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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chan Kam Tong (*Chairman*)
Mr. Chan Kam Ming

Independent Non-executive Directors

Mr. Hau Wing Shing Vincent
Mr. Szeto Cheong Mark
Mr. Wan Simon

AUDIT COMMITTEE

Mr. Szeto Cheong Mark (*Chairman*)
Mr. Hau Wing Shing Vincent
Mr. Wan Simon

REMUNERATION COMMITTEE

Mr. Wan Simon (*Chairman*)
Mr. Chan Kam Ming
Mr. Szeto Cheong Mark

NOMINATION COMMITTEE

Mr. Chan Kam Tong (*Chairman*)
Mr. Hau Wing Shing Vincent
Mr. Wan Simon

COMPANY SECRETARY

Mr. Wong Chi Chui

AUTHORISED REPRESENTATIVES

Mr. Chan Kam Tong
Mr. Chan Kam Ming

COMPLIANCE ADVISER

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Room 2701, 27/F, Tower 1
Admiralty Centre
18 Harcourt Road
Admiralty
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

CORPORATE INFORMATION

HEADQUARTERS, HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Offices F & G, Floor 23, Maxgrand Plaza
No.3 Tai Yau Street
San Po Kong
Kowloon
Hong Kong

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL BANKERS

The Bank of East Asia, Limited
G/F, Kalok Building
720-722 Nathan Road
Mongkok
Kowloon
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
HSBC Main Building
1 Queen's Road Central
Central
Hong Kong

Bank of Communications Co., Ltd.
Hong Kong Branch
20 Pedder Street
Central
Hong Kong

COMPANY'S WEBSITE

www.headfame.com.hk
(the contents of which do not form part of this report)

STOCK CODE

1783



FINANCIAL HIGHLIGHTS

The Group recorded a revenue amounted to approximately HK\$247.4 million for the six months ended 30 September 2018, representing an increase of approximately HK\$66.8 million or 37.0% as compared with the six months ended 30 September 2017.

The profit and total comprehensive income of the Company is approximately HK\$2.6 million for the six months ended 30 September 2018, representing a decrease of approximately HK\$7.5 million or 74.3% as compared with the six months ended 30 September 2017, principally derived from the one-off listing expenses approximately HK\$9.4 million for the six months ended 30 September 2018 (2017: HK\$4.5 million).

The basic and diluted earnings per share for the six months ended 30 September 2018 is HK0.4 cents, as compared with the corresponding period in 2017 of HK1.68 cents.

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Golden Ponder Holdings Limited (the "Company") and its subsidiaries (collectively the "Group"), I am delighted to present to you the unaudited consolidated financial results of the Group for the six months ended 30 September 2018.

OVERVIEW

The Company successfully listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22 August 2018 (the "Listing") and issued a total of 200,000,000 shares by way of public offer and placing at a price of HK\$0.55 each on Listing. We believe that the Listing will not only be able to complete more superstructure building and repair, maintenance, alteration and addition ("RMAA") works contracts on top of our existing operating scale by utilising the listing proceeds, but also strength our available financial resources to the Group to further solidify our market position as an established superstructure building and RMAA works contractor in Hong Kong.

For the six months ended 30 September 2018, the Group recorded consolidated revenue of approximately HK\$247.4 million and a profit attributable to shareholders of approximately HK\$2.6 million representing an increase of 37.0% and a decrease of 74.3% respectively as compared with the corresponding period in 2017.

GOING FORWARD

Despite the industry we operate is highly competitive and there are a significant number of industry players that provide works services similar to ours, the Group believes that we are well-positioned to capture the growing demand and further increase our market share for superstructure building and RMAA works services in Hong Kong. We will continue to maintain a prudent financial management strategy in our business operations. Our Directors believe that a prudent financial management in capital commitment could provide reasonable return for shareholders steadily while ensuring our continued growth in the long term.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to all our customers, suppliers and shareholders for their continuous support. I would also like to thank our team of dedicated staff for their invaluable services and contributions throughout the period.

By order of the Board

Chan Kam Tong

Chairman

Hong Kong, 29 November 2018

AUDITOR'S INDEPENDENT REVIEW REPORT

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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To the Board of Directors of Golden Ponder Holdings Limited
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 8 to 51 which comprise the condensed consolidated statement of financial position of Golden Ponder Holdings Limited and its subsidiaries (collectively referred to as the "Group") as of 30 September 2018 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (the "interim condensed consolidated financial statements"). The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with HKAS 34.

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S INDEPENDENT REVIEW REPORT

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

SCOPE OF REVIEW

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

CONCLUSION

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

OTHER MATTER

The comparatives in the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period ended 30 September 2017, and the related explanatory notes have not been reviewed in accordance with HKSRE 2410 or audited.

BDO Limited

Certified Public Accountants

Tang Tak Wah

Practising Certificate Number P06262

Hong Kong

29 November 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 September 2018

	Notes	Six months ended 30 September 2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Revenue	6	247,383	180,576
Cost of services		<u>(227,501)</u>	<u>(158,390)</u>
Gross profit		19,882	22,186
Other income	7	2,616	545
Administrative and other expenses		(17,455)	(10,153)
Finance costs	8	<u>(126)</u>	<u>(150)</u>
Profit before income tax expense	9	4,917	12,428
Income tax expense	10	<u>(2,332)</u>	<u>(2,366)</u>
Profit and total comprehensive income for the period attributable to owners of the Company		<u>2,585</u>	<u>10,062</u>
		HK cent	HK cent
Earnings per share, attributable to owners of the Company			
– Basic and diluted	12	<u>0.40</u>	<u>1.68</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2018

	Notes	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	13	1,257	1,047
Deposits	16	362	–
		<u>1,619</u>	<u>1,047</u>
Current assets			
Trade receivables	14	31,768	49,494
Retention money receivables	15	–	25,364
Deposits, prepayments and other receivables	16	13,943	23,010
Contract assets	6	133,253	–
Amounts due from customers for contract work	17	–	61,071
Amounts due from directors		–	2,398
Cash and cash equivalents		107,549	24,696
		<u>286,513</u>	<u>186,033</u>
Current liabilities			
Trade and retention money payables	18	98,976	82,545
Accruals and other payables	19	7,123	4,158
Amounts due to directors		–	3,852
Contract liabilities	6	3,481	–
Amounts due to customers for contract work	17	–	4,373
Bank borrowings	20	–	8,526
Obligations under finance leases		52	52
Current tax liabilities		2,413	81
		<u>112,045</u>	<u>103,587</u>
Net current assets		<u>174,468</u>	<u>82,446</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2018

