MILESTONE

Milestone Builder Holdings Limited
進 階 發 展 集 團 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1667)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

RESULTS HIGHLIGHTS

- Revenue for the year ended 31 March 2018 was approximately HK$531.9 million, representing an increase of 30.6% from approximately HK$407.3 million for the year ended 31 March 2017.
- Gross profit for the year ended 31 March 2018 was approximately HK$71.3 million, representing an increase of 19.2% from approximately HK$59.8 million for the year ended 31 March 2017.
- Administrative expenses for the year ended 31 March 2018 were approximately HK$51.2 million, representing an increase of 9.9% from approximately HK$46.6 million for the year ended 31 March 2017, mainly due to an increase in employee benefit expenses of approximately HK$3.6 million during the year.
- Profit attributable to the owners of the Company for the year ended 31 March 2018 was approximately HK$13.4 million, representing an increase of 65.4% from approximately HK$8.1 million for the year ended 31 March 2017.

FINANCIAL RESULTS

The board of directors (the "Board" or the "Directors") of Milestone Builder Holdings Limited (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group" or "our Group" or "we" or "our") for the year ended 31 March 2018 together with comparative figures for the previous financial year ended 31 March 2017, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2018

		Year ended 31 March	
		2018	2017
	Note	***HK$'000***	*HK$'000*
Revenue	*4*	**531,855**	407,320
Cost of sales	*5*	**(460,576)**	(347,566)
Gross profit		**71,279**	59,754
Other income	*4*	**789**	828
Other (losses)/gains, net		**(105)**	881
Administrative expenses	*5*	**(51,191)**	(46,581)
Operating profit		**20,772**	14,882
Finance income		**135**	81
Finance costs		**(2,826)**	(2,279)
Finance costs, net		**(2,691)**	(2,198)
Share of results of investments accounted for using the equity method		**(209)**	—
Profit before income tax		**17,872**	12,684
Income tax expenses	*6*	**(4,423)**	(4,538)
Profit attributable to the owners of the Company		**13,449**	8,146
		HK cents per share	*HK cents per share*
Earnings per share for profit attributable to the owners of the Company:			
Basic	*7*	**1.69**	1.36
Diluted	*7*	**1.69**	1.36

CONSOLIDATED BALANCE SHEET

As at 31 March 2018

		As at 31 March	
		2018	2017
	Note	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Investment properties		**5,766**	654
Property, plant and equipment		**7,638**	15,665
Investments accounted for using the equity method		**791**	—
Deferred income tax assets		**1,849**	1,335
Long-term deposit	*8*	**660**	660
Total non-current assets		**16,704**	18,314
Current assets			
Amount due from an investment accounted for using the equity method		**1,010**	—
Amounts due from related companies		**3,135**	3,276
Trade, retention and other receivables, deposits and prepayments	*8*	**86,831**	92,343
Amounts due from customers for contract works	*9*	**164,448**	111,644
Current income tax recoverable		**1,291**	4,583
Pledged deposits		**16,013**	5,000
Cash and bank balances		**30,682**	11,988
Total current assets		**303,410**	228,834
Total assets		**320,114**	247,148
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**80,000**	1
Reserves		**73,458**	49,618
Total equity		**153,458**	49,619

CONSOLIDATED BALANCE SHEET (continued)
As at 31 March 2018

		As at 31 March	
		2018	2017
	Note	***HK$'000***	*HK$'000*
LIABILITIES			
Non-current liabilities			
Obligations under finance leases		**696**	1,131
Deferred income tax liabilities		**328**	897
Total non-current liabilities		**1,024**	2,028
Current liabilities			
Amount due to an investment accounted for using the equity method		**169**	—
Amount due to a related company		**—**	10
Amounts due to customers for contract work	*9*	**5,695**	13,883
Trade and other payables and accruals	*10*	**96,782**	119,652
Current income tax payables		**67**	—
Current portion of obligations under finance leases		**876**	1,136
Borrowings	*11*	**62,043**	60,820
Total current liabilities		**165,632**	195,501
Total liabilities		**166,656**	197,529
Total equity and liabilities		**320,114**	247,148

NOTES

1. GENERAL INFORMATION

Milestone Builder Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 June 2016 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company's registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together the "Group") provide (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings in Hong Kong.

On 7 April 2017, the Company issued additional 599,990,000 shares, credited as fully paid, to Mr. Lam Ka Ho ("Mr. Lam"), Mr. Leung Kam Fai ("Mr. Leung"), Mr. Leung Chin Hung Aaron ("Mr. Aaron Leung") and Mr. Lui Sum Wah ("Mr. Lui") (collectively the "Controlling Shareholders"), by way of capitalisation of HK$59,999,000 standing to the credit of the Company's share premium account (the "Capitalisation Issue"). On the same day, the shares of the Company were listed on the Main Board of the Stock Exchange (the "Listing"). In connection with the Listing completed on 7 April 2017, the Company issued a total of 200,000,000 shares at a price of HK$0.52 per share for a total proceeds (before related fees and expenses) of HK$104,000,000.

These consolidated financial statements are presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

2. BASIS OF PREPARATION

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

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

2.1 Changes in accounting policy and disclosures

(a) ***New and amended standards adopted by the Group***

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2017:

- Recognition of deferred tax assets for unrealised losses — Amendments to HKAS 12
- Annual improvements to HKFRSs 2014–2016 cycle — Amendments to HKFRS 12, and
- Disclosure initiative — Amendments to HKAS 7.

The adoption of these amendments did not have any material impact on the financial statements for the current year.

