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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2018

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 September 2018 was approximately HK$306.4 million, representing an increase of 13.7% from approximately HK$269.4 million for the six months ended 30 September 2017.
- Gross profit for the six months ended 30 September 2018 was approximately HK$33.2 million, representing a decrease of 6.2% from approximately HK$35.4 million for the six months ended 30 September 2017.
- Administrative expenses for the six months ended 30 September 2018 were approximately HK$19.7 million, representing a decrease of 13.6% from approximately HK$22.8 million for the six months ended 30 September 2017, mainly due to decrease in staff costs.
- Profit attributable to the owners of the Company for the six months ended 30 September 2018 was approximately HK$9.0 million, representing a decrease of 8.2% from approximately HK$9.8 million for the six months ended 30 September 2017.
- The Board has resolved not to declare any interim dividend for the six months ended 30 September 2018.

FINANCIAL RESULTS

The board of directors (the "Board" or the "Directors") of Milestone Builder Holdings Limited (the "Company") hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the "Group" or "our Group" or "we" or "our") for the six months ended 30 September 2018 together with comparative figures for the previous financial period ended 30 September 2017, as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
		2018	2017
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**306,449**	269,434
Cost of sales	*6*	**(273,217)**	(234,014)
Gross profit		**33,232**	35,420
Other income	*4*	**390**	1,006
Other losses	*5*	**(84)**	(57)
Administrative expenses	*6*	**(19,666)**	(22,840)
Operating profit		**13,872**	13,529
Finance income	*7*	**23**	74
Finance costs	*7*	**(2,433)**	(1,366)
Finance costs, net		**(2,410)**	(1,292)
Share of results of investments accounted for using the equity method		**(590)**	—
Profit before income tax		**10,872**	12,237
Income tax expenses	*8*	**(1,847)**	(2,390)
Profit attributable to the owners of the Company		**9,025**	9,847
		HK cents per share	*HK cents per share*
Earnings per share for profit attributable to the owners of the Company:			
Basic	*9*	**1.13**	1.24
Diluted	*9*	**1.13**	1.24

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 30 September 2018 HK$'000 (Unaudited)	As at 31 March 2018 HK$'000 (Audited)
ASSETS			
Non-current assets			
Investment properties		**5,672**	5,766
Property, plant and equipment		**6,091**	7,638
Investments accounted for using the equity method		**201**	791
Deferred income tax assets		**4,929**	1,849
Long-term deposit	*10*	**660**	660
Total non-current assets		**17,553**	16,704
Current assets			
Amount due from an investment accounted for using the equity method		**37,105**	1,010
Amounts due from related companies		**2,812**	3,135
Trade, retention and other receivables, deposits and prepayments	*10*	**99,829**	86,831
Amounts due from customers for contract works		**—**	164,448
Contract assets		**209,552**	—
Current income tax recoverable		**4,613**	1,291
Pledged deposits		**16,094**	16,013
Cash and bank balances		**4,728**	30,682
Total current assets		**374,733**	303,410
Total assets		**392,286**	320,114
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**80,000**	80,000
Reserves		**42,755**	73,458
Total equity		**122,755**	153,458

	Note	As at 30 September 2018 HK$'000 (Unaudited)	31 March 2018 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Obligations under finance leases		**526**	696
Deferred income tax liabilities		**—**	328
Total non-current liabilities		**526**	1,024
Current liabilities			
Amount due to an investment accounted for using the equity method		**267**	169
Amounts due to customers for contract works		**—**	5,695
Contract liabilities		**7,814**	—
Trade and other payables and accruals	*11*	**152,841**	96,782
Current income tax payables		**793**	67
Current portion of obligations under finance leases		**746**	876
Borrowings	*12*	**106,544**	62,043
Total current liabilities		**269,005**	165,632
Total liabilities		**269,531**	166,656
Total equity and liabilities		**392,286**	320,114

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.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The interim condensed consolidated financial information is presented in thousands of Hong Kong dollars ("HK$'000"), unless otherwise stated.

This interim condensed consolidated financial information was approved for issue by the board of directors (the "Board") of the Company on 29 November 2018.

This interim condensed consolidated financial information has not been audited.

