

# **Noble Engineering Group Holdings Limited**

## **怡康泰工程集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**Stock Code: 8445**

**Interim Report 2017**

## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### **Executive Directors**

Mr. Tse Chun Yuen  
Mr. Tse Chun Kuen  
Ms. Tse Ming Hei

#### **Independent non-executive Directors**

Mr. Wong Yiu Kwong Kenji  
Ms. Chung Lai Ling  
Mr. Tang Chi Wai

#### **AUDIT COMMITTEE**

Mr. Tang Chi Wai (Chairman)  
Mr. Wong Yiu Kwong Kenji  
Ms. Chung Lai Ling

#### **NOMINATION COMMITTEE**

Mr. Tse Chun Yuen (Chairman)  
Mr. Wong Yiu Kwong Kenji  
Ms. Chung Lai Ling

#### **REMUNERATION COMMITTEE**

Ms. Chung Lai Ling (Chairman)  
Mr. Tang Chi Wai  
Ms. Tse Ming Hei

#### **COMPLIANCE OFFICER**

Ms. Tse Ming Hei

#### **COMPANY SECRETARY**

Mr. Tsoi Chi Hei

#### **AUTHORISED REPRESENTATIVES**

Ms. Tse Ming Hei  
Mr. Tsoi Chi Hei

#### **COMPLIANCE ADVISER**

Kingsway Capital Limited  
7/F, Tower One, Lippo Centre  
89 Queensway, Hong Kong

#### **AUDITOR**

HLB Hodgson Impey Cheng Limited  
31/F, Gloucester Tower  
The Landmark  
11 Pedder Street  
Central, Hong Kong

## **LEGAL ADVISOR**

As to Hong Kong law  
Guantao & Chow Solicitors and Notaries  
Suites 1604-6, 16th Floor  
ICBC Tower, 3 Garden Road  
Central, Hong Kong  
(Solicitors of Hong Kong)

As to Cayman Islands law  
Appleby  
2206-19 Jardine House  
1 Connaught Place  
Central  
Hong Kong

## **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

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

## **HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Room 809, 8/F.  
Cheung Sha Wan Plaza, Tower II  
833 Cheung Sha Wan Road  
Cheung Sha Wan, Kowloon, Hong Kong

## **PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS**

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

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Boardroom Share Registrars (HK) Limited  
31st Floor  
148 Electric Road  
North Point  
Hong Kong

## **PRINCIPAL BANKERS**

DBS Bank (Hong Kong) Limited  
16th Floor, The Center  
99 Queen's Road Central  
Central, Hong Kong

## **COMPANY'S WEBSITE**

[www.nobleengineering.com.hk](http://www.nobleengineering.com.hk)

## **STOCK CODE**

8445

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 SEPTEMBER 2017**

**Unaudited interim results**

The unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the three months and six months ended 30 September 2017, together with the unaudited comparative figures for the corresponding periods in 2016, are as follows:

|  | Note | Three months<br>ended 30 September<br>2017 |                                 | Six months<br>ended 30 September<br>2017 |                                 |
|--|------|--|---------------------------------|--|---------------------------------|
|  |      | HK\$'000<br>(Unaudited)                    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)          | 2016<br>HK\$'000<br>(Unaudited) |
| <b>Revenue</b>   |      | <b>85,737</b>                              | 55,967                          | <b>197,362</b>                           | 139,652                         |
| Direct costs   | 3    | <b>(76,607)</b>                            | (50,108)                        | <b>(176,570)</b>                         | (125,071)                       |
| <b>Gross profit</b>  |      | <b>9,130</b>                               | 5,859                           | <b>20,792</b>                            | 14,581                          |
| Other income and gain  | 3    | <b>265</b>                                 | 16                              | <b>267</b>                               | 16                              |
| Administrative and other operating expenses  |      | <b>(9,798)</b>                             | (376)                           | <b>(19,554)</b>                          | (3,848)                         |
| Finance costs  | 5(a) | <b>(59)</b>                                | (11)                            | <b>(204)</b>                             | (23)                            |
| <b>(Loss)/profit before income tax</b>   | 5    | <b>(462)</b>                               | 5,488                           | <b>1,301</b>                             | 10,726                          |
| Income tax expense   | 6    | <b>(1,079)</b>                             | (1,038)                         | <b>(2,457)</b>                           | (1,750)                         |
| <b>(Loss)/profit and total comprehensive<br/>(expense)/income for the period<br/>attributable to owners of the Company</b> |      | <b>(1,541)</b>                             | 4,450                           | <b>(1,156)</b>                           | 8,976                           |
| <b>(Losses)/earnings per share</b>   |      |  |                                 |  |                                 |
| Basic and diluted (HK cents per share)   | 7    | <b>(0.34)</b>                              | 0.99                            | <b>(0.26)</b>                            | 1.99                            |

