

AB BUILDERS GROUP LIMITED

奧邦建築集團有限公司

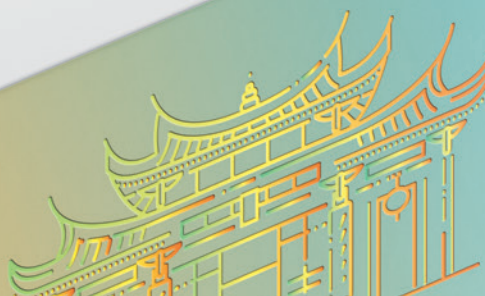
(Incorporated in the Cayman Islands with limited liability)

於開曼群島註冊成立的有限公司

Stock Code 股份代號 : 1615

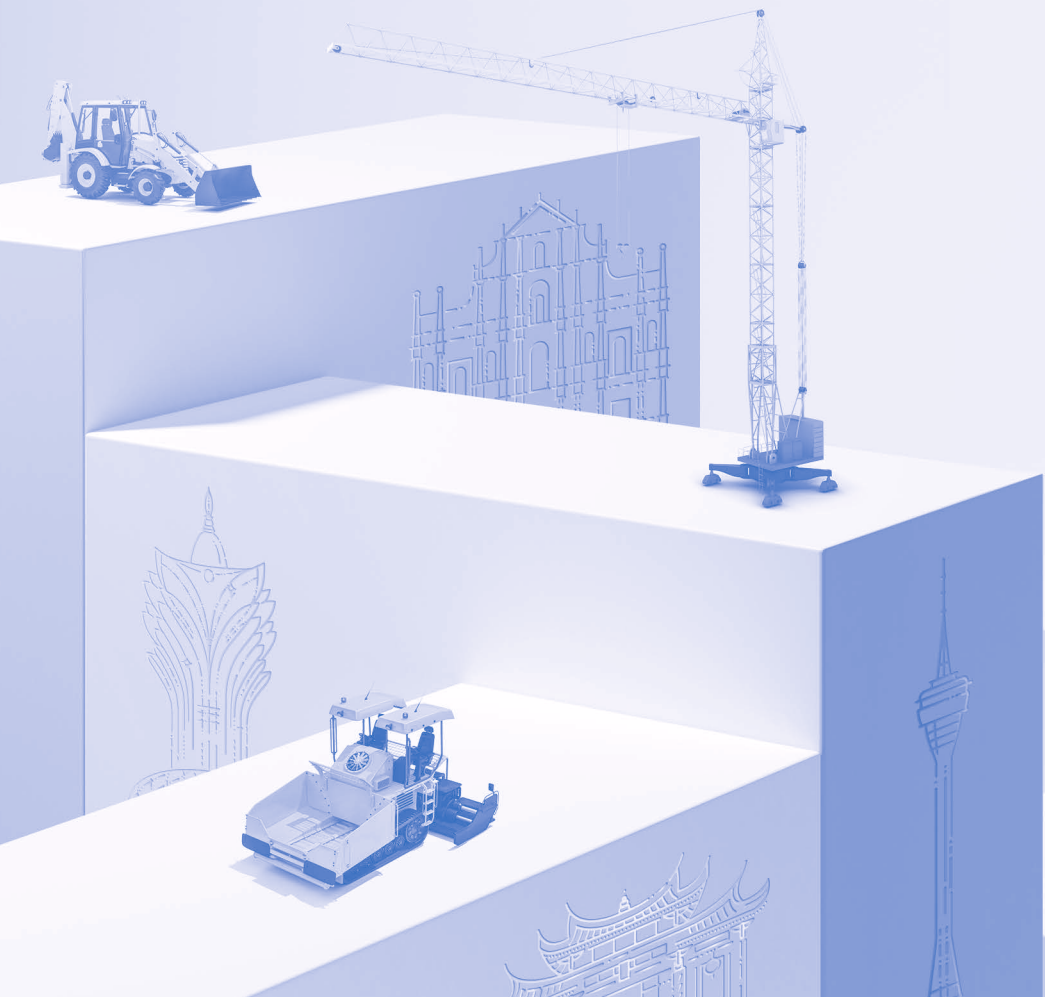


2024
INTERIM REPORT
中期報告



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lao Chio Seng (*Chairman*)
Ms. Lao Chao U (*Chief Executive Officer*)
Mr. Roberto Gnanavelu
Mr. Cheang Iek Wai
Mr. Ip Kin Wa

Independent Non-executive Directors

Mr. Chu Yat Pang Terry
Mr. Choy Wai Shek, Raymond, *MH, JP*
Mr. O'Yang Wiley

AUDIT COMMITTEE

Mr. O'Yang Wiley (*Chairman*)
Mr. Chu Yat Pang Terry
Mr. Choy Wai Shek, Raymond, *MH, JP*

REMUNERATION COMMITTEE

Mr. Chu Yat Pang Terry (*Chairman*)
Ms. Lao Chao U
Mr. Choy Wai Shek, Raymond, *MH, JP*

NOMINATION COMMITTEE

Mr. Choy Wai Shek, Raymond, *MH, JP* (*Chairman*)
Mr. Cheang Iek Wai
Mr. O'Yang Wiley

COMPANY SECRETARY

Mr. Wong Wah

AUTHORISED REPRESENTATIVES

Ms. Lao Chao U
Mr. Cheang Iek Wai

ALTERNATE AUTHORISED REPRESENTATIVE TO CHEANG IEK WAI

Mr. Wong Wah

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MACAU

10th Floor, Edf. Commercial I Tak
No. 126, Rua De Pequim
Macau

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

14 Floor
Harbour Commercial Building
122-124 Connaught Road Central
Hong Kong

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

PRINCIPAL BANKS

Luso International Banking Ltd.
Banco Nacional Ultramarino, S.A
Industrial and Commercial Bank of China (Macau)
Limited
Bank of China Limited, Macau Branch

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

STOCK CODE

1615

COMPANY'S WEBSITE

www.abbuildersgroup.com



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, the pace of economic expansion remains low due to the after-effects of COVID-19 pandemic and the intensifying geo-economic fragmentation and geo-political tensions among several countries, which have brought uncertainties to global economy. Despite the challenging circumstances, AB Builders Group Limited (the “**Company**”) together with its subsidiaries (the “**Group**”) had a moderate operation and financial performance. With the Group’s effective cost control measures and efforts of seeking business opportunities and projects, the Group has driven a long-term development and sustainable growth. For the six months ended 30 June 2024 (the “**Review Period**”), the Group made a revenue of approximately MOP58.9 million, which represented a decrease of approximately MOP18.2 million or approximately 23.6% over the corresponding period of last year. Despite the decrease in total revenue, the Group recorded a gross profit of approximately MOP11.9 million in the first half of 2024, as compared with a gross profit of approximately MOP0.6 million in the corresponding period of 2023. The increase in gross profit is mainly attribute to the conclusion of fitting out projects and variation orders with higher margin during the six months ended 30 June 2024 compared to the corresponding period of 2023. During the Review Period, the Group has been awarded with 8 fitting-out works projects with an aggregate contract sum of approximately MOP32.0 million. As at 30 June 2024, the Group had 25 on-going projects (either in progress or yet to commence or substantially completed but pending finalisation or agreement of the final accounts), including 1 structural works project and 24 fitting out works projects.

