The following is the text of a report set out on pages I-1 to I-86, received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this listing document.

Deloitte. 德勤

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF MILLION HOPE INDUSTRIES HOLDINGS LIMITED AND VMS SECURITIES LIMITED

Introduction

We report on the historical financial information of Million Hope Industries Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-86, which comprises the consolidated statements of financial position of the Group as at 31 March 2016, 31 March 2017 and 31 March 2018, the statement of financial position of the Company as at 31 March 2018, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 March 2018 (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-86 forms an integral part of this report, which has been prepared for inclusion in the listing document of the Company dated **[REDACTED]** (the "Document") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 March 2016, 31 March 2017 and 31 March 2018 and the Company's financial position as at 31 March 2018, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to note 14 to the Historical Financial Information which states that no dividends have been paid in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 March 2016	2017	2018
		HK$'000	*HK$'000*	*HK$'000*
Revenue	6	367,768	501,938	421,146
Cost of sales		(310,645)	(410,266)	(303,966)
Gross profit		57,123	91,672	117,180
Other income	8	1,515	1,405	1,799
Other gains (losses)	9	445	1,866	(7,315)
Administrative expenses		(22,134)	(26,847)	(40,134)
Finance costs	10	(1,810)	(1,046)	(2,646)
Listing expenses		–	–	[REDACTED]
Profit before taxation	11	35,139	67,050	64,950
Taxation	13	(3,875)	(11,713)	(14,838)
Profit for the year		31,264	55,337	50,112
Other comprehensive (expense) income:				
Item that may be subsequently reclassified to profit or loss:				
Exchange differences arising on translation of a foreign operation		(1,714)	(3,232)	6,541
Total comprehensive income for the year		29,550	52,105	56,653
Earnings per share *(HK$)*				
Basic	15	312,640	553,370	501,120

STATEMENTS OF FINANCIAL POSITION

	NOTES	THE GROUP			THE COMPANY
		As at 31 March			As at 31 March
		2016	2017	2018	2018
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Investment properties	16	–	–	60,300	–
Property, plant and equipment	17	23,568	21,258	112,710	–
Prepaid lease payments	18	6,032	5,472	5,851	–
Investment in a subsidiary	19	–	–	–	–
Deferred tax assets	29	56	58	6	–
		29,656	26,788	178,867	–
Current assets					
Inventories	20	28,723	33,006	26,593	–
Prepaid lease payments	18	213	201	207	–
Debtors, deposits and prepayments	21	12,399	12,957	69,872	951
Contract assets	22	45,789	56,296	66,933	–
Amount due from a subsidiary	23	–	–	–	73,373
Amounts due from fellow subsidiaries	23	2,865	6,444	–	–
Amount due from immediate holding company	23	–	228,038	–	–
Bank balances and cash	24	47,814	47,055	40,646	–
		137,803	383,997	204,251	74,324

		THE GROUP			THE COMPANY
		As at 31 March			As at 31 March
	NOTES	2016	2017	2018	2018
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities					
Trade and other payables	25	49,871	41,228	59,245	806
Provisions	26	17,106	39,039	29,895	–
Contract liabilities	22	126	3,530	3,313	–
Amount due to ultimate holding company	27	–	2,969	–	–
Amount due to immediate holding company	27	33,477	–	77,452	77,452
Amounts due to fellow subsidiaries	27	15,465	37,143	–	–
Bank and other loans	28	–	127,028	–	–
Taxation payable		3,031	8,336	8,238	–
		119,076	259,273	178,143	78,258
Net current assets (liabilities)		18,727	124,724	26,108	(3,934)
Total assets less current liabilities		48,383	151,512	204,975	(3,934)
Non-current liabilities					
Provisions	26	25,064	76,088	76,246	–
Deferred tax liabilities	29	–	–	37	–
		25,064	76,088	76,283	–
		23,319	75,424	128,692	(3,934)
Capital and reserves					
Share capital	30	11,000	11,000	–	–
Reserves	31	12,319	64,424	128,692	(3,934)
		23,319	75,424	128,692	(3,934)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital	**Other reserve**	**Exchange reserve**	**Accumulated (losses) profits**	**Total**
	HK$'000	*HK$'000* *(note)*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	11,000	–	1,190	(18,421)	(6,231)
Profit for the year	–	–	–	31,264	31,264
Exchange differences arising on translation of a foreign operation	–	–	(1,714)	–	(1,714)
Total comprehensive (expense) income for the year	–	–	(1,714)	31,264	29,550
At 31 March 2016 and 1 April 2016	11,000	–	(524)	12,843	23,319
Profit for the year	–	–	–	55,337	55,337
Exchange differences arising on translation of a foreign operation	–	–	(3,232)	–	(3,232)
Total comprehensive (expense) income for the year	–	–	(3,232)	55,337	52,105
At 31 March 2017 and 1 April 2017	11,000	–	(3,756)	68,180	75,424
Profit for the year	–	–	–	50,112	50,112
Exchange differences arising on translation of a foreign operation	–	–	6,541	–	6,541
Total comprehensive income for the year	–	–	6,541	50,112	56,653
Adjustment arising from the Reorganisation (defined in note 2)	(11,000)	7,615	–	–	(3,385)
At 31 March 2018	–	7,615	2,785	118,292	128,692

