FULLWEALTH CONSTRUCTION HOLDINGS COMPANY LIMITED

富 匯 建 築 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1034

INTERIM REPORT 2019

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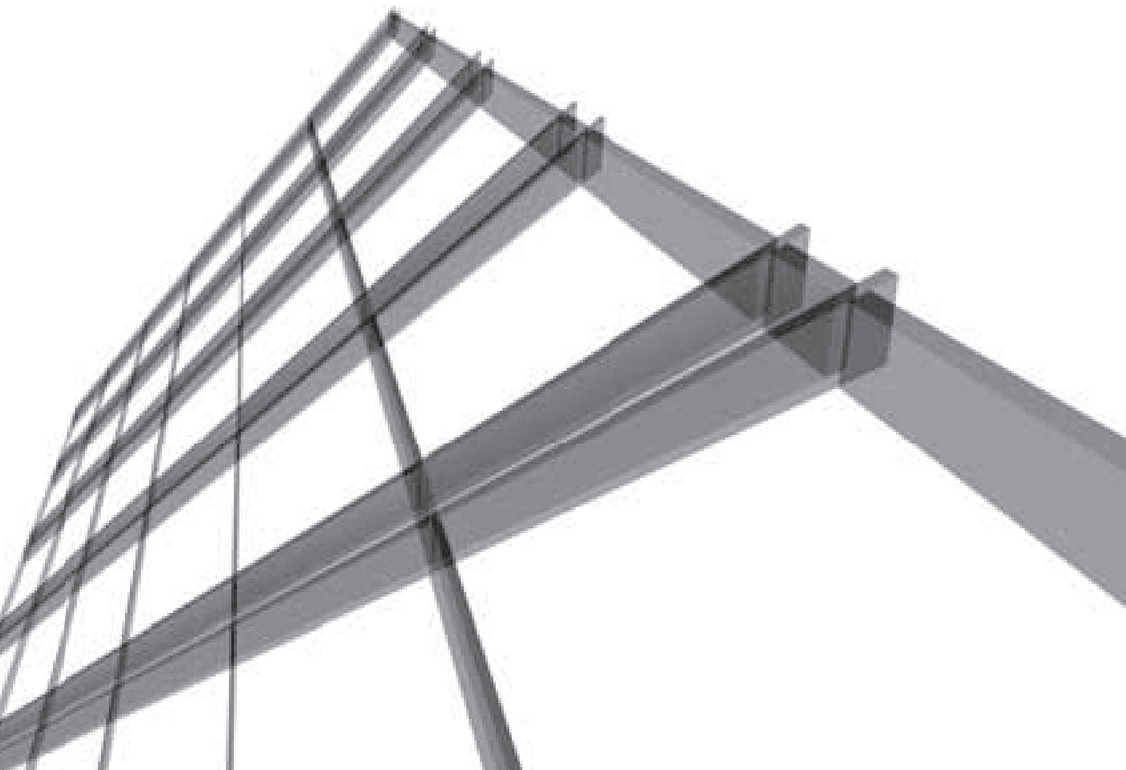

CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors
Mr. Law Fu Keung
(Chairman and Chief Executive Officer)
Ms. Cheng Fung Yi

Independent Non-executive Directors
Ms. Li On Lei
Ms. Shum Wing Ting
Mr. Law Kam Chuen

BOARD COMMITTEES
Audit Committee
Ms. Li On Lei *(Chairman)*
Mr. Law Kam Chuen
Ms. Shum Wing Ting

Remuneration Committee
Mr. Law Kam Chuen *(Chairman)*
Mr. Law Fu Keung
Ms. Cheng Fung Yi
Ms. Li On Lei
Ms. Shum Wing Ting

Nomination Committee
Mr. Law Fu Keung *(Chairman)*
Ms. Cheng Fung Yi
Ms. Li On Lei
Mr. Law Kam Chuen
Ms. Shum Wing Ting

COMPANY SECRETARY
Mr. Woo Yiu Chung *(appointed on 1 April 2019)*
Mr. Mok Yu Ting *(resigned on 1 April 2019)*

AUTHORISED REPRESENTATIVES
Mr. Law Fu Keung
Mr. Woo Yiu Chung *(appointed on 1 April 2019)*
Mr. Mok Yu Ting *(resigned on 1 April 2019)*

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
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REGISTERED OFFICE IN THE CAYMAN ISLANDS
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KY1-1108
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Estera Trust (Cayman) Limited
PO Box 1350
Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG
Tricor Investor Services Limited
Level 54
Hopewell Centre
183 Queen's Road East
Hong Kong