Outlook and prospects

The Macau government’s policy regarding the management of COVID-19 pandemic and general travel restrictions has been relaxed gradually since late December 2022. The relaxation of travel restrictions has benefited tourism, integrated resorts and operations as well as gambling industry, and hence improved Macau’s economy in general. The Macau government announced total visitation from mainland China to Macau increased by approximately 52.9% during the six months ended 30 June 2024, as compared to the same period in 2023. Gross gaming revenue in Macau increased by 41.9% to HK\$110.4 billion for the six months ended 30 June 2024 over the comparable period in 2023. However, as compared with the pre-pandemic comparable period in 2019, total visitor arrivals into Macau and Macau gross gaming revenue for the six months ended 30 June 2024 were 17.6% and 23.9% lower, respectively. The overall economy in the region is still facing challenges and difficulties.

Meanwhile, we also find opportunities for the region’s recovery and growth. The enhancements in infrastructure in Macau and the Greater Bay area can facilitate more convenient travel to Macau. For instance, the increasing usage of the Hong Kong-Zhuhai-Macau Bridge; the development of the fourth Macao-Taipa bridge; the ongoing expansion of the Macau Light Rapid Transit System; the ongoing expansion of the China High Speed Rail routes to Zhuhai border gate from key cities in mainland China; the launch of additional direct flights between Macau and international destinations. We anticipate the above favorable measures by the Chinese government will improve consumer market economy. Investors and capital would be attracted into local investment opportunities, and construction projects may be stimulated in the coming years. The construction segment, being the Group’s major business sector, will continue to contribute a large portion of revenue to the Group.



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW (Continued)

Outlook and prospects (Continued)

Stepping into the second half of 2024, the global market is expected to recover gradually, but the macroenvironment remains volatile due to the divergences between countries have continued to increase. Amid the challenges, the Group remains cautiously optimistic towards the Group's future business performance leveraging by investing its resources in expanding its business network and customer base and exploring business opportunities in Macau, Hong Kong, the People's Republic of China (the "PRC") and other regions.

As aforementioned, while continuously developing the market in construction business, the Group will actively pursue new business opportunities in other industries, which include, inter alia, financial services industry. On 14 March 2024, the Group has announced to enter into a sale and purchase agreement to acquire a company incorporated in Hong Kong with limited liability which possesses the Securities and Futures Commission of Hong Kong ("SFC") Type 4 (advising on securities) & Type 9 (asset management) licenses, which is expected to help the Group to further diversify and expand its business portfolio. By venturing into the financial services industry of Hong Kong, the Group will tap into new revenue streams. The management is keen on utilising its business relations and resources into new commercial strategies. Looking ahead, the Group will continue to seek for business opportunities through merger and acquisition, as well as partnership with reputable enterprises globally, with an aim at expanding its income resources and drive its long-term growth.

FINANCIAL REVIEW

Revenue

The table below sets forth a breakdown of the Group's revenue for the six months ended 30 June 2024 and 2023:

| | Six months ended 30 June | | | |
|-----------------------------|--------------------------|-----|---------|-------|
| | 2024 | | 2023 | |
| | MOP'000 | % | MOP'000 | % |
| Types of construction works | | | | |
| Fitting-out works | 58,923 | 100 | 43,282 | 56.1 |
| Structural works | — | — | 33,783 | 43.8 |
| Others | — | — | 30 | 0.1 |
| Total | 58,923 | 100 | 77,095 | 100.0 |

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Revenue (Continued)

During the Review Period, the Group's revenue decreased by approximately MOP18.2 million or 23.6% as compared with the corresponding period of the last year. Such decrease was mainly attributable to the decrease in revenue generated from structural works projects of approximately MOP33.8 million or 100% due to most of the works were completed in 2023; but which was partially offset by the increase in revenue generated from fitting-out works projects of approximately MOP15.6 million or 36.1% due to the expansion of Hong Kong Market.

Gross profit and gross profit margin

The following table sets forth a breakdown of the Group's gross profit and gross profit margin by types of revenue for the six months ended 30 June 2024 and 2023:

| | Six months ended 30 June | | | |
|-----------------------------|--------------------------|-----------------------------|-------------------------|-----------------------------|
| | 2024 | | 2023 | |
| | Gross profit MOP'000 | Gross profit margin % | Gross profit MOP'000 | Gross profit margin % |
| Types of construction works | | | | |
| Fitting-out works | 12,061 | 20.5 | 302 | 0.7 |
| Structural works | — | — | 243 | 0.7 |
| Others | (210) | — | 15 | 50.0 |
| Total | 11,851 | 20.1 | 560 | 0.7 |

During the Review Period, the Group's gross profit increased by approximately MOP11.3 million when compared with the corresponding period of the last year.

The gross profit margin increased by 19.4 percentage point from approximately 0.7% for the six months ended 30 June 2023 to 20.1% for the six months ended 30 June 2024. The increase was mainly due to: (i) the newly awarded fitting-out works projects which amounted to approximately MOP5.0 million; and (ii) the recognition of workdone for fitting-out works projects which amounted to approximately MOP6.7 million.

Other income

For the six months ended 30 June 2024, the other income of approximately MOP6.7 million mainly consisted of the bank interest income and insurance claim which amounted to approximately MOP6.2 million. For the six months ended 30 June 2023, the other income of approximately MOP4.1 million mainly consisted of the bank interest income. The increase was mainly attributable the increase in bank interest income as a result of the increase in the interest rates and the increase in insurance claim from fitting out works projects.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (Continued)

Other gains and losses

For the six months ended 30 June 2024, the other losses of approximately MOP1.0 million mainly consisted of net exchange losses and the losses from the fair value change of the financial asset at FVTPL. For the six months ended 30 June 2023, the other gain of approximately MOP301,000 mainly consisted of net exchange gains and the gain from the fair value change of the financial asset at FVTPL.

Impairment losses under expected credit loss model, net of reversal

The impairment losses mainly consisted of impairment losses on trade receivables, other receivables and contract assets. It was decreased by approximately MOP1.3 million or 50.3% in view of the settlement of some long-aged receivables during the Review Period.

Administrative expenses

Administrative expenses were increased by approximately MOP881,000 from approximately MOP12.6 million for the six months ended 30 June 2023 to approximately MOP13.5 million for the six months ended 30 June 2024. The increase was mainly attributable to the expansion of the Hong Kong and PRC market.

Profit (loss) for the period

The profit for the six months ended 30 June 2024 was approximately MOP2.5 million as compared to the loss of approximately MOP10.3 million for the six months ended 30 June 2023. Such change was mainly due to the combined effect of the aforementioned items.

Dividend

No dividend was paid, declared or proposed during the six months ended 30 June 2024. The directors of the Company have not recommended the payment of an interim dividend for both interim periods.



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE FINANCE AND RISK MANAGEMENT

Liquidity and financial resources

The Group's capital expenditure and daily operations during the six months ended 30 June 2024 were mainly funded by cash generated from its operations and release of short-term bank deposits and certificate of deposit.

