on construction contracts are further explained as follows:

Under HKFRS 15, when the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced, the Group recognises revenue as the performance obligation is satisfied over time.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings for construction work is recognised as contract assets. The contract assets will be reclassified as receivables when the progress billings are issued and delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The excess of cumulative billings for construction work over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. The contract liabilities are recognised as revenue when the Group satisfies its performance obligations.

To follow the terminology used under HKFRS 15, the Group has made the following adjustments at 1 January 2018:

- (1) "Gross amount due from contract customers" in relation to construction work has been reclassified as "Contract assets"; and
- (2) "Gross amount due to contract customers" in relation to construction work has been reclassified as "Other payables and accruals".

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 15 Revenue from Contracts with Customers *(continued)*

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2017 HK\$'000	Reclassification HK\$'000	Remeasurement HK\$'000	Carrying amounts under HKFRS 15 at 1 January 2018 HK\$'000
Current assets				
Gross amount due from contract customers	430,576	–	(430,576)	–
Contract assets	–	–	441,615	441,615
Tax recoverable	5,083	–	371	5,454
Current liabilities				
Gross amount due to contract customers	754,948	(754,948)	–	–
Other payables and accruals	119,668	754,948	–	874,616
Tax payable	918	–	1,798	2,716
Equity				
Retained profits	1,089,935	–	9,011	1,098,946
Non-controlling interests	109,227	–	601	109,828

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 15 Revenue from Contracts with Customers *(continued)*

The following tables summarise the impacts of applying HKFRS 15 on the Group's condensed consolidated statement of financial position as at 30 June 2018 and its condensed consolidated statement of profit or loss for the current interim period for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the condensed consolidated statement of financial position as at 30 June 2018

	As Reported	Reclassification	Remeasurement	Amounts without application of HKFRS 15
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Current assets				
Gross amount due from contract customers	–	–	453,692	453,692
Contract assets	465,588	–	(465,588)	–
Tax recoverable	4,606	–	(1,295)	3,311
Current liabilities				
Gross amount due to contract customers	–	631,889	–	631,889
Other payables and accruals	719,933	(631,889)	–	88,044
Tax payable	40,388	–	(2,915)	37,473
Equity				
Retained profits	1,149,471	–	(9,372)	1,140,099
Non-controlling interests	106,010	–	(904)	105,106

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

HKFRS 15 Revenue from Contracts with Customers *(continued)*

Impact on the condensed consolidated statement of profit or loss for the six months ended 30 June 2018

	As Reported <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Amounts without application of HKFRS 15 <i>HK\$'000</i>
Revenue	2,819,840	(23,972)	2,795,868
Cost of sales/services provided	(2,489,015)	23,117	(2,465,898)
Gross profit	330,825	(855)	329,970
Profit before tax	111,369	(855)	110,514
Income tax expense	(23,129)	191	(22,938)
Profit for the period attributable to:			
Owners of the Company	79,982	(361)	79,621
Non-controlling interests	8,258	(303)	7,955
	<u>88,240</u>	<u>(664)</u>	<u>87,576</u>
Total comprehensive income for the period attributable to:			
Owners of the Company	79,777	(361)	79,416
Non-controlling interests	8,258	(303)	7,955
	<u>88,035</u>	<u>(664)</u>	<u>87,371</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the trading of plastics and chemical products, provision of building related contracting services, provision of foundation piling works and sub-structure works, building construction works for both public and private sectors and others, which include distribution of aviation system and other hi-tech products and property holding. In 2017, the Group reviewed the structure and internal organisation and changed the composition of its reportable segments. Accordingly, certain subsidiaries which were previously included in "Building related contracting services" segment have been reclassified to the "Others" segment. The relevant comparative figures have been restated to conform with the current period's presentation.

Six months ended 30 June 2018

	Plastic and chemical products (Unaudited) HK\$'000	Building related contracting services (Unaudited) HK\$'000	Building construction (Unaudited) HK\$'000	Foundation piling and ground investigation (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	287,577	1,134,845	851,599	538,713	7,106	2,819,840
Intersegment sales	–	19,891	–	–	–	19,891
Other revenue	1,385	538	284	1,363	89	3,659
	288,962	1,155,274	851,883	540,076	7,195	2,843,390
<i>Reconciliation:</i>						
Elimination of intersegment sales						(19,891)
Revenue						2,823,499
Segment results	3,143	43,334	41,507	37,260	(1,777)	123,467
<i>Reconciliation:</i>						
Unallocated interest income and gains						1,912
Unallocated expenses						(13,659)
Share of profits and losses of an associate						(351)
Profit before tax						111,369