		30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
	Notes		
Total assets less current liabilities		176,087	83,493
Non-current liabilities			
Obligations under finance leases		<u>4</u>	<u>30</u>
NET ASSETS		<u>176,083</u>	<u>83,463</u>
Capital and Reserves			
Share capital	21	8,000	—*
Reserves	21	<u>168,083</u>	<u>83,463</u>
TOTAL EQUITY		<u>176,083</u>	<u>83,463</u>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 September 2018

	Attributable to owners of the Company				
	Share capital	Share premium	Capital reserve	Retained earnings	Total
	HK\$'000 (note 21)	HK\$'000 (note 21)	HK\$'000 (note 21)	HK\$'000 (note 21)	HK\$'000
At 1 April 2018 (audited)	–*	–	15,500	67,963	83,463
Dividend (note 11)	–	–	–	(6,000)	(6,000)
Profit and total comprehensive income for the period	–	–	–	2,585	2,585
Capitalisation issue of shares	6,000	(6,000)	–	–	–
Issue of shares under public offer and placing	2,000	108,000	–	–	110,000
Share issue expenses	–	(13,965)	–	–	(13,965)
At 30 September 2018 (unaudited)	8,000	88,035	15,500	64,548	176,083
At 1 April 2017 (audited)	–	–	500	44,639	45,139
Profit and total comprehensive income for the period	–	–	–	10,062	10,062
Issue of share at date of incorporation	–*	–	–	–	–*
Issue of shares by a subsidiary to a pre-IPO investor	–	–	15,000	–	15,000
At 30 September 2017 (unaudited)	–*	–	15,500	54,701	70,201

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 September 2018

	Six months ended 30 September 2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Net cash used in operating activities	(6,756)	(5,594)
Cash flows from investing activities		
Purchase of property, plant and equipment	(273)	(21)
Interest received	1,581	–
Net cash generated from/(used in) investing activities	1,308	(21)
Cash flows from financing activities		
Interest paid	(126)	(150)
Proceeds from issue of shares of a subsidiary to a pre-IPO investor	–	10,000
Proceeds from bank borrowings	5,000	–
Repayments of bank borrowings	(13,526)	(3,409)
Repayments from/(advances to) directors	4,546	(6,035)
Repayment of obligations under finance leases	(26)	(26)
Dividend paid	(3,602)	–
Proceeds from issue of shares upon placing	110,000	–
Payment of new shares listing costs	(13,965)	–
Net cash generated from financing activities	88,301	380
Net increase/(decrease) in cash and cash equivalents	82,853	(5,235)
Cash and cash equivalents at beginning of the period	24,696	36,165
Cash and cash equivalents at end of the period	107,549	30,930
Represented by:		
Cash and bank balances	107,549	30,930

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

1. GENERAL INFORMATION

Golden Ponder Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands. Its shares are listed on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 22 August 2018. The address of its registered office is located at P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong is located at Offices F and G, Floor 23, Maxgrand Plaza, No. 3 Tai Yau Street, San Po Kong, Kowloon, Hong Kong. The Company is an investment holding company and the principal activities of its subsidiaries are provision of superstructure building and repair, maintenance, alteration and addition (“RMAA”) works as a main contractor.

2. BASIS OF PREPARATION

(a) Basis of preparation

These interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”), issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure provisions of Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). These interim condensed consolidated financial statements were authorised for issue on 29 November 2018.

These interim condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2017 annual consolidated financial statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 April 2018. This is the first set of the Group’s financial statements in which HKFRS 9 and HKFRS 15 have been adopted. Details of any changes in accounting policies are set out in note 3.

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 4.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

2. BASIS OF PREPARATION (Cont'd)

(a) Basis of preparation (Cont'd)

These interim condensed consolidated financial statements are presented in Hong Kong Dollars ("HK\$"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated. These interim condensed consolidated financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2017 annual consolidated financial statements.

These interim condensed consolidated financial statements are unaudited, but has been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA. BDO Limited's independent review report to the Board of Directors is included on pages 6 and 7.

(b) Reorganisation

Pursuant to the reorganisation as detailed in "History, Development and Reorganisation" section of the prospectus (the "Reorganisation") of the Company dated 7 August 2018, in preparation for the listing of shares of the Company on the Main Board of the Stock Exchange (the "Listing") and for the purpose of rationalising the Group's structure, the Company became the holding company of the subsidiaries now comprising the Group on 28 November 2017 by way of transfer of equity interests in Century Success Limited to the Company in consideration of the Company's allotment and issue of shares to the companies held by the then shareholders of Century Success Limited.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

2. BASIS OF PREPARATION (Cont'd)

(b) Reorganisation (Cont'd)

Prior to the Reorganisation, the Group's operations were carried on by a subsidiary of the Company, Head Fame Company Limited ("Head Fame"), which was jointly controlled by Mr. Chan Kam Tong and Mr. Chan Kam Ming (the "Controlling Shareholders"). As part of the Reorganisation, Century Success Limited, the immediate holding company of Head Fame and the Company were incorporated and interspersed between Head Fame and the Controlling Shareholders. Each of the Company and the immediate holding company of Head Fame has not been involved in any businesses prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Group and has no substance and does not form a business combination. Accordingly, the comparative information has been prepared and presented using the book values of Head Fame.

The condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows of the Group for the six months ended 30 September 2017 have been prepared using the financial statements of the entities now comprising the Group, as if the current group structure had been in existence throughout the comparative period, or since the respective dates of incorporation of the relevant entities now comprising the Group where this is a shorter period. All significant intra-group transactions and balances have been eliminated on consolidation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES

Adoption of new/amended HKFRSs – effective from 1 April 2018

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 9, Financial Instruments
- HKFRS 15, Revenue from Contracts with Customers
- HK(IFRIC)-Interpretation 22, Foreign Currency Transactions and Advance Considerations
- Amendments to HKFRS 2, Classification and Measurement of Share-based Payment Transactions
- Amendments to HKFRS 4, Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
- Amendments to HKAS 28 included in Annual Improvements to HKFRSs 2014-2016 Cycle, Investments in Associates and Joint Ventures
- Amendments to HKAS 40, Transfers of Investment Property
- Amendments to HKFRS 1 included in Annual Improvements to HKFRSs 2014-2016 Cycle, First-time Adoption of Hong Kong Financial Reporting Standards