Details of dividends of the Company are set out in note 8.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

|  | Note | As at 30<br>September 2017<br>HK\$'000<br>(Unaudited) | As at 31<br>March 2017<br>HK\$'000<br>(Audited) |
|--|------|---|---|
| <b>NON-CURRENT ASSETS</b>                          |      |   |   |
| Plant and equipment                                | 9    | 1,638   | 2,003   |
| Deferred tax assets                                |      | 496   | 179   |
|  |      | <b>2,134</b>  | 2,182   |
| <b>CURRENT ASSETS</b>                              |      |   |   |
| Gross amounts due from customers for contract work |      | 14,686  | 28,608  |
| Trade and other receivables                        | 10   | 109,903   | 48,074  |
| Cash and bank balances                             |      | 27,098  | 29,389  |
| Restricted cash                                    | 11   | 820   | 80  |
|  |      | <b>152,507</b>  | 106,151   |
| <b>CURRENT LIABILITIES</b>                         |      |   |   |
| Gross amounts due to customers for contract work   |      | 7,652   | 7,733   |
| Trade and other payables                           | 12   | 42,431  | 29,148  |
| Amounts due to directors                           | 13   | –   | 20,432  |
| Bank overdrafts                                    |      | –   | 6,246   |
| Current income tax liabilities                     |      | 4,124   | 3,171   |
|  |      | <b>54,207</b>   | 66,730  |
| <b>NET CURRENT ASSETS</b>                          |      | <b>98,300</b>   | 39,421  |
| <b>NET ASSETS</b>                                  |      | <b>100,434</b>  | 41,603  |
| <b>CAPITAL AND RESERVES</b>                        |      |   |   |
| Share capital                                      | 14   | 6,000   | 10,000  |
| Reserves   | 15   | 94,434  | 31,603  |
| <b>TOTAL EQUITY</b>                                |      | <b>100,434</b>  | 41,603  |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### For the six months ended 30 September 2016

|   | Attributable to equity shareholders of the Company |   |   |                                  | Total<br>HK\$'000 |
|---|--|---|---|----------------------------------|-------------------|
|   | Share<br>capital<br>(Note 14)<br>HK\$'000          | Share<br>premium<br>(Note 15)<br>HK\$'000 | Other<br>reserve<br>(Note 15)<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 |                   |
|   | <b>Balance at 1 April 2016 (Audited)</b>           | -   | -   | -                                |                   |
| Profit and total comprehensive<br>income for the period | -  | -   | -   | 8,976                            | 8,976             |
| <b>Balance at 30 September 2016 (Unaudited)</b>         | -  | -   | -   | 28,023                           | 28,023            |

### For the six months ended 30 September 2017

|  | Attributable to equity shareholders of the Company |   |   |                                  | Total<br>HK\$'000 |
|--|--|---|---|----------------------------------|-------------------|
|  | Share<br>capital<br>(Note 14)<br>HK\$'000          | Share<br>premium<br>(Note 15)<br>HK\$'000 | Other<br>reserve<br>(Note 15)<br>HK\$'000 | Retained<br>earnings<br>HK\$'000 |                   |
|  | <b>Balance at 1 April 2017 (Audited)</b>           | 10,000                                    | -   | -                                |                   |
| Loss and total comprehensive<br>expense for the period | -  | -   | -   | (1,156)                          | (1,156)           |
| Reorganisation   | (10,000)   | -   | 10,000                                    | -                                | -                 |
| Share issued pursuant to the capitalisation issue      | 4,500  | (4,500)                                   | -   | -                                | -                 |
| Share issued pursuant to the share offer               | 1,500  | 69,000                                    | -   | -                                | 70,500            |
| Share issuance costs                                   | -  | (10,513)                                  | -   | -                                | (10,513)          |
| <b>Balance at 30 September 2017 (Unaudited)</b>        | 6,000  | 53,987                                    | 10,000                                    | 30,447                           | 100,434           |

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017**

|   | Six months<br>ended 30 September |                                 |
|---|----------------------------------|---------------------------------|
|   | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| <b>Cash flows from operating activities</b>                   |                                  |                                 |
| Cash generated from operations                                | 5,427                            | 2,426                           |
| Tax paid  | (1,819)                          | –                               |
|   | <hr/>                            | <hr/>                           |
| <b>Net cash generated from operating activities</b>           | <b>3,608</b>                     | 2,426                           |
| <b>Cash flows from investing activities</b>                   |                                  |                                 |
| Purchases of plant and equipment                              | (24)                             | (139)                           |
| Others  | 1                                | 1,676                           |
|   | <hr/>                            | <hr/>                           |
| <b>Net cash (used in)/generated from investing activities</b> | <b>(23)</b>                      | 1,537                           |
| <b>Cash flows from financing activities</b>                   |                                  |                                 |
| Net proceeds from issuance of shares                          | 21,006                           | –                               |
| Repayment of finance leases liabilities                       | –                                | (269)                           |
| Repayments to directors                                       | (20,432)                         | –                               |
| Others  | (204)                            | (23)                            |
|   | <hr/>                            | <hr/>                           |
| <b>Net cash generated from/(used in) financing activities</b> | <b>370</b>                       | (292)                           |
| <b>Net increase in cash and cash equivalents</b>              | <b>3,955</b>                     | 3,671                           |
| <b>Cash and cash equivalents at beginning of period</b>       | <b>23,143</b>                    | 25,402                          |
|   | <hr/>                            | <hr/>                           |
| <b>Cash and cash equivalents at ending of period</b>          | <b>27,098</b>                    | 29,073                          |
|   | <hr/>                            | <hr/>                           |
| <b>Analysis of balances of cash and cash equivalents</b>      |                                  |                                 |
| Cash and bank balances  | 27,098                           | 29,073                          |
|   | <hr/>                            | <hr/>                           |