(b) ***New standards and interpretations not yet adopted***

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2017 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, 'Financial instruments'

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

The Group has reviewed its financial assets and liabilities and does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 'Financial Instruments: Recognition and Measurement' and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects it may result in earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

This new standard must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 April 2018, with the practical expedients permitted under the standard. Comparatives for the year ended 31 March 2018 will not be restated.

HKFRS 15, 'Revenue from contracts with customers'

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts and the related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is assessing the effects of applying the new standards to the Group's consolidated financial statements, as the application may affect the timing of revenue recognition as a result of identification of separate performance obligations and contract modifications. Certain costs incurred in fulfilling a contract (which are currently expensed) may need to be recognised as an asset under HKFRS 15.

More detailed assessment will be carried out by the Group to estimate the impact of the new rules on the Group's consolidated financial statements.

This new standard is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 April 2018 and that comparatives will not be restated.

HKFRS 16, 'Leases'

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$4,606,000.

The Group has not yet assessed the adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

This new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards and interpretations that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors of the Company. The executive directors consider the segment from a business perspective. As the Group has only one operating segment that qualifies as reporting segment under HKFRS 8 and the information that is regularly reviewed by the executive directors for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group, no separate segmental analysis is presented.

The executive directors assess the performance based on a measure of profit after income tax, and consider all business is included in a single operating segment.

Revenue reported in Note 4 below represented transactions with third parties and are reported to the executive directors in a manner consistent with that in the consolidated statement of comprehensive income.

All of the Group's activities are carried out in Hong Kong and all of the Group's assets and liabilities are located in Hong Kong. Accordingly, no analysis by geographical basis for the year is presented.

The Group is domiciled in Hong Kong. Revenue of HK$531,855,000 (2017: HK$407,320,000) are derived from external customers in Hong Kong for the year ended 31 March 2018.

For the year ended 31 March 2018, there were 3 customers (2017: 1 customer), which individually contributed over 10% of the Group's total revenue. During the years ended 31 March 2017 and 2018, the revenue contributed from each of these customers was as follows:

	Year ended 31 March 2018 *HK$'000*
Customer A	**254,873**
Customer B	**69,207**
Customer C	**62,734**

	Year ended 31 March 2017 *HK$'000*
Customer A	197,361

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the executive directors.

4. REVENUE AND OTHER INCOME

The Group's revenue and other income recognised during the years ended 31 March 2017 and 2018 are as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Revenue:		
Building construction services	**309,510**	278,444
Alteration, addition, fitting-out works and building services	**212,455**	100,561
Repair and restoration of historic buildings	**9,890**	28,315
	531,855	407,320
Other income:		
— Rental income	**272**	99
— Sundry income	**517**	729
	789	828

5. EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Construction cost recognised in cost of sales	**460,315**	347,278
Auditor's remuneration		
— Audit services	**1,750**	1,800
— Non-audit services	**108**	—
Depreciation of property, plant and equipment	**3,394**	2,846
Depreciation of investment properties	**91**	—
Employee benefit expenses recognised in administrative expenses (including directors' emoluments)	**19,359**	15,724
Operating lease rentals in respect of car parking spaces and office premises	**3,134**	1,596
Staff welfare and messing	**3,648**	588
Donations	**—**	12
Motor vehicle expenses	**2,887**	1,666
Legal and professional fees	**2,447**	355
Listing expenses	**821**	15,440
Building management fees	**975**	576
Travelling expenses	**2,767**	1,522
Others	**10,071**	4,744
Total cost of sales and administrative expenses	**511,767**	394,147

6. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year ended 31 March 2018.

The amount of income tax expenses charged to the consolidated statement of comprehensive income represents:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current tax:		
Hong Kong profits tax on profits for the year	**4,221**	5,248
Under-provision in prior years	**1,285**	—
Total current tax expenses	**5,506**	5,248
Deferred tax	**(1,083)**	(710)
Income tax expenses	**4,423**	4,538

The tax on the Group's profit before income tax differs from the theoretical amount that used arise using the enacted tax rate as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Profit before income tax	**17,872**	12,684
Tax calculated at 16.5%	**2,949**	2,093
Income not subject to tax	**(6)**	(126)
Expenses not deductible for tax purposes	**195**	2,571
Under-provision in prior years	**1,285**	—
Income tax expenses	**4,423**	4,538

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the years ended 31 March 2017 and 2018 have been retrospectively adjusted for the effects of the issue of shares in connection with the reorganisation completed on 18 November 2016 (the "Reorganisation") and the Capitalisation Issue took place on 7 April 2017.

	Year ended 31 March	
	2018	2017
Earnings:		
Profit attributable to the owners of the Company (HK$'000)	**13,449**	8,146
Number of shares:		
Weighted average number of ordinary shares in issue (thousands)	**796,712**	600,000
Basic earnings per share (HK cents)	**1.69**	1.36

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive shares.

For the year ended 31 March 2017, diluted earnings per share is of the same amount as the basic earnings per share as there were no potentially dilutive share outstanding during the year.

For the year ended 31 March 2018, the Company has one category of potentially dilutive shares, the Over-allotment Option ("Over-allotment Option"). Calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the period from the listing date (7 April 2017) to the lapse date of the Over-allotment Option (27 April 2017)) based on the monetary value of the subscription right attached to outstanding Over-allotment Option. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the Over-allotment Option.