The impact of the adoption of HKFRS 9 Financial Instruments (see note 3A below) and HKFRS 15 Revenue from Contracts with Customers (see note 3B below) have been summarised below. The other new or amended HKFRSs that are effective from 1 April 2018 did not have any material impact on the Group's accounting policies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

Impact of new/amended HKFRSs which are issued but not yet effective

The following new/amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014-2016 Cycle	Improvements to HKFRSs ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
HKAS 19	Employee Benefits ¹
HKAS 28	Long-term Interests in Associates or Joint Ventures ¹
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after 1 January 2021

³ The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

Impact of new/amended HKFRSs which are issued but not yet effective (Cont'd)

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The standard will affect primarily the accounting for the Group’s operating leases. As at 30 September 2018, the Group has non-cancellable operating lease commitments of HK\$3,674,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for a future payment and how this will affect the Group’s profit and classification of cash flows.

The standard is mandatory for the first interim periods within annual reporting periods beginning on or after 1 April 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments ("HKFRS 9")

(i) Classification and measurement of financial instruments

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 April 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the interim condensed consolidated financial statements.

HKFRS 9 basically retains the existing requirements in HKAS 39 for the classification and measurements of financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Cont'd)

(i) Classification and measurement of financial instruments (Cont'd)

Under HKFRS 9, except for certain trade receivables and contract assets (that the trade receivables and contract assets do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs. A financial asset is classified as: (i) financial assets at amortised cost (amortised cost) (ii) financial assets at fair value through other comprehensive income ("FVOCI"); or (iii) FVTPL (as defined above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "solely payments of principal and interest" criterion, also known as "SPPI criterion"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

A debt investment is measured at FVOCI if it meets both of the following conditions and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to be achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Cont'd)

(i) Classification and measurement of financial instruments (Cont'd)

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All other financial assets not classified at amortised cost or FVOCI as described above are classified as FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies would be applied to the Group's financial assets as follows:

FVTPL	FVTPL is subsequently measured at fair value. Changes in fair value, dividends and interest income are recognised in profit or loss.
Amortised cost	Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.
FVOCI (equity investments)	Equity investments at fair value through other comprehensive income are measured at fair value. Dividend income is recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Cont'd)

(i) Classification and measurement of financial instruments (Cont'd)

In relation to construction contracts previously accounted for under HKAS 11, the Group continues to apply input method in estimating the performance obligations satisfied up to date of initial application of HKFRS 15. Retention money receivables of HK\$25,364,000 and amounts due from customers for contract work of HK\$61,071,000 were reclassified to contract assets, whilst amounts due to customers for contract work of HK\$4,373,000 were reclassified to contract liabilities.

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 April 2018:

	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 31 March 2018 under HKAS 39 HK\$'000	Carrying amount as at 1 April 2018 under HKFRS 9 HK\$'000
Financial assets				
Trade receivables	Loans and receivables	Amortised cost	49,494	49,494
Retention money receivables	Loans and receivables	Amortised cost	25,364	–
Deposits and other receivables	Loans and receivables	Amortised cost	11,821	11,821
Contract assets	–	Amortised cost	–	86,435
Amounts due from customers for contract work	Loans and receivables	Amortised cost	61,071	–
Amounts due from directors	Loans and receivables	Amortised cost	2,398	2,398
Cash and cash equivalents	Loans and receivables	Amortised cost	24,696	24,696

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Cont'd)

(i) Classification and measurement of financial instruments (Cont'd)

	Original classification under HKAS 39	New classification under HKFRS 9	Carrying amount as at 31 March 2018 under HKAS 39 HK\$'000	Carrying amount as at 1 April 2018 under HKFRS 9 HK\$'000
Financial liabilities				
Trade and retention money payables	Amortised cost	Amortised cost	82,545	82,545
Accruals and other payables	Amortised cost	Amortised cost	4,158	4,158
Amounts due to directors	Amortised cost	Amortised cost	3,852	3,852
Amounts due to customers for contract work	Amortised cost	Amortised cost	4,373	-
Contract liabilities	-	Amortised cost	-	4,373
Bank borrowings	Amortised cost	Amortised cost	8,526	8,526

(ii) Impairment of financial assets

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "expected credit losses ("ECLs") model". HKFRS 9 requires the Group to recognise ECLs for trade receivables, contract assets and financial assets at amortised cost earlier than HKAS 39. Cash and cash equivalents are subject to ECLs model but the impairment is immaterial for the current period.

Under HKFRS 9, the loss allowances are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments (“HKFRS 9”) (Cont'd)

(ii) Impairment of financial assets (Cont'd)

Measurement of ECLs

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 assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables and contract assets that do not contain a significant financing component using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-months ECLs. The 12-months ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Cont'd)

(ii) Impairment of financial assets (Cont'd)

Measurement of ECLs (Cont'd)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 360 days past due.

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

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Cont'd)

(ii) Impairment of financial assets (Cont'd)

Impact of the ECLs model

(a) Impairment of trade receivables and contract assets

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables and contract assets. To measure the ECLs, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets have substantially the same risk as the trade receivables. The loss allowances for the trade receivables as at 1 April 2018 was determined as follows:

Trade receivables as at 1 April 2018	Current	0 – 30 days past due	31 – 60 days past due	61 – 90 days past due	Total
Gross carrying amount (HK\$'000)	49,417	–	–	77	49,494
Expected credit loss rate (%)	0.2	0.5	0.7	1.1	N/A

Contract assets are related to retention money receivables and unbilled revenue which have substantially the same risk characteristics as the trade receivables for the same type of contract. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Since the contract assets were not due, the expected loss rate of contract assets is assessed to be 0.2% which is the same as that of trade receivables which were neither past due nor impaired.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments ("HKFRS 9") (Cont'd)

(ii) Impairment of financial assets (Cont'd)

Impact of the ECLs model (Cont'd)

- (b) Impairment of other financial assets
For other receivables and amounts due from directors, the Group measures the loss allowances equal to 12-months ECLs, unless when there has been a significant increase in credit risk since initial recognition. The Group recognises lifetime ECLs. Management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. The Group considered counter parties having a low risk of default and a strong capacity of to meet contractual cash flow as performing.
- (c) Impairment of cash and cash equivalents
Cash and cash equivalents are considered to have low credit risk. The loss allowances recognised were limited to 12-months ECLs and considered immaterial to the Group.