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands on 12 April 2017 as an exempted company with limited liability. The shares of the Company (the "Shares") have been listed on GEM of the Stock Exchange on 29 September 2017 (the "Listing"). Its parent and ultimate holding company is Land Noble Holdings Limited ("Land Noble"), a company incorporated in the British Virgin Islands and owned as to 50% by Mr. Tse Chun Yuen and Mr. Tse Chun Kuen, the executive Directors of the Company.

The address of its registered office in the Cayman Islands is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of its principal place of business is Room 809, 8/F., Cheung Sha Wan Plaza, Tower II, 833 Cheung Sha Wan Road, Cheung Sha Wan, Kowloon, Hong Kong. The Company is an investment holding company. The principal activities of the Group are the provision of wet trades works services.

Prior to the corporate reorganisation undertaken in preparation for listing of the Company's shares on the GEM of the Stock Exchange (the "Reorganisation"), the group entities were under the control of Mr. Tse Chun Yuen and Mr. Tse Chun Kuen. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 6 September 2017. Accordingly, for the purpose of preparing the unaudited condensed consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the six months ended 30 September 2017 presented. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Tse Chun Yuen and Mr. Tse Chun Kuen prior to and after the Reorganisation.

The unaudited condensed consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the periods presented in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants. The unaudited condensed consolidated statement of profit or loss and other comprehensive income and unaudited condensed consolidated statement of changes in equity for the periods presented, which include the results and changes in equity of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the period.

These unaudited condensed consolidated financial statements are presented in thousands of Hong Kong dollars ("HK\$000"), which is the same as the functional currency of the Company.

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

The preparation of unaudited condensed consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

The following new and amended standards have been adopted by the Group:

|                       |  |
|-----------------------|--|
| Amendments to HKFRSs  | Annual Improvements to HKFRSs 2014-2016 Cycle            |
| Amendments to HKAS 7  | Disclosure Initiative                                    |
| Amendments to HKAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses |

The adoption of these new and revised HKFRSs have no significant financial effect on the unaudited condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in the unaudited condensed consolidated financial statements.

The Group has not early adopted any other standard, amendment or interpretation that has been issued but is not yet effective.

### 3 REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents construction contract receipts in the ordinary course of business. Revenue and other income and gain recognised during the respective periods are as follows:

|  | Three months<br>ended 30 September |                                 | Six months<br>ended 30 September |                                 |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| <b>Revenue</b>                         |                                    |                                 |                                  |                                 |
| Provision of wet trades works services | <b>85,737</b>                      | 55,967                          | <b>197,362</b>                   | 139,652                         |
| <b>Other income and gain</b>           |                                    |                                 |                                  |                                 |
| Bank interest income                   | <b>212</b>                         | -                               | <b>212</b>                       | -                               |
| Others                                 | <b>53</b>                          | 16                              | <b>55</b>                        | 16                              |
|  | <b>265</b>                         | 16                              | <b>267</b>                       | 16                              |

### 4 SEGMENT INFORMATION

#### Operating Segment

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors regards the Group's business as a single operating segment and reviews financial information accordingly. Also, the Group only engages its business in Hong Kong. Therefore, no segment information is presented.

### 5 (LOSS)/ PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging/(crediting):

|                             | Three months<br>ended 30 September |                                 | Six months<br>ended 30 September |                                 |
|-----------------------------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                             | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| <b>(a) Finance costs</b>    |                                    |                                 |                                  |                                 |
| Interest on finance leases  | -                                  | 11                              | -                                | 23                              |
| Interest on bank overdrafts | <b>59</b>                          | -                               | <b>204</b>                       | -                               |
|                             | <b>59</b>                          | 11                              | <b>204</b>                       | 23                              |

