The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF WAI HUNG GROUP HOLDINGS LIMITED AND RED SUN CAPITAL LIMITED

Introduction

We report on the historical financial information of Wai Hung Group Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-59, which comprise the consolidated statements of financial position of the Group as at 31 December 2015, 2016, 2017 and 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the four years ended 31 December 2018 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-59 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the "Document") in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2015, 2016, 2017 and 2018, of the Company's financial position as at 31 December 2018 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the group entities and the Company in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
[REDACTED]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Macau Pataca ("MOP"), which is also the functional currency of the Company, and all values are rounded to the nearest thousand (MOP'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			
	NOTES	**2015**	**2016**	**2017**	**2018**
		MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Revenue	*5*	113,973	114,676	189,111	326,774
Direct costs		(85,885)	(84,860)	(143,924)	(258,865)
Gross profit		28,088	29,816	45,187	67,909
Other income	*7*	59	83	37	694
Other losses	*7*	(5)	–	(23)	(79)
Administrative expenses		(8,659)	(8,988)	(15,330)	(16,673)
Finance costs	*8*	(159)	(76)	(142)	(416)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Profit before taxation	*9*	19,324	20,835	29,729	39,174
Income tax expense	*10*	(2,294)	(2,844)	(4,572)	(7,322)
Profit for the year		17,030	17,991	25,157	31,852
Other comprehensive expense					
Item that may be subsequently reclassified to profit and loss:					
Exchange differences arising on translation of foreign operation		–	–	–	(284)
		17,030	17,991	25,157	31,568
Profit for the year attributable to:					
– Owners of the Company		17,030	17,991	23,958	31,831
– Non-controlling interests		–	–	1,199	21
		17,030	17,991	25,157	31,852
Profit and total comprehensive income for the year attributable to:					
– Owners of the company		17,030	17,991	23,958	31,547
– Non-controlling interests		–	–	1,199	21
Total comprehensive income for the year		17,030	17,991	25,157	31,568
Earnings per share	*12*				
Basic (MOP cents)		5.0	5.3	7.1	8.8

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		Year ended 31 December			
	NOTES	**2015**	**2016**	**2017**	**2018**
		MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Non-current assets					
Property and equipment	*13*	973	638	1,020	2,094
Deposits	*15*	163	798	164	240
Amounts due from related parties	*19*	9,058	13,288	–	–
		10,194	14,724	1,184	2,334
Current assets					
Trade receivables	*14*	8,639	36,277	56,787	39,869
Other receivables, deposits and prepayments	*15*	13,825	18,645	36,571	22,932
Contract assets	*16*	7,498	2,698	9,102	33,124
Amounts due from related parties	*19*	165	–	18,528	23
Pledged bank deposits	*17*	–	–	2,319	2,339
Bank balances and cash	*17*	12,968	6,770	14,913	11,211
		43,095	64,390	138,220	109,498
Current liabilities					
Trade and other payables and accruals	*18*	23,280	26,038	40,519	37,298
Contract liabilities	*16*	721	4,181	7,641	993
Amounts due to related parties	*19*	–	161	3,720	6,342
Tax payable		2,007	4,062	7,875	8,072
Bank borrowings	*20*	–	–	5,137	2,575
		26,008	34,442	64,892	55,280
Net current assets		17,087	29,948	73,328	54,218
Net assets		27,281	44,672	74,512	56,552
Capital and reserves					
Share capital	*21*	3,131	3,131	3,341	–
Reserves		24,150	41,541	67,170	56,552
Equity attributable to owners of the company		27,281	44,672	70,511	56,552
Non-controlling interests		–	–	4,001	–
Total equity		27,281	44,672	74,512	56,552

STATEMENT OF FINANCIAL POSITION

	NOTES	**As at 31 December 2018** *MOP'000*
Non-current asset		
Investments in subsidiaries		80,235
Current assets		
Prepayment	*15*	4,180
Amounts due from subsidiaries	*19*	24,888
Bank balances and cash	*17*	97
		29,165
Current liabilities		
Accruals	*18*	4,640
Amounts due to related parties	*19*	6,342
		10,982
Net current assets		18,183
Net assets		98,418
Capital and reserves		
Share capital	*21*	–
Reserves	*31*	98,418
Total equity		98,418

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital	Share premium	Legal reserve	Other reserve	Statutory surplus reserve	Translation reserve	Accumulated profits	Total	Non-controlling interests	Total
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
			(Note (i))	*(Note (ii))*	*(Note (iii))*					
At 1 January 2015	3,131	–	500	495	–	–	6,725	10,851	–	10,851
Profit and total comprehensive income for the year	–	–	–	–	–	–	17,030	17,030	–	17,030
Dividends paid *(note 11)*	–	–	–	–	–	–	(600)	(600)	–	(600)
At 31 December 2015	3,131	–	500	495	–	–	23,155	27,281	–	27,281
Profit and total comprehensive income for the year	–	–	–	–	–	–	17,991	17,991	–	17,991
Dividends paid *(note 11)*	–	–	–	–	–	–	(600)	(600)	–	(600)
At 31 December 2016	3,131	–	500	495	–	–	40,546	44,672	–	44,672
Profit and total comprehensive income for the year	–	–	–	–	–	–	23,958	23,958	1,199	25,157
Issue of shares of Yiu Kwong Decoration Engineering (Macau) Company Limited ("YKDE")	210	–	–	–	–	–	–	210	90	300
Recognition of share-based payments of a subsidiary *(note 23)*	–	–	–	–	–	–	–	–	4,383	4,383
Change in shareholding in a subsidiary without losing control	–	–	–	1,671	–	–	–	1,671	(1,671)	–
At 31 December 2017 (as originally stated)	3,341	–	500	2,166	–	–	64,504	70,511	4,001	74,512
Adjustments (see note 2)	–	–	–	–	–	–	(563)	(563)	–	(563)
At 31 December 2017 (restated)	3,341	–	500	2,166	–	–	63,941	69,948	4,001	73,949
Profit for the year	–	–	–	–	–	–	31,831	31,831	21	31,852
Other comprehensive expense for the year	–	–	–	–	–	(284)	–	(284)	–	(284)
Total profit and other comprehensive (expense) income for the year	–	–	–	–	–	(284)	31,831	31,547	21	31,568
Dividends distribution *(note 11)*	–	–	–	–	–	–	(60,000)	(60,000)	–	(60,000)
Transfer upon reorganisation *(notes 1(v), (vi) and (vii))*	(3,341)	80,235	–	(78,219)	–	–	–	(1,325)	–	(1,325)
Issue of shares upon share offer to Fresh Phoenix (as defined in note 1(iv)) *(note 1(iv))*	–	15,450	–	–	–	–	–	15,450	–	15,450
Change in shareholding in subsidiaries without losing control	–	–	–	932	–	–	–	932	(4,022)	(3,090)
Transfer	–	–	–	–	120	–	(120)	–	–	–
At 31 December 2018	–	95,685	500	(75,121)	120	(284)	35,652	56,552	–	56,552

Notes:

(i) In accordance with the Article 377 of the Commercial Code of Macau Special Administrative Region of the People's Republic of China ("**Macau**"), the Company registered in Macau is required to transfer part of its profits of each accounting period of not less than 25% to legal reserve, until the amount reaches half of its share capital.

(ii) Other reserve represents (i) the 99% of equity interest of Wai Hung Hong Decoration and Design Company Limited ("WHHDD"), a group company incorporated in Macau, transferred from Mr. Li Kam Hung ("Mr. Li"), the executive director and controlling shareholder of the Company, to Wai Hung Hong Engineering (Macau) Co., Limited ("WHHE (Macau)"), a group company incorporated in Macau and controlled by Mr. Li, at nil consideration prior to the Track Record Period. Since then, WHHDD has been owned as to 99% by WHHE (Macau) and 1% by Mr. Li; (ii) the transfer of 5% equity of WHHE (Macau) by Mr. Li to the then employee of the Group upon the issuance of share-based payments of WHHE (Macau) resulting a surplus of MOP1,671,000 crediting to other reserve. Details refer to note 23; (iii) the acquisition of 5% WHHE (Macau) and 30% of YKDE (as define in note 1(v)) from a non-controlling shareholder of these entities of which details are disclosed in note 30, during the year ended 31 December 2018, resulting a credit of MOP932,000 crediting to other reserve; (iv) the difference between the aggregate amount of consideration payable to Mr. Li upon the reorganisation stated in note 1(v); and (v) the difference between the aggregate amount of share capital of the Company issued and the net asset values of Loyal Auspicious (as defined in note 1(ii)) and Splendor Haze (as defined in note 1(ii)) in connection with the group reorganisation as disclosed in note 1(vii) on 30 May 2018.