	Year ended 31 March 2018
Earnings:	
Profit attributable to the owners of the Company (HK$'000)	**13,449**
Number of shares:	
Weighted average number of ordinary shares in issue (thousands)	**796,712**
Effect of potentially dilutive shares from Over-allotment Option granted	**28**
Weighted average number of ordinary shares in issue for the purpose of calculating diluted earnings per share (thousands)	**796,740**
Dulited earnings per share (HK cents)	**1.69**

8. TRADE, RETENTION AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Current portion		
Trade receivables *(Note (a))*	**47,151**	55,950
Retention receivables *(Note (b))*	**34,956**	25,977
	82,107	81,927
Prepayments, deposits and other receivables:		
Prepayments	**1,003**	242
Deferred listing expenses *(Note)*	**—**	5,607
Deposits	**2,140**	4,213
Other receivables	**1,581**	354
	4,724	10,416
	86,831	92,343
Non-current portion		
Long-term deposit	**660**	660
Total	**87,491**	93,003

Note: The deferred listing expenses were incurred in connection with the listing of the Company and were deducted from equity upon listing of the Company during the year ended 31 March 2018.

The carrying amounts of trade and other receivables and deposits are denominated in HK$ and approximate their fair values.

(a) Trade receivables

The Group's credit terms to trade debtors other than retention receivables are generally 30 days. The ageing analysis of the trade receivables, based on invoice date, is as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Less than 30 days	**42,512**	52,693
31–60 days	**1,282**	952
61–90 days	**1,440**	302
Over 90 days	**1,917**	2,003
	47,151	55,950

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Group does not hold any collateral over these balances.

As at 31 March 2018, trade receivables of HK$4,639,000 (2017: HK$3,257,000) were past due but not impaired. The ageing analysis of these trade receivables, based on due date, is as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Overdue:		
Less than 30 days	**1,282**	952
31–60 days	**1,440**	302
61–90 days	**60**	292
Over 90 days	**1,857**	1,711
	4,639	3,257

(b) Retention receivables

Retention receivables are settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. In the consolidated balance sheet, retention receivables were classified as current assets.

The Group does not hold any collateral as security.

9. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Contract costs incurred plus recognised profits less recognised losses	**1,392,199**	1,038,746
Less: progress billings	**(1,233,446)**	(940,985)
Balance at end of year	**158,753**	97,761
Analysed for reporting purposes as:		
Amounts due from customers for contract works	**164,448**	111,644
Amounts due to customers for contract works	**(5,695)**	(13,883)
	158,753	97,761

10. TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Trade payables *(Note (a))*	**64,965**	75,092
Bills payables *(Note (b))*	**21,506**	11,415
	86,471	86,507
Other payables and accruals *(Note (c))*	**10,311**	33,145
	96,782	119,652

Trade and bills payables and other payables and accruals approximate their fair values and are denominated in HK$.

(a) Trade payables

Credit terms granted to us by our suppliers and subcontractors vary from contract to contract. Our suppliers and subcontractors, on average, grant us a credit period of mostly 30 days to 60 days upon the issue of an invoice.

The ageing analysis of the trade payables, based on invoice date, is as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
1–30 days	**33,832**	26,580
31–60 days	**15,787**	18,314
61–90 days	**2,892**	9,771
Over 90 days	**12,454**	20,427
	64,965	75,092

(b) Bills payables

The balance represents bank acceptance notes with maturity dates within three months.

The maturity profile of the bills payables of the Group is as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Due within 30 days	**4,948**	7,976
Due within 31 to 60 days	**11,790**	—
Due within 61 to 90 days	**4,768**	3,439
	21,506	11,415

(c) Other payables and accruals

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Accrued staff costs and pension obligations	**9,024**	13,831
Receipt in advance from customers	**224**	2,448
Accrued expenses	**996**	2,772
Accrued listing expenses	**—**	11,379
Other payables	**67**	2,715
	10,311	33,145

11. BORROWINGS

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Bank borrowings	**59,132**	52,047
Bank overdrafts	**2,911**	8,773
	62,043	60,820

The Group's borrowings were repayable as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Portion due for repayment within 1 year	**61,391**	56,532
Portion due for repayment between 1 and 2 years with a repayment on demand clause	**334**	1,732
Portion due for repayment between 2 and 5 years with a repayment on demand clause	**318**	2,556
	62,043	60,820

Bank borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

Bank borrowings due for repayment, based on the scheduled repayment dates set out in the loan agreements and without taking into account the effect of any repayment on demand clause are as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Within 1 year	**58,480**	47,759
Between 1 and 2 years	**334**	1,732
Between 2 and 5 years	**318**	2,556
	59,132	52,047

As at 31 March 2018, the bank borrowings facilities granted to the Group are secured by the following:

(a) Pledged deposits of HK$16,013,000;

(b) The Group's certain land and buildings amounting to HK$3,404,000;

(c) A pledged property of a related company located in Hong Kong; and

(d) Corporate guarantees executed by the Company.

As at 31 March 2017, the bank borrowings facilities granted to the Group are secured by the following:

(a) Joint and several personal guarantees executed by Mr. Leung, Mr. Lam and Mr. Aaron Leung;

(b) Pledged deposits of HK$5,000,000;

(c) The Group's certain land and buildings amounting to HK$7,940,000;

(d) Pledged properties of a related company and of Mr. Lam's family members located in Hong Kong;

(e) Guarantees executed by the Government of the HKSAR (the "Government") under Small and Medium Enterprise Loan Guarantee Scheme; and

(f) Corporate guarantees executed by certain subsidiaries of the Group.

The carrying amounts of bank borrowings approximate their fair values.