COMPLIANCE ADVISER
Frontpage Capital Limited
26th Floor
Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

LEGAL ADVISER AS TO HONG KONG LAW
CFN Lawyers in association with Broad & Bright
Units 4101-4104, 41st Floor
Sun Hung Kai Centre
30 Harbour Road
Wan Chai, Hong Kong

PRINCIPAL BANKS
The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
United Overseas Bank Limited, Hong Kong Branch

AUDITOR
Crowe (HK) CPA Limited
9th Floor
Leighton Centre
77 Leighton Road
Causeway Bay
Hong Kong

COMPANY'S WEBSITE
www.fullwealth.hk

STOCK CODE
1034

MANAGEMENT DISCUSSION AND ANALYSIS

The board (the "**Board**") of directors (the "**Directors**") of Fullwealth Construction Holdings Company Limited (the "**Company**") is pleased to present the first interim report of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019.

BUSINESS REVIEW AND OUTLOOK

The Group has a long history of undertaking civil engineering works in Hong Kong with operation history since 1997. The Group's civil engineering works can be broadly categorised as (i) site formation; (ii) excavation and lateral support works and pile cap construction; and (iii) roads and drainage and waterworks. The Group is able to undertake civil engineering works as either a main contractor or a subcontractor. Since June 2017, the Group has also been qualified to carry out private sector building works as well as alteration and additions works as a main contractor.

During the six months ended 30 June 2019, the Group was awarded 1 project with total initial contract sum of approximately HK$83.7 million and completed 3 projects with total initial contract sum of approximately HK$164.8 million. As at 30 June 2019, the Group has 11 projects on hand and the total initial contract sum of which amounted to approximately HK$741.0 million.

Certain projects with larger initial contract sum and lower gross profit margin were commenced during the forth quarter of 2018 and were fully undertaken during the six months ended 30 June 2019. Together with a newly awarded project which started contributing revenue to the Group from the second quarter of 2019, the Group's revenue increased significantly from approximately HK$129.6 million for the six months ended 30 June 2018 to approximately HK$253.9 million for the six months ended 30 June 2019, representing an increase of 95.9%.

The civil engineering industry will remain challenging in the second half of 2019. Intensifying competition, lack of skilled labour and increasing construction costs will continue to threaten the industry and the Group's profitability. Recent political issues in Hong Kong have posted additional uncertainty to the economy and impacts to the Group's operations. In view of this, the Group will stay vigilant so as to be able to respond to any adverse impact promptly but is prudently optimistic about its prospects for 2019. The Group will keep focusing on existing projects and at the same time endeavor to bid for new projects. Meanwhile, the Group will also explore other business opportunities to improve returns for shareholders.

FINANCIAL REVIEW

Revenue

The Group's revenue increased from approximately HK$129.6 million for the six months ended 30 June 2018 to approximately HK$253.9 million for the six months ended 30 June 2019, representing an increase of 95.9%. Such increase in revenue was mainly due to (i) certain projects with larger initial contract sum were undertaken during the six months ended 30 June 2019; and (ii) a newly awarded project started contributing revenue to the Group from the second quarter of 2019.

Gross profit and gross profit margin

The Group's gross profit decreased by 31.3%, from approximately HK$16.0 million for the six months ended 30 June 2018 to approximately HK$11.0 million for the six months ended 30 June 2019, which was primarily due to the decrease in gross profit margin.

Gross profit margin decreased from approximately 12.3% for the six months ended 30 June 2018 to approximately 4.3% for the six months ended 30 June 2019, which was primarily attributable to (i) certain projects with lower gross profit margin were undertaken during the six months ended 30 June 2019 as a result of increased competition in the market; (ii) significant initial set up costs being incurred at the early stage of certain projects which were undertaken during the six months ended 30 June 2019; and (iii) the increase in construction costs.

Other income

Other income increased by 410.0% from approximately HK$1.0 million for the six months ended 30 June 2018 to approximately HK$5.1 million for the six months ended 30 June 2019. The increase in other income was mainly due to the increase in profit from leasing of property, plant and equipment as increased number of property, plant and equipment has been rented out during the six months ended 30 June 2019.

General and administrative expenses

General and administrative expenses decreased from approximately HK$10.6 million for the six months ended 30 June 2018 to approximately HK$7.9 million for the six months ended 30 June 2019. It was mainly due to no listing expenses were incurred during the six months ended 30 June 2019 (six months ended 30 June 2018: HK$7.9 million), which was partially offset by the increase in staff costs (including directors' emoluments) during the period.