## 5 (LOSS)/ PROFIT BEFORE INCOME TAX (CONTINUED)

| (b)  | Three months<br>ended 30 September |                                 | Six months<br>ended 30 September |                                 |
|--|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|  | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| <b>Other items</b>   |                                    |                                 |                                  |                                 |
| Depreciation of assets under finance leases                                      | -                                  | 88                              | -                                | 216                             |
| Depreciation of owned assets   | <b>183</b>                         | 72                              | <b>389</b>                       | 102                             |
|  | <b>183</b>                         | 160                             | <b>389</b>                       | 318                             |
| Less: Amount included in gross amounts due from/(to) customers for contract work | <b>(31)</b>                        | -                               | <b>(26)</b>                      | (17)                            |
|  | <b>152</b>                         | 160                             | <b>363</b>                       | 301                             |
| Operating lease rental in respect of machinery and equipment                     | <b>117</b>                         | 197                             | <b>135</b>                       | 225                             |
| Less: Amount included in gross amounts due from/(to) customers for contract work | <b>(12)</b>                        | (61)                            | <b>(11)</b>                      | (58)                            |
|  | <b>105</b>                         | 136                             | <b>124</b>                       | 167                             |
| Listing expenses   | <b>6,994</b>                       | -                               | <b>13,581</b>                    | -                               |
| Operating lease rental in respect of premises                                    | <b>158</b>                         | -                               | <b>316</b>                       | -                               |
| Provision for impairment of trade receivables (Note 10(b))                       | <b>1,083</b>                       | -                               | <b>2,513</b>                     | 1,614                           |
| Provision reversed for impairment of trade receivables (Note 10(b))              | <b>(580)</b>                       | -                               | <b>(860)</b>                     | -                               |
| Gain on disposal of plant and equipment  | <b>1</b>                           | -                               | <b>1</b>                         | -                               |

## 6 INCOME TAX EXPENSE

|                                     | Three months<br>ended 30 September |                                 | Six months<br>ended 30 September |                                 |
|-------------------------------------|------------------------------------|---------------------------------|----------------------------------|---------------------------------|
|                                     | 2017<br>HK\$'000<br>(Unaudited)    | 2016<br>HK\$'000<br>(Unaudited) | 2017<br>HK\$'000<br>(Unaudited)  | 2016<br>HK\$'000<br>(Unaudited) |
| Current tax – Hong Kong Profits Tax | <b>1,197</b>                       | 1,054                           | <b>2,774</b>                     | 1,996                           |
| Deferred income tax                 | <b>(118)</b>                       | (16)                            | <b>(317)</b>                     | (246)                           |
|                                     | <b>1,079</b>                       | 1,038                           | <b>2,457</b>                     | 1,750                           |

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2016: 16.5%) to the six months ended 30 September 2017.

## 7 (LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY FOR THE PERIOD – BASIC AND DILUTED

|   | Three months<br>ended 30 September |             | Six months<br>ended 30 September |             |
|---|------------------------------------|-------------|----------------------------------|-------------|
|   | 2017                               | 2016        | 2017                             | 2016        |
|   | (Unaudited)                        | (Unaudited) | (Unaudited)                      | (Unaudited) |
| (Loss)/profit for the period attributable to owners of the Company (HK\$'000) | <b>(1,541)</b>                     | 4,450       | <b>(1,156)</b>                   | 8,976       |
| Weighted average number of ordinary shares ('000) (Note (a))                  | <b>453,261</b>                     | 450,000     | <b>451,639</b>                   | 450,000     |
| Basic and diluted (losses)/earnings per share (HK cents per share)            | <b>(0.34)</b>                      | 0.99        | <b>(0.26)</b>                    | 1.99        |

Note:

- (a) In determining the number of shares in issue, the total of 450,000,000 shares issued, 1 share issued on the incorporation of the Company, 9,999 shares issued on the Reorganisation of the Group and 449,990,000 shares issued on capitalisation issue were deemed to have issued since 1 April 2016.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the respective periods.

## 8 DIVIDENDS

No dividends have been proposed or paid by the Company or any of its subsidiaries during the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

## 9 PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group acquired items of plant and equipment with a cost of approximately HK\$24,000 (six months ended 30 September 2016: HK\$139,000).

## 10 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

|   | As at 30<br>September 2017<br>HK\$'000<br>(Unaudited) | As at 31<br>March 2017<br>HK\$'000<br>(Audited) |
|---|---|---|
| 0-30 days   | <b>29,305</b>   | 10,291  |
| 31-60 days  | <b>2,754</b>  | 4,375   |
| 61-90 days  | <b>16</b>   | 1,510   |
| Over 90 days  | <b>–</b>  | 103   |
| <b>Trade receivables, net of allowance for doubtful debts</b> | <b>32,075</b>   | 16,279  |
| Retention receivables (Note (c))                              | <b>32,440</b>   | 28,905  |
| Listing proceeds receivable (Note (d))                        | <b>43,706</b>   | –   |
| Other receivables, deposits and prepayments                   | <b>1,682</b>  | 2,890   |
|   | <b>109,903</b>  | 48,074  |

## 10 TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes:

- (a) Whilst the credit period granted to customers are ranging from 17 to 35 days generally.  
 (b) Movements in the Group's provision for impairment of trade receivables are as follows:

|  | <b>As at 30<br/>September 2017<br/>HK\$'000<br/>(Unaudited)</b> | As at 31<br>March 2017<br>HK\$'000<br>(Audited) |
|--|---|---|
| As at 1 April 2017/1 April 2016                    | 2,665   | –   |
| Provision made for the period/year (Note 5(b))     | 2,513   | 2,665   |
| Provision reversed for the period/year (Note 5(b)) | (860)   | –   |
|  | <hr/>   |   |
| As at 30 September 2017/31 March 2017              | <b>4,318</b>  | 2,665   |

- (c) Retention receivables were not past due as at the end of each reporting period, and were settled in accordance with the terms of respective contract.  
 (d) The amount was fully settled on 10 October 2017.