These borrowings carry floating rates at Prime Rate, Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate ("LIBOR") plus or minus a margin and the exposure of these bank borrowings to interest rate charges and the contractual repricing dates are six months or less. The weighted average interest rates are 4.2% per annum (2017: 4.8% per annum) as at 31 March 2018.

As at 31 March 2017 and 2018, the exposure of the Group's borrowings to interest rate changes and the contractual repricing date at the end of the year are as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Within 6 months	**52,250**	55,949
Between 6 and 12 months	**8,819**	1,450
Between 1 and 5 years	**974**	3,421
	62,043	60,820

The carrying amounts of the Group's borrowings are denominated in HK$.

As at 31 March 2018, total undrawn bank facilities amounted to approximately HK$28,171,000 (2017: HK$7,135,000).

12. DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018. For the year ended 31 March 2017, the Board recommended a final dividend of HK$0.3 cent per share, amounting to HK$2,400,000.

The dividends declared and paid by the Company/the subsidiaries of the Group during the years ended 31 March 2017 and 2018 were as follows:

	Year ended 31 March	
	2018	2017
	HK$'000	*HK$'000*
Dividends	**2,400**	16,758

During the year ended 31 March 2018, the Company paid final dividend of HK$0.3 cent per share (amounting to HK$2,400,000) relating to the year ended 31 March 2017.

On 15 September 2016, Milestone Builder Engineering Limited declared an interim dividend of HK$16,758,000, of which HK$10,982,000 has been set off against the then amounts due from shareholders. The remaining dividend payable of HK$5,776,000 has been dealt with by way of assigning the Group's financial assets at fair value through profit or loss (amounted to HK$11,555,000); and related bank borrowings (amounted to HK$5,779,000) against which these financial assets has been pledged, to the shareholders.

13. COMMITMENTS

(a) Operating lease commitments — Group company as lessee

The Group leases car parking spaces, office premises and staff quarters under non-cancellable operating lease agreements. As at 31 March 2018, the lease terms ranged from 2 to 3 years (2017: 2 to 3 years) and the lease arrangements are renewable at the end of the lease period at market rate. The operating lease rentals have been included in the consolidated statement of comprehensive income (Note 5).

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
No later than 1 year	**2,846**	3,158
Later than 1 year and no later than 5 years	**1,760**	4,400
	4,606	7,558

(b) Operating lease commitments — Group company as lessor

The Group had contracted with lessees for leasing office premises and a car parking space under non-cancellable operating lease agreements. As at 31 March 2018, the lease terms are 3 years (2017: 3 years) and the lease arrangements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
No later than 1 year	**262**	57
Later than 1 year and no later than 5 years	**170**	114
	432	171

(c) Capital commitments

On 9 February 2018, the subsidiary of Popsible Development Limited, an investment accounted for using the equity method, entered into an agreement with a third party to acquire a land in Osaka, Japan at a consideration of 200,000,000 Japanese Yen (equivalent to approximately HK$14,500,000), of which part of the consideration (approximately HK$10,200,000) would be financed by the Group.

14. CONTINGENCIES

At 31 March 2017 and 2018, the Group's contingent liabilities were as follows:

	As at 31 March	
	2018	2017
	HK$'000	*HK$'000*
Surety bonds *(Note)*	**3,362**	12,889

Note: As at 31 March 2018, the Group provided guarantees of surety bonds in respect of 2 (2017: 5) construction contracts of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

15. SUBSEQUENT EVENTS

On 16 April 2018, the subsidiary of Popsible Development Limited, an investment accounted for using the equity method, entered into an agreement with a third party to acquire a land in Osaka, Japan at a consideration of 290,000,000 Japanese Yen (equivalent to approximately HK$21,182,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business and Financial Review

The Group is an established contractor with job references in both private and public sectors in (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings.

Business Review

The following table sets out a breakdown of our total revenue during the year ended 31 March 2018 and the comparative year according to our three major types of services:

	Year ended 31 March			
	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
Building construction services	**309,510**	**58.2**	278,444	68.4
Alteration, addition, fitting-out works and building services	**212,455**	**39.9**	100,561	24.7
Repair and restoration of historic buildings	**9,890**	**1.9**	28,315	6.9
Total	**531,855**	**100.0**	407,320	100.0

As at 31 March 2018, there were 5, 34 and 6 on-going projects in progress, pertaining to (i) building construction services, (ii) alteration, addition, fitting-out works and building services, and (iii) repair and restoration of historic buildings, respectively. We had no major projects awarded to us but yet to commence as at 31 March 2018.

As at 31 March 2018, the aggregate amount of revenue expected to be recognised after 31 March 2018 of our on-going projects was approximately HK$428.5 million.

The following table sets out our completed contracts during the year ended 31 March 2018 with contract sum of HK$3 million or above:

Particulars of project	Main category of works	Expected project period *(Note 1)*
Design and construction for new artificial turf system for a soccer field in a school in Kowloon	Building construction services	June 2016 to October 2016
Construction of new buildings in Mong Kok	Building construction services	September 2015 to December 2016
Design and construction for a proposed recreational ground in a school	Building construction services	May 2016 to November 2016
Alteration and addition works of a club in Causeway Bay	Alteration, addition, fitting-out works and building services	August 2015 to January 2017
Lobby and driveway renovation of a hotel in Tsim Sha Tsui	Alteration, addition, fitting-out works and building services	August 2016 to December 2016
Enabling works for network in Hung Hom	Alteration, addition, fitting-out works and building services	September 2016 to November 2016
Fitting-out works for a delivery office in Tseung Kwan O	Alteration, addition, fitting-out works and building services	November 2016 to January 2017
Refurbishment of seats & carpets in an auditorium in Kwai Chung	Alteration, addition, fitting-out works and building services	March 2017 to August 2017
Advance works for utility diversion for extension of a clubhouse in Happy Valley	Alteration, addition, fitting-out works and building services	December 2016 to April 2017
Fitting-out works to lift lobby and atrium for a commercial development in Shek Mun	Alteration, addition, fitting-out works and building services	April 2016 to September 2016
Alteration & additional works for a retail network project in Hung Hom	Alteration, addition, fitting-out works and building services	November 2016 to July 2017
Revitalisation and conservation for a cluster of house in Wan Chai	Repair and restoration of historic buildings	September 2013 to April 2017

Note:

1. Expected project period generally refers to the period in the original work programme of the project or the period stated in the contract or letter of acceptance or tender or order to commence or architects instruction and is subject to changes in the course of works.

The following table sets out brief details of our projects in progress as at 31 March 2018 with contract sum of more than HK$3 million:

Particulars of project	**Main category of works**	**Expected project period** *(Note 1)*
Hong Kong, Zhuhai, Macao bridge ancillary building works	Building construction services	August 2015 to October 2017
Hong Kong, Zhuhai, Macao bridge boundary crossing facilities	Building construction services	July 2016 to August 2017
Hong Kong, Zhuhai, Macao Bridge steel and metal works	Building construction services	July 2016 to August 2017
Design and build for school extension and improvement projects	Building construction services	August 2016 to August 2018
Upgrading two artificial turfs of an university	Building construction services	December 2016 to March 2018
Improvement work at a plaza and installation of cover for mini-bus stop and covered walkway in Kwai Chung	Alteration, addition, fitting-out works and building services	November 2017 to June 2018
Alteration and addition works for a project in Kwai Chung	Alteration, addition, fitting-out works and building services	February 2018 to May 2018
Plumbing and drainage installation works	Alteration, addition, fitting-out works and building services	March 2016 to June 2017
Electricity works of a water treatment plant in Tai Po	Alteration, addition, fitting-out works and building services	September 2016 to July 2017
Replacement of existing lifting machines in Yuen Long	Alteration, addition, fitting-out works and building services	September 2016 to May 2017
Improvement of conference and meeting facilities in campus of an university	Alteration, addition, fitting-out works and building services	March 2018 to June 2019

The following table sets out brief details of our projects in progress as at 31 March 2018 with contract sum of more than HK$3 million (continued):

Particulars of project	**Main category of works**	**Expected project period** *(Note 1)*
Fitting-out works for a market in Tseung Kwan O	Alteration, addition, fitting-out works and building services	March 2018 to July 2018
Alteration and addition works for a school in Western District	Alteration, addition, fitting-out works and building services	March 2018 to August 2019
Provision of children's play equipment and facilities for the elderly in sitting-out area in Tuen Mun	Alteration, addition, fitting-out works and building services	January 2017 to December 2017
Electrical works for a holiday camp in Sai Kung	Alteration, addition, fitting-out works and building services	September 2016 to December 2017
Plumbing, sanitaryware and above ground drainage installation in a redevelopment project in Wan Chai	Alteration, addition, fitting-out works and building services	October 2016 to October 2017
Alteration and addition works for a project in Yuen Long	Alteration, addition, fitting-out works and building services	March 2017 to June 2018
Conservation works for the revitalisation at a former magistracy in Fanling	Repair and restoration of historic buildings	July 2016 to May 2017

Note:

1. Expected project period generally refers to the period in the original work programme of the project or the period stated in the contract or letter of acceptance or tender or order to commence or architects instruction and is subject to changes in the course of works.

Major Licenses, Qualifications and Certifications

As at 28 June 2018, our Group has obtained the following major licenses, qualifications and certifications in Hong Kong:

Relevant authority/ Organisation	Relevant list/Category	License	Holder	Date of first grant/ Registration	Expiry date for existing license	Authorised contract value
WBDB[1]	Approved Contractors for Public Works — Buildings Category	Group A (probation)[2]	Milestone Builder Engineering Limited ("Milestone Builder")	2 May 2012	Not Applicable	Contracts of value up to HK$100 million
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works — Repair and Restoration of Historic Buildings Category[3]	—	Milestone Builder	4 June 2013	Not Applicable	Not Applicable
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works — Repair and Restoration of Historic Buildings Category[3]	—	Milestone Specialty Engineering Limited ("Milestone Specialty")	7 September 2017	Not Applicable	Not Applicable
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works — Electrical Installation Category	Group II of Electrical Installation (probation)	Speedy Engineering & Trading Company Limited ("Speedy Engineering")	21 June 2016	Not Applicable	Contracts/ sub-contracts of value up to HK$5.7 million
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works — Plumbing Installation Category	Group I of Plumbing Installation	Speedy Engineering	25 May 2017	Not Applicable	Contracts/sub-contracts of value up to HK$2.3 million
Buildings Department	Certificate of Registration of General Building Contractor[4]	—	Milestone Builder	29 October 2008	14 October 2020	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor[5,6]	Type A–D, F, G (Class I, II, III)[7,8]	Milestone Builder	2 September 2011	2 September 2020	Not Applicable
Buildings Department	Certificate of Registration of Specialist Contractor[9]	Site Formation Works[10]	Milestone Builder	27 September 2006	10 September 2018	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor	Type A, B, D, E, F, G (Class II & III)	Speedy Engineering	7 March 2013	7 March 2019	Not Applicable

1 WBDB refers to the Works Branch Development Bureau (發展局工務科) of the Government. The Development Bureau has maintained the Contractor List and the Specialist List to monitor the eligibility of a contractor to tender for Government contracts.