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. OPERATING SEGMENT INFORMATION *(continued)*

As at 30 June 2018

	Plastic and chemical products (Unaudited) HK\$'000	Building related contracting services (Unaudited) HK\$'000	Building construction (Unaudited) HK\$'000	Foundation piling and ground investigation (Unaudited) HK\$'000	Others (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Segment assets	382,307	1,067,930	701,004	906,020	184,228	3,241,489
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(24,442)
Investment in an associate						537
Financial assets at fair value through other comprehensive income						2,217
Corporate and other unallocated assets						272,307
Total assets						3,492,108
Segment liabilities	136,728	699,798	308,552	427,174	25,397	1,597,649
<i>Reconciliation:</i>						
Elimination of intersegment payables						(24,442)
Corporate and other unallocated liabilities						138,553
Total liabilities						1,711,760

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. OPERATING SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2017

	Plastic and chemical products (Unaudited) HK\$'000	Building related contracting services (Unaudited) HK\$'000 <i>(Restated)</i>	Building construction (Unaudited) HK\$'000	Foundation piling and ground investigation (Unaudited) HK\$'000	Others (Unaudited) HK\$'000 <i>(Restated)</i>	Total (Unaudited) HK\$'000
Segment revenue:						
Sales to external customers	257,652	939,897	822,199	590,931	6,979	2,617,658
Intersegment sales	235	40,347	–	–	–	40,582
Other revenue	1,832	276	391	1,219	599	4,317
	259,719	980,520	822,590	592,150	7,578	2,622,557
<i>Reconciliation:</i>						
Elimination of intersegment sales						(40,582)
Revenue						2,621,975
Segment results	5,292	47,188	35,672	58,767	(298)	146,621
<i>Reconciliation:</i>						
Unallocated interest income and gains						1,597
Unallocated expenses						(15,514)
Share of profits and losses of an associate						183
Profit before tax						132,887

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. OPERATING SEGMENT INFORMATION *(continued)*

As at 31 December 2017

	Plastic and chemical products (Audited) <i>HK\$'000</i>	Building related contracting services (Audited) <i>HK\$'000</i>	Building construction (Audited) <i>HK\$'000</i>	Foundation piling and ground investigation (Audited) <i>HK\$'000</i>	Others (Audited) <i>HK\$'000</i>	Total (Audited) <i>HK\$'000</i>
Segment assets	385,700	979,646	739,262	1,016,185	188,741	3,309,534
<i>Reconciliation:</i>						
Elimination of intersegment receivables						(21,862)
Investment in an associate						13,969
Available-for-sale investment						1,287
Corporate and other unallocated assets						<u>278,757</u>
Total assets						<u>3,581,685</u>
Segment liabilities	140,718	654,881	387,290	532,146	29,275	1,744,310
<i>Reconciliation:</i>						
Elimination of intersegment payables						(21,862)
Corporate and other unallocated liabilities						<u>130,986</u>
Total liabilities						<u>1,853,434</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. REVENUE AND OTHER INCOME

Disaggregation of revenue

Six months ended
30 June 2018
(Unaudited)
HK\$'000

Type of goods and services

Sales of plastic and chemical products	287,577
Building related contracting services	1,134,845
Building construction services	851,599
Foundation pilling and ground investigation services	538,713
Others	7,106
	<u>2,819,840</u>

Timing of revenue recognition

At a point in time	345,485
Over time	2,474,355
	<u>2,819,840</u>

Other income

Six months ended 30 June
2018 2017
(Unaudited) (Unaudited)
HK\$'000 HK\$'000

Interest income	1,931	2,234
Commission income	1,120	1,664
Gross rental income	802	1,235
Others	1,718	781
	<u>5,571</u>	<u>5,914</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. FINANCE COSTS

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts	2,100	1,391
Interest on convertible bond	2,932	957
	5,032	2,348

No interest was capitalised by the Group in both periods.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	42,458	43,642
Less: Amount included in contract costs	(4,241)	(371)
	38,217	43,271
Employee benefit expense (including directors' remuneration)	376,442	352,268
Less: Amount included in contract costs	(253,049)	(233,460)
	123,393	118,808
Impairment of trade receivables*	–	77
Loss on disposal of items of property, plant and equipment, net*	824	911
Impairment of goodwill*	398	–
Foreign exchange differences, net*	1,114	(1,715)

* These expenses/(income) are included in "Other operating income/(expenses), net" in the condensed consolidated statement of profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

6. INCOME TAX

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current – Hong Kong		
Charge for the period	18,464	19,683
Over provision in prior years	–	(113)
Current – Elsewhere	5,133	6,112
Deferred	(468)	(529)
	<hr/>	<hr/>
Total tax charge for the period	23,129	25,153

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$79,982,000 (2017: HK\$95,250,000) and the number of 594,899,245 ordinary shares in issue during both periods.