The defined terms used in this interim condensed consolidated financial information have the same meaning as those set out in the Group's Annual Report 2017/18 published on 30 July 2018 (the "Annual Report 2017/18"), unless otherwise stated.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 September 2018 has been prepared in accordance with HKAS 34, Interim Financial Reporting. The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2018, which have been prepared in accordance with HKFRSs.

2.2 Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2018, as described in those annual consolidated financial statements, except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of new and amended standards as set out below.

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

A number of new or amended standards became applicable for the current reporting period. Of these, the following are relevant to the Group's interim condensed consolidated financial information:

- HKFRS 9 Financial Instruments, and
- HKFRS 15 Revenue from Contracts with Customers

The impact of the adoption of these standards and the new accounting policies are disclosed below. The other standards did not have a material impact on the Group's accounting policies and did not require any adjustments.

The below explains the impact of the adoption of HKFRS 9 Financial Instruments ("HKFRS 9") and HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15") on the Group's interim condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 April 2018, where they are different to these applied in prior periods.

(i) *Accounting policies applied from 1 April 2018*

The changes in the accounting policies and the effects of the resulting changes are summarised below:

(a) HKFRS 9 Financial Instruments

Investments and other financial assets

Classification

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. The Group classifies its financial assets to be measured at amortised cost.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Subsequent measurement depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other losses. Impairment losses are presented as a separate line item in the interim condensed consolidated statement of comprehensive income.

Impairment

From 1 April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade and retention receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Impairment of financial assets

The Group has three types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade and retention receivables;
- contract assets; and
- other financial assets carried at amortised cost

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

While cash and bank balances and pledged deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade and retention receivables and contract assets

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade and retention receivables and contract assets. To measure the expected credit losses, trade and retention receivables and contract assets have been grouped based on shared credit risk characteristics. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

Management has closely monitored the credit qualities and the collectability of the trade and retention receivables and contract assets. Trade and retention receivables and contract assets in dispute are assessed individually for impairment allowance and determined whether specific provisions are required. The adoption of the simplified expected credit loss approach under HKFRS 9 has not resulted in any additional impairment loss for trade and retention receivables as at 1 April 2018.

Other financial assets carried at amortised cost

For other financial assets carried at amortised cost, including amount due from an investment accounted for using the equity method, amounts due from related companies, other receivables and deposits in the interim condensed consolidated balance sheet, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

The adoption of HKFRS 9 did not have any material impact on the Group's interim condensed consolidated financial information.

(b) HKFRS 15 Revenue from Contracts with Customers

(i) *Revenue recognition*

The Group provides (i) building construction services; (ii) alternation, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings. Revenue is measured at the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Group's activities. Revenue is recognised when or as the control of the service is transferred to the customers.

The control of the services rendered by the Group transfers over time as the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced. Thus, the revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected efforts or inputs; or

- direct measurements of the value transferred by the Group to the customer

Construction costs are recognised as expenses by reference to the progress towards complete satisfaction of the performance obligation of the contract activity at the end of the reporting period. When it is probable that total construction costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of construction costs incurred that are likely to be recoverable.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the progress towards complete satisfaction of the performance obligation.

The Group accounts for a modification if the customers to a contract approve a change in the scope and/or the price of a contract. A contract modification is approved when the modification creates or changes the enforceable rights and obligations of the customers to the contract. If the customers have approved a change in scope, but have not yet determined the corresponding change in price, the Group estimates the change to the contract price as a variable consideration.

The estimated amount of the variable consideration is included in the contract price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable considerations is subsequently resolved.

(ii) *Contract assets and contract liabilities*

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assume performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations give rise to a net asset or net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if consideration received (or an amount of consideration is due) from the customer exceed the measure of the remaining unsatisfied performance obligations.

The adoption of HKFRS 15 from 1 April 2018 resulted in changes in remeasurement to the amounts recognised in the interim condensed consolidated financial information. In accordance with the transitional provisions in HKFRS 15, HKFRS 15 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the remeasurement of the contract revenue and cost are therefore not reflected in the consolidated balance sheet as at 31 March 2018, but are recognised in the opening interim condensed consolidated balance sheet on 1 April 2018.

The following tables show the adjustments recognised for each individual line item in the interim condensed consolidated financial information at the date of the initial application (at 1 April 2018).

