AB BUILDERS GROUP LIMITED
奧邦建築集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 01615)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2019

The board of directors (the "**Board**") of AB Builders Group Limited (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2019. This announcement complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company's website (www.abbuildersgroup.com).

The Company's 2019 interim report will be despatched to shareholders and published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

By order of the Board
Lao Chio Seng
Chairman and Executive Director

Macau, 27 August 2019

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Lao Chio Seng, Ms. Lao Chao U, Ms. Lao Ka U, Mr. Cheang Iek Wai and Mr. Ip Kin Wa; and three independent non-executive directors, namely Mr. Chu Yat Pang Terry, Mr. O'Yang Wiley and Mr. Choy Wai Shek, Raymond, MH, JP.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	NOTES	***MOP'000***	*MOP'000*
		(unaudited)	(unaudited)
Revenue	*3*	**178,853**	124,874
Cost of sales		**(150,187)**	(97,119)
Gross profit		**28,666**	27,755
Other income		**2,093**	807
Other losses		**(42)**	(80)
Impairment losses, net of reversal		**(1,476)**	–
Administrative expenses		**(11,675)**	(7,637)
Listing expenses		**–**	(3,416)
Profit before taxation		**17,566**	17,429
Income tax expenses	*5*	**(2,402)**	(2,294)
Profit and total comprehensive income for the period		**15,164**	15,135
Earnings per share			
– Basic (MOP)	*8*	**0.03**	0.03

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	NOTES	30.6.2019 MOP'000 (unaudited)	31.12.2018 MOP'000 (audited)
Non-current assets			
Property, plant and equipment		**46,962**	44,110
Deposits for acquisition of property, plant and equipment		**–**	1,416
		46,962	45,526
Current assets			
Trade and other receivables	*9*	**108,770**	95,789
Contract assets		**39,656**	29,000
Pledged bank deposits		**50,279**	50,279
Bank balances and cash		**130,841**	155,229
		329,546	330,297
Current liabilities			
Trade and other payables	*10*	**108,545**	116,083
Contract liabilities		**1,412**	4,566
Tax payable		**16,339**	13,937
		126,296	134,586
Net current assets		**203,250**	195,711
Net assets		**250,212**	241,237
Capital and reserves			
Share capital		**6,189**	6,189
Reserves		**244,023**	235,048
Total equity		**250,212**	241,237

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands with limited liability on 23 February 2017 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 September 2018.

The Company acts as investment holding company and the Company and its subsidiaries are hereinafter collectively referred to as the "Group". The principal activity of the Group is the provision of construction services including structural works and fitting-out works.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

The presentation and functional currency of the Company is Macau Pataca ("**MOP**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computations used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the annual consolidated financial statements of the Company for the year ended 31 December 2018.

Application of new and amendments to IFRSs

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

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

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

Impacts and changes in accounting policies of application on IFRS 16 "Leases"

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 "Leases", and the related interpretations.

Key changes in accounting policies resulting from application of IFRS 16

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

Definition of a lease

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

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

As a lessee

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to leases of a warehouse and certain office equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low value assets.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight line basis over the lease term.

Leasehold land and building

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

3. REVENUE

Revenue represents the amounts received and receivable for construction of fitting-out works and structural works rendered by the Group to customers.

	Six months ended 30 June	
	2019	2018
	MOP'000	*MOP'000*
	(unaudited)	(unaudited)
Recognised over time		
Contract revenue from provision of fitting-out works	**150,380**	101,701
Contract revenue from provision of structural works	**28,473**	23,173
	178,853	124,874

Structural works and fitting-out works represent performance obligations that the Group satisfies over time for each respective contract. The period of structural works and fitting-out works varies from 1 to 2 years (2018: from 1 to 3 years)

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

	At 30 June	
	2019	2018
	MOP'000	*MOP'000*
	(unaudited)	(unaudited)
Provision of fitting-out works	**132,292**	132,065
Provision of structural works	**24,073**	66,032
	156,365	198,097

Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as of 30 June 2019 will be recognised as revenue during the years ending 31 December 2019 to 2020 (2018: during the years ended/ending 31 December 2018 to 2019) in respect of provision of fitting-out works and during the years ending 31 December 2019 to 2020 (2018: during the year ended/ending 31 December 2018 to 2019) in respect of provision of structural works, respectively.

4. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the "**CODM**"), being the management of the Group, in order for CODM to allocate resources and to assess performance. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under IFRS 8 "Operating Segments" are as follows:

(a) Fitting-out works; and

(b) Structural works.