(iii) The entities established in the People's Republic of China (the "PRC") are required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises (2006) and other relevant regulations issued by the Ministry of Finance of the PRC, to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserve may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
OPERATING ACTIVITIES				
Profit before taxation	19,324	20,835	29,729	39,174
Adjustments for:				
Depreciation	473	418	424	503
Finance costs	159	76	142	416
Loss on written-off of property and equipment	5	–	23	–
Reversal of impairment loss allowance of trade receivables	–	–	–	(523)
Impairment loss allowance of contract assets	–	–	–	79
Bank interest income	(12)	(16)	(22)	(126)
Share-based payments	–	–	4,383	–
Operating cash flows before movements in working capital	19,949	21,313	34,679	39,523
Decrease (increase) in trade receivables	6,344	(27,638)	(20,510)	16,878
(Increase) decrease in other receivables, deposits and prepayments	(12,899)	(4,848)	(17,876)	17,969
(Decrease) increase in contract assets/liabilities, net	(5,197)	8,260	(2,944)	(30,749)
Increase (decrease) in trade and other payables and accruals	9,170	2,758	14,481	(4,896)
Increase (decrease) in amounts due to a related parties	–	–	1,020	(1,020)
Increase in amounts due from a related parties	–	–	–	(23)
Cash generated from (used in) operations	17,367	(155)	8,850	37,682
Income tax paid	(79)	(789)	(759)	(7,125)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	17,288	(944)	8,091	30,557

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
INVESTING ACTIVITIES				
Acquisition of a subsidiary	–	–	–	(12)
Purchases of property and equipment	(431)	(83)	(222)	(1,577)
Deposit paid for acquisition of property and equipment	–	(607)	(23)	–
Bank interest received	12	16	22	126
Placement of pledged bank deposits	–	–	(2,319)	(20)
Repayment from related parties	5	165	–	–
Advance to related parties	(3,411)	(4,230)	(4,940)	(36,455)
NET CASH USED IN INVESTING ACTIVITIES	(3,825)	(4,739)	(7,482)	(37,938)
FINANCING ACTIVITIES				
Acquisition of non-controlling interests of subsidiaries	–	–	–	(3,090)
Proceed from issue of shares of the Company	–	–	–	15,450
Payments of deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Advance from related parties	–	161	2,575	16
Repayment to related parties	(1,102)	–	(36)	(2,716)
Repayment of bank borrowings	(7,392)	(1,212)	(2,575)	(12,862)
New bank borrowings raised	4,120	1,212	7,712	10,300
Interests paid	(159)	(76)	(142)	(416)
Dividends paid	(600)	(600)	–	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(5,133)	(515)	7,534	3,963
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,330	(6,198)	8,143	(3,418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	4,638	12,968	6,770	14,913
EFFECT OF FOREIGN EXCHANGE RATE CHANGE	–	–	–	(284)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR represented by bank balances and cash	12,968	6,770	14,913	11,211

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GROUP REORGANISATION AND BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law Chapter 22 of the Cayman Islands on 9 April 2018. The address of the Company's registered office and the principal place of business is disclosed in the paragraph headed "Corporate Information" to the Document. The immediate holding company is Copious Astute Limited ("Copious Astute"), a limited company incorporated in the British Virgin Islands (the "BVI"), and wholly-owned by Mr. Li.

Historically, prior and after to the completion of the reorganisation as detailed below, all the companies comprising the Group were controlled by Mr. Li and he exercises his control over the companies now comprising the Group in respect of all the relevant business activities of these companies.

In preparation of the [REDACTED] of the Company's shares on The Stock Exchange of Hong Kong Limited (the "[REDACTED]"), the companies comprising the Group underwent the reorganisation as described below.

(i) Copious Astute was incorporated under the laws of the BVI with limited liability on 21 February 2018. On 29 March 2018, 1 share was allotted and issued to Mr. Li for cash consideration at par.

(ii) Loyal Auspicious Limited ("Loyal Auspicious") was incorporated under the laws of the BVI with limited liability on 28 February 2018. On 29 March 2018, 1 share was allotted and issued to Mr. Li for cash consideration at par.

Splendor Haze Limited ("Splendor Haze") was incorporated under the laws of the BVI with limited liability on 30 January 2018. On 29 March 2018, 1 share was allotted and issued to Mr. Li for cash consideration at par.

(iii) The Company was incorporated as an exempted company in the Cayman Islands on 9 April 2018 with an authorised share capital of Hong Kong Dollar ("HK$") 380,000 divided into 38,000,000 shares of HK$0.01 each. Upon incorporation, (i) one nil-paid share of the Company was allotted and issued to the initial subscriber, an independent third party, and was then transferred to Copious Astute; and (ii) 897 nil-paid shares of the Company were further allotted and issued to Copious Astute.

(iv) On 27 February 2018, Mr. Leong Lap Kun ("Mr. Leong"), an independent third party not relating to the Group, entered into a subscription agreement with WHHE (Macau) and Mr. Li. Pursuant to the agreement, Mr. Leong agreed to subscribe (through Fresh Phoenix Limited ("Fresh Phoenix"), a company incorporated under the laws of BVI with limited liability and wholly-owned by Mr. Leong) for 100 shares of the Company at cash consideration of HK$15,000,000. The subscription was completed and settled on 24 April 2018. Upon completion of the subscription, the Company was owned as to 90% by Copious Astute and 10% by Fresh Phoenix.

(v) On 26 April 2018, Loyal Auspicious acquired 19,999 shares in Wai Hung Hong Engineering Company Limited ("WHHE (HK)"), a company incorporated in Hong Kong, from Mr. Li and 1 share of WHHE (HK) from Mr. Yu Ming Ho ("Mr. Yu"), the executive director of the Company and director of the group entities before the incorporation of the Company who is held such equity interest in WHHE (HK) on trust in favour of Mr. Li, in consideration of which Loyal Auspicious allotted and issued 2 shares of Loyal Auspicious to Mr. Li.

On 15 May 2018, Loyal Auspicious acquired 1,980,000 shares in Wai Hung Hung Construction Company Limited* ("WHHC"), a company incorporated in Hong Kong, from Mr. Li and 20,000 shares in WHHC from Mr. Yu, who is held such equity interest in WHHC on trust for Mr. Li, in consideration of which Loyal Auspicious allotted and issued 2 shares of Loyal Auspicious to Mr. Li.

On 15 May 2018, Loyal Auspicious acquired 19,999 shares in Wai Hung Hong Construction Engineering Limited ("WHHCE"), a company incorporated in Hong Kong, from Mr. Li and 1 share in WHHCE from Mr. Yu, who held such equity interest in WHHCE on trust for Mr. Li, in consideration of which Loyal Auspicious allotted and issued 2 shares of Loyal Auspicious to Mr. Li.

On 18 May 2018, Loyal Auspicious acquired (i) 99% equity interest in New Wai Hung Construction (Macau) Co., Ltd. ("NWHC"), a company incorporated in Macau, from Mr. Li at the cash consideration of MOP495,000; and (ii) 1% equity interest in NWHC from Mr. Yu, who held such equity interest of NWHC for the benefits and under the instruction of Mr. Li, at the cash consideration of MOP5,000.

On 18 May 2018, Loyal Auspicious acquired (i) 99% equity interest in Wai Hung Hong Decoration and Design Company Limited ("WHHDD"), a company incorporated in Macau, from WHHE (Macau) at the cash consideration of MOP495,000; and (ii) 1% equity interest in WHHDD from Mr. Li at the cash consideration of MOP5,000.

On 18 May 2018, Loyal Auspicious acquired entire equity interest in Yiu Kwong Decoration Engineering (Macau) Company Limited ("YKDE"), a company incorporated in Macau, from Mr. Li at the cash consideration of MOP300,000.

On 18 May 2018, Loyal Auspicious acquired (i) 96% equity interests in Keng Chuan Limited ("Keng Chuan"), a company incorporated in Macau, from Mr. Li at the cash consideration of MOP24,000; and (ii) 4% equity interests in Keng Chuan from Mr. Yu, who held such equity interest of Keng Chuan for the benefits and under the instruction of Mr. Li, at the cash consideration of MOP1,000.

Upon the completion of these transactions, WHHE (HK), WHHC, WHHCE, NWHC, WHHDD, YKDE and Keng Chuan became wholly-owned subsidiaries of Loyal Auspicious.

(vi) On 18 May 2018, Splendor Haze acquired 99% equity interests in WHHE (Macau) from Mr. Li for cash consideration of MOP495,000 and 1% equity interests in WHHE (Macau) from Mr. Yu, who is held such equity interest of WHHE (Macau) for the benefits and under the instruction of Mr. Li, for cash consideration of MOP5,000. Upon the completion of this transaction, WHHE (Macau) became a wholly-owned subsidiary of Splendor Haze.

(vii) On 30 May 2018, the Company acquired the entire issued share capital of Loyal Auspicious from Mr. Li, and in consideration of which the Company issued 1 share of the Company to Copious Astute (as directed by Mr. Li).

On 30 May 2018, the Company acquired the entire issued share capital of Splendor Haze from Mr. Li, and in consideration of which the Company issued 1 share of the Company to Copious Astute (as directed by Mr. Li).

Upon completion of these transaction, Loyal Auspicious and Splendor Haze became wholly-owned subsidiaries of the Company.

Pursuant to the reorganisation detailed above, the Company has become the holding company of the companies now comprising the Group on 30 May 2018. The Group comprising the Company and its subsidiaries resulting from the reorganisation have always been under the control of Mr. Li regardless of the actual date when the Company formally becomes the holding company of the Group, therefore, the Group is regarded as a continuing entity and the Historical Financial Information has been prepared as if the Company had always been the holding company of the Group throughout the Track Record Period.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with HKFRSs issued by the HKICPA and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the HKICPA.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the Track Record Period include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the Track Record Period, or since their respective date of incorporation, where there is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 have been prepared to present the assets and liabilities of the companies now comprising the Group, as if the current group structure has been in existence as at those dates taking into account the respective dates of incorporation, where applicable.

2. ADOPTION OF NEW AND AMENDMENTS TO HKFRSs

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies, including but not limited to HKFRS 15 "Revenue from contracts with customers", which conform with the HKFRSs issued by the HKICPA that are effective for the accounting period beginning on 1 January 2018 throughout the Track Record Period, except that the Group adopted HKFRS 9 "Financial Instruments" from 1 January 2018. The accounting policies for financial instruments under HKFRS 9 are set out in note 3 below.

HKFRS 9 "Financial Instruments" and the related amendments

In the year ended 31 December 2018, the Group has applied HKFRS 9 and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and contract assets; and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated profits and other components of equity, without restating comparative information.

Classification and measurement of financial assets

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

Impairment of financial assets and contract assets

As at 1 January 2018, the management of the Group reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The results of the assessment and the impact thereof are detailed below.