2 A Group A (probation) contractor may tender for any number of Group A contracts (i.e. contracts of value up to HK$100 million) in the same category, provided the total value of works in the Group A contracts that it already holds and the Group A contract being procured under the same category does not exceed HK$100 million.

3 A Repair and Restoration of Historic Buildings Category contractor is eligible to tender for Government contracts relating to repair and restoration of historic buildings and structures.

4 The current license was granted on 4 July 2017 and will expire on 14 October 2020.

(Registered general building contractors (RGBC) may carry out general building works and street works which do not include any specialised works in the designated categories).

5 Minor Works Contractors are eligible to carry out various types of minor works.

6 Minor works are classified into three classes according to their scale, complexity and risk to safety and are subject to different degree of control. Minor works are grouped into seven types (i.e. Types A, B, C, D, E, F and G) according to their nature.

7 Type A (Alteration and Addition Works); Type B (Repair Works); Type C (Works relating to Signboards); Type D (Drainage Works); Type E (Works relating to Structures for Amenities); Type F (Finishes Works); and Type G (Demolition Works).

8 Class I (High degree of complexity and risk with 44 minor works items); Class II (Medium degree of complexity and risk with 40 minor works items); and Class III (Low degree of complexity and risk with 42 minor works items).

9 Registered specialist contractors may carry out specialised works in their corresponding categories in the sub-registers in which they have been entered. There are five categories of works designated as specialised works: demolition works, foundation works, ground investigation field works, site formation works and ventilation works.

10 All site formation works are specialised works of the site formation category save for the circumstances specified by the Buildings Department.

Development of the Group

The shares of the Company were listed on the Stock Exchange on 7 April 2017 (the "Listing"). The Listing enhances the Group's financial capabilities in business operation, and brings a positive effect on the Group's position and business opportunities in the market.

Apart from the development of core business of the Group, the Company has been actively exploring other business opportunities. During the year, jointly controlled entities ("JV entities") were established for the property development business in Japan, which may include, but not limited to, (i) property consolidation, assembly and redevelopments; (ii) property trading and/or investment; and (iii) hospitality management business (the "Property Development Business in Japan"). By leveraging on our existing experiences in building construction services as well as alteration, addition, fitting-out works and building services, the Property Development Business in Japan will be a growing opportunity to expand business portfolio and diversify income source.

Financial Review

Revenue

Revenue for the year ended 31 March 2018 was approximately HK$531.9 million, representing an increase of 30.6% from approximately HK$407.3 million for the year ended 31 March 2017. The growth in our revenue was mainly attributable to contract works undertaken for private customers, for the service category of alteration, addition, fitting-out works and building services with our Group acting as subcontractors for these projects.

Gross Profit and Gross Profit Margin

The Group's gross profit for the year ended 31 March 2018 was approximately HK$71.3 million, representing an increase of 19.2% from approximately HK$59.8 million for the year ended 31 March 2017. In addition, the Group's gross profit ratio slightly decreased from approximately 14.7% during year ended 31 March 2017 to approximately 13.4% during the year ended 31 March 2018 as additional costs were incurred towards the completion stage of a predominant project and the related variation orders and claims were not yet concluded. The Directors consider that the overall gross profit margin has been maintained at a healthy position throughout the year.

Administrative Expenses

The Group's administrative expenses increased from approximately HK$46.6 million during the year ended 31 March 2017 to approximately HK$51.2 million during the year ended 31 March 2018 and such increase was mainly attributable to (i) increase in employee benefit expenses of approximately HK$3.6 million; (ii) increase in staff welfare and messing of approximately HK$3.1 million; (iii) increase in legal and professional fees of approximately HK$2.1 million during the year ended 31 March 2018 as compared with the previous year. Also, non-recurring listing expenses decreased approximately HK$14.6 million during the year.

Profit before Income Tax & Net Profit

During the year ended 31 March 2018, the Group reported profit before income tax of approximately HK$17.9 million (31 March 2017: approximately HK$12.7 million), representing an increase of approximately 40.9% as compared with the last year.

Net profit of the Group was approximately HK$13.4 million for the year ended 31 March 2018 (31 March 2017: approximately HK$8.1 million), representing an increase of approximately 65.4%.

PRINCIPAL RISKS AND UNCERTAINTIES

— Fluctuating cash flows pattern

Our Group may incur net cash outflows at the early stage of carrying out our works when we are required to pay the setting up expenditures (such as purchase of materials) and/or our subcontractors prior to payment received from our customers. Our customers will pay progress payments after our works commence and after such works and payments have been confirmed and certified by our customers. Accordingly, our Group may experience net cash outflows to pay certain set-up expenditures and/or subcontractors' fees in which the respective progress payments may not be received for the same periods. If during any particular period of time, there exists too many projects which require substantial cash outflows while we have significantly less cash inflows during that period, our cash flow position may be adversely affected.

— Accuracy on the estimated time and costs

As contracts from public and private customers are normally awarded through successful tendering and acceptance of quotation offer, our Group needs to estimate the time and costs based on the tender documents or quotation requests provided in order to determine the tender price or quotation before submitting the tender or providing the quotation. There is no assurance that the actual execution time and costs of the project would not exceed our Group's estimation.