The directors considered that the impairment under ECLs model for both trade receivables and contract assets as at 1 April 2018 is immaterial and no adjustment was made to the retained earnings as at 1 April 2018 (see note (iv) below for transitional provision).



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

A. HKFRS 9 Financial Instruments (“HKFRS 9”) (Cont'd)

(iii) **Hedge accounting**

Hedge accounting under HKFRS 9 has no impact on the Group as the Group does not apply hedge accounting in its hedging relationships.

(iv) **Transition**

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 March 2018, but are recognised in the consolidated statement of financial position on 1 April 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained earnings as at 1 April 2018. Accordingly, the information presented for the year ended 31 March 2018 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The assessment of determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application (the “DIA”) of HKFRS 9.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS "11 Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained earnings at the DIA (that is, 1 April 2018). As a result, the financial information presented for the year ended 31 March 2018 has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed as at 1 April 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

(i) Key changes in accounting policies resulting from application of HKFRS 15

HKFRS 15 introduces a 5-step approach when recognising revenue:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Cont'd)

(i) Key changes in accounting policies resulting from application of HKFRS 15 (Cont'd)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good and service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Cont'd)

(i) **Key changes in accounting policies resulting from application of HKFRS 15** (Cont'd)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Over time revenue recognition: input method measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9 Financial Instruments. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(ii) **Summary of effects arising from initial application of HKFRS 15**

For superstructure building works and RMAA services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced and thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the costs incurred up to the end of the reporting period as a percentage of total estimated costs of each contract.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

3. CHANGES IN ACCOUNTING POLICIES (Cont'd)

B. HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") (Cont'd)

(ii) Summary of effects arising from initial application of HKFRS 15 (Cont'd)

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from construction contracts. However, upon the adoption of HKFRS 15, retention money receivables and amounts due from customers for contract work are reclassified to contract assets, whilst amounts due to customers for contract work are reclassified to contract liabilities.

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

	Carrying amounts previously reported at 31 March 2018	Reclassification	Carrying amounts under HKFRS 15 at 1 April 2018
	HK\$'000	HK\$'000	HK\$'000
Current assets			
Retention money receivables	25,364	(25,364)	–
Contract assets	–	86,435	86,435
Amounts due from customers for contract work	61,071	(61,071)	–
Current liabilities			
Amounts due to customers for contract work	4,373	(4,373)	–
Contract liabilities	–	4,373	4,373

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of HKFRS 9 and HKFRS 15 as described in note 3.

5. SEGMENT INFORMATION

(a) Operating segments

During the six months ended 30 September 2018, the Group was principally engaged in the provision of superstructure building and RMAA works, as a main contractor, in Hong Kong. Information reported to the Group's chief operating decision maker, being the directors, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

(b) Geographical information

During the six months ended 30 September 2018, the Group's revenue was derived from Hong Kong, based on the location of the customers, and all of its non-current assets were located in Hong Kong, based on the location of assets. Therefore, no geographical information is presented.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

6. REVENUE

Revenue represents amounts received and receivable from construction contract work performed.

An analysis of the Group's revenue recognised during the reporting period is as follows:

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Hong Kong		
Superstructure building works	217,931	173,076
RMAA works	29,452	7,500
	<u>247,383</u>	<u>180,576</u>
Timing of revenue recognition		
Over time	<u>247,383</u>	<u>180,576</u>

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers:

	30 September	31 March
	2018	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Trade receivables	<u>31,768</u>	<u>49,494</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

6. REVENUE (Cont'd)

	30 September 2018 HK\$'000 (Unaudited)	1 April 2018 HK\$'000 (Unaudited)
Contract assets (note 3B(ii))		
Unbilled revenue (note (a))	103,226	61,071
Retention money receivables (notes (b) and (c))	<u>30,027</u>	<u>25,364</u>
	<u>133,253</u>	<u>86,435</u>
Contract liabilities (notes (d) and 3B(ii))	<u>3,481</u>	<u>4,373</u>

Note (a): Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed and not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the time the Group obtains the certification of the completed construction work from the customers.

Note (b): Retention money receivables included in contract assets represent the Group's right to consideration for work performed and not yet billed because the rights are conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. The contract assets are transferred to the trade receivables when the rights become unconditional, which is typically at the expiry date of the period for the provision of maintenance by the Group on the service quality of the construction work performed by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

6. REVENUE (Cont'd)

Note (c): The ageing of retention money receivables that are not individually nor collectively considered to be impaired is as follows:

	30 September 2018 HK\$'000 (Unaudited)	1 April 2018 HK\$'000 (Unaudited)
Neither past due nor impaired	15,753	25,364
Less than 3 months past due	14,274	–
	30,027	25,364

Note (d): The contract liabilities mainly relate to the advance consideration received from customers. HK\$1,655,000 of the contract liabilities as of 1 April 2018 has been recognised as revenue for the six months ended 30 September 2018 from performance obligations satisfied due to the changes in the estimate stage of completion of some contract obligations.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

7. OTHER INCOME

An analysis of the Group's other income is as follows:

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	1,581	—*
Recovery of bad debts	1,035	—
Compensation income	—	545
	<u>2,616</u>	<u>545</u>

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

8. FINANCE COSTS

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on bank borrowings	122	146
Finance lease interest	4	4
	<u>126</u>	<u>150</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

9. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense is arrived at after charging:

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment		
– Owned	52	52
– Held under finance leases	11	13
	<u>63</u>	<u>65</u>
Employee benefit expenses (including directors' remuneration)		
– Wages and salaries	11,101	10,783
– Contributions to defined contribution retirement plans	356	332
– Others	64	98
	<u>11,521</u>	<u>11,213</u>
Listing expenses	9,416	4,468
Machinery rental expenses	3,091	4,556
Minimum lease payments under operating leases		
– Buildings	260	233
	<u>260</u>	<u>233</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

10. INCOME TAX EXPENSE

The Group is subject to income tax on profits arising in or derived from Hong Kong, being its principal place of business. The income tax expense in the condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2018	2017
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax – Hong Kong profits tax	<u>2,332</u>	<u>2,366</u>

Hong Kong profits tax is calculated by applying the estimated weighted average tax rate expected for the full financial year at 15.9% (2017: 16.5%) on the estimated assessable profits for the period.