Finance costs

Finance costs of the Group for the six months ended 30 June 2019 decreased from HK$0.5 million for the six months ended 30 June 2018 to approximately HK$0.2 million for the six months ended 30 June 2019. The decrease was attributable to the lower average borrowings during the six months ended 30 June 2019.

Profit and total comprehensive income for the period

The Group reported a profit and total comprehensive income for the six months ended 30 June 2019 of approximately HK$6.3 million, representing an increase of 70.3% from approximately HK$3.7 million for the six months ended 30 June 2018. Excluding one-off listing expenses, profit and total comprehensive income for the six months ended 30 June 2019 and 2018 would have been approximately HK$6.3 million and HK$11.6 million, respectively, representing a decrease of 45.7%.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group finances its working capital requirements through a combination of funds generated from operations, borrowings and capital contribution from shareholders.

As at 30 June 2019, the Group had cash and cash equivalents of approximately HK$67.0 million (31 December 2018: HK$42.3 million). The borrowings (including lease liabilities) of the Group as at 30 June 2019 amounted to approximately HK$34.3 million (31 December 2018: HK$3.5 million). The Group's cash and cash equivalents and borrowings (including lease liabilities) are all denominated in HK dollars. The Board closely monitors its liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements at all times.

There has been no change in the capital structure of the Group during the six months ended 30 June 2019.

GEARING RATIO

As at 30 June 2019, the gearing ratio of the Group, calculated as the total debt (including lease liabilities) divided by the total equity, was approximately 18.7% (31 December 2018: 2.0%).

TREASURY POLICY

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. It is the Group's policy not to enter into derivative transactions for speculative purposes.

CHARGES ON ASSETS

The Group's property, plant and equipment with an aggregate carrying values of approximately HK$45.3 million (31 December 2018: HK$3.7 million) as at 30 June 2019 were pledged under the Group's borrowings (including lease liabilities).

FOREIGN EXCHANGE EXPOSURE

The Group operates only in Hong Kong and most of the transactions such as revenue, expenses, monetary assets and liabilities are denominated in Hong Kong dollars. As such, the foreign exchange risk is insignificant and therefore the Group has not entered in any derivative contracts for hedging purpose.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2019, the Group employed a total of 134 (31 December 2018: 125) employees (including executive Directors and independent non-executive Directors). Total staff costs including directors' remuneration for the six months ended 30 June 2019 was approximately HK$25.0 million (2018: HK$18.9 million). The remuneration offered to employees generally includes salaries and bonus and are determined with reference to market norms and individual employees' performance, qualification and experience. The Company has adopted a share option scheme under which options may be granted to Directors and eligible employees as an incentive.

The remuneration of the Directors is decided by the Board upon recommendation from the Remuneration Committee of the Company, taking into account the Group's operating results, responsibilities and individual performance of the Directors.

SIGNIFICANT INVESTMENTS HELD

The Group did not hold any significant investments during the six months ended 30 June 2019.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions and disposals of subsidiaries, associates or joint ventures during the six months ended 30 June 2019.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 15 October 2018 (the "**Prospectus**"), the Group did not have any other plans for material investments or capital assets as at 30 June 2019.

CONTINGENT LIABILITIES

As at 30 June 2019, surety bonds of approximately HK$8.3 million (31 December 2018: HK$8.3 million) were given by insurance companies to the Group in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and their customers. The Group has provided guarantees for the above surety bonds. If the Group fails to provide satisfactory performance to their customers to whom surety bonds have been given, such customers may demand the insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such insurance companies accordingly. The surety bonds will be released upon completion of the contract work. Deposits are placed with these insurance companies for issuance of surety bonds, details of which are set out in Note 12 to the condensed consolidated financial statements.

At the end of the reporting period, the Directors do not consider it is probable that a claim will be made against the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

As at 30 June 2019, the Group did not have any capital commitments (31 December 2018: Nil).

EVENTS AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or the Group after 30 June 2019 and up to the date of this interim report.