	Unaudited		
	As at 31 March 2018 as originally presented	**Effect of the adoption of HKFRS 15**	**As at 1 April 2018 as restated**
	HK$'000	*HK$'000*	*HK$'000*
Interim condensed consolidated balance sheet			
Deferred income tax assets	1,849	4,352	6,201
Amounts due from customers for contract works	164,448	(164,448)	—
Contract assets	—	125,242	125,242
Current income tax recoverable	1,291	3,322	4,613
Retained earnings	73,458	(39,728)	33,730
Deferred income tax liabilities	328	(304)	24
Amounts due to customers for contract works	5,695	(5,695)	—
Trade and other payables and accruals	96,782	(224)	96,558
Contract liabilities	—	14,291	14,291
Current income tax payables	67	128	195

(b) ***Impact of standards issued but not yet applied by the Group***

(a) *HKFRS 16 Leases*

HKFRS 16 will result in almost all leases being recognised on the consolidated 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 Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$5,075,000, see Note 14. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The 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.

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the entity's interim condensed consolidated financial information.

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 interim condensed 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 is presented.

The Group is domiciled in Hong Kong and all revenue are derived from external customers in Hong Kong.

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 relevant periods are as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue:		
Building construction services	**66,987**	158,697
Alteration, addition, fitting-out works and building services	**226,840**	102,883
Repair and restoration of historic buildings	**12,622**	7,854
	306,449	269,434
Other income:		
— Rental income	**159**	77
— Sundry income	**231**	929
	390	1,006

5 OTHER LOSSES

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Losses on disposals of property, plant and equipment	**84**	57

6 EXPENSES BY NATURE

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

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Construction cost recognised in cost of sales	**273,127**	233,880
Auditor's remuneration		
— Audit services	**900**	900
— Non-audit services	**—**	—
Depreciation of property, plant and equipment	**1,489**	1,765
Employee benefit expenses recognised in administrative expenses (including directors' emoluments)	**7,962**	9,972
Operating lease rentals in respect of car parking spaces, office premises and warehouses	**1,759**	1,564
Entertainment expenses	**1,122**	2,512
Staff welfare and messing	**260**	257
Motor vehicle expenses	**881**	1,532
Bank charges	**731**	419
Office expenses	**383**	392
Listing expenses	**—**	821
Legal and professional fees	**1,112**	113
Building management fees	**460**	430
Others	**2,697**	2,297
Total cost of sales and administrative expenses	**292,883**	256,854

7 FINANCE INCOME AND COSTS

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest income:		
— Bank interest income	**23**	74
Finance income	**23**	74
Interest expenses:		
— Borrowings	**(2,345)**	(1,300)
— Obligations under finance leases	**(36)**	(64)
Foreign exchange losses, net	**(52)**	(2)
Finance costs	**(2,433)**	(1,366)
Finance costs, net	**(2,410)**	(1,292)

8 INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%).

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

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong profits tax on profits for the period	**598**	2,278
Deferred tax	**1,249**	112
Income tax expenses	**1,847**	2,390

Income tax expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

9 EARNINGS PER SHARE

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 respective periods. For the six months ended 30 September 2017, the weighted average number of ordinary shares used for such purpose has been retrospectively adjusted for the effects of the issue of shares in connection with the reorganisation completed on 18 November 2016 and the capitalisation issue took place on 7 April 2017. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Six months ended 30 September	
	2018	2017
	(Unaudited)	(Unaudited)
Earnings:		
Profit attributable to the owners of the Company (HK$'000)	**9,025**	9,847
Number of shares:		
Weighted average number of ordinary shares in issue (thousands)	**800,000**	793,443
Effect of dilutive potential ordinary shares from over-allotment option granted	**—**	55
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share (thousands)	**800,000**	793,498
Basic earnings per share (HK cents)	**1.13**	1.24
Diluted earnings per share (HK cents)	**1.13**	1.24

There were no potentially dilutive ordinary share outstanding as at 30 September 2018.