11. DIVIDEND

On 30 May 2018, dividend of HK\$6,000,000 for the year ended 31 March 2018 was declared by the Company, of which an amount of approximately HK\$2,398,000 was settled by offsetting with amount due from a director and the rest was paid in cash. There is no income tax consequences related to the payment of dividend by the Company to its shareholders.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

12. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2018 (Unaudited)	2017 (Unaudited)
Earnings		
Earnings for the purposes of basic earnings per share (HK\$'000)	<u>2,585</u>	<u>10,062</u>
Number of share		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>643,715,847</u>	<u>600,000,000</u>

For the six months ended 30 September 2018, the calculation of basic earnings per share is based on the profit attributable to the owners of the Company of HK\$2,585,000 and the weighted average number of 643,715,847 ordinary shares.

For the six months ended 30 September 2017, the calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company of HK\$10,062,000 and on the basis of 600,000,000 shares of the Company in issue, which represents the number of shares of the Company immediately after the Reorganisation and the capitalisation issue (note 21(d)) as if these shares issued under the Reorganisation had been issued on 1 April 2016 but excluding any shares issued pursuant to the share offer (note 21(e)).

Diluted earnings per share are same as the basic earnings per share as there is no dilutive potential ordinary shares in existence during the six months ended 30 September 2018 and 2017.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2018, the Group acquired property, plant and equipment with a total cost of HK\$273,000 (six months ended 30 September 2017: HK\$21,000).

At 30 September 2018, the net carrying amount of the Group's motor vehicles in the amount of HK\$96,000 (31 March 2018: HK\$107,000) is in respect of assets acquired under finance leases.

14. TRADE RECEIVABLES

Trade receivables were mainly derived from provision of building and civil engineering construction works, and are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

The Group grants an average credit period of 30 days to its trade customers of contract works. Application for progress payments of contract works is made on a regular basis.

The following is an analysis of trade receivables by age, presented based on the invoice dates:

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Less than 1 month	10,735	49,417
More than 1 month but less than 3 months	15,146	77
More than 3 months but less than one year	5,887	–
	<u>31,768</u>	<u>49,494</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

15. RETENTION MONEY RECEIVABLES

Retention monies withheld by customers for contract work are released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts. As at 31 March 2018, none of the Company's retention money receivables was past due but not impaired. Retention money receivables were reclassified to contract assets upon initial application of HKFRS 15 on 1 April 2018. Details are set out in note 3B.

16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Non-current		
Deposits	362	–
	362	–
Current		
Deposits	8,131	7,967
Prepayments	872	8,475
Deferred listing expenses	–	2,714
Other receivables	4,940	3,854
	13,943	23,010

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

17. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
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Contracts in progress at the end of reporting periods:

Contract costs incurred	–	886,331
Recognised profits less recognised losses	–	84,560

Less: progress billings	–	970,891 (914,193)
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	–	56,698
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	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
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Represented by:

Amounts due from customers for contract work	–	61,071
Amounts due to customers for contract work	–	(4,373)

	–	56,698
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All amounts due from/(to) customers for contract work are expected to be recovered/settled within one year from the end of each of the reporting period.

Amounts due from/(to) customers for contract work were reclassified to contract assets/contract liabilities upon initial application of HKFRS 15 on 1 April 2018. Details are set out in note 3B.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

18. TRADE AND RETENTION MONEY PAYABLES

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Trade payables (note (a))	71,067	57,309
Retention money payables (note (b))	27,909	25,236
	98,976	82,545

Note (a): An ageing analysis of trade payables based on the invoice dates is as follows:

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Current or less than 1 month	41,122	39,405
1 to 3 months	21,673	15,822
More than 3 months but less than 1 year	7,716	548
More than 1 year	556	1,534
	71,067	57,309

Note (b): Retention monies from sub-contractors of contract works are released by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

19. ACCRUALS AND OTHER PAYABLES

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Accrued expenses	6,646	3,833
Other payables	477	325
	<u>7,123</u>	<u>4,158</u>

20. BANK BORROWINGS

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Interest bearing bank borrowings which contain a repayable on demand clause and classified as current liabilities	–	8,526

Note (a): The bank borrowings are secured by personal guarantees given by Mr. Chan Kam Tong and Mr. Chan Kam Ming, directors of the Company, and the spouse of Mr. Chan Kam Ming, and properties directly and indirectly held by Mr. Chan Kam Tong and Mr. Chan Kam Ming. Interests are charged at prime rate-2.8% and Hong Kong Interbank Offered Rate+1.8% per annum for the year ended 31 March 2018 and six months ended 30 September 2018.

Note (b): Part of the Group's bank borrowings with scheduled repayments after one year are classified as current liabilities as the related loan agreements contain a clause that provides the lender with an unconditional right to demand repayment at any time at its own discretion. None of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that is classified as a current liability is expected to be settled within one year from the end of 31 March 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

20. BANK BORROWINGS (Cont'd)

At the end of each of the reporting period, the Group's bank borrowings were scheduled to be repaid as follows:

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
On demand or within one year	–	2,279
More than one year, but not exceeding two years	–	888
More than two years, but not exceeding five years	–	2,785
After five years	–	2,574
	<hr/>	<hr/>
	–	8,526
	<hr/>	<hr/>

The amounts due are based on the scheduled repayment dates in the loan agreements and ignore the effect of any repayment on demand clause.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

21. SHARE CAPITAL AND RESERVES

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each		
Upon incorporation (note (a))	10,000,000	100
Increase of authorised share (note (b))	<u>1,490,000,000</u>	<u>14,900</u>
As at 30 September 2018	<u>1,500,000,000</u>	<u>15,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
Upon incorporation (note (a))	1	—*
Allotment of shares (note (c))	29,999	—*
Capitalisation issue of shares (note (d))	599,970,000	6,000
Issue of shares under share offer (note (e))	<u>200,000,000</u>	<u>2,000</u>
As at 30 September 2018	<u>800,000,000</u>	<u>8,000</u>

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

Share capital

Note (a): The Company was incorporated in the Cayman Islands on 11 May 2017 with an authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares with a par value of HK\$0.01 each. On the same day, one nil-paid subscriber share was allotted and issued to Reid Services Limited, the initial subscriber of our Company, which was subsequently transferred to Shiny Golden Limited ("Shiny Golden") on the same date.