Summary of effects arising from initial application of HKFRS 9

The table below illustrates the lifetime ECL of trade receivables and contract assets under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

	Trade receivables	**Accumulated profits**
	MOP'000	*MOP'000*
Closing balance at 31 December 2017 – HKAS 39	56,787	64,504
Effect arising from initial application of HKFRS 9:		
Remeasurement		
– impairment under ECL model	(563)	(563)
Opening balance at 1 January 2018	56,224	63,941

The Group applies simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics. As at 1 January 2018, the impairment loss allowance on trade receivables of MOP563,000 has been recognised against accumulated profits of MOP563,000.

Loss allowances for other financial assets at amortised cost mainly comprise of other receivables and deposits, amount due from related parties, pledged bank deposits and bank balances and cash, are measured on 12-month ECL basis and there had been no significant increase in credit risk since initial recognition.

For pledged bank deposits and bank balances, the Group only transacts with reputable banks with high credit ratings assigned by international credit-rating agencies and consider the risk of default is regard as low and 12-month ECL is insignificant.

For other receivables and deposits and amounts due from related parties, the management of the Group makes periodic collective as well as individual assessment on the recoverability of other receivables and deposits based on historical settlement records and past experience with available reasonable and supportive forward-looking information. Based on assessment by the management of the Group, the ECL for other receivables and deposits and amounts due from related parties is considered as insignificant.

Impairment loss allowances of trade receivables and contract assets as at 31 December 2017 reconcile to the opening impairment loss allowances as at 1 January 2018 is as follows:

	MOP'000
At 31 December 2017 – HKAS 39	–
Amounts remeasured through opening accumulated profits	563
At 1 January 2018	563

At the date of the report, the Group has not early applied the following new and amendments to HKFRSs which are not yet effective:

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) Interpretations ("HK(IFRIC) – Int") 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKAS 1 and HKAS 8	Definitions of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
5 Effective for annual periods beginning on or after 1 January 2020.

HKFRS 16 "Leases"

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 "Leases" and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents operating lease payments as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows, respectively by the Group.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of MOP4,182,000 and MOP413,000 as disclosed in note 24 and note 29, respectively. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16.

In addition, the Group currently considers refundable rental deposits paid of MOP390,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets.

The Group elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as lease applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an arrangement contains a lease" and not apply this standard to contracts that were not previously identified as containing a lease apply HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group elected the modified retrospective approach for the application of HKFRS 16 as leasee and will recognise the cumulative effect of initial application to opening accumulated profits without restating comparative information.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The directors of the Company do not anticipate that the application of HKFRS 16 in the future will have a material impact in the Group's future financial position and performance.

Except as disclosed above, the directors of the Company anticipate that the application of other new and revised HKFRSs and interpretations will have no material impact on the Group's consolidated financial statements in the future.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this Historical Financial Information is determined on such a basis, except for share-based payment transaction that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are within the scope of HKAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies adopted are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Merger accounting for business combination involving businesses under common control

The Historical Financial Information incorporates the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under control of the controlling entity.

The net assets of the combining businesses are combined using the existing book values from the controlling party's prospective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where is a shorter period, regardless of the date of the common control combination.

Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition:

- 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 entity satisfies a performance obligation

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 customers.

Control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or
- 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.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Revenue is measured based on the consideration specified in a contract with customer and excluded amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of service to a customer.

The Group recognises revenue from two major sources namely: 1) provision of fitting-out services; and 2) repair and maintenance services.

Provision of fitting-out services and repair and maintenance services

Recognition

The Group provides fitting-out services and repair and maintenance services under contracts with customers. Such contracts are entered into before the fitting-out services and repair and maintenance services begin. Under the terms of the contracts, the Group's performance creates and enhances an asset that the customers controls which referred as the designated areas where the fitting-out services and repair and maintenance services performed. Revenue from provision of fitting-out services and repair and maintenance services is therefore recognised over time, using the input method. Revenue is recognised for these services based on the stage of completion of the contract. The directors of the Company have assessed that the stage of completion determined as the proportion of the costs incurred for the works (i.e. subcontracting costs materials costs and direct labour costs incurred) performed to date relative to the estimated total costs to complete the satisfaction of these services and the margin of each project, to the extent that the amount can be measured reliably and its recovery is considered probable.

Contract assets/liabilities

The Group has rights to considerations from customers for the provision of fitting-out services and repair and maintenance services. Contract assets arise when the Group has right to consideration for completion of fitting-out services and repair and maintenance services and not billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables when such right become unconditional other than the passage of time. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability. If the progress payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties of the contract.

Notwithstanding the above, a contract does not have a significant financing component in circumstances where payment in advance or in arrear are in accordance with the typical payment terms of the relevant industry, which has a primary purpose other than financing.

Property and equipment

Property and equipment are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property and equipment over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment loss on assets other than financial assets

At the end of each reporting period, the Group reviews the carrying amount of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments (before application of HKFRS 9 on 1 January 2018)

Financial assets and financial liabilities are recognised on the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined as the time of initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis, except for short-term receivables where the recognition of interest would be immaterial.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables and deposits, amounts due from related parties, pledge bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of loans and receivables below).

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the loans and receivables, the estimated future cash flows of the loans and receivables have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for trade receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments, observable changes in national or local economic conditions that correlate with default on receivables.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities at amortised cost

The Group's financial liabilities including trade and other payables and accruals, amounts due to related parties and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the considerations received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liabilities derecognised and the considerations paid and payable is recognised in profit or loss.

Financial instruments (after application of HKFRS 9 on 1 January 2018)

Financial assets and financial liabilities are recognised on the statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

All recognised financial assets are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on a specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest rate

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, contract assets, other receivables and deposits, amounts due from related parties, pledged bank deposits and bank balances and cash). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognise lifetime ECL for trade receivables and contract assets and measures the lifetime ECL on a collective basis for portfolio that share similar economic risk characteristics. The ECL on those financial assets and contract assets are estimated using a provision matrix i.e. analysis of trade-related receivables and contract assets by ageing analysis and apply a probability-weighted estimate of the credit loss within the relevant time band. The probability-weighted estimate of the credit loss is determined based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast direction of conditions at the end of each reporting period, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account when assessing whether the credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have been occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer of the borrower; or
- A breach of contract, such as a default or past due event; or

- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

- It is becoming probably that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice when appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the end of each reporting period.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount with the exception of trade receivables and contract assets where the correspondence adjustment is recognised through a loss allowance account.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments;

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

The Group's financial liabilities including trade and other payables and accruals, amounts due to related parties and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

The effective interest method is a method of calculating the amortised cost of financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the amortised cost of a financial liability.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Equity-settled share-based payment transactions

Share award granted to employee

The fair value of services received is determined by reference to the fair value of the equity instrument at the grant date. The fair value of services received is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (other reserve).

Retirement benefits costs

Payments to the Mandatory Provident Fund Scheme ("MPF Scheme") in Hong Kong and the Social Security Fund Contribution in Macau are recognised as an expense when employees have rendered service entitling them to the contributions.

Employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries and annual leave) after deducting any amount already paid.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Taxation

Taxation represents the sum of the income tax expense currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, on the retranslation of monetary items are recognised in profit or loss in the period in which they arise.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following is the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Fitting-out and repair and maintenance contracts

The Group reviews and revises the estimated total costs to complete the satisfaction of these services and the margin of each project as the contract progresses. Budgeted costs and margin are prepared by the management of the Group on the basis of quotations from time to time provided by the subcontractors, suppliers or vendors involved and the experience of the management of the Group. In order to keep the budget accurate and up-to-date, the management of the Group conducts periodic reviews of the budgets of contracts by comparing the budgeted amounts to the actual amounts incurred. Such significant estimate may have impact on the profit recognised in each period.

Recognised amounts of revenue from fitting-out and repair and maintenance contracts and related receivables reflect the management's best estimate of each contract's outcome and stage of completion, which are determined on the basis of a number of estimates. This includes the assessment of the profitability of on-going fitting-out and repair and maintenance contracts. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty, the actual outcomes in terms of total cost may be higher or lower than estimated at the end of each reporting period, which would affect the revenue and profit recognised in future years and adjustment to the amounts recorded to date.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the fair value of amounts received and receivable from the provision of fitting-out and repair and maintenance service by the Group to external customers. The Group's revenue is mainly derived from provision of fitting-out services and repair and maintenance services in Macau during the Track Record Period.

Revenue

Timing of revenue recognition and category of revenue

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Recognised over time and short-term contracts:				
– provision of fitting-out services	108,314	110,247	188,118	326,272
Recognised over time and long-term contracts:				
– provision of repair and maintenance services	5,659	4,429	993	502
	113,973	114,676	189,111	326,774

The customers of the Group are mainly hotel and casino operators in Macau. All of the Group's provision of fitting-out services and repair and maintenance services are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts.

Transaction price allocated to the remaining performance obligations

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

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Provision of fitting-out services	16,146	12,584	33,695	162,755
Provision of repair and maintenance services	5,421	922	–	–
	21,567	13,506	33,695	162,755

Based on the information available to the Group at the end of each reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of fitting-out and repair and maintenance services as of 31 December 2015, 2016, 2017 and 2018 will be recognised as revenue during the years ended/ending 31 December 2016 to 2019.

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 executive directors of the Company, in order for the 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 HKFRS 8 "Operating Segments" are as follows:

(a) fitting-out services; and

(b) repair and maintenance services.