COMPARISON OF BUSINESS PLANS WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business plan as set out in the Prospectus with actual business progress up to 30 June 2019:

Business plans as set out in the Prospectus	Actual business progress up to 30 June 2019
Acquisition of machinery and equipment	
– To acquire new machinery and equipment to upgrade and enlarge the Group's fleet of machinery	The Group has acquired 1 crawler crane with lifting capacity of not less than 250 tonnes, 2 excavators with 25 tonnes of operating weight and 1 crane lorry with lifting capacity of 45 tonnes.
Financing construction projects	
– To finance both civil engineering and building construction projects	The funding costs for 1 civil engineering and 2 building construction projects of HK$8.4 million and HK$21.1 million, respectively, were fully utilised.
Strengthening of project management team	
– To employ a total of 12 staff for project management	The Group has hired 3 engineers and 1 assistant quantity surveyor.
Repayment of finance lease obligations	
– To repay finance lease obligations	The Group has repaid the finance lease obligations of HK$5.3 million.

USE OF PROCEEDS

The net proceeds of the share offer received by the Company in relation to the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 30 October 2018 (the "**Listing**") were approximately HK$94.2 million, after deducting listing and related expenses. These proceeds are intended to be applied in accordance with the proposed application set out in the section headed "Future plans and use of proceeds" in the Prospectus. The below table sets out the proposed application and usage of the net proceeds as at 30 June 2019:

	Planned use of net proceeds HK$'million	Utilised amount HK$'million	Unutilised amount HK$'million
Acquisition of machinery and equipment	42.7	21.5	21.2
Financing construction projects	29.5	29.5	–
Strengthening of project management team	11.1	0.8	10.3
Repayment of finance lease obligations	5.3	5.3	–
General working capital	5.6	5.6	–
	94.2	62.7	31.5

The business objectives, future plans and planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and the industry.

As at 30 June 2019, approximately HK$62.7 million out of the net proceeds from the Listing had been used. The remaining unutilised net proceeds were deposited in licensed banks in Hong Kong. The Company intends to apply the net proceeds in the manner as stated in the Prospectus. However, the Directors will constantly evaluate the Group's business objectives and may change or modify the Group's plans against the changing market condition to attain sustainable business growth of the Group.

DIVIDEND

The Board does not recommend the payment of a dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board is committed to achieving and maintaining high standards of corporate governance as the Board believes that an effective corporate governance framework is fundamental to promoting and safeguarding interests of shareholders and other stakeholders and enhancing shareholders' value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code (the "**CG Code**") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") as its own code of corporate governance. Save for the deviation below, the Company has complied with the provisions set out in the CG Code during the six months ended 30 June 2019 and up to the date of this interim report.

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Law Fu Keung is the chairman of the Board (the "**Chairman**") and chief executive officer of the Company (the "**Chief Executive officer**") responsible for overall strategic development, project management and client management of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer in Mr. Law Fu Keung has the benefit of ensuring consistent and continuous leadership within the Group and also maximises the effectiveness and efficiency of overall planning and execution of the Group's strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the independent non-executive Directors, and the composition of the Board which comprises more number of independent non-executive Directors than executive Directors also provides added independence to the Board.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the guidelines for the Directors' dealing in the securities of the Company. Having made specific enquiry of all Directors, the Company confirmed that all Directors have fully complied with the required standard set out in the Model Code during the six months ended 30 June 2019 and up to the date of this interim report.

SHARE OPTION SCHEME

A share option scheme (the "**Scheme**") was conditionally adopted by the written resolution of the Company's then sole shareholder on 8 October 2018. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption on 8 October 2018 and there is no outstanding share option as at 30 June 2019.

COMPETING BUSINESS

None of the controlling shareholders or the Directors of the Company and their respective associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the six months ended 30 June 2019.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) recorded in the register required to be kept under section 352 of the SFO; or (c) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:–

(a) Long position in ordinary shares of the Company

Name of director/ chief executive	Nature of interest	Number of shares held/ interested	Percentage of shareholding in the Company
Mr. Law Fu Keung *(Note 1)*	Interest of a controlled corporation	1,200,000,000	75%
Ms. Cheng Fung Yi *(Note 2)*	Interest of spouse	1,200,000,000	75%

Notes:

1. Mr. Law beneficially owns the entire issued share capital of Miracle Investments Company Limited ("**Miracle Investments**"). Therefore, Mr. Law is deemed, or taken to be, interested in the shares held by Miracle Investments for the purpose of SFO.

2. Ms. Cheng is the spouse of Mr. Law. Accordingly, Ms. Cheng is deemed, or taken to be, interested in the shares which Mr. Law is interested in for the purpose of SFO.