Note (b): On 25 July 2018, the authorised share capital of the Company was increased from HK\$100,000 divided into 10,000,000 shares to HK\$15,000,000 divided in 1,500,000,000 shares of par value of HK\$0.01 each by the creation of additional 1,490,000,000 shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

21. SHARE CAPITAL AND RESERVES (Cont'd)

Share capital (Cont'd)

Note (c): On 28 November 2017, Mr. KT Chan, Mr. KM Chan, UG China Venture II Limited ("UG") and Vibrant Sound Limited ("Vibrant Sound"), as vendors, and the Company, as purchaser entered into a sale and purchase agreement, pursuant to which the Company acquired 135 ordinary shares, 135 ordinary shares, 20 ordinary shares and 10 ordinary shares of par value US\$1.00 each of Century Success Limited, representing all of its issued shares in aggregate, from Mr. KT Chan, Mr. KM Chan, UG and Vibrant Sound, respectively, which was satisfied by the Company allotting and issuing 26,999 ordinary shares, 2,000 ordinary shares and 1,000 ordinary shares, credited as fully-paid, to Shiny Golden (at the instructions of Mr. KT Chan and Mr. KM Chan), UG and Vibrant Sound, respectively, and crediting as fully paid the one nil-paid share held by Shiny Golden.

Note (d): Pursuant to the written resolutions passed on 25 July 2018, the directors were authorised to capitalise an amount of HK\$5,999,700 from the share premium account of the Company by applying such sum towards the paying up in full at par a total of 599,970,000 ordinary shares for the allotment of shares to Shiny Golden.

Note (e): Under a share offer took place during the period, 200,000,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$0.55 per share for a total consideration (before share issue expenses) of HK\$110,000,000.

Reserves

Details of movements of the Group's reserves are set out in the condensed consolidated statement of changes in equity on page 11.

(i) Share premium

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(ii) Capital reserve

Capital reserve represents the aggregate of the share capital of Head Fame and investment from pre-IPO investors.

(iii) Retained earnings

Retained earnings represent the cumulative profit or loss recognised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

22. MAJOR NON-CASH TRANSACTION

During the six months ended 30 September 2018, dividend declared by the Company amounting to HK\$2,398,000 was settled by offsetting with amount due from a director.

23. OPERATING LEASE COMMITMENTS

Operating leases – lessee

The Group leases office premises and storage rooms under operating leases. The leases run for initial periods of 12 to 36 months and the leases do not include contingent rentals. The total future minimum lease payments payable by the Group under non-cancellable operating leases are as follows:

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Not later than one year	1,416	372
More than one year, but not exceeding two years	2,258	–
	<u>3,674</u>	<u>372</u>

24. RELATED PARTY TRANSACTIONS

Key management personnel remuneration

The remuneration of key management personnel of the Group during the period was as follows:

	Six months ended 30 September 2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Salaries and short-term benefits	650	650
Post-employment benefits	18	18
	<u>668</u>	<u>668</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

25. FINANCIAL INSTRUMENTS

	30 September 2018 HK\$'000 (Unaudited)	31 March 2018 HK\$'000 (Audited)
Financial assets measured at amortised cost		
Trade receivables	31,768	49,494
Retention money receivables	–	25,364
Deposits and other receivables	13,433	11,821
Contract assets	133,253	–
Amounts due from customers for contract work	–	61,071
Amounts due from directors	–	2,398
Cash and cash equivalent	107,549	24,696
	286,003	174,844
Financial liabilities measured at amortised cost		
Trade and retention money payables	98,976	82,545
Accruals and other payables	7,123	4,158
Amounts due to directors	–	3,852
Contract liabilities	3,481	–
Amounts due to customers for contract work	–	4,373
Bank borrowings	–	8,526
Obligations under finance leases	56	82
	109,636	103,536

Management has assessed that the fair values of the above financial assets and liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments or that interests thereon are based on market rates.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

For the six months ended 30 September 2018

26. LITIGATION

At the end of reporting period, the Group was a defendant in a number of claims, lawsuits and potential claims relating to employee's compensation cases and personal injury claims. In the opinion of the directors, the possibility of any outflow of resources in settling these claims is remote and accordingly no provision for liabilities in respect of these litigation is necessary.

27. EVENT AFTER THE REPORTING PERIOD

On 6 November 2018, Head Fame ceased to be registered as a general building contractor in the register of general building contractors kept by the Building Authority, despite that Head Fame has submitted a new application for registration as a general building contractor on 2 November 2018, based on previously identified application for a qualified individual to act as an authorised signatory dated 19 September 2018, to the Buildings Department for review. It is expected by the directors that the approval process will take eight months or less. The directors are of the view that due to the contingency arrangements adopted for current projects, availability of suppliers with the aforesaid registration and the possibility of successful application subject to acceptance of the aforesaid authorised signatory applications, the temporary non-renewal of the registration as a registered general building contractor with the Buildings Department will not have any material adverse effect on the operation of the Group. Further details of the status of renewal of licence and contingency arrangements were set out in the Company's announcements dated 26 September 2018 and 5 November 2018.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group principally provides superstructure building and RMAA works service as a main contractor in Hong Kong.

Superstructure building works refer to the building works in relation to the parts of the structure above the ground level and the scope of our superstructure building works contracts mostly consists of development projects for residential and commercial buildings. RMAA works refer to the repair, maintenance, alteration and additional works for an existing structure.

According to the research conducted by an independent market research and consulting firm, the estimated revenue of the building construction works in Hong Kong will grow from approximately HK\$136.1 billion in 2018 to approximately HK\$154.8 billion in 2022, at a compounded annual growth rate (CAGR) of around 3.3%, whereas the estimated revenue of the RMAA works in Hong Kong will grow from approximately HK\$68.2 billion in 2018 to approximately HK\$69.7 billion in 2022, at a CAGR of around 0.5%. In view of the growth drivers such as the Government's policy to increase land supply and housing supply, increasing number of residential and commercial development projects and the Government's policy for urban renewal, the Group believes that there will be more opportunities for our superstructure building and RMAA works businesses in the private sector.

Superstructure building works

During the six months ended 30 September 2018, there were 5 (2017: 7) superstructure building works projects contributing revenue of HK\$217.9 million (2017: HK\$173.1 million) to this business segment.