The CODM makes decisions according to the operating results of each segment. No analysis of segment asset and segment liability 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 results

Year ended 31 December 2015

	Fitting-out services	Repair and maintenance services	Total
	MOP'000	*MOP'000*	*MOP'000*
Segment revenue	108,314	5,659	113,973
Segment results	26,957	1,131	28,088
Other income			59
Other losses			(5)
Administrative expenses			(8,659)
Finance costs			(159)
Profit before taxation			19,324

Year ended 31 December 2016

	Fitting-out services	Repair and maintenance services	Total
	MOP'000	*MOP'000*	*MOP'000*
Segment revenue	110,247	4,429	114,676
Segment results	28,929	887	29,816
Other income			83
Administrative expenses			(8,988)
Finance costs			(76)
Profit before taxation			20,835

Year ended 31 December 2017

	Fitting-out services	**Repair and maintenance services**	**Total**
	MOP'000	*MOP'000*	*MOP'000*
Segment revenue	188,118	993	189,111
Segment results	44,988	199	45,187
Other income			37
Other losses			(23)
Administrative expenses			(15,330)
Finance costs			(142)
Profit before taxation			29,729

Year ended 31 December 2018

	Fitting-out services	**Repair and maintenance services**	**Total**
	MOP'000	*MOP'000*	*MOP'000*
Segment revenue	326,272	502	326,774
Segment results	67,802	107	67,909
Other income			694
Other losses			(79)
Administrative expenses			(16,673)
Finance costs			(416)
[REDACTED]			[REDACTED]
Profit before taxation			39,174

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment results mainly represented profit earned by each segment, excluding other income, other losses, administrative expenses, finance costs, [REDACTED] and income tax expense.

Geographical information

No geographical segment information is presented as the Group's revenue are all derived from Macau based on the location of the projects.

The Group's non-current assets (other than financial assets) by geographical location of the assets are detailed below:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Macau	576	1,032	852	1,189
Hong Kong	560	404	332	1,145
	1,136	1,436	1,184	2,334

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the Track Record Period is as follows:

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Customer A:				
Revenue from fitting-out services	96,243	95,868	155,431	263,917
Customer B:				
Revenue from fitting-out services	9,834	13,627	N/A*	N/A*
Revenue from repair and maintenance services	5,659	4,429	N/A*	N/A*
	15,493	18,056	N/A*	N/A*

* Less than 10% of the Group's total revenue

6. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executive's emoluments

Mr. Li and Mr. Yu were appointed as executive directors of the Company on 5 May 2018. Mr. Li Chun Ho, the son of Mr. Li, was appointed as a non-executive director of the Company on 15 June 2018. The emoluments paid or payable to the directors and chief executive of the Company (including the emoluments for services as directors of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period as follows:

	Mr. Li	**Mr. Yu**	**Total**
	MOP'000	*MOP'000*	*MOP'000*
	(Note)		
Year ended 31 December 2015			
Fees	–	–	–
Other emoluments			
Salaries and other benefits	1,174	1,365	2,539
Retirement benefits schemes contributions	19	19	38
Total emoluments	1,193	1,384	2,577

	Mr. Li	**Mr. Yu**	**Total**
	MOP'000	*MOP'000*	*MOP'000*
	(Note)		
Year ended 31 December 2016			
Fees	–	–	–
Other emoluments			
Salaries and other benefits	402	1,406	1,808
Retirement benefits schemes contributions	19	19	38
Total emoluments	421	1,425	1,846

	Mr. Li	**Mr. Yu**	**Total**
	MOP'000	*MOP'000*	*MOP'000*
	(Note)		
Year ended 31 December 2017			
Fees	–	–	–
Other emoluments			
Salaries and other benefits	402	1,406	1,808
Retirement benefits schemes contributions	19	19	38
Total emoluments	421	1,425	1,846

	Mr. Li	**Mr. Yu**	**Mr. Li Chun Ho**	**Total**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
	(Note)			
Year ended 31 December 2018				
Fees	–	–	–	–
Other emoluments				
Salaries and other benefits	464	1,568	–	2,032
Retirement benefits schemes contributions	19	19	–	38
Total emoluments	483	1,587	–	2,070

Note: Mr. Li acts as chief executive of the Group.

The directors' emoluments are for their services in connection to the management of the affairs of the Group.

During the Track Record Period, no remuneration was paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any remuneration during the Track Record Period.

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two, one, one and one were the directors of the Company for the years ended 31 December 2015, 2016, 2017 and 2018, respectively. Their emoluments are included in note 6 (a) above. The emoluments of the three, four, four and four non-director individuals for the years ended 31 December 2015, 2016, 2017 and 2018 are as follows:

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Salaries and other benefits	3,105	4,164	5,066	4,526
Share-based payments	–	–	4,383	–
Retirement benefits schemes contributions	54	74	51	52
	3,159	4,238	9,500	4,578

Their emoluments are within the following bands:

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	Number of employee	**Number of employee**	**Number of employee**	**Number of employee**
Nil to HK$1,000,000	2	3	2	1
HK$1,000,001 to HK$1,500,000	1	1	1	3
HK$5,500,001 to HK$6,000,000	–	–	1	–
	3	4	4	4

During the Track Record Period, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7. OTHER INCOME/OTHER LOSSES

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Other income				
Bank interest income	12	16	22	126
Reversal of impairment loss allowance of trade receivables	–	–	–	523
Others	47	67	15	45
	59	83	37	694
Other losses				
Loss on written-off of property and equipment	5	–	23	–
Impairment loss allowance of contract assets	–	–	–	79
	5	–	23	79

8. FINANCE COSTS

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Interests on loan from Ms. Ng Suk Fun ("Ms. Ng") *(Note)*	46	–	–	–
Interests on bank borrowings	113	76	142	416
	159	76	142	416

Note: Ms. Ng is the spouse of Mr. Li.

9. PROFIT BEFORE TAXATION

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Profit before taxation has been arrived at after charging:				
Auditor's remuneration	43	92	38	76
Depreciation on property and equipment	473	418	424	503
Staff costs (including directors' emoluments):				
Salaries and other benefits	17,087	18,416	20,509	30,970
Share-based payments to an employee	–	–	4,383	–
Retirement benefits schemes contributions	348	311	439	748
	17,435	18,727	25,331	31,718
Less: staff costs included in direct costs	(12,970)	(14,118)	(15,607)	(22,225)
	4,465	4,609	9,724	9,493
Minimum lease payments under operating leases in respect of land and building (included in administrative expenses)	1,736	1,760	1,601	2,207

10. INCOME TAX EXPENSE

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Current Tax:				
Macau Complementary Income Tax	2,294	2,844	4,572	7,116
PRC Enterprise Income Tax	–	–	–	206
	2,294	2,844	4,572	7,322

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC group entity is 25% for the Track Record Period.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period. No provision of Hong Kong Profits Tax was made as the subsidiaries in Hong Kong incurred tax losses during the Track Record Period.

Under the PRC law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the Historical Financial Information in respect of temporary differences attributable to retained earnings of the PRC subsidiaries amounting to approximately nil, nil, nil and MOP1,198,000 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The income tax expense for the Track Record Period can be reconciled to the profit before taxation as follows:

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Profit before taxation	19,324	20,835	29,729	39,174
Tax at the Macau Complementary Income Tax rate of 12%	2,319	2,500	3,567	4,701
Tax effect of expense not deductible for tax purpose	277	584	1,224	2,770
Tax effect of tax exemption under Macau Complementary Income Tax	(230)	(166)	(217)	(255)
Tax deductible for dividend declared	(72)	(72)	–	–
Effect of different tax rates of subsidiaries operating in other jurisdiction	–	–	–	106
Others	–	(2)	(2)	–
Income tax expense	2,294	2,844	4,572	7,322

11. DIVIDENDS

During the years ended 31 December 2015 and 2016, WHHE (Macau) declared and paid dividends of MOP600,000 and MOP600,000, respectively, to the then shareholders. The rate of dividend and number of shares ranking for dividend are not presented as such information is not considered meaningful having regard to the purpose of this report.

On 19 December 2018, the Company declared dividends of MOP60,000 per each ordinary share to its shareholders with an aggregate amount as MOP60,000,000. Amount of MOP53,658,000 out of the dividends attributable to Copious Astute of MOP54,000,000 are settled through the current account with Mr. Li and the remaining balance of MOP342,000 dividend payable to Copious Astute and MOP6,000,000 dividend payable to Fresh Phoenix will be settled prior to [REDACTED].

12. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the following data:

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Earnings:				
Earnings for the purpose of calculating basic earnings per share (profit for the year attributable to owners of the Company)	17,030	17,991	23,958	31,831
	'000	*'000*	*'000*	*'000*
Number of shares *(note)*:				
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	337,500	337,500	337,500	363,390

Note: The number of ordinary shares for the purpose of calculating basis earnings per share has been determined on the assumption that the reorganisation as set out in note 1 and the capitalisation issue as described in the section headed "Share Capital" in the document have been effective on 1 January 2015.

No diluted earnings per share for the Track Record Period was presented as there were no potential ordinary shares in issue during the Track Record Period.

13. PROPERTY AND EQUIPMENT

	Leasehold improvements *MOP'000*	Furniture and fixtures *MOP'000*	Office equipment *MOP'000*	Motor vehicles *MOP'000*	Total *MOP'000*
COST					
At 1 January 2015	463	241	1,014	1,026	2,744
Additions	315	25	91	–	431
Written-off	–	(4)	(2)	–	(6)
At 31 December 2015	778	262	1,103	1,026	3,169
Additions	–	42	41	–	83
At 31 December 2016	778	304	1,144	1,026	3,252
Additions	524	74	231	–	829
Written-off	(466)	(41)	(84)	–	(591)
At 31 December 2017	836	337	1,291	1,026	3,490
Additions	181	378	721	297	1,577
At 31 December 2018	1,017	715	2,012	1,323	5,067
DEPRECIATION					
At 1 January 2015	159	123	788	654	1,724
Provided for the year	162	37	115	159	473
Eliminated upon written-off	–	(1)	–	–	(1)
At 31 December 2015	321	159	903	813	2,196
Provided for the year	112	45	102	159	418
At 31 December 2016	433	204	1,005	972	2,614
Provided for the year	184	62	124	54	424
Eliminated upon written-off	(466)	(28)	(74)	–	(568)
At 31 December 2017	151	238	1,055	1,026	2,470
Provided for the year	191	81	213	18	503
At 31 December 2018	342	319	1,268	1,044	2,973
CARRYING AMOUNTS					
At 31 December 2015	457	103	200	213	973
At 31 December 2016	345	100	139	54	638
At 31 December 2017	685	99	236	–	1,020
At 31 December 2018	675	396	744	279	2,094

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvements	over the lease terms
Furniture and fixtures	20%
Office equipment	20%
Motor vehicles	10-15%

14. TRADE RECEIVABLES

The Group grants credit terms of 30 days to its customers from the date of invoices on progress payments of contract works. An ageing analysis of the trade receivables presented based on the invoice date which is approximately one month after the related revenue being recognised, at the end of each reporting period is as follows:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
0-30 days	7,000	34,566	42,230	14,013
31-60 days	339	1,634	14,557	14,094
61-90 days	1,300	–	–	10,979
91-365 days	–	77	–	823
	8,639	36,277	56,787	39,909
Less: Impairment loss allowance	–	–	–	(40)
	8,639	36,277	56,787	39,869

As at 1 January 2015, trade receivables from contracts with customers amounted to MOP14,983,000.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Credit limits attributable to customers are reviewed regularly. Approximately 81.0%, 95.3% and 74.4% and 35.1% of trade receivables as at 31 December 2015, 2016, 2017 and 2018, respectively, that are neither past due nor impaired have good credit quality. These customers have no default of payment in the past.