10 TRADE, RETENTION AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current portion		
Trade receivables *(Note (a))*	**55,702**	47,151
Retention receivables *(Note (b))*	**40,198**	34,956
	95,900	82,107
Prepayments, deposits and other receivables:		
Prepayments	**1,366**	1,003
Deposits	**1,548**	2,140
Other receivables	**1,015**	1,581
	3,929	4,724
	99,829	86,831
Non-current portion		
Long-term deposit	**660**	660
Total	**100,489**	87,491

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

(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	
	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Less than 30 days	**51,310**	42,512
31 – 60 days	**657**	1,282
61 – 90 days	**686**	1,440
Over 90 days	**3,049**	1,917
	55,702	47,151

(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 interim condensed consolidated balance sheet, retention receivables were classified as current assets. The ageing analysis of these retention receivables based on the terms of related contracts was as follows:

	As at	
	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Will be recovered within twelve months	**9,202**	4,666
Will be recovered more than twelve months after the end of the year	**30,996**	30,290
	40,198	34,956

The Group does not hold any collateral as security.

11 TRADE AND OTHER PAYABLES AND ACCRUALS

	As at	
	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables *(Note (a))*	**121,859**	64,965
Bills payables *(Note (b))*	**23,053**	21,506
	144,912	86,471
Other payables and accruals *(Note (c))*	**7,929**	10,311
	152,841	96,782

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 30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
1 – 30 days	**83,859**	33,832
31 – 60 days	**4,453**	15,787
61 – 90 days	**15,177**	2,892
Over 90 days	**18,370**	12,454
	121,859	64,965

(b) Bills payables

As at 30 September 2018, the balance represents bank acceptance notes with maturity dates within six months (31 March 2018: three months).

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

	As at 30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Due within 30 days	**9,701**	4,948
Due within 31 to 60 days	**—**	11,790
Due within 61 to 90 days	**12,587**	4,768
Over 90 days	**765**	—
	23,053	21,506

(c) Other payables and accruals

	As at 30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Accrued staff costs and pension obligations	**4,848**	7,274
Receipt in advance from customers	**—**	224
Accrued expenses	**3,035**	2,746
Other payables	**46**	67
	7,929	10,311

12 BORROWINGS

	As at 30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Bank borrowings	**92,974**	59,132
Bank overdrafts	**13,570**	2,911
	106,544	62,043

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

Movements in bank borrowings is analysed as follows:

	Six months ended 30 September 2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Opening balance	**59,132**	52,047
Repayments of bank borrowings	**(125,838)**	(178,231)
Proceeds from bank borrowings	**159,680**	171,705
Closing balance	**92,974**	45,521

As at 30 September 2018, the bank borrowings facilities granted to the Group are secured by the following:

(a) Pledged deposits of HK$16,094,000;

(b) The Group's certain land and buildings amounting to HK$7,564,000;

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

(d) Corporate guarantees executed by the Company.

As at 31 March 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.

The carrying amounts of bank borrowings approximate their fair values.

These borrowing 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 4.9% per annum (31 March 2018: 4.2% per annum) as at 30 September 2018.

As at 30 September 2018, total undrawn bank facilities amounted to approximately HK$34,767,000 (31 March 2018: HK$28,171,000).

13 DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

The dividends paid during the periods were as follows:

	Six months ended 30 September	
	2018	2017
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividend	**—**	2,400

During the period ended 30 September 2017, 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.

14 COMMITMENTS

(a) Operating lease commitments — Group company as lessee

The Group leases car parking spaces, office premises, staff quarters and warehouses under non-cancellable operating lease agreements. The lease terms are ranged from 1 to 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 non-cancellable operating leases are as follows:

	As at	
	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
No later than 1 year	**3,795**	2,846
Later than 1 year and no later than 5 years	**1,280**	1,760
	5,075	4,606

(b) Operating lease commitments — Group company as lessor

The Group had contracted with lessees for leasing office premises under a non-cancellable operating lease agreement. The lease terms are 2 years and the lease arrangement is 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	
	30 September 2018	31 March 2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
No later than 1 year	**205**	262
Later than 1 year and no later than 5 years	**14**	170
	219	432

15 CONTINGENCIES

The Group's contingent liabilities were as follows:

	As at	
	30 September	31 March
	2018	2018
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Surety bonds *(Note)*	**30,483**	3,362

Note: As at 30 September 2018, the Group provided guarantees of surety bonds in respect of 5 (31 March 2018: 2) 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.