## 11 RESTRICTED CASH

Restricted cash represents deposit held at an insurance company for faithful of performance in according to the contracts between the Group and the customers.

## 12 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors (which are included in trade and other payables), based on the invoice date, is as follows:

|  | <b>As at 30<br/>September 2017<br/>HK\$'000<br/>(Unaudited)</b> | As at 31<br>March 2017<br>HK\$'000<br>(Audited) |
|--|---|---|
| 0-30 days                              | 19,210  | 22,423  |
| 31-60 days                             | 2,281   | 1,715   |
| 61-90 days                             | 1,658   | 1,150   |
| Over 90 days                           | 6,746   | 2,596   |
|  | <hr/>   |   |
| <b>Total trade payables</b>            | <b>29,895</b>   | 27,884  |
| Accruals and other payables (Note (a)) | 12,536  | 1,264   |
|  | <hr/>   |   |
|  | <b>42,431</b>   | 29,148  |

Note:

- (a) Accruals and other payables included accrued listing expenses of approximately HK\$11,084,000 which was fully settled in October 2017.

### 13 AMOUNTS DUE TO DIRECTORS

The amounts due to directors are non-trade nature, unsecured, interest-free and repayable on demand.

The amounts were fully settled during the six months ended 30 September 2017.

### 14 SHARE CAPITAL

As at 31 March 2017, the share capital represents the aggregate of paid up share capital of the companies comprising the Group held by the controlling shareholders of the Company prior to the Reorganisation.

Details of the Company's authorised and issued ordinary share capital are as follows:

|  | Notes | Number of<br>ordinary shares | Share Capital<br>HK\$'000 |
|--|-------|------------------------------|---------------------------|
| Ordinary shares of HK\$0.01 each                   |       |                              |                           |
| <b>Authorised:</b>                                 |       |                              |                           |
| Upon incorporation of the Company on 12 April 2017 | (a)   | 10,000,000                   | 100                       |
| Increase in number of authorised shares            | (b)   | 1,490,000,000                | 14,900                    |
|  |       | <hr/>                        | <hr/>                     |
| As at 30 September 2017                            |       | 1,500,000,000                | 15,000                    |
|  |       | <hr/>                        | <hr/>                     |
| <b>Issued and fully paid:</b>                      |       |                              |                           |
| Upon incorporation of the Company on 12 April 2017 | (a)   | 1                            | -                         |
| Shares issued upon the Reorganisation              | (c)   | 9,999                        | -                         |
| Shares issued pursuant to the capitalisation issue | (d)   | 449,990,000                  | 4,500                     |
| Shares issued pursuant to the share offer          | (e)   | 150,000,000                  | 1,500                     |
|  |       | <hr/>                        | <hr/>                     |
| As at 30 September 2017                            |       | 600,000,000                  | 6,000                     |
|  |       | <hr/>                        | <hr/>                     |

*Notes:*

- (a) The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 12 April 2017 with an initial authorised share capital of HK\$100,000 divided into 10,000,000 ordinary shares of HK\$0.01 each and one nil-paid subscriber share was issued and allotted to the subscriber which was subsequently transferred to Land Noble on the same date.
- (b) Pursuant to the resolutions passed by the sole shareholder of the Company on 14 September 2017, the authorised share capital of the Company was increased from HK\$100,000 to HK\$15,000,000 divided into 1,500,000,000 ordinary shares by the creation of an additional 1,490,000,000 ordinary shares of HK\$0.01 each, ranking pari passu in all respects with the existing shares.

## 14 SHARE CAPITAL (CONTINUED)

- (c) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of Noble Wisdom Holdings Limited from Mr. Tse Chun Yuen and Mr. Tse Chun Kuen on 6 September 2017, the Company issued and allotted 9,999 ordinary shares to Land Noble, all credited as fully paid respectively.
- (d) Pursuant to a written resolution passed by the sole shareholder of the Company on 14 September 2017 and conditional upon the share premium account of the Company being credited as a result of the share offer, the Company authorised to allot and issued a total of 449,990,000 ordinary shares credited as fully paid at par to the holder of the Company's shares on the register of members of the Company at the close of business on 14 September 2017 by way of capitalisation of the sum of approximately HK\$4,500,000 standing to the credit of the share premium account of the Company.
- (e) On 29 September 2017, upon its listing on the GEM of the Stock Exchange, the Company issued 150,000,000 new ordinary shares at an offer price of HK\$0.47 each and raised gross proceeds of HK\$70,500,000.