The Group has a policy for allowance of bad and doubtful debts which is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement including the creditworthiness and the past collection history of each customer.

Included in the Group's trade receivables are debtors with aggregate carrying amount of MOP1,639,000, MOP1,711,000 and MOP14,557,000 and MOP25,896,000 which are past due at 31 December 2015, 2016, 2017 and 2018, respectively, for which the Group has not provided for impairment loss as there has not been a significant change in credit quality of the trade receivable and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Ageing analysis of trade receivables net of impairment loss allowance which are past due but not impaired, presented based on the number of days overdue of the credit terms to the respective invoices.

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
1-30 days	339	1,634	14,557	14,094
31-60 days	1,300	–	–	10,979
61-120 days	–	77	–	823
Over 120 days	–	–	–	–
	1,639	1,711	14,557	25,896

Before the application of HKFRS 9 on 1 January 2018, in determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of each reporting period. The trade receivables past due but not provided for impairment as at the end of each reporting period were either subsequently settled or no historical default of payments was noted by the respective customers and the management of the Group believes that no impairment required.

Upon the application of HKFRS 9 on 1 January 2018, the Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of trade receivables, trade receivables have been grouped based on shared credit risk characteristics.

Impairment assessment on trade receivables subject to ECL model

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The debtors are grouped under a provision matrix into three internal credit rating buckets (namely: low risk, medium risk and high risk) based on shared credit risk characteristics by reference to past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position. The following table provides information about the exposure to credit risk and ECL for trade receivables which are assessed collectively based on provision matrix as at 31 December 2018.

Internal credit rating	**Average loss rate**	**Gross carrying amount**	**Impairment loss allowance**
		MOP'000	*MOP'000*
Low risk	0.10%	39,909	40
		39,909	40

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in Macau, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Since the application of HKFRS 9 on 1 January 2018, there has been no change in the estimation techniques or significant assumptions made.

During the year ended 31 December 2018, the Group reversed impairment losses allowance of MOP523,000 based on the provision matrix.

The movement in the impairment loss allowance of trade receivables during the year ended 31 December 2018 is as follows:

	Not credit-impaired
	MOP'000
Balance at 1 January 2018 *(note)*	563
Reversal of impairment losses allowance recognised	(523)
Balance at 31 December 2018	40

Note: The Group has initially applied HKFRS 9 at 1 January 2018 and comparative information is not restated.

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group				**The Company**
	As at 31 December				**As at 31 December**
	2015	**2016**	**2017**	**2018**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Rental deposits	247	325	236	367	–
Deposit paid for acquisition of property and equipment	–	607	23	23	–
Prepayments to subcontractors	11,477	11,589	30,579	18,244	–
Receivable for billing in advance	2,195	6,616	5,415	–	–
Other receivables	69	306	482	358	–
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Prepaid [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	13,988	19,443	36,735	23,172	4,180
Presented as non-current assets	163	798	164	240	–
Presented as current assets	13,825	18,645	36,571	22,932	4,180
Total	13,988	19,443	36,735	23,172	4,180

The receivable for billing in advance amounted to MOP467,000, MOP2,195,000, MOP6,616,000 and MOP5,415,000 and nil as at 1 January 2015, 31 December 2015, 2016, 2017 and 2018, respectively. The balances represent the bills issued to customers prior to the works being performed upon customers' consent and not yet settled at the end of each reporting period. The Group grants credit terms of 30 days to its customers from the date of invoices. The balances were settled subsequently to the end of each reporting period.

16. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 1 January 2015	As at 31 December 2015	2016	2017	2018
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Contract assets					
Fitting-out services	2,047	6,722	2,698	9,102	33,193
Repair and maintenance services	–	776	–	–	10
	2,047	7,498	2,698	9,102	33,203
Less: Impairment loss allowance	–	–	–	–	(79)
	2,047	7,498	2,698	9,102	33,124
Contract liabilities					
Fitting-out services	(467)	(721)	(3,189)	(7,641)	(993)
Repair and maintenance services	–	–	(992)	–	–
	(467)	(721)	(4,181)	(7,641)	(993)

For the contract liabilities as at 1 January 2015, 31 December 2015, 2016 and 2017, the entire balances are recognised as revenue to profit or loss during the years ended 31 December 2015, 2016, 2017 and 2018, respectively.

The significant increase of contract assets during the year ended 31 December 2018 is the result of the increase in completion of certain significant project sum contracts of work for fitting-out services and repair and maintenance services and the respective retention money withheld by the customers of contract works under the defects liability period.

The Group has rights to considerations from customers for the provision of fitting-out services and repair and maintenance services. Contract assets arise when the Group has right to consideration for completion of fitting-out services and repair and maintenance services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables when such right becomes unconditional other than the passage of time. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability. If the progress payment exceeds the revenue recognised to date under the input method, then the Group recognises a contract liability for the difference.

Impairment assessment on contract assets subject to ECL model

Upon application of HKFRS 9 on 1 January 2018, the Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of contract assets, contract assets have been grouped based on shared credit risk characteristics. The ECL of contract assets as at 1 January 2018 (upon the application of HKFRS 9) was insignificant based on the counterparties' past repayment history and subsequent settlement.

As part of the Group's credit risk management, the Group applies internal credit rating for its customers. The debtors are grouped under a provision matrix into three internal credit rating buckets (namely: low risk, medium risk and high risk) based on shared credit risk characteristics by reference to past experience with debtors and an analysis of the debtors' current financial position. The following table provides information about the exposure to credit risk and ECL for contract assets which are assessed collectively based on provision matrix as at 31 December 2018.

Internal credit rating	**Average loss rate**	**Gross carrying amount**	**Impairment loss allowance**
		MOP'000	*MOP'000*
Low risk	0.10%	31,963	32
Medium risk	2.15%	750	16
High risk	6.28%	490	31
		33,203	79

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and study of other corporates' default and recovery data from international credit-rating agencies including Moody's and Standard and Poor's, and are adjusted for forward-looking information (for example, the current and forecasted economic growth rates in Macau, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. Such forward-looking information is used by the management of the Group to assess both the current as well as the forecast direction of conditions at the reporting date. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Since the application of HKFRS 9 on 1 January 2018, there has been no change in the estimation techniques or significant assumptions made.

During the year ended 31 December 2018, the Group provided impairment losses allowance of MOP79,000 based on the provision matrix.

The movement in the impairment loss allowance of contract assets during the year ended 31 December 2018 is as follows:

	Not credit-impaired
	MOP'000
Balance at 1 January 2018	–
Impairment loss allowance recognised	79
Balance at 31 December 2018	79

Included in carrying amounts of contract assets/contract liabilities as stated above comprises retention money of MOP6,509,000, MOP8,934,000 and MOP11,089,000 and MOP10,596,000 as at 31 December 2015, 2016, 2017 and 2018, respectively.

Retention money is unsecured and interest-free and represented the monies withheld by customers of contract works recoverable after the completion of defects liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, usually being 1 year from the date of completion of respective fitting-out and repair and maintenance services projects. Accordingly, in respect to the incompleted project as at the end of each reporting period, the respective retention money is expected to be recovered beyond twelve months from the end of each reporting period.

The retention money is to be settled, based on the completion of defects liability period, at the end of each reporting period as follows:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
On demand or within one year	5,723	8,695	868	9,565
After one year	786	239	10,221	1,031
	6,509	8,934	11,089	10,596

17. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Pledged bank deposits as at 31 December 2017 and 2018 are pledged to secure the bank borrowings of the Group which carry interest at prevailing market rate of 0.01% per annum.

As at 31 December 2015, 2016, 2017 and 2018, bank balances and cash comprise of cash held and short term bank deposits with an original maturity of three months or less which carry interest at prevailing market rate of 0.01% per annum.

18. TRADE AND OTHER PAYABLES AND ACCRUALS

	The Group				The Company
	As at 31 December				As at 31 December
	2015	**2016**	**2017**	**2018**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Trade payables	11,262	11,792	19,667	8,238	–
Retention payables	2,356	3,447	6,019	11,065	–
Accruals for subcontracting costs *(Note)*	7,925	8,673	13,434	11,762	–
Accrued [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Accruals and other payables	1,737	2,126	1,399	1,593	–
	23,280	26,038	40,519	37,298	4,640

Note: Amounts represented subcontracting costs being incurred which are yet billed by the subcontractors.

The credit period grants to the Group by subcontractors/suppliers normally being 0-30 days. The following is an ageing analysis of trade payables based on the invoice date at the end of each reporting period:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
0-30 days	3,946	3,748	6,839	202
31-60 days	50	4	3,174	–
61-90 days	–	4	1,618	–
Over 90 days	7,266	8,036	8,036	8,036
	11,262	11,792	19,667	8,238

Retention payables to subcontractors are interest-free and payable at the end of the defects liability period of individual contracts (i.e. one year after completion of respective prospect). All retention payables are expected to be settled within one year based on the expiry date of the defects liability period.