The total cash and bank balances together with the pledged bank deposits and short-term bank deposits as at 30 June 2024 was approximately MOP125.0 million, compared to approximately MOP129.8 million as at 31 December 2023. The decrease of approximately MOP4.8 million was mainly related to the operating cash outflow.

Our gearing ratio (calculated as debt over total equity) as at 30 June 2024 was 0% (31 December 2023: 13.8%) which was mainly attributable to the decrease in bank borrowings by approximately MOP25.8 million.

As at 30 June 2024, the Group had unutilised banking facilities of approximately MOP230.4 million (31 December 2023: MOP230.5 million).

The current ratio of our Group as at 30 June 2024 was 2.3 times (31 December 2023: 1.8 times).

Capital structure

The capital structure of the Group consists of equity attributable to the owners of the Company comprising issued share capital, share premium, legal reserve, share-based payments reserve, exchange reserve, other reserve and retained earnings. There has been no change in the capital structure of the Group during the six months ended 30 June 2024.

Future plans for material investments and capital assets

Save as disclosed in the prospectus of the Company dated 27 August 2018 and in this report, the Group did not have other plans for material investments or capital assets.

Pledge of assets

As at 30 June 2024, the Group's office premise of approximately MOP35.8 million (31 December 2023: MOP36.5 million) and certain bank deposits of approximately MOP69.6 million (31 December 2023: MOP69.4 million) were pledged with banks to secure the banking facilities including performance guarantees and bid bonds issued by the banks. As at 31 December 2023, the Group's other financial assets of approximately MOP32.8 million were pledged with a bank to secure a bank borrowing (30 June 2024: nil).



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE FINANCE AND RISK MANAGEMENT (Continued)

Capital commitment

As at 30 June 2024, the Group has an obligation to settle an amount of Renminbi (“**RMB**”) 40.9 million (equivalent to approximately MOP45.1 million) as a capital contribution to two PRC subsidiaries (31 December 2023: RMB40.9 million (equivalent to approximately MOP46.3 million)). Please refer to the announcements issued by the Company on 1 November 2022 and 19 December 2022 for further details.

Significant investments, acquisition and disposals

On 14 March 2024, the Group has announced to enter into a sale and purchase agreement to acquire a company incorporated in Hong Kong with limited liability which possesses the SFC Type 4 (advising on securities) & Type 9 (asset management) licenses, which is expected to help the Group to further diversify and expand its business portfolio. By venturing into the financial services industry of Hong Kong, the Group will tap into new revenue streams. Please refer to the announcement issued by the Company on 14 March 2024 for details.

Exposure to exchange rate fluctuation

The Group entities collect most of its revenue and incur most of its expenditures in their respective functional currencies. The Group is exposed to currency risks primarily through purchase of raw materials, sale proceeds received from its customers, and investments in other financial assets that are denominated in a currency other than the Group’s functional currency. The currencies giving rise to this risk are primarily Hong Kong dollars, Renminbi and United States dollars. The Group currently does not have a foreign currency hedging policy. However, the management regularly monitors the relevant foreign currency exposure and will consider taking appropriate measures to control the risk arising from significant exchange fluctuations.

Employee and remuneration policies

As at 30 June 2024, the Group had 59 (31 December 2023: 49) full time employees. The increase in the number of employees was mainly due to the increasing needs of resources to support the newly awarded fitting out works projects in the Macau market. The Group adjusted the number of direct labour based on the progress and expected workload of our construction works and the expected completion dates of work projects.

The remuneration package offered to employees includes salary and other employee benefits such as bonus. In general, the Group determines the salaries of its employees based on their individual performance, qualifications, position and seniority. The Group conducts annual salary and promotion review in order to attract and retain employees. In addition, the Group provides various types of training to its employees to promote overall efficiency, employee loyalty and retention. Total staff costs for the period ended 30 June 2024 were approximately MOP8.8 million (30 June 2023: MOP9.3 million).



MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE FINANCE AND RISK MANAGEMENT (Continued)

Compliance with laws and regulations

The Group mainly carries out its business in Macau, Hong Kong and the PRC. To the best of the Directors' knowledge, the Group has complied with all relevant laws and regulations in Macau, Hong Kong and the PRC during the six months ended 30 June 2024.

Principal risk and uncertainties

The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible.

- Material changes in the cost of construction materials and labour costs may result in cost overrun, which could materially affect our results of operation and financial performance;
- Mismanagement or delay of our projects will materially affect our reputation and also our financial performance as penalties and/or additional costs may be incurred;
- Cash flow of our projects may fluctuate;
- We rely on subcontractors to help complete our projects. Underperformance by our subcontractors or unavailability of subcontractors may adversely affect our operations, profitability and reputation;
- Our success significantly depends on the key management and our ability to attract and retain technical and management staff;
- The uncertainties on the worldwide economy due to the tension between the PRC, US and the European Union; and
- Our inventory level may be affected by the market demand for air purification unit/system which may not be accurately estimated.

EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event regarding the disclosure that has taken place subsequent to 30 June 2024 and up to the date of this report.



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

As at 30 June 2024, the interests or short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), were set out below:

| Name of director | Capacity/ Nature of interest | Number of ordinary shares <small>(Note 1)</small> | Approximate percentage of shareholding in the Company |
|--|--|--|--|
| Mr. Lao Chio Seng (“Mr. Lao”) <small>(Note 2)</small> | Interest in a controlled corporation and interest of spouse | 390,000,000 (L) | 65% |
| Mr. Ip Kin Wa | Beneficial owner | 60,000,000 (L) | 10% |

Notes:

- The letter “L” denotes the director’s long position in the shares.
- Shares in which Mr. Lao is interested consist of (i) 255,000,000 shares held by Laos International Holdings Limited (“Laos International”), a company wholly owned by Mr. Lao, in which Mr. Lao is deemed to be interested under the SFO; and (ii) 135,000,000 shares held by his spouse, Ms. Wong Hio Mei (“Mrs. Lao”) (through her wholly-owned corporation, WHM Holdings Limited (“WHM Holdings”), in which Mr. Lao is deemed to be interested in such Shares under the SFO.

Save as disclosed above, none of the directors, chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations as defined in Part XV of the SFO as recorded in the register to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at the date of this report.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES, AND DEBENTURES OF THE COMPANY

As at 30 June 2024, so far as was known to any Directors or chief executive of the Company, the following interests (other than those of Directors and the chief executive) of which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the issued capital of the Company, or which were recorded in the register of interests required to be kept under Section 336 of the SFO or have notified to the Company were as follows:

| Name of Shareholders | Capacity/ Nature of interest | Number of ordinary shares (Note 1) | Approximate percentage of shareholding in the Company |
|--|---|---|--|
| Mrs. Lao ^(Note 2) | Interest in a controlled corporation and interest of spouse | 390,000,000 (L) | 65% |
| Laos International ^(Note 3) | Beneficial owner | 255,000,000 (L) | 42.5% |
| WHM Holdings ^(Note 4) | Beneficial owner | 135,000,000 (L) | 22.5% |

Notes:

1. The letter "L" denotes the substantial shareholders' long position in the shares.
2. Shares in which Mrs. Lao is interested consist of (i) 135,000,000 shares held by WHM Holdings, a company wholly owned by Mrs. Lao, in which Mrs. Lao is deemed to be interested under the SFO; and (ii) 255,000,000 shares held by her spouse, Mr. Lao, in which Mrs. Lao is deemed to be interested in such shares under the SFO.
3. Laos International is wholly owned by Mr. Lao, the controlling shareholder, Chairman and executive Director of the Company.
4. WHM Holdings is wholly owned by Mrs. Lao, the controlling shareholder of the Company.