## 15 RESERVES

### *Share premium*

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

### *Other reserve*

Other reserve represents the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of the share capital of its subsidiaries arising from the Reorganisation.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Development of business and prospects

The Group performs wet trades works as a subcontractor in Hong Kong.

For the six months ended 30 September 2017, the Group recorded a net loss of approximately HK\$1.2 million as compared to a net profit of approximately HK\$9.0 million for the same period in 2016. The Directors are of the view that the net loss was primarily due to the non-recurring listing expenses of approximately HK\$13.6 million incurred during 2017. Setting aside the listing expenses, the Group's net profit for the six months ended 30 September 2017 would be approximately HK\$12.4 million. In view of the fact that there has been an increasing number of project quotation invitations received by the Group from potential and current customers, and that the net proceeds from the share offer are expected to allow expansion of the Group's operational capacity, the Directors are cautiously optimistic about the Group's business outlook.

### Outlook

The Shares were listed on GEM on 29 September 2017 (the "Listing Date") by way of share offer (the "Share Offer"). The Group always strives to improve our operation efficiency and profitability of our business. The Group plans to expand our fleet of machinery and equipment, which will enhance the basis of our technical capability to bid for future projects. The Group will also proactively seek opportunities to expand our customer base and our market share and undertake more wet trades projects which will enhance value to our shareholders.

The net proceeds from the Share Offer will thereby provide financial resources to the Group to meet and achieve our business objectives and strategies which will further strengthen the Group's market position in wet trades works services.

### Financial review

#### *Revenue*

For the six months ended 30 September 2017, the Group's revenue amounted to approximately HK\$197.4 million, which increased by 41.3% as compared to the same period in 2016. The increase in revenue was mainly due to increased amounts of contracts awarded during the period in 2017.

#### *Gross profit margin*

Our gross profit increased by approximately HK\$6.2 million or 42.5%, from approximately HK\$14.6 million for the six months ended 30 September 2016 to approximately HK\$20.8 million for the six months ended 30 September 2017. The increase in the Group's gross profit was primarily due to the increase in our revenue. The Group's gross profit margin slightly increased from 10.4% for the six months ended 30 September 2016 to 10.5% for the six months ended 30 September 2017.

#### *Other income and gain*

Other income and gain increased by approximately HK\$251,000 from approximately HK\$16,000 for the six months ended 30 September 2016 to approximately HK\$267,000 for the six months ended 30 September 2017. The increase was mainly due to the increase in bank interest income.

#### *Administrative and other operating expenses*

Administrative and other operating expenses increased by approximately HK\$15.8 million or 415.8% from approximately HK\$3.8 million for the six months ended 30 September 2016 to approximately HK\$19.6 million for the six months ended 30 September 2017. The increase was mainly due to non-recurring listing expenses of approximately HK\$13.6 million incurred for the six months ended 30 September 2017.

#### *Listing expenses*

During the six months ended 30 September 2017, the Group recognised non-recurring listing expenses under accrual basis of approximately HK\$13.6 million, as expenses in connection with the Listing on GEM.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Financial review (Continued)

#### *Finance costs*

Finance costs increased by 787.0% to approximately HK\$204,000 for the six months ended 30 September 2017 from approximately HK\$23,000 for the same period in 2016, which was mainly due to increase in bank overdrafts interest for the six months ended 30 September 2017.

#### *Loss for the period*

For the six months ended 30 September 2017, the Group recorded loss attributed to owners of the Company of approximately HK\$1.2 million as compared to profit for the six months ended 30 September 2016 of approximately HK\$9.0 million. The loss was mainly attributable to the non-recurring listing expenses.

Set aside the listing expenses, the Group's net profit for the six months ended 30 September 2017 would be approximately HK\$12.4 million.

#### *Interim dividend*

The Directors do not recommend the payment of an interim dividend for the six months ended 30 September 2017 (six months ended 30 September 2016: Nil).

#### *Comparison between business objectives with actual business progress*

The Company was listed on GEM on 29 September 2017. The period of time from the Latest Practicable Date (that is, 12 September 2017, as defined in the prospectus of the Company dated 19 September 2017 (the "Prospectus")) to 30 September 2017 was relatively short and as at 30 September 2017 as compared to the Latest Practicable Date, no material progress was made in realising the objectives stated in the Prospectus. The Group is in its preliminary stage of implementing its business objectives and strategies as disclosed in the Prospectus. The Group will strive to achieve the milestone events as stated in the Prospectus.