(b) Long position in shares of the associated corporation of the Company

Name of director/ chief executive	Name of the associated corporation	Nature of interest	Number of shares held/interested	Percentage of shareholding in the company
Mr. Law Fu Keung *(Note 1)*	Miracle Investments	Beneficial owner	100	100%
Ms. Cheng Fung Yi *(Note 2)*	Miracle Investments	Interest of spouse	100	100%

Notes:

1. The issued share capital of Miracle Investments is fully owned by Mr. Law.

2. Ms. Cheng is the spouse of Mr. Law. Accordingly, Ms. Cheng is deemed, or taken to be, interested in the shares which Mr. Law is interested in for the purpose of SFO.

Save as disclosed above, as at 30 June 2019, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he was taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2019, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in shares and underlying shares of the Company which fell to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Nature of interest	Number of shares held/interested	Percentage of shareholding in the Company
Miracle Investments	Beneficial owner	1,200,000,000	75%

Save as disclosed above, as at 30 June 2019, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the paragraph headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, had any interests or short positions in the shares or underlying shares as recorded in the register required to be kept by the Company under Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the six months ended 30 June 2019 and up to the date of this interim report.

AUDIT COMMITTEE

The Board has established an audit committee (the "**Audit Committee**") on 8 October 2018 with written terms of reference in compliance with the CG code. The Audit Committee consists of three members who are all independent non-executive Directors, namely Ms. Li On Lei (Chairlady), Ms. Shum Wing Ting and Mr. Law Kam Chuen. The Audit Committee is delegated with the authority from the Board primarily to oversee the Group's financial reporting and internal control systems, and the adequacy of the external and internal audits.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 June 2019 have not been audited, but have been reviewed by the Audit Committee.

On behalf of the Board
Fullwealth Construction Holdings Company Limited

Law Fu Keung
Chairman and Executive Director

Hong Kong, 28 August 2019

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
	Note	**2019** **HK$'000** **(Unaudited)**	2018 HK$'000 (Unaudited)
Revenue	4	**253,909**	129,588
Direct costs		**(242,956)**	(113,627)
Gross profit		**10,953**	15,961
Other income	5	**5,063**	988
General and administrative expenses		**(7,892)**	(10,578)
Profit from operations		**8,124**	6,371
Finance costs	6(a)	**(195)**	(525)
Profit before taxation	6	**7,929**	5,846
Income tax	7	**(1,621)**	(2,101)
Profit and total comprehensive income for the period		**6,308**	3,745
Earnings per share (HK Cents)	8		
– Basic		**0.39**	0.31
– Diluted		**0.39**	0.31

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 18 to 34 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Note	**30 June 2019 HK$'000 (Unaudited)**	31 December 2018 HK$'000 (Audited)
Non-current asset			
Property, plant and equipment	10	**67,221**	70,231
Current assets			
Contract assets	11	**101,192**	95,226
Trade and other receivables	12	**74,192**	41,959
Tax recoverable		**5,408**	7,029
Cash and cash equivalents		**67,021**	42,291
		247,813	186,505
Current liabilities			
Trade and other payables	13	**89,161**	68,014
Lease liabilities	3	**1,860**	2,760
Bank borrowings	14	**15,318**	–
		106,339	70,774
Net current assets		**141,474**	115,731
Total assets less current liabilities		**208,695**	185,962
Non-current liabilities			
Lease liabilities	3	**2,645**	738
Bank borrowings	14	**14,518**	–
Deferred tax liabilities		**7,814**	7,814
		24,977	8,552
Net assets		**183,718**	177,410
Capital and reserves			
Share capital	15	**16,000**	16,000
Reserves		**167,718**	161,410
Total equity		**183,718**	177,410

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 18 to 34 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Share capital HK$'000	**Share premium** HK$'000	**Other reserve** HK$'000 (Note (i))	**Retained earnings** HK$'000	**Total equity** HK$'000
Balance at 1 January 2018 (Audited)	5,760	–	–	69,208	74,968
Profit and other comprehensive income for the period (Unaudited)	–	–	–	3,745	3,745
Effect of the Reorganisation	(5,760)	–	5,760	–	–
Balance at 30 June 2018 (Unaudited)	–*	–	5,760	72,953	78,713
Balance at 1 January 2019 (Audited)	**16,000**	**99,206**	**5,760**	**56,444**	**177,410**
Profit and other comprehensive income for the period (Unaudited)	**–**	**–**	**–**	**6,308**	**6,308**
Balance at 30 June 2019 (Unaudited)	**16,000**	**99,206**	**5,760**	**62,752**	**183,718**

* The balance represents an amount less than HK$1,000.