The CODM makes decisions according to the operating results of each segment. No analysis of segment assets and segment liabilities is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and profit

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

For the period ended 30 June 2019 (unaudited)

	Fitting-out works *MOP'000*	**Structural works** *MOP'000*	**Total** *MOP'000*
Segment revenue – external	**150,380**	**28,473**	**178,853**
Segment results	**21,147**	**7,519**	**28,666**
Administrative expenses			**(11,675)**
Other income and losses			**575**
Profit before taxation			**17,566**

For the period ended 30 June 2018 (unaudited)

	Fitting-out works *MOP'000*	Structural works *MOP'000*	Total *MOP'000*
Segment revenue – external	101,701	23,173	124,874
Segment results	20,788	6,967	27,755
Administrative expenses			(7,637)
Listing expenses			(3,416)
Other income and losses			727
Profit before taxation			17,429

Segment results represent the profit before taxation earned by each segment without allocation of administrative expenses, listing expenses, other income, other losses and impairment losses, net of reversal. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Geographical information

The Group's operations are located in Macau. The geographical location of the Group's non-current assets is substantially situated in Macau.

All of the Group's revenue from external customers is attributed to the group entities' place of domicile (i.e. Macau).

5. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019 ***MOP'000*** **(unaudited)**	2018 *MOP'000* (unaudited)
Macau Complementary Tax – current period	**2,402**	2,294

Macau Complementary Tax is calculated at 12% of the estimated assessable profits exceeding MOP600,000 for the period.

6. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

	Six months ended 30 June	
	2019 ***MOP'000*** **(unaudited)**	2018 *MOP'000* (unaudited)
Profit and total comprehensive income for the period has been arrived at after charging:		
Contract costs recognised as expense		
Fitting-out works	**129,233**	80,913
Structural works	**20,954**	16,206
	150,187	97,119
Depreciation of property, plant and equipment	**1,298**	793

7. DIVIDEND

The dividend recognised as a distribution during current period represents a final dividend of HK$0.01 per share in respect of the year ended 31 December 2018 amounting to HK$6,000,000 (equivalent to approximately MOP6,189,000), which was declared and approved by the Company's shareholders at the annual general meeting on 30 May 2019.

No interim dividend was recommended for payment for the current interim period.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on following date:

	Six months ended 30 June	
	2019	2018
	MOP'000	*MOP'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share	**15,164**	15,135

	Six months ended 30 June	
	2019	2018
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**600,000**	450,000

The weighted average number of ordinary shares of 450,000,000 for the six months ended 30 June 2018 was based the 20,000 shares of the Company in issue and on the assumption that, the 449,980,000 ordinary shares issued pursuant to the capitalisation issue as set out in "Written resolutions of the Shareholders passed on 17 August 2018" in Appendix V to the prospectus dated 27 August 2018 had been effective on 1 January 2018.

Diluted earnings per share are not presented as there were no potential ordinary shares in issue during both periods.

9. TRADE AND OTHER RECEIVABLES

	At 30 June 2019	At 31 December 2018
	MOP'000	*MOP'000*
	(unaudited)	(audited)
Trade receivables, net of loss allowance	**93,093**	73,560
Advances paid to subcontractors and suppliers	**10,347**	16,933
Other receivables, prepayment and deposits	**5,330**	5,296
Total trade and other receivables	**108,770**	95,789

Trade receivables represent amounts receivable for work certified after deduction of retention money.

The Group allows generally a credit period ranging from 7 to 60 days to its customers. The following is an aging analysis of trade receivables presented based on dates of work certified at the end of the reporting period, net of loss allowance.

	At 30 June 2019 *MOP'000* (unaudited)	At 31 December 2018 *MOP'000* (audited)
1 – 30 days	**69,033**	27,409
31 – 60 days	**7,560**	30,250
61 – 90 days	**16,044**	15,901
Over 90 days	**456**	–
	93,093	73,560

10. TRADE AND OTHER PAYABLES

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The credit period on trade purchase is 7 to 60 days.

	At 30 June 2019 *MOP'000* (unaudited)	At 31 December 2018 *MOP'000* (audited)
Trade payables	**25,100**	40,234
Retention payables	**29,478**	22,953
Accrued contract costs	**47,877**	43,340
Accruals and other payables	**6,090**	9,556
Total trade and other payables	**108,545**	116,083

The following is an aging analysis of trade payables presented based on the certified periods at the end of the reporting period:

	At 30 June 2019 *MOP'000* (unaudited)	At 31 December 2018 *MOP'000* (audited)
1 – 30 days	**16,473**	40,132
31 – 60 days	**5,351**	35
Over 60 days	**3,276**	67
	25,100	40,234

Retention payables to sub-contractors of contract works are interest-free and payable by the Group after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 3 months to 2 years from the completion date of the respective service contracts.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group's revenue for the six months ended 30 June 2019 was approximately MOP178.9 million, which represented an increase of approximately MOP54.0 million or approximately 43.2% over the corresponding period of the last year.