Save as disclosed above, as at 30 June 2024, no person had registered an interest or short position in the Shares or underlying Shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.



SHARE OPTION SCHEMES

The Company has conditionally adopted a share option scheme (the “Scheme”) on 17 August 2018 which was effective on 10 September 2018. The Scheme shall be valid for a period of 10 years commencing on the adoption date, i.e., 17 August 2018. The purpose of the Scheme is to enable the Group to grant share options to eligible participants as incentives or rewards for their contribution to the Group. The particulars of the Scheme were set out in the 2023 Annual Report of the Company.

The particulars of the share options under the Scheme during the six months ended 30 June 2024 are as follows:

| Category of participant | Date of grant | Vesting date | Vesting Period | Validity period | Exercise price per share | Number of share options | | | | | |
|-------------------------|------------------|------------------|--------------------------------------|------------------------------------|--------------------------|----------------------------------|----------------------------------|------------------------------------|---|--------------------------------|-----------------------------|
| | | | | | | Outstanding as at 1 January 2024 | Granted during the Review Period | Exercised during the Review Period | Lapsed/ Cancelled/ Forfeited during the Review Period | Outstanding as at 30 June 2024 | Exercisable at 30 June 2024 |
| Senior management | 24 February 2022 | 29 May 2022 | 24 February 2022 to 28 May 2022 | 24 February 2022 to 16 August 2028 | HK\$0.272 | 1,000,000 | — | — | — | 1,000,000 | 1,000,000 |
| | 24 February 2022 | 29 November 2022 | 24 February 2022 to 28 November 2022 | 24 February 2022 to 16 August 2028 | HK\$0.670 | 1,000,000 | — | — | — | 1,000,000 | 1,000,000 |
| | 24 February 2022 | 29 November 2023 | 24 February 2022 to 28 November 2023 | 24 February 2022 to 16 August 2028 | HK\$0.670 | 1,000,000 | — | — | — | 1,000,000 | 1,000,000 |
| | | | | | | 3,000,000 | — | — | — | 3,000,000 | 3,000,000 |

Note: On 24 February 2022, the Company granted 3,000,000 options to subscribe for shares to Mr. Fan Chi Chiu, the chief investment officer of the Company, in accordance with the terms of the Scheme. The share options were vested in three tranches, with each tranche covering one-third of the relevant options, i.e. exercisable to the extent of one-third of the relevant options with the 1st, 2nd and 3rd tranche becoming exercisable from 29 May 2022, 29 November 2022 and 29 November 2023 respectively to 16 August 2028; at exercise price of HK\$0.272, HK\$0.670 and HK\$0.670 per Share respectively. The closing price of the Company’s shares immediately before 24 February 2022, the date of grant, was HK\$0.255. Please refer to the announcement issued by the Company on 24 February 2022 for further details of share options granted.



OTHER INFORMATION

No equity-settled share-based payments recognised by the Group during the six-months ended 30 June 2024 (2023: MOP20,000) in relation to share options granted by the Company. The fair value of the options determined at the dates of grant using the Binomial option pricing model was HK\$264,000 (equivalent to approximately MOP272,000). The variables and assumptions used in computing the fair value of the share options are based on the valuer's best estimate. Changes in variables and assumptions may result in changes in the fair value of the options. The following assumptions were used to calculate the fair value of share options:

| | |
|-------------------------|---------------------|
| Measurement date | 24 February 2022 |
| Spot price | HK\$0.245 |
| Exercise price | HK\$0.272–HK\$0.670 |
| Expected volatility | 55.92% |
| Expected dividend yield | 0% |
| Risk-free rate | 1.57% |

The number of options available for grant under the Share Option Scheme was 57,000,000 as at 1 January 2024 and 57,000,000 as at 30 June 2024. The number of shares that may be issued in respect of options granted (i.e. 3,000,000) under the Share Option Scheme during the period ended 30 June 2024 divided by the weighted average number of issued shares of the Company for the year was 0.5%.

CONTINGENT LIABILITIES

On 20 February 2023, Lap Polly received a notice of arbitration regarding to an alleged claim by joint and several liquidators. The alleged claim arose from disputes prior to the acquisition of Lap Polly on 10 September 2019. As at 30 June 2024, taken into account the opinion of an independent legal advisor that the claim was still at the preliminary stage, the management of the Group was not in a position to determine the possibility of the result of the claim.

CORPORATE GOVERNANCE

The Company has applied the principles and the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange as its own code of corporate governance. During the six months ended 30 June 2024, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG code.

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

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.



MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the “**Model Code**”), as its own code of conduct regarding securities transactions by the directors of the Company. Having made specific enquiries of all directors, all directors confirmed that they have complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2024.

AUDIT COMMITTEE

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

The unaudited condensed consolidated financial statements for the six months ended 30 June 2024 have been reviewed by the audit committee and the Group’s auditor, Baker Tilly Hong Kong Limited.

By order of the Board

Lao Chio Seng

Chairman and Executive Director

Macau, 28 August 2024



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



To the shareholders of **AB Builders Group Limited**
奧邦建築集團有限公司
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of AB Builders Group Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 18 to 41, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONCLUSION

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

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong

Li Man Chun Jesse

Practising certificate number P08302

28 August 2024



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | Notes | Six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Revenue | 3 | 58,923 | 77,095 |
| Cost of sales | | (47,072) | (76,535) |
| Gross profit | | 11,851 | 560 |
| Other income | 5 | 6,665 | 4,081 |
| Other gains and losses | | (1,000) | 301 |
| Impairment losses under expected credit loss model, net of reversal | 13 | (1,243) | (2,500) |
| Administrative expenses | | (13,456) | (12,575) |
| Finance costs | | (397) | (125) |
| Profit (loss) before taxation | | 2,420 | (10,258) |
| Income tax credit (expense) | 6 | 62 | (83) |
| Profit (loss) for the period | 7 | 2,482 | (10,341) |
| Other comprehensive expense for the period <i>Item that may be reclassified subsequently to profit or loss:</i> | | | |
| Exchange differences arising on translation of foreign operations | | (382) | (570) |
| Total comprehensive income (expense) for the period | | 2,100 | (10,911) |
| Profit (loss) for the period attributable to: | | | |
| Owners of the Company | | 3,827 | (7,140) |
| Non-controlling interests | | (1,345) | (3,201) |
| | | 2,482 | (10,341) |
| Total comprehensive income (expense) for the period attributable to: | | | |
| Owners of the Company | | 3,445 | (7,710) |
| Non-controlling interests | | (1,345) | (3,201) |
| | | 2,100 | (10,911) |
| Earnings (loss) per share | 9 | MOP cents | MOP cents |
| — Basic | | 0.64 | (1.19) |
| — Diluted | | 0.64 | N/A |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