RMAA works

During the six months ended 30 September 2018, there were 6 (2017: 3) RMAA works projects contributing revenue of HK\$29.5 million (2017: HK\$7.5 million) to this business segment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The Group's revenue for the six months ended 30 September 2018 amounted to approximately HK\$247.4 million, representing an increase of approximately HK\$66.8 million, or 37.0% compared to approximately HK\$180.6 million for the six months ended 30 September 2017. The increase in total revenue was mainly attributable to increase from superstructure building works approximately HK\$44.8 million and RMAA works approximately HK\$22.0 million, respectively.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the six months ended 30 September 2018 amounted to approximately HK\$19.9 million, representing a decrease of approximately HK\$2.3 million, or 10.4% compared to approximately HK\$22.2 million for the six months ended 30 September 2017. The decrease was mainly due to decrease in gross profit margin of superstructure building work services segment during the six months ended 30 September 2018.

Other Income

The other income of the Group for the six months ended 30 September 2018 amounted to approximately HK\$2.6 million, representing an increase of approximately HK\$2.1 million or 380.0% compared to approximately HK\$0.5 million for the six months ended 30 September 2017. The increase was mainly due to one-off interest income from public offer over subscription fund and recovery of bad debts for the six months ended 30 September 2018.

Administrative and Other Expenses

The administrative and other expenses of the Group for the six months ended 30 September 2018 amounted to approximately HK\$17.5 million, representing an increase of approximately HK\$7.3 million or 72.0% compared to approximately HK\$10.2 million for the six months ended 30 September 2017. The increase was mainly due to the one-off listing expenses of approximately HK\$9.4 million for the six months ended 30 September 2018 (2017: HK\$4.5 million), increase in donation to charity of approximately HK\$1.0 million and increase of others of approximately HK\$1.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit and Total Comprehensive Income for the period attributable to the owners of the Company

Profit and total comprehensive income attributable to the owners of the Company of approximately HK\$2.6 million for the six months ended 30 September 2018 as compared to approximately HK\$10.1 million for the six months ended 30 September 2017, representing a decrease of approximately HK\$7.5 million or 74.3%. Excluding the one-off listing related expenses of approximately HK\$9.4 million for the six months ended 30 September 2018 (2017: HK\$4.5 million), the Group would have an adjusted net profit of approximately HK\$12.0 million for the six months ended 30 September 2018 (2017: HK\$14.6 million).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 September 2018, the Group had cash and cash equivalents of approximately HK\$107.5 million (31 March 2018: HK\$24.7 million). The increase was primarily due to the net proceeds from the Listing in August 2018.

Current ratio increased from 1.8 as at 31 March 2018 to 2.6 as at 30 September 2018, mainly due to increase in cash and bank balances. Gearing ratio decreased from 10.3% as at 31 March 2018 to nil as at 30 September 2018, mainly due to the utilisation of net proceeds to repay the bank loan. Net debt to equity ratio is not applicable as at 30 September 2018 and 31 March 2018 due to the cash and cash equivalents larger than the total of bank loans and obligations under finance leases at both dates.

The capital structure of the Group consisted of equity of HK\$176.1 million (31 March 2018: HK\$83.5 million) and debts (bank loans and obligations under finance leases) of HK\$0.1 million (31 March 2018: HK\$0.1 million) as at 30 September 2018. The details of bank borrowings of the Group are set out in note 20 to the Unaudited Condensed Consolidated Financial Statements of this Interim Report.

TREASURY POLICY

The Group adopts a prudent approach in cash management. Apart from certain debts including obligations under finance leases, the Group did not have any material outstanding debts as at 30 September 2018. The banking facilities were secured by a charge over certain pledged deposit.

FOREIGN EXCHANGE EXPOSURE

As the Group only operates in Hong Kong and almost all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Board is of the view that the Group's foreign exchange rate risks are insignificant during the six months ended 30 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENT

The Company successfully listed its shares on the Main Board of the Stock Exchange on 22 August 2018 and issued a total of 200,000,000 shares by way of public offer and placing at a price of HK\$0.55 each on Listing. The net proceeds from the Listing, after deducting the underwriting fees, the Stock Exchange trading fee and SFC transaction levy and estimating listing expenses in connection with the Listing, were approximately HK\$78.5 million. As at 30 September 2018, the Group had used up approximately HK\$10.2 million of the net proceeds.

Net proceeds from the Listing

An analysis of the utilisation of the net proceeds from the date of Listing up to 30 September 2018 is set out below:

	Planned use of net proceeds stated in the Prospectus HK\$ million	Actual use of net proceeds up to 30 September 2018 HK\$ million
To take out surety bonds for contracts we have secured or plan to secure	54.1	–
To finance our upfront cost and working capital requirement for one superstructure building project awarded to us	9.4	–*
To expand our workforce and strengthen our manpower resources	4.8	–
To repay bank borrowings	10.2	10.2
	<u>78.5</u>	<u>10.2</u>

* The balance represents an amount less than HK\$100,000.

As at the date of this interim report, the unutilised proceeds were placed as interest bearing deposits with licensed bank in Hong Kong.



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2018, the Group employed a total of 53 employees as compared to a total of 55 employees as at 31 March 2018. Total staff costs for the six months ended 30 September 2018 were approximately HK\$11.5 million (for the six months ended 30 September 2017: approximately HK\$11.2 million). The remuneration package the Group offered to the employees includes salary, bonuses and other benefits including staff messing, staff welfare, training and provident funds. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The Group has designed an annual review system to assess the performance of the employees, which forms the basis of our decisions with respect to salary raises, bonuses and promotions.

The emoluments of the Directors are decided by the Board after recommendation from the remuneration committee of the Company, having considered the factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

CONTINGENT LIABILITIES AND CLAIMS

Save as disclosed in note 26 to the Unaudited Condensed Consolidated Financial Statements of this Interim Report, the Group had no other contingent liabilities and claims as at 30 September 2018.

SIGNIFICANT INVESTMENTS HELD

Except for investment in its subsidiaries, the Group did not hold any significant investments during the six months ended 30 September 2018.

PLEDGE OF ASSETS

As at 30 September 2018, bank deposits of the Group amounting to HK\$12.0 million (31 March 2018: nil) were pledged to bank for securing the banking facilities granted to the Group.

FUTURE PROSPECTS

In view of the Hong Kong Government's policy to increase land supply for residential and commercial uses, the Directors believe that with a good reputation and well-established presence in the Hong Kong superstructure building and RMAA works industry, the Group will continue to expand its market share and compete for more superstructure building and RMAA works contracts.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities from the date of Listing to 30 September 2018.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Share Option Scheme") on 25 July 2018. The principal terms of the Share Option Scheme is summarised in Appendix IV to the prospectus of the Company dated 7 August 2018. The main purpose of the Share Option Scheme is to provide incentives or rewards to participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity"). Participants include any employee (full-time and part-time), director, supplier, customer, service provider, shareholder, adviser, consultant, business partner or joint venture business partner of any member of the Group or any Invested Entity.