During the six months ended 30 June 2019, the Group has completed five fitting-out works projects and one structural works project, and was awarded with one structural works project and four fitting-out works projects with an aggregate contract sum of approximately MOP79.3 million.

As at 30 June 2019, the Group had 17 on-going projects (either in progress or yet to commence), including five structural works projects and 12 fitting-out works projects.

Recent development and future prospects

Along with the escalating tension arising from the China-United States Trade War, the slowdown of global economic growth and the currency depreciation of Renminbi ("**RMB**"), Macau's economy is being adversely affected during the first half of 2019. The gross revenue of gaming in Macau was decreased by 0.9% year on year for the year-to-dated July 2019 while the Macau's Gross Domestic Product ("**GDP**") for the first half of 2019 shrank by 2.5% year-on-year in real terms.

Under the above uncertain macro background, prudent consumption emotion and conservative investment environment have been affecting the amount of fixed asset investments, less availability of projects in the market and the delay of projects shadowed over the construction industry in Macau. The competition of the construction industry in Macau becomes more intense, which in turn affects the probability of successful bidding and the profitability of projects of the Group. If there are not significant improvements to the above conditions in the short term, the operation and financial performance of the Group in the second half may be more difficult than in the first half of 2019.

To cope with the above-mentioned uncertainties, the Board has been maintaining a sustainable and healthy financial position for the Group, cautiously utilising the proceeds from the listing of the shares of the Company (the "**Shares**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 10 September 2018 (the "**Listing**") to match the Group's business strategies to solidify the competitiveness in the construction market in Macau. In the meantime, in order to capture more business opportunities and expand revenue base, the Board, including but not limited to, has been looking for any opportunities arising from Guangdong-Hong Kong-Macau Greater Bay Area ("**the Greater Bay Area**") through merger and acquisition, partnership with reputable enterprises and tendering aggressively to broaden our customers base.

Despite all the uncertainties, there are always opportunities in the other side. The strategic position of Macau as the World Centre of Tourism and Leisure, the construction of Macau New Urban Zone (a huge land reclamation project in Macau spanning over approximately 2.8 square miles) and the development of the Greater Bay Area are providing a major opportunity for the construction industry in the long-term development. Therefore, in addition to seeking stability at this uncertain stage, the Group is striving progress towards future growth and development. The Board strongly believes that the Group will be well-positioned through these measures and remain optimistic about the prospect of the Group in the long run.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by types of construction works for the six months ended 30 June 2019 and 2018:

	Six months ended 30 June			
	2019		2018	
	MOP'000	*%*	*MOP'000*	*%*
	(unaudited)		(unaudited)	
Types of construction works				
Fitting-out works	**150,380**	**84.1**	101,701	81.4
Structural works	**28,473**	**15.9**	23,173	18.6
Total	**178,853**	**100.0**	124,874	100.0

For the six months ended 30 June 2019, the Group's revenue increased by approximately MOP54.0 million, or 43.2% as compared to the corresponding period of the last year. Such increase was mainly attributable to (i) the increase in the revenue generated from fitting-out works projects of approximately MOP48.7 million or 47.9%, as some new fitting-out works projects commenced in late 2018 started to contribute more revenue during the first half of 2019; and (ii) the increase in the revenue generated from structural works projects of approximately MOP5.3 million, this was mainly attributable to one project commenced in late 2018 contributed more revenue during the first half of 2019.

Gross profit and gross profit margin

The following table sets forth a breakdown of the Group's gross profit and gross profit margin by types of construction works for the six months ended 30 June 2019 and 2018:

	Six months ended 30 June			
	2019		2018	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	MOP'000	*%*	*MOP'000*	*%*
	(unaudited)		(unaudited)	
Types of construction works				
Fitting-out works	**21,147**	**14.1**	20,788	20.4
Structural works	**7,519**	**26.4**	6,967	30.1
Total	**28,666**	**16.0**	27,755	22.2

For the six months ended 30 June 2019, the Group's gross profit increased by approximately MOP0.9 million, or 3.3% to approximately MOP28.7 million when compared with the corresponding period of the last year.