The actual time taken and costs involved in completing contracts undertaken by our Group may be adversely affected by a number of factors, such as shortage or cost escalation of materials and labour, adverse weather conditions, additional variations to the work plans requested by our customers, delays in obtaining any required permits or approvals, disputes with our subcontractors or other parties, accidents, changes in the Government's and our customers' priorities and any other unforeseen problems and circumstances. Any of the aforementioned factors may give rise to delays in completion of works or cost overruns or even termination of projects by our customers, which in turn may adversely affect our Group's profitability and liquidity.

Further, delay in the process of obtaining specific licences, permits or approvals from the Government agencies or authorities in carrying out any particular project could also increase the costs or delay the progress of a project. Failure to complete construction according to specifications and quality standards on a timely basis may result in disputes, contract termination, liabilities and/or lower returns than anticipated on the construction project concerned. Such delay or failure to complete and/or termination of a project by our customers may cause our revenue or profitability to be lower than what we have expected.

— **Continuity of order book for new projects**

Our Group provides services to our customers generally on a project-by-project basis, and the duration of our projects is normally less than two years. Our revenue from our projects is not recurring in nature. We cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing awarded projects.

— **Non-standardisation of profit margin**

The Directors believe that the profit margin of each project significantly depends on various factors, such as the terms of the contracts, the length of the contractual period, the efficiency of implementation of the contractual works and the general market conditions which are beyond our Group's control. As a result, the income flow and the profit margin of each project, which are largely dependable on the terms of the work contracts, may not be entirely standardised and consistent and there is no assurance that the profitability of a project can be maintained or estimated at any level. If the profit margin of the project significantly deviates from the estimation of the Directors, our Group's financial position could be adversely affected.

— **Reduction of construction works in Hong Kong**

During the last three financial years, all of our revenue was derived in Hong Kong. The future growth and level of profitability of the construction industry in Hong Kong depends on, among other factors, the availability of major construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors, in particular, the spending patterns of the Government for the construction industry, the investments of property developers and the general conditions and prospects of local economy. These factors may affect the availability of the building construction works, alteration, addition, fitting-out and building works, and repair and restoration of historic buildings works from our customers. In the event that there is a downturn in the economy of Hong Kong, our results of operations and financial performance could be severely affected.

DEBTS AND CHARGE ON ASSETS

The total interest bearing bank borrowings of the Group, including bank loans and finance leases, was approximately HK$63.6 million as at 31 March 2018 (HK$63.1 million as at 31 March 2017). These banking facilities were secured by the Group's assets which details disclosed in Note 11 to this announcement. Borrowings were denominated mainly in Hong Kong dollars and interest rate of bank borrowings were charged at 3.6%–6.5%. The Group currently does not have an interest rate hedging policy while the Group monitors interest rate risks continuously.

Save as disclosed in Notes 13 and 14 to this announcement, we did not have, at the closure of business on 31 March 2018, any loan capital issued nor any outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has normally funded the liquidity and capital requirements primarily through capital contributions from the shareholders, bank borrowings and net cash generated from the operating activities.

As at 31 March 2018, the Group had cash and bank balances of approximately HK$30.7 million (31 March 2017: approximately HK$12.0 million). The Group's gearing ratio and current ratio are as follows:

	As at 31 March	
	2018	2017
Current ratio	**1.8**	1.2
Gearing ratio	**18%**	51%

Current ratio is calculated based on the total current assets divided by the total current liabilities.

Gearing ratio is calculated based on the net debt (total debts including borrowings and obligation under finance leases, less cash and bank balances) divided by total capital (summation of total equity plus net debt).

The financial resources presently available to the Group include bank borrowings, and we have sufficient working capital for our future requirements.

USE OF NET PROCEEDS FROM THE LISTING

As disclosed in the Company's prospectus dated 22 March 2017 (the "Prospectus") and the Company's announcement dated 9 February 2018, the Group's net proceeds from the share offer, after deducting related underwriting fees and Listing expenses, of approximately HK$75.9 million, are intended to use and utilisation of the net proceeds as at 31 March 2018, are set out as follows:

Uses of Net Proceeds	**Original allocation** *HK$ million*	**Revised allocation as disclosed in the announcement dated 9 February 2018** *HK$ million*	**Utilisation as at 31 March 2018** *HK$ million*	**Remaining balance after revised allocation** *HK$ million*
Financing the capital input and upfront costs to upcoming projects	36.0	36.0	24.0	12.0
Purchase of surety bonds	13.0	—	—	—
Increasing the employed capital of the Group	11.4	11.4	11.4	—
Repayment of current bank borrowings of the Group	4.3	4.3	4.3	—
Employing additional staff	3.3	3.3	2.2	1.1
Investing in building information modelling software	0.5	0.5	—	0.5
General working capital of the Group	7.4	7.4	7.4	—
Financing the property development business in Japan	—	13.0	13.0	—
	75.9	75.9	62.3	13.6

PROSPECTS

The Group expects a steady growth in the construction industry in Hong Kong due to the boosting land supply for housing and commercial building developments for both private and public sectors as well as fostering infrastructure development plans in the long term.

We will continue to leverage on our various licenses and qualifications and extensive experience in construction industry and to participate in the forthcoming projects to strengthen our position in the Hong Kong market.

Property Development Business in Japan is perceived as a new potential market to diversify the existing business. We consider that it enables the Group to further enhance our existing experiences in building construction services as well as alternation, addition, fitting-out works and building services.