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 six months ended 30 September 2018 and the comparative period according to our three major types of services:

	Six months ended 30 September			
	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
Building construction services	**66,987**	**21.9**	158,697	58.9
Alteration, addition, fitting-out works and building services	**226,840**	**74.0**	102,883	38.2
Repair and restoration of historic buildings	**12,622**	**4.1**	7,854	2.9
Total	**306,449**	**100.0**	269,434	100.0

As at 30 September 2018, there were 5, 50 and 2 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 30 September 2018.

As at 30 September 2018, the aggregate amount of revenue expected to be recognised after 30 September 2018 of our on-going projects was approximately HK$363.6 million.

The following table sets out our completed contracts during the six months ended 30 September 2018 with contract sum of HK$3 million or above:

Particulars of project	Main category of works	Expected project period[(Note 1)]
Upgrading two artificial turfs of an university	Building construction services	December 2016 to March 2018
Plumbing and drainage installation works	Alteration, addition, fitting-out works and building services	March 2016 to June 2017
Replacement of existing lifting machines in Yuen Long	Alteration, addition, fitting-out works and building services	September 2016 to May 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
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.

The following table sets out brief details of our projects in progress as at 30 September 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

Particulars of project	Main category of works	Expected project period[(Note 1)]
Residential development in Ting Kau	Building construction services	September 2018 to December 2019
Improvement work at a sport field of an university	Alteration, addition, fitting-out works and building services	April 2018 to August 2018
Repair works for a school in Mongkok	Alteration, addition, fitting-out works and building services	April 2018 to September 2018
Alteration and addition works for a wholesale conversion in Kwai Chung	Alteration, addition, fitting-out works and building services	June 2018 to July 2019
Alteration and addition works to cinemas in Cheung Sha Wan	Alteration, addition, fitting-out works and building services	July 2018 to October 2018
Alteration and addition works for a residential building in Yuen Long	Alteration, addition, fitting-out works and building services	August 2018 to August 2019
Alteration and addition works for an international school in Tin Wan	Alteration, addition, fitting-out works and building services	September 2018 to November 2018
Electrical, plumbing and drainage installation work for an industrial development project in Aberdeen	Alteration, addition, fitting-out works and building services	August 2018 to January 2020
Plumbing and drainage installation work for a residential development project in Homantin	Alteration, addition, fitting-out works and building services	September 2018 to March 2020
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
Electricity works of a water treatment plant in Tai Po	Alteration, addition, fitting-out works and building services	September 2016 to July 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

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
Alteration and addition works for a project in Yuen Long	Alteration, addition, fitting-out works and building services	March 2017 to June 2018

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 30 September 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

Relevant authority/ Organisation	Relevant list/Category	License	Holder	Date of first grant/ Registration	Expiry date for existing license	Authorised contract value
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, B, C, 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 2021	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 specialized 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 specialized works in their corresponding categories in the sub-registers in which they have been entered. There are five categories of works designated as specialized works: demolition works, foundation works, ground investigation field works, site formation works and ventilation works.

10 All site formation works are specialized 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 (the "Listing") on 7 April 2017 (the "Listing Date"). 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 2018, 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 six months ended 30 September 2018 was approximately HK$306.4 million, representing an increase of 13.7% from approximately HK$269.4 million for the six months ended 30 September 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 six months ended 30 September 2018 was approximately HK$33.2 million, representing a decrease of 6.2% from approximately HK$35.4 million for the six months ended 30 September 2017. In addition, the Group's gross profit ratio decreased from approximately 13.1% during the six months ended 30 September 2017 to approximately 10.8% during the six months ended 30 September 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 six months ended 30 September 2018.

Administrative Expenses

The Group's administrative expenses decreased from approximately HK$22.8 million during the six months ended 30 September 2017 to approximately HK$19.7 million during the six months ended 30 September 2018 and such decrease was mainly attributable to the decrease in staff costs of approximately HK$2.0 million during the six months ended 30 September 2018 as compared with the previous period.

Profit before Income Tax & Net Profit

During the six months ended 30 September 2018, the Group reported profit before income tax of approximately HK$10.9 million (same period of 2017: approximately HK$12.2 million), representing an decrease of approximately 10.7% as compared with the previous period.