The gross profit of the fitting-out works projects was increased by approximately MOP0.4 million or 1.7% to approximately MOP21.1 million. The gross profit margin of the fitting-out works projects was decreased from approximately 20.4% for the period ended 30 June 2018 to approximately 14.1% for the period ended 30 June 2019. The reduction was mainly attributable to: (i) the recognition of loss arising from a loss-making contract which amounted to approximately MOP1.5 million; (ii) the increase in the revenue contribution from projects with lower margin as a result of the adoption of competitive tender approach for broadening our customer base.

The gross profit of the structural works projects was increased by approximately MOP0.6 million or 7.9% to approximately MOP7.5 million when compared with the corresponding period of the last year. The decrease of the gross profit margin of the structural works projects from approximately 30.1% for the period ended 30 June 2018 to approximately 26.4% for the period ended 30 June 2019 was mainly attributable to the increase in the revenue contribution from a project with lower margin.

As a result, the Group's gross profit margin was decreased from approximately 22.2% for the period ended 30 June 2018 to approximately 16.0% for the period ended 30 June 2019.

Other income

The Group's other income increased by approximately MOP1.3 million or 159.4% from approximately MOP0.8 million for the six months ended 30 June 2018 to approximately MOP2.1 million for the six months ended 30 June 2019. The increase was mainly attributable to the increase in bank interest income.

Other losses

Other losses consisted of net exchange loss of approximately MOP42,000 and MOP80,000 respectively for the six months ended 30 June 2019 and 2018.

Impairment losses, net of reversal

The impairment losses for the six months ended 30 June 2019 mainly consisted of impairment losses on trade and other receivables and contract assets of approximately MOP1.5 million.

Administrative expenses

Administrative expenses increased by approximately MOP4.0 million or 52.9% from approximately MOP7.6 million for the six months ended 30 June 2018 to approximately MOP11.6 million for the six months ended 30 June 2019. The increase was mainly attributable to: (i) the increase in the professional fees of approximately MOP2.8 million; (ii) the increase in marketing expenses of approximately MOP0.4 million; and (iii) the increase in staff cost of approximately MOP0.8 million.

Listing expenses

No listing expenses was incurred for the six months ended 30 June 2019 since it was non-recurring in nature while the Group incurred listing expenses of approximately MOP3.4 million for the six months ended 30 June 2018.

Income tax expense

The Group's income tax expense increased by approximately MOP0.1 million or 4.7% from approximately MOP2.3 million for the six months ended 30 June 2018 to approximately MOP2.4 million for the six months ended 30 June 2019. The effective tax rates for the six months ended 30 June 2019 and 2018 were 13.7% and 13.2% respectively.

Profit for the period

The Group's profit for the six months ended 30 June 2019 was approximately MOP15.2 million, which represented an increase of approximately 0.2% over the corresponding period of the last year. The increase in the Group's profit for the six months ended 30 June 2019 was mainly attributable to the combined effect of the above mentioned items.

Excluding the non-recurring listing expenses, the Group's profit for the six months ended 30 June 2019 and 2018 was approximately MOP15.2 million and MOP18.6 million, respectively.

Interim dividend

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

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

As at 30 June 2019, the Group had net current assets of approximately MOP203.3 million (31 December 2018: MOP195.7 million). The current ratio of the Group, calculated based on the total current assets divided by the total current liabilities, was 2.6 as at 30 June 2019 (31 December 2018: 2.5).

The Group finances its operations primarily through a combination of cash flows generated from operations and banking facilities.

As at 30 June 2019, the Group had bank balances and cash of approximately MOP130.8 million (31 December 2018: MOP155.2 million). The Group also had an aggregate of bank deposits of approximately MOP50.3 million as at 30 June 2019 (31 December 2018: MOP50.3 million) pledged with banks to secure the bank overdrafts and banking facilities including performance guarantees and bid bonds issued by the banks.

As at 30 June 2019, no bank overdrafts and no bank borrowings were noted (31 December 2018: Nil).

As at 30 June 2019, the Group had unutilised banking facilities of approximately MOP127.0 million (31 December 2018: MOP118.9 million).

The Group has adopted a prudent approach in financial resources management. In the management of the liquidity, the Group continues to monitor and maintain adequate cash and cash equivalents as well as banking facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Capital structure

The capital structure of the Group consists of equity attributable to the owners of the Company, comprising issued share capital, share premium, legal reserve, other reserve and retained earnings. During the six months ended 30 June 2019, there has been no change in capital structure of the Company.

Significant investments held

The Group did not have any significant investments held as at 30 June 2019.