The calculation of diluted earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the Company, adjusted to reflect the interest on the convertible bond of a subsidiary and the dilution effect on earning assuming there is a full conversion of the convertible bond of a subsidiary, where applicable. The number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period as used in the basic earnings per share calculation.

The calculation of diluted earnings per share is based on:

	Six months ended 30 June	
	2018	2017
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	79,982	95,250
Interest on convertible bond of a subsidiary, net of tax	2,932	957
Dilution of earnings arising from the full conversion of the convertible bond of a subsidiary	35	155
	<hr/>	<hr/>
	82,949*	96,362

* No adjustment has been made to the basic earnings per share amount represented for the six months ended 30 June 2018 (2017: Nil) in respect of a dilution as the impact of the convertible bond of a subsidiary outstanding has an anti-dilutive effect on the basic earnings per share amount presented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

The final dividend of HK6.0 cents per ordinary share for the year ended 31 December 2017 was approved by the Company's shareholders at the annual general meeting of the Company held on 1 June 2018 and paid on 28 June 2018.

9. TRADE RECEIVABLES

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Trade receivables	668,599	648,388
Impairment	(1,051)	(1,051)
	667,548	647,337

The Group's trading terms with its customers are mainly on credit. The credit periods range from cash on delivery to 60 days. A longer credit period may be allowed to customers with good business relationships with the Group. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Current to 30 days	455,459	416,290
31 to 60 days	115,637	117,537
61 to 90 days	47,806	58,624
Over 90 days	48,646	54,886
	667,548	647,337

10. AMOUNT DUE FROM A RELATED COMPANY

The amount due from a related company represented construction contracting income of a project awarded from Gold Famous. Gold Famous is an indirect wholly-owned subsidiary of Hon Kwok of which Dr. James Sai-Wing Wong, a director and a controlling shareholder of the Company, is also a director of and has a beneficial interest in. Mr. James Sing-Wai Wong is a common director of the Company and Hon Kwok.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. TRADE AND BILLS PAYABLES

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Trade payables	372,233	453,746
Bills payable	23,010	23,154
	395,243	476,900

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Current to 30 days	290,423	338,450
31 to 60 days	45,021	69,544
61 to 90 days	23,401	31,701
Over 90 days	13,388	14,051
	372,233	453,746

The trade payables are non-interest bearing and are normally settled within terms of 60 to 120 days.

12. CONVERTIBLE BOND

On 27 April 2017, Chinney Shun Cheong, a wholly-owned subsidiary of the Company, issued 5% convertible bond with a nominal value of HK\$40,000,000 and matures on 31 December 2018 (the "Convertible Bond"). Unless previously redeemed or converted in whole, Chinney Shun Cheong shall redeem the Convertible Bond then outstanding in full plus interest on the maturity date. Chinney Shun Cheong has the right, without necessity of obtaining the consent of the bondholder, to redeem the outstanding principal amount of the Convertible Bond in full at any time before the maturity date when it considers, at its sole discretion, that it is not feasible or practicable to continue or proceed with the proposed spin-off of the ordinary shares of Chinney Shun Cheong in The Stock Exchange of Hong Kong Limited (the "Spin-off"). The Convertible Bond may be converted into 50,000 new ordinary shares of HK\$0.1 each in the share capital of Chinney Shun Cheong (the "Conversion Shares") based on the initial conversion price of HK\$800 per Conversion Share (subject to adjustment), representing approximately 25% of the issued share capital of Chinney Shun Cheong as enlarged by the Conversion Shares (assuming there is no other change in the issued share capital of Chinney Shun Cheong from the date of issuance of the Convertible Bond and up to the date of conversion) on a fully diluted basis. The Convertible Bond is convertible to the Conversion Shares at:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

12. CONVERTIBLE BOND *(continued)*

- (a) mandatorily and automatically on the date when and upon the Spin-off becoming unconditional; or
- (b) upon the exercise of the conversion rights at the option of the bondholder and on the date on which Chinney Shun Cheong receives a conversion notice from the bondholder falling between 1 October 2018 and the maturity date of 31 December 2018 (both dates inclusive),

whichever is earlier.