| | Notes | As at 30 June 2024 MOP'000 (unaudited) | As at 31 December 2023 MOP'000 (audited) |
|--|-------|--|--|
| Non-current assets | | | |
| Property, plant and equipment | 10 | 36,161 | 36,928 |
| Right-of-use assets | 10 | 1,915 | — |
| Intangible assets | 10 | 2,666 | 3,167 |
| Financial assets at fair value through profit or loss ("FVTPL") | | 11,420 | 12,280 |
| Other financial assets | 15 | 32,158 | 32,142 |
| | | 84,320 | 84,517 |
| Current assets | | | |
| Inventories | | 267 | 477 |
| Trade and other receivables | 11 | 30,408 | 30,103 |
| Contract assets | 12 | 34,175 | 35,634 |
| Other financial assets | 15 | — | 32,763 |
| Pledged/restricted bank deposits | | 70,261 | 71,165 |
| Short-term bank deposits | | — | 20,630 |
| Bank balances and cash | | 54,784 | 38,008 |
| | | 189,895 | 228,780 |
| Current liabilities | | | |
| Trade and other payables | 14 | 79,738 | 99,001 |
| Contract liabilities | 12 | 2,030 | — |
| Tax payable | | 382 | 382 |
| Lease liabilities | | 585 | — |
| Bank borrowings | | — | 25,827 |
| | | 82,735 | 125,210 |
| Net current assets | | 107,160 | 103,570 |
| Total assets less current liabilities | | 191,480 | 188,087 |



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

| | Note | As at 30 June 2024 MOP'000 (unaudited) | As at 31 December 2023 MOP'000 (audited) |
|---|------|--|--|
| Non-current liabilities | | | |
| Lease liabilities | | 1,374 | — |
| Deferred tax liabilities | | 751 | 849 |
| | | 2,125 | 849 |
| Net assets | | | |
| | | 189,355 | 187,238 |
| Capital and reserves | | | |
| Share capital | 16 | 6,189 | 6,189 |
| Reserves | | 199,859 | 196,397 |
| Equity attributable to owners of the Company | | | |
| Non-controlling interests | | (16,693) | (15,348) |
| Total equity | | | |
| | | 189,355 | 187,238 |



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | Attributable to owners of the Company | | | | | | | | | |
|---|---------------------------------------|--------------------------|--|---|-----------------------------|---|------------------------------|----------------------|--------------------------------------|------------------|
| | Share capital MOP'000 | Share premium MOP'000 | Legal reserve MOP'000 (Note (i)) | Share-based payments reserve MOP'000 | Exchange reserve MOP'000 | Other reserve MOP'000 (Note (ii)) | Retained earnings MOP'000 | Sub-total MOP'000 | Non-controlling interests MOP'000 | Total MOP'000 |
| At 1 January 2023 (audited) | 6,189 | 82,564 | 6,000 | 235 | — | (86,724) | 205,214 | 213,478 | (11,393) | 202,085 |
| Loss for the period | — | — | — | — | — | — | (7,140) | (7,140) | (3,201) | (10,341) |
| Exchange differences arising on translation of foreign operations | — | — | — | — | (570) | — | — | (570) | — | (570) |
| Total comprehensive expense for the period | — | — | — | — | (570) | — | (7,140) | (7,710) | (3,201) | (10,911) |
| Recognition of equity-settled share-based payments | — | — | — | 20 | — | — | — | 20 | — | 20 |
| At 30 June 2023 (unaudited) | 6,189 | 82,564 | 6,000 | 255 | (570) | (86,724) | 198,074 | 205,788 | (14,594) | 191,194 |
| At 1 January 2024 (audited) | 6,189 | 82,564 | 6,000 | 255 | (631) | (86,724) | 194,933 | 202,586 | (15,348) | 187,238 |
| Profit (loss) for the period | — | — | — | — | — | — | 3,827 | 3,827 | (1,345) | 2,482 |
| Exchange differences arising on translation of foreign operations | — | — | — | — | (382) | — | — | (382) | — | (382) |
| Total comprehensive (expense) income for the period | — | — | — | — | (382) | — | 3,827 | 3,445 | (1,345) | 2,100 |
| Recognition of equity-settled share-based payments | — | — | — | 17 | — | — | — | 17 | — | 17 |
| At 30 June 2024 (unaudited) | 6,189 | 82,564 | 6,000 | 272 | (1,013) | (86,724) | 198,760 | 206,048 | (16,693) | 189,355 |

Notes:

- (i) In accordance with the Article 377 of the Commercial Code of Macau Special Administrative Region, the subsidiaries registered in Macau are required to transfer part of their profits of each accounting period of not less than 25% to legal reserve, until the amount reaches an amount equal to half of the respective share capital.

According to the relevant laws in the People's Republic of China (the "PRC"), the subsidiaries registered in PRC are required to transfer at least 10% of their net profit after taxation, as determined under the PRC accounting regulations, to a non-distributable reserve fund until the reserve balance reaches 50% of its registered capital. The transfer to this reserve must be made before the distribution of a dividend to owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

- (ii) Other reserve includes (a) deemed distribution made to Mr. Lao Chio Seng ("Mr. Lao"), chairman and executive director of the Company, resulting from the provision of interest-free loans to Mr. Lao and an entity controlled by Mr. Lao in prior years of MOP85,599,000; and (b) a net loss on disposal of subsidiaries and a joint venture of MOP1,125,000 to companies controlled by Mr. Lao and Ms. Wong Hio Mei ("Mrs. Lao"), spouse of Mr. Lao, arising as part of a group reorganisation completed in September 2017, which were regarded as equity transactions. Mr. Lao and Mrs. Lao are the ultimate controlling shareholders of the Company.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | Note | Six months ended 30 June | |
|---|------|--------------------------------|--------------------------------|
| | | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Operating cash flows before movements in working capital | | | |
| | | 2,361 | (9,949) |
| Increase in trade and other receivables | | (771) | (11,464) |
| Decrease in contract assets | | 1,548 | 5,726 |
| Decrease in trade and other payables | | (19,263) | (16,112) |
| Increase in contract liabilities | | 2,030 | — |
| Net change in other working capital items | | (36) | (909) |
| Net cash used in operating activities | | (14,131) | (32,708) |
| Investing activities | | | |
| Proceeds from disposal of other financial assets | | 32,763 | — |
| Release of short-term bank deposits | | 20,630 | 20,630 |
| Interest received | | 3,107 | 3,102 |
| Release of pledged bank deposits | | 1,150 | — |
| Placement of pledged bank deposits | | (246) | — |
| Purchase of property, plant and equipment | | (2) | (21) |
| Net cash outflow on acquisition of a subsidiary | 19 | — | (8,737) |
| Net cash from investing activities | | 57,402 | 14,974 |
| Financing activities | | | |
| Repayment of bank borrowings | | (25,827) | — |
| Interest paid | | (387) | (125) |
| Net cash used in financing activities | | (26,214) | (125) |
| Net increase (decrease) in cash and cash equivalents | | 17,057 | (17,859) |
| Cash and cash equivalents at the beginning of the period | | 38,008 | 43,178 |
| Effect of foreign exchange rate changes, net | | (281) | (161) |
| Cash and cash equivalents at the end of period, representing by: | | 54,784 | 25,158 |
| Bank balances and cash | | 54,784 | 42,200 |
| Bank overdrafts | | — | (17,042) |
| | | 54,784 | 25,158 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1 GENERAL INFORMATION AND BASIS OF PREPARATION

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

The Company acts as investment holding company and its subsidiaries are principally engaged in provision of construction services including structural works and fitting-out works, and sales of air purification unit/system. The Company and its subsidiaries are hereinafter collectively referred to as the “**Group**”.