Note (i): The other reserve represents the deemed contribution from and distributions to the controlling shareholders of the Company as a result of a group reorganisation completed on 6 February 2018 (the "**Reorganisation**").

Note (ii): The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

The notes on pages 18 to 34 form part of this interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Operating activities		
Cash generated from operations	**(3,918)**	179
Net cash (used in)/generated from operating activities	**(3,918)**	179
Investing activities		
Interest received	**97**	–
Payment for acquisitions of property, plant and equipment	**(1,214)**	(2,854)
Proceeds from disposals of property, plant and equipment	**3,355**	733
Net cash generated from/(used in) investing activities	**2,238**	(2,121)
Financing activities		
Proceeds from bank borrowings	**31,090**	8,590
Repayment of bank borrowings	**(1,254)**	(3,550)
Capital element of lease rentals paid	**(3,231)**	(2,284)
Interest element of lease rentals paid	**(106)**	(170)
Repayment to a director	**–**	(212)
Interest on bank and other borrowings paid	**(89)**	(355)
Net cash generated from financing activities	**26,410**	2,019
Net increase in cash and cash equivalents	**24,730**	77
Cash and cash equivalents at the beginning of the period	**42,291**	27,754
Cash and cash equivalents at the end of the period	**67,021**	27,831

The notes on pages 18 to 34 form part of this interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands 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 on 19 January 2018 and its shares were listed on the Main Board of the Stock Exchange on 30 October 2018. The registered office of the Company is located at PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman, KY1-1108, Cayman Islands. The principal place of business of the Company is located at Shops 11-12, G/F., Leung Choy Building, 2-44 Ping Fai Path, Yuen Long, New Territories, Hong Kong.

The Company is an investment holding company and the Group is principally engaged in the civil engineering and building works in Hong Kong.

2. BASIS OF PREPARATION

The interim financial statements has been prepared in accordance with the applicable disclosure provisions of the Listing Rules, 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 28 August 2019.

The interim financial statements has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in Note 3 to the condensed consolidated financial statements.

The preparation of an interim financial statements 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 statements 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 2018 annual financial statements. The condensed consolidated 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 interim financial statements has been reviewed by the Audit Committee.

The measurement basis used in the preparation of the interim financial statements is the historical cost basis. The interim financial statements is presented in Hong Kong dollars ("**HK$**") and all figures are rounded to the nearest thousand ("**HK$'000**") unless otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial information. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balances of right-of-use assets and lease liabilities at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

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

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Changes in the accounting policies (continued)

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Changes in the accounting policies (continued)

(iii) Lessor accounting

The Group leases out a number of items of property, plant and equipment as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 3.5%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) Transitional impact (continued)

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 HK$'000
Operating lease commitments at 31 December 2018	1,330
Less: Commitments relating to leases exempt from capitalisation:	
– Short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(28)
Add: Lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	1,719
	3,021
Less: Total future interest expenses	(233)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	2,788
Add: Finance lease liabilities recognised as at 31 December 2018	3,498
Total lease liabilities recognised at 1 January 2019	6,286

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) Transitional impact (continued)

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The Group presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and presents lease liabilities separately in the condensed consolidated statement of financial position.

The following table summarises the impacts of adoption of HKFRS 16 on the Group's condensed consolidated statement of financial position:

	Carrying amount at 31 December 2018 (A) HK$'000	Capitalisation of operating lease contracts (B) HK$'000	Carrying amount at 1 January 2019 (A)+(B) HK$'000
Line items in the condensed consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	70,231	2,788	73,019
Total non-current asset	**70,231**	**2,788**	**73,019**
Trade and other payables	68,014	–	68,014
Lease liabilities (current)	2,760	549	3,309
Current liabilities	**70,774**	**549**	**71,323**
Net current assets	**115,731**	**(549)**	**115,182**
Total assets less current liabilities	**185,962**	**2,239**	**188,201**
Lease liabilities (non-current)	738	2,239	2,977
Total non-current liabilities	**8,552**	**2,239**	**10,791**
Net assets	**177,410**	**–**	**177,410**

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(c) Transitional impact (continued)

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

	30 June 2019 HK$'000	1 January 2019 HK$'000
Included in "Property, plant and equipment" :		
Properties leased for own use, carried at depreciated cost	**2,494**	2,788
Plant and equipment, carried at depreciated cost	**2,060**	3,655
	4,554	6,443

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to HKFRS 16 are as follows:

	30 June 2019		1 January 2019	
	Present value of the minimum lease payments HK$'000	**Total minimum lease payments HK$'000**	Present value of the minimum lease payments HK$'000	Total minimum lease payments HK$'000
Within 1 year	**1,860**	**1,993**	3,309	3,480
After 1 year but within 2 years	**1,267**	**1,338**	1,307	1,379
After 2 years but within 5 years	**1,378**	**1,431**	1,670	1,749
	2,645	**2,769**	2,977	3,128
	4,505	**4,762**	6,286	6,608
Less: Total future interest expenses		**(257)**		(322)
Present value of lease liabilities		**4,505**		6,286

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(e) Impact on the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's condensed consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the period.