19. AMOUNTS DUE FROM/TO RELATED PARTIES/SUBSIDIARIES

Amounts due from related parties

The amounts are non-trade, unsecured, interest-free and repayable on demand.

Details of amounts due from related parties are stated as follows:

	As at					Maximum amount outstanding during the year ended 31 December			
	1 January	31 December							
	2015	2015	2016	2017	2018	2015	2016	2017	2018
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
Mr. Li *(Note (i))*	5,662	9,058	13,288	18,528	–	9,058	13,288	18,528	53,658
Mr. Yu	20	15	–	–	–	20	15	–	–
Ms. Ng *(Note (ii))*	–	–	–	–	23	–	–	–	81
Chi Sing Construction Engineering Company Limited ("Chi Sing") *(Note (iii))*	135	150	–	–	–	150	150	–	–
	5,817	9,223	13,288	18,528	23				

Notes:

(i) The balances due from Mr. Li are settled during year ended 31 December 2018 and therefore the balances as at 31 December 2015 and 2016 are being classified as non-current asset and the balances as at 31 December 2017 are being classified as current asset.

(ii) The balance due from the rental deposit for the Hong Kong office which is wholly owned by Ms. Ng.

(iii) Chi Sing is a company incorporated in Hong Kong and wholly-owned by Mr. Li.

Amounts due to related parties

Details of amounts due to related parties are stated as follows:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Mr. Yu *(Note (i))*	–	12	6	–
Chi Sing *(Note (i))*	–	149	119	–
Ms. Ng *(Note (i))*	–	–	2,575	–
Zhuhai Hengqin Zhongxin Construction Materials Limited ("ZHZC") *(Note (ii))*	–	–	1,020	–
Copious Astute *(Note (iii))*	–	–	–	342
Fresh Phoenix *(Note (iii))*	–	–	–	6,000
	–	161	3,720	6,342

Notes:

(i) The amounts are non-trade, unsecured, interest-free and repayable on demand

(ii) ZHZC is wholly-owned by Mr. Hung (as defined in note 23) since its incorporation. On 29 January 2018, WHHEC (Macau) acquired 100% interests of ZHZC at the cash consideration of Renminbi ("RMB")10,000.

The amount is trade in nature and ZHZC grants 30 days credit period to the Group. The following is an ageing analysis based on the invoice date at the end of each reporting period:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
0 – 30 days	–	–	1,020	–

(iii) The amounts are dividend payable to Copious Astute and Fresh Phoenix by the Company which are unsecured, interest-free and will be settled prior to the [REDACTED].

The Company

Amounts due from subsidiaries are non-trade unsecured, interest-free and repayable on demand.

For amounts due from the subsidiaries, management of the Group makes periodic collective assessment based on available reasonable and supportive forward-looking information in relation to the financial information of the subsidiaries starting from 1 January 2018. The management of the Group believes that there is no material credit risk inherent in the Company's outstanding balance of amounts due from subsidiaries.

Amounts due to related parties referred as the dividends payable to Copious Astute of MOP342,000 and Fresh Phoenix of MOP6,000,000 which are unsecured, interest-free and will be settled prior to the [REDACTED].

20. BANK BORROWINGS

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Secured and guaranteed bank borrowings repayable within one year	–	–	5,137	2,575

The bank borrowings are at floating rate which carry interest at MOP prime lending rate plus/minus a spread. The effective interest rate on the Group's bank borrowings was 5.75% and 6.08% per annum as at 31 December 2017 and 2018, respectively.

The bank borrowings and other bank facilities including performance guarantee by the Group are secured by:

(i) The pledged bank deposits of HK$2,251,000 (approximately equivalent to MOP2,319,000) and HK$2,271,000 (approximately equivalent to MOP2,339,000) as at 31 December 2017 and 2018, respectively; and

(ii) Unlimited personal guarantee by Mr. Li and Mr. Yu.

As represented by the directors of the Company, the personal guarantee by Mr. Li and Mr. Yu will be released upon the [REDACTED].

21. SHARE CAPITAL

The share capital as at 1 January 2015, 31 December 2015 and 2016 represented the aggregated share capital of WHHE (Macau), WHHDD, NWHC, WHHE (HK), WHHC, WHHCE and Keng Chuan. As at 31 December 2017, the share capital included the share capital of YKDE after its incorporation on 29 March 2017 and the companies mentioned above.

Share capital as at 31 December 2018 represented the share capital of the Company. Details of the Company's shares are disclosed as follows:

	Number of shares	**Amount**	
		MOP	*MOP'000*
Ordinary shares of HK$0.01 each			
Authorised:			
At 9 April 2018 (date of incorporation) and 31 December 2018	38,000,000	391,400	391
Issued and fully paid:			
At 9 April 2018 (date of incorporation)	898	9.25	–
Issuance of shares to Fresh Phoenix *(note 1(iv))*	100	1	–
Issuance of shares for acquisition of Splendor Haze *(note 1(vii))*	1	0.01	–
Issuance of shares for acquisition of Loyal Auspicious *(note 1(vii))*	1	0.01	–
At 31 December 2018	1,000	10.27	–

The Company was incorporated in the Cayman Islands on 9 April 2018. The initial authorised share capital of the Company was HK$380,000 divided into 38,000,000 ordinary shares with a par value of HK$0.01 each. Upon incorporation, (i) one share was allotted and issued to the initial subscriber, an independent third party and was then transferred to Copious Astute at par; and (ii) 897 nil paid shares were further allotted and issued to Copious Astute on the same date.

On 24 April 2018, the Company allotted and issued 100 shares of the Company to Fresh Phoenix at a cash consideration of HK$15,000,000. The subscription had been properly and legally completed and settled.

On 30 May 2018, the Company acquired the entire issued share capital of Loyal Auspicious from Mr. Li, and in consideration thereto, the Company issued one share of the Company to Copious Astute.

On 30 May 2018, the Company acquired the entire issued share capital of Splendor Haze from Mr. Li, and in consideration thereto, the Company issued and allotted, credited as fully paid, one share of the Company to Copious Astute.

22. ACQUISITION OF A SUBSIDIARY

For the year ended 31 December 2018

On 29 January 2018, Mr. Hung transferred his entire equity interests in ZHZC to WHHE (Macau) at the total consideration of RMB10,000 (equivalent to MOP13,000).

ZHZC is principally engaged in the design for the fitting-out services. The acquisition is completed on 29 January 2018, on that date the control in ZHZC was passed to the Group.

Consideration transferred:	*MOP'000*
Cash	13

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	MOP'000
Other receivables	527
Bank balances and cash	1
Other payables	(515)
	13

Cash outflow arising on acquisition:

	MOP'000
Bank balances and cash acquired	1
Cash consideration	(13)
	(12)

Acquisition-related costs amounting to RMB5,000 (equivalent to MOP6,000) have been excluded from the consideration transferred and have been recognised as an expense during the year ended 31 December 2018, within the "Administrative expenses" line item in the consolidated statements of profit or loss and other comprehensive income.

There is no revenue and expenses incurred by ZHZC before acquisition by WHHE (Macau) during the year ended 31 December 2018.

No revenue incurred by ZHZC included in the Group's revenue for the year ended 31 December 2018 and loss of MOP1,665,000 attributable to ZHZC included in the Group's result for the year ended 31 December 2018.

23. SHARE-BASED PAYMENT TRANSACTIONS

On 2 March 2017, Mr. Li transferred 5% of registered capital of WHHE (Macau) at cash consideration of MOP25,000 to Mr. Hung Tze Ming ("Mr. Hung"), the employee of the Group, as a token of appreciation of his contribution to the Group.

The shares owned by Mr. Hung shall not be sold without the consent from the shareholders of WHHE (Macau).

Upon the grant, the awards are vested unconditionally and immediately. As the shares of WHHE (Macau) are awarded by Mr. Li at his own costs, the corresponding increase in equity was recorded under "other reserve" as a shareholder's deemed contribution to the Group and the non-controlling interests held by Mr. Hung immediate after the grant of shares awards. During the year ended 31 December 2017, MOP4,383,000 was charged to profit or loss.

The fair value of the share awards of MOP4,383,000 based on valuation performed by Graval Consulting Limited ("Graval Consulting"), an independent valuer not connected with the Group. The address of Graval Consulting is Suite 1702, 17/F, 34-37 Connaught Road Central, Central, Hong Kong. Graval Consulting is a member of the Hong Kong Institute of Surveyors.

The following assumptions were used to calculate the fair values of shares granted:

Market price-earnings ratio *(note i)*	6.62
Marketability discount *(note ii)*	35%

Notes:

(i) The market price-earnings ratio is estimated by reference to the historical market capitalisation to the net operating income of the comparable companies.

(ii) The marketability discount is estimated by reference to the marketability studies published by independent researchers.

On 18 January 2018, Mr. Hung entered an agreement with the Group that Mr. Hung transferred 5% equity interest of WHHE (Macau) and 30% equity interest of YKDE to Mr. Li at a cash consideration of HK$3,000,000 (approximately equivalent to MOP3,090,000). Upon the completion of the transaction, Mr. Li owned 100% interests of WHHE (Macau) (taken into consideration of deed of trust by Mr. Li) and YKDE.

24. OPERATING LEASE COMMITMENTS

At the end of each reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases with independent third parties, which fall due as follows:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Within one year	1,210	1,377	1,016	2,316
In the second to fifth year inclusive	1,043	2,004	1,916	1,866
	2,253	3,381	2,932	4,182

The above operating lease payments represent rental payable by the Group for office premises for the Track Record Period.

Leases and rentals are negotiated and fixed for term of one year to three years.