Net profit of the Group was approximately HK$9.0 million for the six months ended 30 September 2018 (same period of 2017: approximately HK$9.8 million), representing an decrease of approximately 8.2%.

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$107.8 million as at 30 September 2018, increased from approximately HK$63.6 million as at 31 March 2018. These banking facilities were secured by the Group's assets which details disclosed in note 12 to the interim condensed consolidated financial information. Borrowings were denominated mainly in Hong Kong dollars and interest rate of bank borrowings were charged at 3.6%–6.5% per annum. The Group currently does not have an interest rate hedging policy while the Group monitors interest rate risks continuously.

Save as disclosed elsewhere in this announcement, we did not have, at the closure of business on 30 September 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 30 September 2018, the Group had pledged deposits and cash and bank balances of approximately HK$20.8 million (31 March 2018: approximately HK$46.7 million). The Group's gearing ratio and current ratio are as follows:

	As at	
	30 September 2018	31 March 2018
Current ratio	**1.4**	1.8
Gearing ratio	**46%**	18%

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 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 the utilisation of the net proceeds as at 30 September 2018, are set out as follows:

Uses of Net Proceeds	**Original allocation**	**Revised allocation as disclosed in the announcement dated 9 February 2018**	**Utilisation as at 30 September 2018**	**Remaining balance after revised allocation**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*
Financing the capital input and upfront costs to upcoming projects	36.0	36.0	36.0	—
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	3.3	—
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	75.4	0.5

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 alteration, addition, fitting-out works and building services.

Foreign Exchange Exposure

As at 30 September 2018 and for the period ended 30 September 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 period ended 30 September 2018, JV entities have entered into the Formal Agreement to acquire for the Land located at 4–10, 1 Chome, Dotonbori, Chuo-ku, Osaka, Japan ("Dotonbori"), at a consideration of 290 million Japanese Yen (equivalent to approximately HK$21.2 million) and the Construction Contract in relation to the construction of a building situated at 1–25, Kitakawahoricho, Tennoji-ku, Osaka, Japan in the contract sum of 338 million Japanese Yen (equivalent to approximately HK$24.3 million), subject to adjustments in connection with changes (if any) in the construction works.

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

Capital Commitments

As at 30 September 2018, the Group did not have any significant commitments.

Lease Commitments

The Group leases car parking spaces, office premises, staff quarters and warehouses under non-cancellable operating lease agreements. The lease terms are 1 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 under a non-cancellable operating lease agreement. The lease term is 2 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 14 to the consolidated financial statements.

Contingent Liabilities

Save as disclosed in note 15 of this interim results announcement, the Group had no other contingent liabilities as at 30 September 2018.

Event after the Reporting Period

Save as disclosed elsewhere in this announcement, there is no material subsequent event undertaken by the Company or by the Group after 30 September 2018 and up to the date of this announcement.

Employees and Remuneration Policy

As at 30 September 2018, the Group had 136 employees (31 March 2018: 192 employees). Most of the Group's employees were site workers in Hong Kong. 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 total staff costs incurred by the Group during the six months ended 30 September 2018 was approximately HK$40.0 million (six months ended 30 September 2017: approximately HK$57.3 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 has resolved not to declare any interim dividend for the six months ended 30 September 2018 (six months ended 30 September 2017: Nil).

Corporate Governance Practices

During the six months ended 30 September 2018, the Company has applied the principles and 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").

The Board is of the opinion that throughout the period ended 30 September 2018, the Company had complied with the applicable code provisions as set out in the CG Code 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, the Chairman who performs the duty of chief executive officer since the Listing Date 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 three independent non-executive Directors and two executive Directors also provides added independence to the Board. Further, the audit committee of the Company (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.

Directors' 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 Rule. All the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 September 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 the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2018.

Audit Committee

The Company has established the Audit Committee which currently consists of three independent non-executive Directors with written terms of reference which deal clearly with its authority and duties.

The Group's interim condensed consolidated financial information for the six months ended 30 September 2018 have been reviewed by the Audit Committee.

Publication of Interim Report

The interim report for the six months ended 30 September 2018 containing all relevant information required by the Listing Rules will be despatched to shareholders of the Company and published on the designated website of the Stock Exchange of Hong Kong Limited (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 and Executive Director

Hong Kong, 29 November 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.