Note: Other reserve represents the difference between the Group's investment cost of HK$3,385,000 in Million Hope Industries Limited ("Million Hope Industries (HK)"), a subsidiary of the Company, and the entire share capital of HK$11,000,000 of Million Hope Industries (HK).

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
Profit before taxation	35,139	67,050	64,950
Adjustments for:			
Interest income	(15)	(19)	(16)
Interest expense	1,810	1,046	2,646
Depreciation of property, plant and equipment	169	112	2,070
Net provisions made	39,585	99,476	39,432
Gain on change in fair value of investment properties	–	–	(1,316)
Gain on disposal of property, plant and equipment	–	–	(102)
(Reversal of) impairment loss recognised on trade debtors	(927)	–	3,548
Impairment loss recognised on inventories	–	–	1,462
Operating cash flows before movements in working capital	75,761	167,665	112,674
(Increase) decrease in inventories	(4,223)	(2,943)	10,810
Decrease (increase) in debtors, deposits and prepayments	11,781	(964)	(58,655)
Increase in contract assets/liabilities, net	(13,411)	(7,103)	(10,854)
Increase (decrease) in trade and other payables	8,565	(8,284)	17,542
Utilisation of provisions	(9,217)	(27,264)	(50,075)
Cash from operating activities	69,256	121,107	21,442
Interest paid	(1,602)	(1)	(1,289)
Hong Kong Profits Tax paid	(1,988)	(6,389)	(14,786)
PRC Enterprise Income Tax paid	–	(21)	(72)
Net cash from operating activities	65,666	114,696	5,295

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Investing activities			
Interest received	15	19	16
(Advance to) repayment from immediate holding company	–	(228,038)	228,038
Advance to fellow subsidiaries	(4,388)	(4,343)	(1,968)
Repayment from fellow subsidiaries	1,726	764	8,412
Purchase of investment properties	–	–	(2,684)
Proceeds from disposal of property, plant and equipment	–	–	188
Purchase of property, plant and equipment	(1,298)	(1,929)	(5,262)
Net cash (used in) from investing activities	(3,945)	(233,527)	226,740
Financing activities			
Advance from (repayment to) immediate holding company	19,908	(33,477)	(71,328)
New bank and other loans raised	50,000	127,028	29,783
Repayments of bank and other loans	(120,000)	–	(156,986)
Advance from fellow subsidiaries	2,028	21,782	1,001
Repayment to fellow subsidiaries	(304)	(104)	(38,144)
Advance from (repayment to) ultimate holding company	–	2,969	(2,969)
Net cash (used in) from financing activities	(48,368)	118,198	(238,643)
Net increase (decrease) in cash and cash equivalents	13,353	(633)	(6,608)
Cash and cash equivalents at the beginning of the year	34,543	47,814	47,055
Effect of foreign exchange rate changes	(82)	(126)	199
Cash and cash equivalents at the end of the year, representing bank balances and cash	47,814	47,055	40,646

NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Million Hope Industries Holdings Limited (the "Company") was incorporated and registered in the Cayman Islands as an exempted company with limited liability on 20 February 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The addresses of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" to the Document. The ultimate holding company of the Company is Hanison Construction Holdings Limited ("Hanison"), a company incorporated in the Cayman Islands with its shares listed on the Main Board of the Stock Exchange, and its immediate holding company is Hanison Construction Holdings (BVI) Limited ("Hanison Construction (BVI)"), a company incorporated in the British Virgin Islands ("BVI").