FOREIGN EXCHANGE EXPOSURE

As at 31 March 2018 and for the year ended 31 March 2018, most of the income and expenditures of the Group are denominated in Hong Kong dollars, being the functional currency of the Group, and hence, the Group does not have any material foreign exchange exposure. The Group has not implemented nor entered into any types of instruments or arrangements to hedge against currency exchange fluctuations.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

JV entities were established for the Property Development Business in Japan, which may include, but not limited to, (i) property consolidation, assembly and redevelopments; (ii) property trading and/or investment; and (iii) hospitality management business.

For the year ended 31 March 2018, JV entities have entered into the Formal Agreement to acquire for the Land located at 1-25, Kitakawahoricho, Tennoji-ku, Osaka, Japan ("Kitakawahoricho"), at a consideration of 220 million Japanese Yen (equivalent to approximately HK$15.8 million).

Save as disclosed above, there were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies during the year.

CAPITAL COMMITMENTS

For the Property Development Business in Japan, JV entities entered into an agreement with a third party to acquire a land at Kitakawahoricho at consideration of 200 million Japanese Yen (equivalent to approximately HK$14.5 million), which is financed by the Company and the joint venture partner in accordance to their respective shareholding in JV entities. The total commitment for the Acquisition by the Group will be 140 million Japanese Yen (equivalent to approximately HK$10.2 million).

Save as disclosed above, the Group had no material capital commitments as at 31 March 2018.

LEASE COMMITMENTS

The Group leases car parking spaces, office premises and staff quarters under non-cancellable operating lease agreements. The lease terms are 2 to 3 years and the lease arrangements are renewable at the end of the lease period at market rate.

The Group had contracted with a lessee for leasing office premises and a car packing space under a non-cancellable operating lease agreement. The lease term is 3 years and the lease arrangement is renewable at the end of the lease period at market rate.

For details of the lease commitments, please refer to Note 13 to this announcement.

CONTINGENT LIABILITIES

Save as disclosed in Note 14 to this announcement, the Group had no other contingent liabilities as at 31 March 2018.

EVENT AFTER THE REPORTING PERIOD

On 16 April 2018, the subsidiary of Popsible Development Limited (an investment accounted for using the equity method) entered into an agreement with a third party to acquire a land in Osaka, Japan at a consideration of 290 million Japanese Yen (equivalent to approximately HK$21.2 million).

Saved as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after 31 March 2018 and up to the date of this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group had 192 employees (31 March 2017: 558 employees). Most of the Group's employees were site workers in Hong Kong. The decrease in headcount is mainly due to the reduction in number of site workers toward the completion stage of a predominant project. The remuneration policy and package of the Group's employees were periodically reviewed. Apart from Mandatory Provident Fund, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The staff cost incurred by the Group during the year ended 31 March 2018 was approximately HK$126.5 million (31 March 2017: approximately HK$113.4 million).

SHARE OPTION SCHEME

A share option scheme (the "Scheme") was conditionally adopted pursuant to a shareholders' written resolution of the Company passed on 13 March 2017 for the purpose of recognising and motivating the contributions that the eligible participants have made or may make to the Group.

No share options have been granted, exercised or cancelled under the Scheme since its adoption date and up to the date of this announcement and the total number of shares available for grant under the scheme was 80,000,000 shares, representing 10% of the issued share capital of the Company as at the date of this announcement.

OTHER INFORMATION

Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 March 2018. For the year ended 31 March 2017, the Board recommended a final dividend of HK0.3 cent per share amounting to HK$2.4 million.

Closure of Register of Members

For determining the entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Thursday, 6 September 2018 (the "2018 AGM"), the register of members of the Company will be closed from Monday, 3 September 2018 to Thursday, 6 September 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2018 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 31 August 2018.

Compliance with the Corporate Governance Code

Throughout the year ended 31 March 2018, the Company has complied with the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except for the deviation from code provision A.2.1 of the CG Code.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Leung Kam Fai is the Chairman who performs the duty of chief executive officer during the year under code provision A.2.1 of the CG Code, is responsible for the financial and operational aspects of our Group and the formulation of business development strategies of our Group. The Board believes that vesting the roles of both Chairman and chief executive officer in Mr. Leung Kam Fai has the benefit of ensuring consistent and continuous planning and execution of the Company's strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the Independent Non-Executive Directors, and the composition of the Board which comprises of three Independent Non-Executive Directors and two Executive Directors also provides added independence to the Board. Further, the Audit Committee composed exclusively of Independent Non-Executive Directors has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All the Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2018 in response to the specific enquiry made by the Company.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the securities of the Company as required under the CG Code.

No incident of non-compliance of such guidelines by the relevant employees was noted by the Company.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2018.

Audit Committee

The Company has established an audit committee (the "Audit Committee") which currently consists of three Independent Non-Executive Directors of the Company with written terms of reference which deals clearly with its authority and duties.

The Audit Committee has reviewed with the Group's management, the accounting principles and policies adopted by the Group and discussed the financial information of the Group and the annual results of the Group for the year ended 31 March 2018.

Scope of Work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet, and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

Publication of Annual Report

The annual report for the year ended 31 March 2018 containing all relevant information required by the Listing Rules will be despatched to shareholders of the Company and published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.milestone.hk) in due course.

By Order of the Board
Milestone Builder Holdings Limited
Leung Kam Fai
Chairman

Hong Kong, 28 June 2018

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Leung Kam Fai and Mr. Lam Ka Ho as executive Directors; Mr. Keung Kwok Hung, Mr. Fong Man Fu Eric and Ms. Lau Suk Han Loretta as independent non-executive Directors.