The fair value of the liability component was estimated by computing the present value of all future cash flows discounted by the prevailing market rate of interests for similar instruments. The default risk of the Convertible Bond is factored into the calculation of discount rate by adding a credit spread to the Hong Kong risk-free rate. The residual amount is assigned as the equity component and is included in shareholders' equity.

The Convertible Bond issued during the period have been split into the liability and equity components as follows:

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Nominal value of convertible bond issued during the period/year	40,000	40,000
Equity component	(6,499)	(6,499)
Liability component at the issuance date	33,501	33,501
Interest expense	6,721	3,789
Liability component at the end of the reporting period	40,222	37,290

13. SHARE CAPITAL

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Authorised: 2,500,000,000 (31 December 2017: 2,500,000,000) ordinary shares of HK\$0.10 (31 December 2017: HK\$0.10) each	250,000	250,000
Issued and fully paid: 594,899,245 (31 December 2017: 594,899,245) ordinary shares of HK\$0.10 (31 December 2017: HK\$0.10) each	59,490	59,490

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. BUSINESS COMBINATIONS

- (a) On 12 January 2018, the Group acquired the entire issued capital of IDC Realty Holdings Limited (“IDC Realty”) and its wholly-owned subsidiary from a third party. The IDC Group is engaged in the development and technical services of internet information technology, consultancy of network and data centre infrastructure construction, integrated wiring for intelligent building, leasing of network facilities and properties, etc. The acquisition was made to develop internet data centre construction, operating and management businesses. The total consideration for the acquisition of HK\$1,161,999 was paid by cash upon completion of the acquisition in January 2018 and the loan to the subsidiary of IDC Realty by the vendor of RMB1,675,100 (equivalent to HK\$2,011,000) was repaid in February 2018. Details of the acquisition were set out in an announcement of the Company dated 12 January 2018.

The fair values of the identifiable assets and liabilities of the IDC Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition (Unaudited) HK\$'000
Deposits	1,006
Prepayments, deposits and other receivables	468
Cash and cash equivalents	235
Other payables and accruals	(377)
Total identifiable net assets at fair value	1,332
Goodwill on acquisition	1,841
	<u>3,173</u>
Satisfied by:	
Cash	<u>3,173</u>

An analysis of the cash flows in respect of the acquisition of the IDC Group was as follows:

	HK\$'000
Cash consideration	(3,173)
Cash and cash equivalents acquired	235
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(2,938)</u>

None of the goodwill recognised was expected to be deductible for income tax purpose.

Since the acquisition, the IDC Group did not contribute any revenue and incurred a loss of HK\$2,516,000 to the Group's consolidated profit for the period ended 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

14. BUSINESS COMBINATIONS (continued)

- (b) On 5 January 2018, Chinney Kin Wing Group acquired the entire issued capital in Everest Engineering Company Limited ("Everest") from a third party. Everest is engaged in basement construction works. The acquisition was made to expand the foundation services of the Group. The purchase consideration for the acquisition was in the form of cash, with HK\$400,000 paid at the acquisition date.

The fair values of the identifiable assets and liabilities of Everest as at the date of acquisition were as follows:

	Fair value recognised on acquisition (Unaudited) <i>HK\$'000</i>
Cash and cash equivalents	11
Other payables	(9)
Total identifiable net assets at fair value	2
Goodwill on acquisition	398
	<u>400</u>
Satisfied by:	
Cash	<u>400</u>

An analysis of the cash flows in respect of the acquisition of Everest is as follows:

	<i>HK\$'000</i>
Cash consideration	(400)
Cash and cash equivalents acquired	11
Net outflow of cash and cash equivalents included in cash flows from investing activities	<u>(389)</u>

The goodwill was impaired in the reporting period and the impairment of goodwill was not deductible for income tax purpose.