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

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

2 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

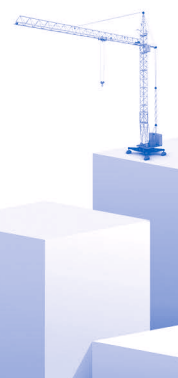
Other than changes in accounting policies resulting from application of amendments to International Financial Reporting Standards (“**IFRSs**”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|--------------------------------|--|
| Amendments to IFRS 16 | <i>Lease Liability in a Sale and Leaseback</i> |
| Amendments to IAS 1 | <i>Classification of Liabilities as Current or Non-current</i> |
| Amendments to IAS 1 | <i>Non-current Liabilities with Covenants</i> |
| Amendments to IAS 7 and IFRS 7 | <i>Supplier Finance Arrangements</i> |

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

3 REVENUE

Revenue represents the aggregate of the amounts received and receivable for construction contracts of fitting-out works and structural works rendered for provision by the Group and sales of air purification unit/system to customers.

An analysis of the Group's revenue from contracts with customers is as follow:

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Recognised over time | | |
| Contract revenue from provision of fitting-out works | 58,923 | 43,282 |
| Contract revenue from provision of structural works | — | 33,783 |
| | 58,923 | 77,065 |
| Recognised at a point in time: | | |
| Revenue from sales of air purification unit/system | — | 30 |
| Total | 58,923 | 77,095 |

Fitting-out works and structural works represent performance obligations that the Group satisfies over time for each respective contract. The period of fitting-out works and structural works varies from 1 to 2 years (six months ended 30 June 2023: from 1 to 2 years).

The Group's disaggregation of revenue from contracts with customers by geographical location is same as the geographical information of revenue from external customers as disclosed in note 4.

Transaction price allocated to the remaining performance obligations

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

| | As at 30 June 2024 MOP'000 (unaudited) | As at 31 December 2023 MOP'000 (audited) |
|--------------------------------|--|--|
| Provision of fitting-out works | 90,998 | 61,513 |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

3 REVENUE (Continued)

Based on the information available to the Group at the end of the reporting period, management of the Group expects the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts as of 30 June 2024 will be recognised as revenue during the years ending 31 December 2024 and 2025 in respect of provision of fitting-out works (31 December 2023: during the year ending 31 December 2024).

For sales of air purification unit/system, the Group applies the practical expedient that information regarding the transaction prices allocated to the remaining performance obligation for contracts with customer is not disclosed as the original expected duration of the contracts are less than one year.

4 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the “CODM”), being the Chief Executive Officer of the Group, 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 IFRS 8 “Operating Segments” are as follows:

- (a) Fitting-out works;
- (b) Structural works; and
- (c) Air purification business

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 SEGMENT INFORMATION (Continued)

Segment revenue and results

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

For the period ended 30 June 2024 (unaudited)

| | Fitting-out works MOP'000 (unaudited) | Structural works MOP'000 (unaudited) | Air purification business MOP'000 (unaudited) | Total MOP'000 (unaudited) |
|---|--|---|---|---------------------------------|
| Segment revenue — external | 58,923 | — | — | 58,923 |
| Segment results | 12,061 | — | (210) | 11,851 |
| Other income and other gains and losses | | | | 5,665 |
| Impairment losses under expected credit loss model, net of reversal | | | | (1,243) |
| Administrative expenses | | | | (13,456) |
| Finance costs | | | | (397) |
| Profit before taxation | | | | 2,420 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the period ended 30 June 2023 (unaudited)

| | Fitting-out works MOP'000 (unaudited) | Structural works MOP'000 (unaudited) | Air purification business MOP'000 (unaudited) | Total MOP'000 (unaudited) |
|---|--|---|---|---------------------------------|
| Segment revenue — external | 43,282 | 33,783 | 30 | 77,095 |
| Segment results | 302 | 243 | 15 | 560 |
| Other income and other gains and losses | | | | 4,382 |
| Impairment losses under expected credit loss model, net of reversal | | | | (2,500) |
| Administrative expenses | | | | (12,575) |
| Finance costs | | | | (125) |
| Loss before taxation | | | | (10,258) |

Segment results represent the profit (loss) before taxation resulted from each segment without allocation of other income and other gains and losses, impairment losses under expected credit loss model (net of reversal), administrative expenses and finance costs. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

4 SEGMENT INFORMATION (Continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operation. Information about the Group's non-current assets (excluding financial assets at FVTPL and other financial assets) is presented based on the geographical location of those assets.

| | Revenue from external customers Six months ended 30 June | | Non-current assets | |
|---|---|-----------------|-------------------------------|--------------------------------------|
| | 2024 MOP'000 | 2023 MOP'000 | At 30 June 2024 MOP'000 | At 31 December 2023 MOP'000 |
| Macau | 33,563 | 39,598 | 35,836 | 36,564 |
| Hong Kong | 25,360 | 3,714 | 1,918 | 4 |
| The People's Republic of China (the "PRC") | — | 33,783 | 2,988 | 3,527 |
| | 58,923 | 77,095 | 40,742 | 40,095 |

5 OTHER INCOME

| | Six months ended 30 June | |
|----------------------------|--------------------------------|--------------------------------|
| | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Bank interest income | 3,973 | 3,515 |
| Compensation income (Note) | 2,271 | — |
| Others | 421 | 566 |
| | 6,665 | 4,081 |

Note: During the period ended 30 June 2024, the Group recognised compensation income of MOP2,271,000 (six months ended 30 June 2023: nil) from insurance claim in relation to a construction project.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

6 INCOME TAX CREDIT (EXPENSE)

| | Six months ended 30 June | |
|-----------------------------|--------------------------------|--------------------------------|
| | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Current tax | | |
| PRC Enterprise Income Tax | (36) | (188) |
| Deferred tax credit | 98 | 105 |
| Income tax credit (expense) | 62 | (83) |

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the PRC Enterprise Income Tax is calculated at 25% of the assessable profit for the subsidiary established in the PRC for current period.

No provision for Macau Complementary Tax has been made as the assessable profits of the relevant group entities for both periods are absorbed by tax losses brought forward from prior years.