No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 25 July 2018, and there is no outstanding share option as at 30 September 2018.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 September 2018, the interests or short positions of the Directors and chief executives of the Company in the shares ("Shares"), underlying Shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Future Ordinance ("SFO"), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Division 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); (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

(i) Long position in the Shares:

Name of Directors	Capacity/ Nature of interest	Interest in ordinary Shares	Approximate percentage of interests in the Company
Mr. Chan Kam Tong ("Mr. KT Chan")	Interest in a controlled corporation	540,000,000 (note)	67.5%
Mr. Chan Kam Ming ("Mr. KM Chan")	Interest in a controlled corporation	540,000,000 (note)	67.5%

Note:

These shares are held by Shiny Golden Limited ("Shiny Golden"), which is beneficially owned as to 50% by Mr. KT Chan and 50% by Mr. KM Chan. On 26 May 2017, Mr. KT Chan and Mr. KM Chan entered into the acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert that to continue to act in the same manner in the Company upon the Listing. By virtue of the SFO, Mr. KT Chan and Mr. KM Chan are deemed to be interested in all the Shares held by Shiny Golden.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(ii) Long position in the ordinary shares of associated corporation

Name of Directors	Name of associated corporation	Nature of interest	Number of shares held	Approximate percentage of shareholding
Mr. KT Chan	Shiny Golden	Beneficial owner	1	50%
Mr. KM Chan	Shiny Golden	Beneficial owner	1	50%

Other than as disclosed above, as at 30 September 2018, none of the Directors nor chief executives of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange under the Model Code.

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

So far as the Directors are aware, as at 30 September 2018, the following persons/entities (other than the Directors or chief executive of the Company) have interests or short positions in the Shares or the underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept under Section 336 of the SFO.

Long position in the Company

Name of Shareholders	Capacity/ Nature of interest	Number of ordinary Shares and underlying Shares held (Note 1)	Approximate percentage of interests of the Company
Shiny Golden	Beneficial owner (Note 2)	540,000,000	67.5%
Ms. Shu Ah Ping	Interest of spouse (Note 3)	540,000,000	67.5%
Ms. Ng Wing Mui	Interest of spouse (Note 4)	540,000,000	67.5%
UG China Venture II Limited ("UG")	Beneficial owner (Note 5)	40,000,000	5%
UG Capital Limited	Investment manager (Note 6)	40,000,000	5%
Mr. Lau Chi Yin Thomas	Beneficial owner (Note 6)	40,000,000	5%
Ms. Tsui Wing Suen Bernadette	Interest of spouse (Note 7)	40,000,000	5%

CORPORATE GOVERNANCE AND OTHER INFORMATION

Notes:

1. All interests stated are long positions.
2. Shiny Golden is the direct shareholder of the Company. Shiny Golden is beneficially owned as to 50% by Mr. KT Chan and 50% by Mr. KM Chan. On 26 May 2017, Mr. KT Chan and Mr. KM Chan entered into the acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert that to continue to act in the same manner in our Group upon the Listing. By virtue of the SFO, Mr. KT Chan and Mr. KM Chan are deemed to be interested in all the Shares held by Shiny Golden.
3. Ms. Shu Ah Ping is the spouse of Mr. KT Chan. Accordingly, Ms. Shu Ah Ping is deemed or taken to be interested in the Shares Mr. KT Chan is interested in under the SFO.
4. Ms. Ng Wing Mui is the spouse of Mr. KM Chan. Accordingly, Ms. Ng Wing Mui is deemed or taken to be interested in the Shares Mr. KM Chan is interested in under the SFO.
5. UG is the direct shareholder of the Company, which is legally owned as to one voting share by UG Capital Limited and 11,600 non-voting shares by other independent third parties.
6. UG Capital Limited is the investment manager of UG. UG Capital Limited is deemed to be interested in all the Shares in which UG is interested by virtue of the SFO. UG Capital Limited is wholly-owned by Mr. Lau Chi Yin Thomas. To the best knowledge of the Directors, each of UG, UG Capital Limited and Mr. Lau Chi Yin Thomas is an independent third party.
7. Ms. Tsui Wing Suen Bernadette is the spouse of Mr. Lau Chi Yin Thomas. Accordingly, Ms. Tsui Wing Suen Bernadette is deemed or taken to be interested in the Shares Mr. Lau Chi Yin Thomas is interested in under the SFO.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2018.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability. The Company is committed in achieving a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

Since Listing, the Board is of the opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules as its own code of conduct of dealings in securities of the Company by Directors. All directors have complied with the required standard of dealings set out therein throughout the review period.

COMPETING INTERESTS

The Directors confirm that neither the controlling shareholders nor their respective close 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 September 2018, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules since the Listing Date and up to the date of this interim report.

EVENTS AFTER THE REPORTING PERIOD

Save as those disclosed in note 27 to the Unaudited Condensed Consolidated Financial Statements of this Interim Report, there is no other material subsequent event undertaken by the Company or the Group after 30 September 2018 and up to the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 25 July 2018 in accordance with Rule 3.21 of the Listing Rules with terms of reference aligned with the provision of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are, among other things, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing financial statements, annual report and accounts and half-year report and significant financial reporting judgements contained therein; and (c) reviewing financial controls, internal control and risk management systems. The Audit Committee consists of three members, namely Mr. Szeto Cheong Mark, Mr. Hau Wing Shing Vincent and Mr. Wan Simon. Mr. Szeto Cheong Mark is the chairman of the Audit Committee.

REVIEW OF FINANCIAL STATEMENTS

The condensed consolidated financial statements of the Group for the six months ended 30 September 2018 are unaudited but have been reviewed and approved by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

The interim condensed consolidated financial statements for the Review Period have been reviewed by our auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

By order of the Board
Golden Ponder Holdings Limited
Chan Kam Tong
Chairman

Hong Kong, 29 November 2018

As at the date of this interim report, the executive Directors of the Company are Mr. Chan Kam Tong and Mr. Chan Kam Ming, and the independent non-executive Directors of the Company are Mr. Hau Wing Shing Vincent, Mr. Szeto Cheong Mark and Mr. Wan Simon.