Since the acquisition, Everest did not contribute any revenue and incurred a loss of HK\$16,000 to the Group's consolidated profit for the period ended 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

15. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the period:

	Notes	Six months ended 30 June	
		2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Share of rental and office expenses with a related company	(i)	1,370	1,281
Interest income from an associate	(ii)	–	1,375
Dividend income from an associate		3,572	–
Construction contract income on foundation pilings works from a related company	(iii)	54,302	14,326

Notes:

- (i) The rental and office expenses were charged by Hon Kwok, a subsidiary of Chinney Investments, on an actual basis. Dr. James Sai-Wing Wong is a director of and has a beneficial interest in Hon Kwok. Mr. James Sing-Wai Wong is a common director of the Company and Hon Kwok.
- (ii) The interest income was charged on a loan to an associate, Fineshade, at 9.7% per annum. The loan was fully repaid last year.
- (iii) The contracting income received from a related company was negotiated between the concerned parties by reference to prevailing market rates. The transaction constituted a connected transaction of the Group and was approved by the independent shareholders of the Company at a special general meeting held on 7 November 2016.

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2018 (Unaudited) HK\$'000	2017 (Unaudited) HK\$'000
Short-term employee benefits	41,410	40,945
Post-employment benefits	1,208	1,033
Total compensation paid to key management personnel	42,618	41,978

16. CONTINGENT LIABILITY

As at 30 June 2018, the Group provided corporate guarantees and indemnities to certain banks and financial institutions of an aggregate amount of HK\$597.8 million to secure the surety/performance bonds issued in favour of the Group's clients on contracting works. Such amount included surety/performance bonds issued in favour of the clients of Chinney Kin Wing Group of which corporate guarantees and indemnities of HK\$172.9 million were provided by Chinney Kin Wing Group.

Save as disclosed above, the Group had no other material contingent liabilities as at 30 June 2018.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

17. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operation lease arrangements. Leases for properties are negotiated for terms ranging from one to twenty years (2017: one to five years).

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Within one year	18,134	5,140
In the second to fifth years, inclusive	34,858	3,482
Over five years	88,526	–
	141,518	8,622

18. COMMITMENTS

In addition to the operating lease commitments detailed in note 17 above, the Group had capital commitment for capital contribution to financial assets at fair value through other comprehensive income contracted but not provided for HK\$5,577,000 as at 30 June 2018 (31 December 2017: HK\$6,513,000).

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial liabilities, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000	30 June 2018 (Unaudited) HK\$'000	31 December 2017 (Audited) HK\$'000
Financial liabilities				
Interest-bearing bank borrowings	21,409	1,864	21,409	1,864
Convertible bond	40,222	37,290	40,222	37,290
	61,631	39,154	61,631	39,154

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, contract assets, trade and bills payables, retention monies receivable and payable, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings, convertible bonds, an amount due from a related company and an amount due from a joint venture approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 30 June 2018 was assessed to be insignificant.

Fair value hierarchy

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole, as follows:

- Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

19. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

The following table illustrates the fair value measurement hierarchy of the Group's financial assets:

	Fair value measurement as at 30 June 2018 using			Total (Unaudited) HK\$'000
	Quoted prices in active markets (Level 1) (Unaudited) HK\$'000	Significant observable inputs (Level 2) (Unaudited) HK\$'000	Significant unobservable inputs (Level 3) (Unaudited) HK\$'000	
Financial assets at fair value through other comprehensive income:				
Unlisted equity investments	–	–	2,217	2,217
Financial assets at fair value through profit or loss:				
Unlisted club debentures	–	3,964	–	3,964
	–	3,964	2,217	6,181

As at 31 December 2017, the Group did not have any financial assets measured at fair value.

The fair value of the unlisted club debentures was based on market observable transactions. The fair value of the unlisted equity investments was derived from the net asset value per unit of the investment or latest transaction price. The directors believed that the estimated fair value which was recorded in the condensed consolidated statement of financial position, and the related change in fair value, which was recorded in the condensed consolidated statement of other comprehensive income, were reasonable, and that it was the most appropriate value at the end of the reporting period.

The Group did not have any financial liabilities measured at fair value as at 30 June 2018 and 31 December 2017. As at 30 June 2018, the Group's financial liabilities not measured at fair value but for which fair values were disclosed included convertible bond and interest-bearing bank borrowings of HK\$21,409,000 (31 December 2017: HK\$1,864,000) and convertible bond of HK\$40,222,000 (31 December 2017: HK\$37,290,000). The fair values of these financial liabilities disclosed were measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly (Level 2).

During the six months ended 30 June 2018, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2017: Nil).