No provision for Hong Kong Profits Tax has been made as the relevant group entities have no assessable profits for both periods.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

7 PROFIT (LOSS) FOR THE PERIOD

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Profit (loss) for the period has been arrived at after charging: | | |
| Contract costs recognised as expense | | |
| Fitting-out works | 46,862 | 42,980 |
| Structural works | — | 33,540 |
| | 46,862 | 76,520 |
| Cost of inventories recognised as expense (including write-down of inventory of MOP210,000 (six months ended 30 June 2023: nil)) | 210 | 15 |
| Depreciation of property, plant and equipment | 760 | 785 |
| Depreciation of right-of-use assets | 34 | — |
| Amortisation of intangible assets | 393 | 421 |
| Expenses related to short-term leases | 750 | 368 |

8 DIVIDENDS

No dividend was paid, declared or proposed during both interim periods, nor has any dividend been proposed since the end of each reporting period.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

9 EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to the owners of the Company is based on the following data:

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Profit (loss) for the purpose of basic and diluted earnings (loss) per share for the period attributable to the owners of the Company | 3,827 | (7,140) |

| | Six months ended 30 June | |
|---|--------------------------|--------------|
| | 2024 '000 | 2023 '000 |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | 600,000 | 600,000 |
| Effect of dilutive potential ordinary shares: Share options | 143 | — |
| Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share | 600,143 | 600,000 |

The computation of diluted earnings per share does not assume the exercise of certain (2023: all) Company's share options because the exercise price of those share options was higher than the average market price of shares for the six months ended 30 June 2024. Save as share options mentioned above, there were no other dilutive potential ordinary shares in existence during the six months ended 30 June 2024 and 2023.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

10 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group made additions to furniture, fixtures and equipment of MOP2,000 (six months ended 30 June 2023: furniture, fixtures and equipment and motor vehicles of MOP246,000, including MOP225,000 acquired through business combination).

During the six months ended 30 June 2024, the Group entered into a new lease agreement with lease term of 3 years. On date of lease commencement, the Group recognised right-of-use asset of MOP1,949,000 (six months ended 30 June 2023: nil) and lease liabilities of MOP1,949,000 (six months ended 30 June 2023: nil).

During the six months ended 30 June 2023, construction licenses acquired through business combination with fair value of MOP4,215,000 (six months ended 30 June 2024: nil) were recognised as intangible assets and amortised using the straight-line method over their estimated useful life of 5 years. Details of the acquisition are disclosed in note 19.

11 TRADE AND OTHER RECEIVABLES

| | At 30 June 2024 MOP'000 (unaudited) | At 31 December 2023 MOP'000 (audited) |
|---|---|---|
| Trade receivables, net of loss allowance | 9,201 | 12,564 |
| Advances paid to subcontractors and suppliers | 8,717 | 5,716 |
| Other receivables, prepayment and deposits (Note) | 12,490 | 11,823 |
| Total trade and other receivables | 30,408 | 30,103 |

Note: As at 30 June 2024, included in other receivables, prepayments and deposits, an amount of Renminbi ("**RMB**") 3,890,000 (equivalent to approximately MOP4,287,000) (31 December 2023: RMB4,840,000 (equivalent to approximately MOP5,477,000)) is secured by an account receivable with principal amount of RMB38,687,000 (equivalent to approximately MOP42,587,000) (31 December 2023: RMB38,687,000 (equivalent to approximately MOP43,778,000)) held by the former shareholders of Jiangmen Jinying Construction and Engineering Company Limited ("**Jinying**"). The amount is interest free and repayable on demand.

Trade receivables represent amounts receivable for work certified in relation to provision of fitting-out works and structural works after deduction of retention money.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

11 TRADE AND OTHER RECEIVABLES (Continued)

The Group generally allows a credit period for 30 days (31 December 2023: 30 days) to its customers. The following is an aged analysis of trade receivables, presented based on dates of work certified at the end of the reporting period, net of loss allowance.

| | At 30 June 2024 MOP'000 (unaudited) | At 31 December 2023 MOP'000 (audited) |
|--------------|--|---|
| 1–30 days | 6,310 | 8,073 |
| 31–60 days | 396 | 1,478 |
| Over 90 days | 2,495 | 3,013 |
| | 9,201 | 12,564 |

12 CONTRACT ASSETS (LIABILITIES)

| | At 30 June 2024 MOP'000 (unaudited) | At 31 December 2023 MOP'000 (audited) |
|---|--|---|
| Analysed for reporting purposes, on a net basis of each respective contract as: | | |
| Contract assets | 34,175 | 35,634 |
| Contract liabilities | (2,030) | — |
| | 32,145 | 35,634 |

As at 30 June 2024, contract assets and liabilities include retention receivables held by customers for contract works amounting to MOP15,422,000 (31 December 2023: MOP16,883,000).

Retention receivables represent the money retained by the Group's customers to secure the due performance of the contracts. The customers normally withhold 10% of the certified amount payable to the Group as retention money, 50% of which is normally recoverable upon completion of respective project and the remaining 50% is recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 3 months to 2 years from the date of completion of respective projects. The amount is unsecured and interest-free.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

12 CONTRACT ASSETS (LIABILITIES) (Continued)

As at 30 June 2024, contract liabilities include advances received from customers amounting to MOP2,030,000 (31 December 2023: N/A). It will be recognised as revenue during the years ending 31 December 2024 (31 December 2023: N/A).

The changes in contract assets are due to (i) adjustments arising from changes in the measure of progress of construction work, or (ii) reclassification to trade receivables when the Group has unconditional right to the consideration.

13 IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS UNDER EXPECTED CREDIT LOSS MODEL

| | Six months ended 30 June | |
|---|--------------------------------|--------------------------------|
| | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Impairment loss recognised (reversed) on: | | |
| Trade receivables | 1,335 | 633 |
| Other receivables | — | (2,442) |
| Contract assets | 13 | 4,309 |
| Other financial assets | (105) | — |
| Total | 1,243 | 2,500 |

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

During the current interim period, the Group provided impairment allowance of MOP1,694,000 (six months ended 30 June 2023: MOP6,529,000), in particular, MOP54,000 (six months ended 30 June 2023: nil) has been made on credit-impaired debtors.

During the current interim period, the Group reversed the impairment allowance of MOP451,000 (six months ended 30 June 2023: MOP4,029,000), no specific reversal (six months ended 30 June 2023: MOP3,661,000) has been made to individual debtors.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

14 TRADE AND OTHER PAYABLES

Trade and other payables at the end of the reporting period comprise amounts outstanding for trade purposes and daily operating costs. The credit period on trade purchase is 7 to 60 days (31 December 2023: 7 to 60 days).

| | At 30 June 2024 MOP'000 (unaudited) | At 31 December 2023 MOP'000 (audited) |
|---------------------------------------|--|---|
| Trade payables | 7,797 | 6,659 |
| Retention payables | 32,422 | 36,245 |
| Accrued contract costs | 32,041 | 46,906 |
| Provision of onerous contracts | 2,302 | 2,302 |
| Accruals and other payables | 5,176 | 6,889 |
| Total trade and other payables | 79,738 | 99,001 |

The following is an aged analysis of trade payables, presented based on the dates of work certified at the end of the reporting period:

| | At 30 June 2024 MOP'000 (unaudited) | At 31 December 2023 MOP'000 (audited) |
|--------------|--|---|
| 1–30 days | 4,260 | 3,477 |
| Over 60 days | 3,537 | 3,182 |
| | 7,797 | 6,659 |

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

15 OTHER FINANCIAL ASSETS

| | At 30 June 2024 MOP'000 (unaudited) | At 31 December 2023 MOP'000 (audited) |
|-------------------------------------|--|---|
| Certificate of deposit (Note) | — | 32,763 |
| Capital bonds | 32,158 | 32,142 |
| | 32,158 | 64,905 |
| Analysed for reporting purposes as: | | |
| Non-current assets | 32,158 | 32,142 |
| Current assets | — | 32,763 |
| | 32,158 | 64,905 |

Note: During the six months ended 30 June 2024, the certificate of deposit was matured on 26 May 2024 and released on the next day.