In the condensed consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the condensed consolidated statement of cash flows.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable from construction contracts for civil engineering and building works rendered by the Group to customers, which is recognised over time.

The Group has one reportable segment which is business of civil engineering and building works in Hong Kong. The Group's chief operating decision maker, which has been identified as the executive directors who review the Group's internal reporting in order to assess performance and allocate resources. Therefore, no additional reportable segment information has been presented.

All of the Group's activities are carried out in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis is presented.

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

5. OTHER INCOME

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Bank interest income	**97**	–
Rental receivable from leasing of property, plant and equipment less direct outgoings of HK$2,961,000 (six months ended 30 June 2018: HK$3,108,000)	**3,946**	706
Gain on disposal of property, plant and equipment	**1,003**	282
Sundry income	**17**	–
	5,063	988

6. PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on short-term loan	**–**	270
Interest on bank borrowings	**89**	85
Interest on lease liabilities	**106**	170
	195	525

(b) Staff costs

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Directors' emoluments	**1,443**	557
Other staff costs:		
Contributions to defined contribution retirement plans	**797**	691
Salaries, wages and other benefits	**22,711**	17,668
	24,951	18,916

6. PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Depreciation charge	**6,110**	5,085
Listing expenses	**–**	7,885
Gain on disposal of property, plant and equipment	**(1,003)**	(282)
Operating lease rentals:		
– short-term leases as defined in Note 3 under HKFRS 16	**8,671**	–
– minimum lease payment for lease under HKAS 17	**–**	946

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See Note 3.

7. INCOME TAX

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax	**1,621**	2,101

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) During the six months ended 30 June 2019 and 2018, Hong Kong Profits Tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. Under the two-tiered profits tax rate regime, the first HK$2 million of profits of a qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will be taxed at the flat rate of 16.5%.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the six months ended 30 June 2019 is calculated based on the profit attributable to the equity shareholders of the Company of HK$6,308,000 and the weighted average of 1,600,000,000 ordinary shares in issue during the six months ended 30 June 2019.

The basic earnings per share for the six months ended 30 June 2018 is calculated based on the profit attributable to equity shareholders of the Company of HK$3,745,000 and the weighted average of 1,200,000,000 ordinary shares, comprising 100 ordinary shares in issue as at 15 October 2018, being the date of the Prospectus, and 1,199,999,900 ordinary shares issued pursuant to the Capitalisation Issue (as defined in the Prospectus) on the completion of the initial public offering, as if the above total of 1,200,000,000 ordinary shares were outstanding throughout the six months ended 30 June 2018.

(b) Diluted earnings per share

These were no potential dilutive shares in existence during the six months ended 30 June 2019 and 2018 and, therefore, diluted earnings per share are the same as the basic earnings per share.

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

As explained in Note 3 to the condensed consolidated financial statements, the Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. In addition, the depreciated carrying amount of the finance leased assets which were previously included in property, plant and equipment is also identified as right-of-use assets. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in Note 3 to the condensed consolidated financial statements.

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment with a cost of approximately HK$2,664,000 (six months ended 30 June 2018: HK$2,854,000). Items of property, plant and equipment with a net book value of approximately HK$2,352,000 were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: HK$451,000), resulting in a gain on disposal of approximately HK$1,003,000 (six months ended 30 June 2018: HK$282,000).

(c) Pledge of property, plant and equipment

At 30 June 2019, the Group's property, plant and equipment with carrying amounts of approximately HK$45,325,000 were pledged as collateral for the Group's borrowings (including lease liabilities).

11. CONTRACT ASSETS

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Contract assets		
Arising from performance under construction contracts	**101,192**	95,226
Receivables from contracts with customers within the scope of HKFRS 15, which are included in "Trade and other receivables" (Note 12)	**63,329**	30,791

At 30 June 2019, the amount of contract assets that is expected to be recovered after more than one year is HK$28,105,000 (31 December 2018: HK$16,759,000), all of which relates to retention receivables.