#### *Use of proceeds from the Share Offer*

The net proceeds from the Share Offer (after deducting the underwriting fees and other listing expenses borne by the Company) amounted to approximately HK\$41.3 million which will be used for the intended purposes as set out in the section headed "Statement of Business Objectives and Use of Proceeds" of the Prospectus, namely:

- approximately HK\$20.3 million, representing approximately 49.3% of the net proceeds received by the Company, will be earmarked to take out surety bonds issued by banks or authorised insurers in the amount of certain percentage of the contract sum in favour of the Group's customers for the wet trades projects that the Group plans to tender;
- approximately HK\$8.0 million, representing approximately 19.2% of the net proceeds received by the Company, will be used for expansion of the Group's workforce to ensure it has sufficient manpower for its newly awarded wet trades projects and projects for which the Group plans to tender;
- approximately HK\$7.7 million, representing approximately 18.7% of the net proceeds received by the Company, will be used for the acquisition of additional forklifts, plaster spraying machines and related parts for the Group's projects and projects for which the Group plans to tender;
- approximately HK\$3.2 million, representing approximately 7.9% of the net proceeds received by the Company, will be used to repay the Group's bank overdraft facility; and
- approximately HK\$2.1 million, representing approximately 5.0% of the net proceeds received by the Company, will be used as general working capital of the Group.

As the period of time from the Listing Date to 30 September 2017 was relatively short, there was no utilisation of the proceeds as at 30 September 2017. The net proceeds raised by the Group will be applied in the manner consistent with the proposed allocations.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Financial review (Continued)

#### *Capital structure, liquidity and financial resource*

The Company was listed on the GEM by way of Share Offer of 150,000,000 Shares at a price of HK\$0.47 per share on 29 September 2017. The net proceeds from the Share Offer amounted to approximately HK\$41.3 million which will be used for the intended purposes as set out in the section headed "Statement of Business Objectives and Use of Proceeds" of the Prospectus. The Directors believe that with the new capital from the Share Offer, the Group is in a healthy financial position to expand its business and achieve its business objectives. There has been no change in the capital structure of the Group after the Listing. The capital of the Group only comprises of ordinary shares.

As at 30 September 2017, the Group had total assets of approximately HK\$154.6 million, total liabilities and shareholders' equity of approximately HK\$54.2 million and HK\$100.4 million, respectively. The Group's current ratio as at 30 September 2017 was approximately 2.8 compared to 1.6 as at 31 March 2017. The Company was listed on GEM on 29 September 2017. The net proceeds received/receivable from the Share Offer increased our total assets and shareholder's equity as at 30 September 2017 as compared to 31 March 2017. The increase in total liabilities was primarily due to listing expenses which amounted to approximately of HK\$11.1 million accrued as at 30 September 2017.

The gearing ratio for the Group as at 30 September 2017 was nil (31 March 2017: 15.0%). It was calculated by dividing total obligations under total bank borrowings by total equity as at the end of each reporting period multiplied by 100%.

#### *Material acquisitions and disposals of subsidiaries and affiliated companies*

In preparation for the Listing, the Company underwent the Reorganisation, the details of which are set out in the section headed "History, Development and Reorganisation" of the Prospectus. Save as disclosed herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the six months ended 30 September 2017.

#### *Foreign exchange exposure*

Most of our Group's transactions are mainly denominated in Hong Kong dollars which is the functional and presentation currency of the Group. As such, the Directors are of the view that the Group did not have significant exposure to foreign exchange risk. The Group currently does not have a foreign currency hedging policy.

#### *Capital expenditure*

Total capital expenditure for the six months ended 30 September 2017 was approximately HK\$24,000, which was used in the purchase of plant and equipment.

#### *Contingent liabilities*

As at 30 September 2017, the Group had no significant contingent liabilities.

#### *Commitments*

As at 30 September 2017, the Group had no significant capital commitments.

#### *Human resources*

As at 30 September 2017, the total number of employees of the Group was 38 (30 September 2016: 43) and the related costs including directors' emoluments incurred during the six months ended 30 September 2017 were approximately HK\$9.0 million (six months ended 30 September 2016: HK\$3.4 million).

Save as disclosed in this report, there has been no further material change to the information contained in the Prospectus which necessitates additional disclosure to be made herein.

### Events after reporting period

The Group had no significant events after the end of the reporting period of this report.

## DISCLOSURE OF INTERESTS AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 September 2017, the interests and short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (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 he/she is taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

#### Long position in ordinary shares of the Company

| Name                              | Capacity/Nature   | Number of Shares held/interested | Percentage of shareholding |
|-----------------------------------|---|----------------------------------|----------------------------|
| Mr. Tse Chun Yuen ( <i>Note</i> ) | Interest in a controlled corporation; interest held jointly with another person | 450,000,000                      | 75%                        |
| Mr. Tse Chun Kuen ( <i>Note</i> ) | Interest in a controlled corporation; interest held jointly with another person | 450,000,000                      | 75%                        |

Note: Land Noble is beneficially owned as to 50% by Mr. Tse Chun Yuen and 50% by Mr. Tse Chun Kuen. On 9 May 2017, Mr. Tse Chun Yuen and Mr. Tse Chun Kuen entered into an acting in concert confirmation to acknowledge and confirm, among other things, that they are parties acting in concert within the meaning of the Hong Kong Code on Takeovers and Mergers. By virtue of the SFO, Mr. Tse Chun Yuen and Mr. Tse Chun Kuen are deemed to be interested in the Shares held by Land Noble.