OTHER INFORMATION

CORPORATE GOVERNANCE

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules. On specific enquiries made, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2018.

Compliance with the Corporate Governance Code

In the opinion of the directors, the Company has complied with all relevant code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2018, except A.4.1, A.4.2, A.5.1 to A.5.4 and A.6.7, which are explained below.

1. Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election and that code provision A.4.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The existing non-executive directors of the Company do not have a specific term of appointment but are subject to retirement by rotation and re-election at the Company's annual general meeting under the Bye-laws of the Company. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

According to the provisions of the Company's Bye-laws, at each annual general meeting one-third of the directors for the time being (or, if their number is not a multiple of three, the number nearest to but not greater than one-third) shall retire from office by rotation save that the Chairman and/or the Managing Director of the Company shall not be subject to retirement by rotation or be taken into account in determining the number of directors to retire in each year.

Dr. James Sai-Wing Wong, the beneficial owner of Chinney Investments, Enhancement Investments Limited and Chinney Capital Limited, which collectively hold approximately 73.43% interest in the Company, is the Chairman of the Board to safeguard their investments in the Company. In addition, the Board considers that the continuity of the office of the Chairman and Managing Director provide the Group with a strong and consistent leadership for the smooth operation of the businesses of the Group. As a result, the Board concurred that the Chairman and the Managing Director need not be subject to retirement by rotation.

2. Code provisions A.5.1 to A.5.4 of the CG Code in respect of the establishment, terms of reference and resources of a nomination committee. The Company has not established a nomination committee. The Board is responsible for considering the suitability of a candidate to act as a director, and collectively approving and terminating the appointment of a director as this allows a more informed and balanced decision to be made. The Chairman is mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The Chairman will propose the appointment of such candidates to the Board for consideration and the Board will determine the suitability of the relevant candidates on the basis of their gender, age, professional qualifications and experience as well as educational background.
3. Code provision A.6.7 of the CG Code requires that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Chi-Chiu Wu being independent non-executive director, did not attend the annual general meeting of the Company held on 1 June 2018 due to engagement in this own business.

OTHER INFORMATION

CORPORATE GOVERNANCE (continued)

Audit Committee

Regular meetings have been held by the audit committee of the Company (the "Audit Committee") since establishment and it meets at least twice each year to review and supervise the Group's financial reporting process and internal control. The Company's interim results for the six months ended 30 June 2018 has not been audited, but has been reviewed by the Audit Committee.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, the interests and short positions of the directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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 of Hong Kong Limited pursuant to the Model Code in the Listing Rules, were as follows:

Long positions in ordinary shares of the Company

Name of Director	Number of shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital
	Personal interests	Family interests	Corporate interests		
James Sai-Wing Wong	–	–	436,860,216 (Note)	436,860,216	73.43%

Note: Among these shares, 20,522,000 shares are held by Chinney Capital Limited, 173,093,695 shares are held by Multi-Investment Group Limited and 243,244,521 shares are held by Enhancement Investments Limited, all of which Dr. James Sai-Wing Wong is a director and a controlling shareholder and has beneficial interests.

Save as disclosed above, as at 30 June 2018, none of the directors had registered an interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the six-month period ended 30 June 2018 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company; or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2018, the interests and short positions of those persons in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of the Company

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
James Sai-Wing Wong	1, 2, 3	Interest through controlled corporations	436,860,216	73.43%
Lucky Year Finance Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Holdings Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Chinney Investments	1	Interest through a controlled corporation	173,093,695	29.10%
Newsworthy Resources Limited	1	Interest through a controlled corporation	173,093,695	29.10%
Multi-Investment Group Limited	1	Beneficial owner	173,093,695	29.10%
Enhancement Investments Limited	2	Beneficial owner	243,244,521	40.89%

Notes:

1. Dr. James Sai-Wing Wong, Lucky Year Finance Limited, Chinney Holdings Limited, Chinney Investments, Newsworthy Resources Limited and Multi-Investment Group Limited are deemed to be interested in the same parcel of 173,093,695 shares by virtue of Section 316 of the SFO;
2. Enhancement Investments Limited is beneficially wholly-owned by Dr. James Sai-Wing Wong; and
3. 20,522,000 shares are held by Chinney Capital Limited, which is beneficially wholly-owned by Dr. James Sai-Wing Wong.

Save as disclosed above, as at 30 June 2018, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares, underlying shares and debentures" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed shares during the six months ended 30 June 2018.