25. RETIREMENT BENEFITS SCHEMES

Eligible employees of the Group are covered by a government-mandated defined contribution plan pursuant to which a fixed amount of retirement benefit would be determined and paid by the Macau Government. Contributions are generally made by both employees and employers by paying a fixed amount on a monthly basis to the Social Security Fund Contribution managed by the Macau Government. The Group funds the entire contribution and has no further commitments beyond its monthly contributions.

The Group operates the MPF Scheme for all qualifying employee(s) in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes at the lower of HK$1,500 per month or 5% of the relevant payroll costs to the MPF Scheme.

At the end of each reporting period, there were no forfeited contributions which arose upon employees leaving the schemes prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

The contributions to the retirement benefits schemes of the Group during the Track Record Period are disclosed in notes 6 and 9, respectively.

26. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of debt, which includes amounts due to related parties and bank borrowings as disclosed in respective notes, and equity of the Group, comprising share capital and reserves.

Management of the Group reviews the capital structure regularly taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through issuance of new shares and the raise of borrowings or the repayment of the existing borrowings.

27. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
The Group				
Financial assets				
Loans and receivables (including cash and cash equivalents)	33,300	63,480	98,513	–
Financial assets at amortised costs	–	–	–	54,054
Financial liabilities				
Amortised cost	21,995	24,537	48,270	45,499
The Company				
Financial asset				
Financial assets at amortised costs	–	–	–	24,985
Financial liabilities				
Amortised cost	–	–	–	10,982

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, pledged bank deposits, bank balances and cash, trade and other payables and accruals, amounts due from/to related parties and bank borrowings. The Company's financial instruments includes bank balances, accruals, amount due from a subsidiary and amounts due to related parties. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

The group entities collect most of the revenue and incur most of the expenditures in their respective functional currencies. The Group is exposed to currency risk primarily through sales proceeds received from customers that are denominated in a currency other than the group entities' functional currency. The currencies giving rise to this risk are primarily HK$.

The Group currently does not have a foreign currency hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's HK$ and RMB denominated monetary assets and monetary liabilities at the end of each reporting period are as follows:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Monetary assets				
HK$	3,083	3,109	3,477	1,912
RMB	–	–	–	3,692
Monetary liabilities				
HK$	554	586	7,761	6,007

Sensitivity analysis

As the exchange rate of HK$/MOP is relatively stable, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the HK$/MOP exchange rates. As a result, the management of the Group considers that the sensitivity of the Group's exposure towards the change in foreign exchange rates between HK$/MOP is minimal.

The following table details the Group's sensitivity analysis to a 5% increase and decrease in functional currency of the relevant group entities (i.e. MOP) against RMB and all other variables were held constant. 5% is the sensitivity rate used and represents the management's assessment of the reasonably possible change in foreign exchange rates. A negative number below indicates a decrease in the post-tax profit for the year where MOP strengthening 5% against the RMB. For a 5% weakening of MOP against the RMB there would be an equal and opposite impact on the result for the year.

	As at 31 December			
	2015	**2016**	**2017**	**2018**
Decrease in post-tax profit for the year				
RMB	–	–	–	(162)

Interest rate risk

The Group is also exposed to cash flow interest rate risk in relation to variable-rate pledged bank deposits and bank balances (see note 17) and bank borrowings (see note 20).

The Group currently does not have any interest rate hedging policy. The management of the Group monitors the Group's exposure on ongoing basis and will consider hedging interest rate risk should the need arises.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing market interest rates arising from the Group's bank balances and MOP prime lending rate arising from the Group's variable-rate bank borrowings.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for its variable bank borrowings. The analysis is prepared assuming the variable-rate bank borrowings at the end of each reporting period were outstanding for the whole year and 50 basis points increase or decrease are used. The pledged bank deposits and bank balances are excluded from the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is not significant.

If interest rates have been 50 basis points higher/lower for variable-rate bank borrowings and all other variables were held constant, the Group's profit for the years ended 31 December 2015, 2016, 2017 and 2018 would decrease/ increase by nil, nil, MOP23,000 and MOP11,000, respectively.

Credit risk

The Group's credit risk is primarily attributable to trade receivables, retention money as stated in note 16, receivable for billing in advance, other receivables, amounts due from related parties, pledged bank deposits and bank balances.

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge the obligations by counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position at the end of each reporting period.

The management of the Group adopted a policy on providing credit facilities to new customers. A credit investigation of the customers or the ultimate customers if those contracts allow the Group to obtain payment directly from the ultimate customers under certain circumstance, including assessment of financial information, advice from business partners in relation to potential customers and credit search, would be required to be launched. The level of credit granted must not exceed a predetermined level set by the management. Credit evaluation is performed on a regular basis.

The Group has concentration of credit risks with exposure limited to certain customers. The top three debtors comprised 100%, 100%, 93.2% and 100% of the Group's trade receivables, 100%, 100%, 99.2% and nil of the Group's receivable for billing in advance and 100%, 100%, 100% and 88.3% of retention money as stated in note 16 as at 31 December 2015, 2016 and 2017 and 2018 respectively. The management of the Group closely monitors the subsequent settlement of the debtors. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk for pledged bank deposits and bank balances is considered not material as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regarded as low.

In order to minimise the credit risk on trade receivables and contract assets, the management of the Group has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable and contract assets. Under HKAS 39, provisions for impairment losses are made for irrecoverable amounts. Upon the application of HKFRS 9 on 1 January 2018, the Group applies simplified approach on trade receivables and contract assets to provide for ECL prescribed by HKFRS 9. To measure the ECL of trade receivables and contract assets, trade receivables and contract assets have been grouped based on shared credit risk characteristics with details disclosed in notes 14 and 16, respectively. In this regard, the management of the Group considers that the credit risk on trade receivables and contract assets is significantly reduced.

Also, the Group has significant concentration of credit risk on amounts due from related parties as at 31 December 2015, 2016, 2017 and 2018. The management of the Group considers the counterparty with good credit worthiness based on their past repayment history and subsequent settlement. In the opinion of the management of the Group, the risk of default by these counterparties is not significant in particular for the amount due from Mr. Li as the amount could be settled by the Company's dividend distribution attributable to him and the Group assessed that the ECL on these balances are insignificant upon the application of HKFRS 9 on 1 January 2018 and thus no impairment loss allowance was recognised.

For other receivables and deposits, the management of the Group makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information starting from 1 January 2018. The management of the Group believes that there is no material credit risk inherent in the Group's outstanding balance of other receivables and deposits.

The credit risk on pledged bank deposits and bank and cash balances of the Group is limited because the counterparties are banks with good reputation and no history of default in the past and no loss allowance provision for pledged bank deposits and bank balances was recognised upon application of HKFRS 9. The Group has limited exposure to any single financial institution.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the Group's operations and mitigate the effects of unexpected fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

	Weighted average effective interest rate	**On demand**	**1-3 months**	**Total undiscounted cash flows**	**Total carrying amount**
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
The Group					
As at 31 December 2015					
Non-derivative financial liability					
Trade and other payables and accruals	N/A	–	21,995	21,995	21,995
As at 31 December 2016					
Non-derivative financial liabilities					
Trade and other payables and accruals	N/A	–	24,376	24,376	24,376
Amounts due to related parties	N/A	161	–	161	161
		161	24,376	24,537	24,537
As at 31 December 2017					
Non-derivative financial liabilities					
Trade and other payables and accruals	N/A	–	39,413	39,413	39,413
Amounts due to related parties	N/A	2,700	1,020	3,720	3,720
Bank borrowings	6%	–	5,163	5,163	5,137
		2,700	45,596	48,296	48,270

	Weighted average effective interest rate	**On demand**	**1-3 months**	**Total undiscounted cash flows**	**Total carrying amount**
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
As at 31 December 2018					
Non-derivative financial liabilities					
Trade and other payables and accruals	N/A	–	36,582	36,582	36,582
Amounts due to related parties	N/A	6,342	–	6,342	6,342
Bank borrowings	6%	–	2,588	2,588	2,575
		6,342	39,170	45,512	45,499

	Effective interest rate	**On demand**	**1-3 months**	**Total undiscounted cash flow**	**Total carrying amount**
	%	*MOP'000*	*MOP'000*	*MOP'000*	*MOP'000*
The Company					
As at 31 December 2018					
Non-derivative financial liabilities					
Accruals	N/A	–	4,640	4,640	4,640
Amounts due to related parties	N/A	6,342	–	6,342	6,342
		6,342	4,640	10,982	10,982

Fair value

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Accrued [REDACTED]	**Non-trade amounts due to related parties**	**Bank borrowings**	**Total**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
At 1 January 2015	[REDACTED]	1,102	3,272	4,374
Financing cash flows *(note (i))*	[REDACTED]	(1,748)	(3,385)	(5,133)
Dividends declared *(note 11)*	[REDACTED]	600	–	600
Finance costs recognised	[REDACTED]	46	113	159
At 31 December 2015	[REDACTED]	–	–	–
Financing cash flows *(note (i))*	[REDACTED]	(439)	(76)	(515)
Dividends declared *(note 11)*	[REDACTED]	600	–	600
Finance costs recognised	[REDACTED]	–	76	76
At 31 December 2016	[REDACTED]	161	–	161
Financing cash flows *(note (i))*	[REDACTED]	2,539	4,995	7,534
Finance costs recognised	[REDACTED]	–	142	142
At 31 December 2017	[REDACTED]	2,700	5,137	7,837
Financing cash flows *(note (i))*	[REDACTED]	(2,700)	(2,978)	(8,397)
Dividends declared *(note 11)*	[REDACTED]	60,000	–	60,000
Settled through current account with Mr. Li *(note 32)*	[REDACTED]	(53,658)	–	(53,658)
Finance costs recognised	[REDACTED]	–	416	416
Accrual of [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
At 31 December 2018	[REDACTED]	6,342	2,575	10,077

Note (i): The financing cash flows represented the net amount of new bank borrowings raised and repaid, dividend paid, advance from related parties, payment of finance costs, payment of direct transaction cost attributable to issue of shares and repayments to bank borrowings and related parties.

29. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Historical Financial Information, the Group had the following transactions with its related parties during the Track Record Period:

	Year ended 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Loan interest expense to Ms. Ng	46	–	–	–
Rental expense of office to Ms. Ng	371	371	371	321
Consultancy fee to ZHZC	–	–	1,030	–

Details of the balances with related parties at the end of each reporting periods are disclosed in the consolidated statements of financial position and note 19 to the Historical Financial Information.

ZHZC was acquired by WHHE (Macau) at a consideration on 29 January 2018 details of which is disclosed in note 22 to the Historical Financial Information.

At the end of each reporting period, the Group has commitments for future minimum lease payments under non-cancellable operating leases with Ms. Ng for the office premises for the Track Record Period and the leases and rentals are negotiated and fixed for terms of two years, which fall due as follows:

	As at 31 December			
	2015	**2016**	**2017**	**2018**
	MOP'000	*MOP'000*	*MOP'000*	*MOP'000*
Within one year	371	–	371	272
In the second to fifth year inclusive	–	–	–	141
	371	–	371	413

Compensation of key management personnel

The remuneration of the directors of the Company and other members of key management are disclosed in note 6.

30. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries at the date of this report are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and full paid share capital	Attributable equity interest of the Company as at 31 December 2015	2016	2017	2018	as at date of this report	Principal activities	Notes
Keng Chuan *(note e)*	Macau 15 August 2012	Macau	MOP25,000	100%	100%	100%	100%	100%	Administrative support for the Group	(a)
Loyal Auspicious	BVI 28 February 2018	Macau/BVI	United States dollars ("USD") 1	N/A	N/A	N/A	100%	100%	Investment holding	(a)
NWHC *(note e)*	Macau 22 March 2006	Macau	MOP500,000	100%	100%	100%	100%	100%	Inactive	(a)
Splendor Haze	BVI 30 January 2018	Macau/BVI	USD1	N/A	N/A	N/A	100%	100%	Investment holding	(a)
WHHE (Macau) *(note g)*	Macau 16 May 2005	Macau	MOP500,000	100%	100%	95%	100%	100%	Fitting-out and repair and maintenance	(b) and (j)
WHHDD *(note f)*	Macau 28 September 2006	Macau	MOP500,000	100%	100%	100%	100%	100%	Fitting-out and repair and maintenance	(b)
WHHCE *(note d)*	Hong Kong 16 December 2010	Hong Kong	HK$20,000	100%	100%	100%	100%	100%	Inactive	(c)
WHHC *(note d)*	Hong Kong 9 May 2001	Hong Kong	HK$2,000,000	100%	100%	100%	100%	100%	Inactive	(c)
WHHE (HK) *(note d)*	Hong Kong 22 August 1996	Hong Kong	HK$20,000	100%	100%	100%	100%	100%	Administrative support for the Group	(c)
YKDE *(note h)*	Macau 3 March 2017	Macau	MOP300,000	N/A	N/A	70%	100%	100%	Fitting-out	(a)
ZHZC *(note i)*	The People's Republic of China (the "PRC") 12 May 2015	The PRC	RMB3,500,000	N/A	N/A	N/A	100%	100%	Design support for the fitting-out services	(i)

Except for WHHCE, WHHC and WHHE which have a financial year end of 31 March, all other subsidiaries have adopted 31 December as their financial year end date.

Except for Loyal Auspicious and Splendor Haze which are directly wholly-owned by the Company, all other subsidiaries are indirectly held by the Company.

Notes:

(a) No statutory audited financial statements have been prepared since its date of incorporation or during the Track Record Period as they are incorporated in a jurisdiction where there is no statutory audit requirements.

(b) The financial statements of WHHE (Macau) and WHHDD for the years ended 31 December 2015 and 2016, which were prepared in accordance with Financial Reporting Standards of Macau Special Administrative Region, were audited by Melinda Joa Lee, a registered auditor in Macau. The financial statements of WHHE (Macau) and WHHDD for the year ended 31 December 2017 are not yet issued up to the date of this report.

(c) The financial statements of WHHE for the year ended 31 March 2015, 2016 and 2017 were audited by Lai & C.K. Wong CPA Limited, a firm of certified public accountants registered in Hong Kong. The financial statements of WHHC and WHHCE for the year ended 31 March 2015, 2016 and 2017 were audited by W.O. Lo & Co. Certified Public Accountants (Practising), a firm of certified public accountants registered in Hong Kong. The financial statements of WHHE, WHHC and WHHCE for the year ended 31 March 2018 were audited by CL Partners CPA Limited, a firm of certified public accountants registered in Hong Kong. The financial statements of these entities were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Framework and Financial Reporting Standard issued by HKICPA.

(d) Before the reorganisation stated in note 1, 1% equity interest of WHHC, 0.005% equity interest of WHHE and 0.005% equity interest of WHHCE are owned by Mr. Yu who held on trust for Mr. Li and the remaining equity interests of these companies are owned by Mr. Li. Accordingly, these entities are wholly-owned by Mr. Li before the reorganisation stated in note 1.

(e) Before the reorganisation stated in note 1, 1% registered capital of NWHC and 4% registered capital of Keng Chuan are owned by Mr. Yu who held for the benefits and under the instruction of Mr. Li and the remaining registered capital of these companies are owned by Mr. Li. Accordingly, these entities are wholly-owned by Mr. Li before the reorganisation stated in note 1.

(f) Before the reorganisation stated in note 1, 99% registered capital of WHHDD is owned by WHHE (Macau) and 1% registered capital of WHHDD is owned by Mr. Li.

(g) Since the beginning of the Track Record Period to 1 March 2017, 1% registered capital of WHHE (Macau) are owned by Mr. Yu who held for the benefits and under the instruction of Mr. Li and the remaining registered capital of WHHE (Macau) are owned by Mr. Li. Accordingly, WHHE (Macau) is wholly-owned by Mr. Li during this period.

As stated in note 22 to the Historical Financial Information, Mr. Li transferred 5% registered capital of WHHE (Macau) to Mr. Hung on 2 March 2017. Thus, the registered capital owned by Mr. Li decreased from 100% to 95% since then.

On 18 January 2018, the Group acquired 5% equity interest of WHHE (Macau) from Mr. Hung. Upon the completion of transaction, WHHE (Macau) is wholly-owned by Mr. Li.

(h) 70% equity interests of YKDE owned by Mr. Li and remaining 30% equity interests of YKDE owned by Mr. Hung since incorporation. On 18 January 2018, the Group acquired 30% equity interest of YKDE from Mr. Hung. Upon the completion of transaction, YKDE is wholly-owned by Mr. Li.

(i) ZHZC is owned by Mr. Hung since its incorporation. On 29 January 2018, WHHE (Macau) acquired the entire equity interest of ZHZC at a cash consideration of RMB10,000. Upon the completion of acquisition, ZHZC is the wholly-owned subsidiary of WHHE (Macau).

(j) On 18 January 2018, Mr. Hung entered into an agreement with the Group that Mr. Hung transferred 5% equity interest of WHHE (Macau) and 30% equity interest of YKDE to Mr. Li at a cash consideration of HK$3,000,000. Upon the completion of the transactions, Mr. Li owned 100% interests of WHHE (Macau) (taken into consideration of deed of trust by Mr. Li) and YKDE.

31. RESERVES OF THE COMPANY

	Share premium	Accumulated profit	Total
	MOP'000	*MOP'000*	*MOP'000*
At 9 April 2018 (date of incorporation)	–	–	–
Profit and total comprehensive income for the year	–	62,733	62,733
Transfer upon reorganisation *(note 1(vii))*	80,235	–	80,235
Dividends paid	–	(60,000)	(60,000)
Issuance of shares to Fresh Phoenix *(note 1(iv))*	15,450	–	15,450
At 31 December 2018	95,685	2,733	98,418

32. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2018, the aggregate amount of consideration payables of MOP1,325,000 to Mr. Li upon the reorganisation stated in note 1(v) were settled through the current account with Mr. Li.

On 19 December 2018, the Company declared dividends of MOP60,000 per each ordinary share to its shareholders with an aggregate amount as MOP60,000,000. Amount of MOP53,658,000 out of the dividends attributable to Copious Astute of MOP54,000,000 are settled through the current account with Mr. Li and the remaining balance of MOP342,000 dividend payable to Copious Astute and MOP6,000,000 dividend payable to Fresh Phoenix will be settled prior to [REDACTED].

33. SUBSEQUENT EVENTS

Save as disclosed elsewhere in the Historical Financial Information, subsequent events of the Group and detailed are as below.

On 18 March 2019, written resolutions of the shareholders of the Company were passed to approve the matters set out in the paragraph headed "Written resolutions of our Shareholders passed on 18 March 2019" in Appendix IV of the Document. It was resolved, among other things:

(i) the authorised share capital of the Company increased to HK$10,000,000 divided into 1,000,000,000 shares of the Company of HK$0.01 each by creation of an additional 962,000,000 shares of the Company;

(ii) conditionally adopted a share option scheme where eligible participants may be granted options entitling them to subscribe for the Company's shares. No share has been granted since the adoption of the scheme. The principal terms of the share option scheme are summarised in the section head "Share Option Scheme" in Appendix IV to the Document; and

(iii) conditional upon the share premium account of the Company being credited as a result of the [REDACTED] of the Company's shares, the directors of the Company were authorised to capitalise the amount of HK$[REDACTED] from the amount standing to the credit of the share premium account of the Company and to apply such amount to pay up in full at par [REDACTED] shares of the Company for allotment and issue to the persons whose name appeared on the register of the members of the Company at the close of business on 18 March 2019.

34. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company, any of its subsidiaries or the Group have been prepared in respect of any period subsequent to 31 December 2018.