#### Long position in the ordinary shares of associated corporation – Land Noble

| Name              | Name of associated corporation | Capacity/Nature of interest | Number of shares(s) held | Percentage of interest |
|-------------------|--------------------------------|-----------------------------|--------------------------|------------------------|
| Mr. Tse Chun Yuen | Land Noble                     | Beneficial owner            | 1                        | 50%                    |
| Mr. Tse Chun Kuen | Land Noble                     | Beneficial owner            | 1                        | 50%                    |

Save as disclosed above, as at 30 September 2017, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2017, so far as is known to the Directors of the Company, the following persons (other than Directors or chief executive of the Company) had interests and short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

|                                    | Capacity/Nature of Interest | Number of shares | Percentage of total issued voting shares |
|------------------------------------|-----------------------------|------------------|--|
| Land Noble                         | Beneficial owner            | 450,000,000      | 75%                                      |
| Ms. Or So Lan ( <i>Note 1</i> )    | Interest of spouse          | 450,000,000      | 75%                                      |
| Ms. Yapp Ng Yung ( <i>Note 2</i> ) | Interest of spouse          | 450,000,000      | 75%                                      |

## **DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)**

### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (CONTINUED)**

Notes:

1. Ms. Or So Lan is the spouse of Mr. Tse Chun Yuen. She is deemed, or taken to be, interested in all Shares in which Mr. Tse Chun Yuen is interested in for the purposes of the SFO.
2. Ms. Yapp Ngi Yang is the spouse of Mr. Tse Chun Kuen. She is deemed, or taken to be, interested in all Shares in which Mr. Tse Chun Kuen is interested in for the purposes of the SFO.

Save as disclosed above, as at 30 September 2017, none of the substantial or significant shareholders or other persons, other than the Directors and chief executive of the Company whose interests are set out in the section "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION" above, had any interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### **INTEREST OF THE COMPLIANCE ADVISER**

As notified by the compliance adviser of the Company, Kingsway Capital Limited, as at 30 September 2017, save for the compliance adviser agreement dated 16 May 2017 entered into between the Company and Kingsway Capital Limited, neither Kingsway Capital Limited, its directors, employees and close associates had any interest in relation to the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

### **CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for securities transactions by the Directors in respect of the Shares. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealing and the code of conduct for securities transactions by the Directors from the Listing Date up to the date of this report.

### **NO CHANGE IN INFORMATION OF DIRECTORS**

During the period from the Listing Date until 30 September 2017, there was no change in the information of Directors required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25%.

### **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors, the Controlling Shareholders or substantial shareholders of the Company or any of its respective close associates has engaged in any business that competes or may compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules, or has any other conflict of interests with the Group during the six months ended 30 September 2017.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Save for the Reorganisation as disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2017.

### **SHARE OPTION SCHEME**

The Company adopted a share option scheme (the "Share Option Scheme") on 14 September 2017. No share option has been granted under the Share Option Scheme since its adoption.

## **DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)**

### **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Company is committed to achieve a high standard of corporate governance practices in enhancing the confidence of shareholders, investors, employees, creditors and business partners and also the growth of its business. The Board has and will continue to review and improve the Company's corporate governance practices from time to time in order to increase its transparency and accountability to shareholders. The Company has adopted the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 15 of the GEM Listing Rules as its own corporate governance code since the Listing Date. The Company has, so far as applicable, principally complied with the CG Code throughout the period from the Listing Date to 30 September 2017.

### **AUDIT COMMITTEE**

The Company has established an audit committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial control, internal control and risk management systems of the Group, and provide advice and comments on the Group's financial reporting matters to the Board. As at the date of this report, the audit committee comprises of three independent non-executive directors, namely Mr. Tang Chi Wai, Mr. Wong Yiu Kwong Kenji and Ms. Chung Lai Ling.

The unaudited interim results of the Company for the six month ended 30 September 2017 have not been audited by the Company's independent auditors, but have been reviewed by the audit committee members who have provided advice and comments thereon.

By order of the Board  
**Noble Engineering Group Holdings Limited**  
**Tse Chun Yuen**  
*Chairman and Executive Director*

Hong Kong, 10 November 2017

*As at the date of this report, the Board of Directors of the Company comprises Mr. Tse Chun Yuen, Mr. Tse Chun Kuen and Ms. Tse Ming Hei as executive Directors; and Mr. Wong Yiu Kwong Kenji, Ms. Chung Lai Ling and Mr. Tang Chi Wai as independent non-executive Directors.*