12. TRADE AND OTHER RECEIVABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Trade receivables	**63,329**	30,791
Deposits for issuance of surety bonds (see note below)	**2,470**	2,470
Other receivables	**3,713**	5,726
Deposits and prepayments	**4,680**	2,972
	74,192	41,959

Note: Deposits were placed with insurance companies for issuance of surety bonds in favour of the Group's customers, details of which are set out in Note 16. These bonds will be released upon completion of the contract work.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the revenue recognition date, is as follows:

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Within 1 month	**43,221**	20,911
1 to 2 months	**12,783**	5,949
2 to 3 months	**2,775**	1,993
Over 3 months	**4,550**	1,938
	63,329	30,791

Trade receivables are generally due within 30 days from the date of progress certificate.

13. TRADE AND OTHER PAYABLES

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Trade payables	**43,376**	21,670
Accrued construction costs	**21,265**	26,687
Other accrued expenses	**4,688**	3,997
Retention payables	**19,832**	15,660
	89,161	68,014

At 30 June 2019 and 2018, the amounts of retention payables expected to be settled after more than one year are HK$14,543,000 and HK$12,203,000 respectively. All of the other trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables, based on invoice date, is as follows:

	30 June 2019 HK$'000 (Unaudited)	31 December 2018 HK$'000 (Audited)
Within 1 month	**33,890**	13,113
1 to 2 months	**3,004**	4,701
2 to 3 months	**402**	3,253
Over 3 months	**6,080**	603
	43,376	21,670

14. BANK BORROWINGS

The bank borrowings were secured by charge over the Group's property, plant and equipment with an aggregate carrying values of approximately HK$43,265,000 (31 December 2018: Nil) as at 30 June 2019 and a corporate guarantee executed by the Company in favour of the bank.

The bank borrowings carried a rate of 1.75% per annum below the best lending rate for Hong Kong dollars of the bank prevailing from time to time and will be repayable in full on 29 May 2021.

15. SHARE CAPITAL

	30 June 2019		31 December 2018	
	Number of shares (Unaudited)	**HK$'000 (Unaudited)**	Number of shares (Audited)	HK$'000 (Audited)
Authorised:				
Ordinary shares of HK$0.01 each	**3,000,000,000**	**30,000**	3,000,000,000	30,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each	**1,600,000,000**	**16,000**	1,600,000,000	16,000

16. CONTINGENT LIABILITIES

As at 30 June 2019, surety bonds of approximately HK$8,342,000 (31 December 2018: HK$8,342,000) were given by insurance companies to the Group in favour of the Group's customers as security for the due performance and observance of the Group's obligation under the contracts entered into between the Group and its customers. The Group has provided guarantees for the above surety bonds. If the Group fails to provide satisfactory performance to its customers to whom surety bonds have been given, such customers may demand the insurance companies to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such insurance companies accordingly. The surety bonds will be released upon completion of the contract work. Deposits were placed with these insurance companies for issuance of surety bonds, details of which are set out in Note 12 to the condensed consolidated financial statements.

At the end of the reporting period, the Directors do not consider it is probable that a claim will be made against the Group.

17. MATERIAL RELATED PARTY TRANSACTIONS

During the reporting period, the transactions with the following parties are considered to be related party transactions of the Group:

Name of related party	Relationship with the Group
Mr. LAW Fu Keung ("**Mr. Law**")	The controlling shareholder of the Company and Director
Ms. CHENG Fung Yi ("**Ms. Cheng**")	Spouse of Mr. Law and Director

In addition to the transactions and balances disclosed elsewhere in these condensed consolidated financial statements, particulars of significant transactions between the Group and the above related parties during the reporting period are as follows:

(a) Key management personnel remuneration

All members of key management personnel of the Group are the Directors and their remuneration is as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Directors' fee	**225**	–
Salaries, allowances and benefits in kind	**1,200**	540
Contributions to defined contribution retirement plan	**18**	17
	1,443	557

17. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Recurring transactions with key management personnel

	Six months ended 30 June	
	2019	2018
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Operating lease rentals paid and payable to Mr. Law and Ms. Cheng	**150**	150

The Directors consider that the above related party transactions during the periods were conducted on mutually agreed terms in the ordinary course of the Group's business. No amount was outstanding as at 30 June 2019 (31 December 2018: Nil).

18. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in Note 3 to the condensed consolidated financial statements.