Material acquisitions and disposals

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

Pledge of assets

As at 30 June 2019, the Group's office premises of approximately MOP42.9 million (31 December 2018: MOP43.6 million) and certain deposits of approximately MOP50.3 million (31 December 2018: MOP50.3 million) pledged with banks to secure the banking facilities including performance guarantees and bid bonds issued by the banks.

Future plans for material investments and capital assets

Save as disclosed in the section headed "Recent development and future prospects" and "Use of proceeds", the Group did not have other plans for material investments and capital assets as at 30 June 2019.

Foreign exchange exposure

The Group entities collect most of its revenue and incur most of its expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through purchase of raw materials, sub-contracting charges and sales proceeds received from its customers that are denominated in a currency other than the Group's functional currency. The currencies giving rise to this risk are primarily Hong Kong dollars and RMB. The management of the Group considers that the exposure to foreign currency exchange risk is insignificant as the majority of its transactions are denominated in the functional currency of each of the Group entity.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group continues to monitor its foreign exchange exposures and will consider hedging significant foreign currency exposures should the need arise.

Capital commitment

As at 30 June 2019, the Group did not have any capital commitments (31 December 2018: MOP1.8 million).

Contingent liabilities

As at 30 June 2019, the Group had performance guarantees and bid bonds of approximately MOP64.6 million (31 December 2018: MOP64.3 million) and MOP0.5 million (31 December 2018: MOP9.0 million) respectively.

Saved as disclosed above, the Group had no material contingent liabilities as at 30 June 2019 (31 December 2018: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had a total of 100 full-time employees (31 December 2018: 94). The increase in number of employees was mainly attributable to the increase in number of project management staffs. The Group has implemented a tight cost control and adjust the number of staff based on the progress and expected work load of our construction works and the expected completion dates of works projects.

The remuneration package offered to employees includes salary and other employee benefits, such as bonus. In general, the Group determines the salaries of its employees based on their individual performance, qualifications, position and seniority. The Group conducts annual salary and promotion review in order to attract and retain employees. In addition, the Group provides various types of training to its employees to promote overall efficiency, employee loyalty and retention. Total staff costs for the six months ended 30 June 2019 were approximately MOP17.2 million (30 June 2018: MOP20.5 million).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company has raised gross proceeds of approximately HKD100.5 million through the Global Offering upon the Listing. After deducting the listing expenses, the net proceeds were approximately HKD61.2 million. Such net proceed are intended to be applied in the same manner and the same proportion as disclosed in the Prospectus, the below table sets out the proposed application and the status of utilisation.

As of 30 June 2019, the net proceeds from the Global Offering had been applied as follows:

Use of proceeds

	Net Proceeds (HK$' million)		
	Actual	**Utilised**	**Unutilised**
– Financing the Group's construction projects and strengthening the financial position (43%)	26.4	18.4	8.0
– Purchasing suitable new machinery for forthcoming construction works (27%)(Note 1)	16.5	–	16.5
– Potential merger and acquisition (10%)	6.1	–	6.1
– Hire additional staff for the Group's business operation (10%)	6.1	1.1	5.0
– General working capital (10%)	6.1	2.7	3.4
	61.2	22.2	39.0

Note 1 The Group is still in the process of soliciting suitable and cost-effective machinery and was not yet awarded for large-scale structural projects. Such proceed is expected to be utilised starting from the second half of 2019.

Note 2 As at 30 June 2019, the unutilised net proceeds from the Global Offering were deposited in the time deposit account of the bank of the Group.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2019 and up to the date of this announcement.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has adopted the code provisions (the "**Code Provisions**") set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. During the six months ended 30 June 2019, the Company has complied with all the Code Provisions.

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

During the six months ended 30 June 2019, the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiries of all directors, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2019.

AUDIT COMMITTEE

The Company established an audit committee on 17 August 2018 in compliance with Rule 3.21 of the Listing Rules. Written terms of reference in compliance with paragraph C.3.3 of the CG Code has been adopted and are available on the websites of the Stock Exchange and the Company. The primary roles of the audit committee include, but are not limited to, (a) making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor; (b) monitoring integrity of the financial statements and reviewing significant financial reporting judgements contained in them; and (c) reviewing financial controls, internal control and risk management systems. The audit committee consists of three independent non-executive directors, namely Mr. O'Yang Wiley, Mr. Chu Yat Pang Terry and Mr. Choy Wai Shek, Raymond, *MH, JP*. Mr. O'Yang Wiley is the chairman of the audit committee.

The unaudited condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the audit committee and the Group's auditor, Messrs. Deloitte Touche Tohmatsu.