16 SHARE CAPITAL

| | Number of shares '000 | Share capital MOP'000 |
|---|--------------------------------------|--------------------------------------|
| Ordinary shares of Hong Kong Dollars 0.01 each | | |
| Authorised: | | |
| At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024 | 10,000,000 | 103,150 |
| Issued and fully paid: | | |
| At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024 | 600,000 | 6,189 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

17 SHARE OPTION SCHEME

The Company's share option scheme (the "**Scheme**") was conditionally adopted by the written resolutions of the shareholders of the Company passed on 17 August 2018. Under the Scheme, the board of directors of the Company may, at their absolute discretion, at any time within a period of ten years commencing from the effective date offer to grant to any eligible persons, including employees, directors, consultants, suppliers, customers and shareholders of any member of the Group, options to subscribe for shares.

| | Number of share options |
|--|------------------------------------|
| Outstanding as at 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024 | 3,000,000 |

No share options have been granted, forfeited, exercised or expired for both periods.

18 PERFORMANCE GUARANTEES

As at 30 June 2024, performance guarantees of MOP15,550,000 (31 December 2023: MOP15,550,000) were given by banks in favour of the Group's customers as security for the due performance and observance of the Group's obligations under the contracts entered into between the Group and its customers. If the Group fails to provide satisfactory performance to its customers to whom performance guarantees have been given, such customers may demand the banks to pay to them the sum or sum stipulated in such demand. The Group will become liable to compensate such banks accordingly. The performance guarantees will be released upon completion of the contract works. The performance guarantees were granted under the banking facilities of the Group which were secured by:

- (i) a legal charge over the office premises of the Group with carrying amount of MOP35,828,000 (31 December 2023: MOP36,530,000); and
- (ii) pledged bank deposits of MOP69,601,000 (31 December 2023: MOP69,355,000).

Management of the Group do not consider it is probable that a claim will be made against the Group in respect of the above performance guarantees.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19 ACQUISITION OF A SUBSIDIARY

For the period ended 30 June 2023

On 1 November 2022, Goldkent Investment Limited ("**Goldkent**"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "**Agreement**") with New Kingdom Development Company Limited ("**New Kingdom**"), a company which owned 60% of the equity interest of Jinying, and Jiangmen City Pengjiang District Jinying Property Development Company Limited, an independent company which owned 40% of the equity interest of Jinying (collectively referred to as the "**Vendors**"). New Kingdom is a related company of the Company which is indirectly owned as to 98% by Mr. Lao, the chairman and executive director of the Company, and his spouse, and indirectly owned as to 2% by his daughter, respectively. Pursuant to the Agreement, Goldkent agreed to acquire and the Vendors agreed to sell the entire issued share capital of Jinying at a cash consideration of RMB10,000,000 (equivalent to approximately MOP11,982,000) (the "**Acquisition**").

On 16 January 2023, the Acquisition was completed and has been accounted for as acquisition of business using the acquisition method in accordance with IFRS 3 "Business Combinations" as the directors of the Company consider that the acquired items constitute a business in accordance with IFRS 3. Jinying is principally engaged in provision of construction services in the PRC. Jinying was acquired so as to complement the Group's construction business in the PRC.

| | MOP'000 |
|----------------------------|---------|
| Consideration transferred: | |
| Cash paid | 11,982 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

19 ACQUISITION OF A SUBSIDIARY (Continued)

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

| | MOP'000 |
|--|---------------|
| Property, plant and equipment | 225 |
| Intangible assets | 4,215 |
| Other receivables, prepayment and deposits | 8,284 |
| Bank balances and cash | 3,245 |
| Trade and other payables | (2,170) |
| Tax payable | (764) |
| Deferred tax liability | (1,053) |
| Net assets acquired | 11,982 |

Net cash flow on acquisition of Jinying:

| | MOP'000 |
|--|--------------|
| Consideration paid in cash | 11,982 |
| Less: cash and cash equivalents acquired | (3,245) |
| | 8,737 |



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

20 RELATED PARTY TRANSACTIONS

Save for the Acquisition as disclosed in note 19 and the remuneration of key management personnel as disclosed below, the Group had no other significant transactions and balances with related party during the six months ended 30 June 2024 and 2023.

Remuneration of key management personnel

The remuneration of key management personnel (including the directors of the Company) of the Group during the period is as follows:

| | Six months ended 30 June | |
|--|--------------------------------|--------------------------------|
| | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Fee | 371 | 371 |
| Salaries and other allowances | 2,431 | 2,666 |
| Retirement benefits scheme contributions | 3 | 3 |
| | 2,805 | 3,040 |

The remuneration of key management personnel is determined with regard to the performance of individuals and market trends.

21 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Investment fund classified as a financial asset at FVTPL with the fair value as at 30 June 2024 of MOP11,420,000 (31 December 2023: MOP12,280,000) is categorised as Level 3 of fair value hierarchy. Market approach with key inputs of discount for lack of marketability of 14.43% (31 December 2023: 13.20%) is adopted. A significant increase in the discount rate would result in a significant decrease in the fair value of the investment fund, and vice versa.

There were no transfers into or out of Level 3 during the period.

The fair values of financial assets, except for financial asset at FVTPL, and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

22 CONTINGENT LIABILITIES

On 20 February 2023, Lap Polly Engineering Company Limited (“**Lap Polly**”) received a notice of arbitration regarding to an alleged claim by joint and several liquidators. The alleged claim arose from disputes prior to the acquisition of Lap Polly on 10 September 2019. As at 30 June 2024, taken into account the opinion of an independent legal advisor that the claim was still at the preliminary stage, the management of the Group was not in a position to suggest the possibility of the result of the claim.

23 CAPITAL COMMITMENTS

At the end of the reporting period, the outstanding capital commitments of the Group not provided for in the financial statements was as follows:

| | At 30 June 2024 MOP'000 (unaudited) | At 31 December 2023 MOP'000 (audited) |
|--|--|---|
| Commitments in respect of investments in subsidiaries — authorised and contracted for | 45,067 | 46,282 |



FINANCIAL HIGHLIGHTS

| | Six months ended 30 June | |
|-------------------------------|---|---|
| | 2024 MOP'000 (unaudited) | 2023 MOP'000 (unaudited) |
| Results | | |
| Revenue | 58,923 | 77,095 |
| Cost of sales | (47,072) | (76,535) |
| Gross profit | 11,851 | 560 |
| Profit (loss) before taxation | 2,420 | (10,258) |
| Profit (loss) for the period | 2,482 | (10,341) |
| Assets and Liabilities | | |
| | At 30 June 2024 MOP'000 (unaudited) | At 31 December 2023 MOP'000 (audited) |
| Total assets | 274,215 | 313,297 |
| Total liabilities | 84,860 | 126,059 |
| Net assets | 189,355 | 187,238 |



AB BUILDERS GROUP LIMITED
奧邦建築集團有限公司