The Company is an investment holding company and its subsidiaries are principally engaged in design, supply and installation of aluminium windows and curtain walls.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there is no statutory audit requirements.

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

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with HKFRSs and the principles of merger accounting under Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The Company and the companies now comprising the Group were wholly owned subsidiaries of Hanison. To rationalise the structure of the Group in the preparation for the listing of the Company's shares on the Main Board of the Stock Exchange (the "Listing"), the Company and the companies now comprising the Group underwent a series of reorganisation (the "Reorganisation") which involved the following steps:

(a) On 20 February 2018, the Company was incorporated in the Cayman Islands under the name of "Million Hope Holdings Limited" with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.1 each with one share of the Company allotted and issued to the initial subscriber at par. On the same date, the initial subscriber transferred his one share of the Company to Hanison Construction (BVI) at par. On 13 March 2018, 99 shares of the Company were further allotted and issued to Hanison Construction (BVI) at par. On 14 March 2018, the name of Company was changed to "Million Hope Industries Holdings Limited".

(b) On 15 February 2018, Million Hope Industries (BVI) Limited ("Million Hope Industries (BVI)") was incorporated in the BVI. On 13 March 2018, one share of Million Hope Industries (BVI) was allotted and issued to the Company at US$1. Accordingly, Million Hope Industries (BVI) became a wholly owned subsidiary of the Company.

(c) On 15 February 2018, Million Hope (BVI) Limited ("Million Hope (BVI)") was incorporated in the BVI. On 13 March 2018, one share of Million Hope (BVI) was allotted and issued to Million Hope Industries (BVI) at US$1. Accordingly, Million Hope (BVI) became a wholly owned subsidiary of Million Hope Industries (BVI).

(d) On 2 January 2018, Paramount Forward Limited ("Paramount Forward") was incorporated in the BVI. On 28 March 2018, one share of Paramount Forward was allotted and issued to Million Hope (BVI), credited as fully paid up. Accordingly, Paramount Forward became a wholly owned subsidiary of Million Hope (BVI).

(e) On 28 March 2018, Paramount Forward acquired the entire issued share capital of Million Hope Industries (HK) at a consideration of approximately HK$3,385,000. The consideration represented the historical investment cost in Million Hope Industries (HK) by Rich Color Limited. The consideration for the transfer was settled by way of a promissory note issued by Paramount Forward to Rich Color Limited.

(f) On 28 March 2018, Million Hope (BVI) acquired the entire issued share capital of Heroic Elite Investments Limited ("Heroic Elite"), which indirectly holds investment properties of the Group. and took assignment of a shareholder's loan owing by Heroic Elite in the principal amount of HK$153,409,000 for an aggregate consideration of approximately HK$153.4 million.

Pursuant to the Reorganisation detailed above, the Company became the holding company of the companies now comprising the Group.

The Group resulting from the Reorganisation continued to be controlled by Hanison (other than the acquisition of Waller Holdings Limited ("Waller Holdings") and its subsidiary, Rich Victory (Hong Kong) Limited ("Rich Victory"), (collectively referred to "Waller Holdings Group") as disclosed in note 32) and is regarded as a continuing entity. Therefore, the Reorganisation is considered as a business combination under common control and accounted for under merger accounting as mentioned below.

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

3. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has applied HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations) issued by HKICPA that are effective for the accounting period beginning on 1 April 2017 throughout the Track Record Period. In addition, the Group has early applied HKFRS 15 "Revenue from Contracts with Customers" throughout the Track Record Period.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[4]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and revised HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 9 "Financial instruments"

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial assets that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other financial assets are measured at their fair value at subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39 "Financial Instruments: Recognition and Measurement". The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 March 2018, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement

Financial assets classified as loans and receivables carried at amortised cost as disclosed in notes 21 and 23: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9.

All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade debtors measured at amortised cost and contract assets. For all other instruments, including other receivables and bank balances and cash, the Group measures the loss allowance equal to 12-month expected credit losses, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit losses. Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 April 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on debtors and contract assets. Such further impairment recognised under expected credit loss model would reduce the opening accumulated profits and increase the deferred tax assets at 1 April 2018.

HKFRS 16 "Leases"

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

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

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

Under HKAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2018, the Group has non-cancellable operating lease commitments of HK$121,000 as disclosed in note 34. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

The Group currently considers refundable rental deposits received of HK$444,000 as at 31 March 2018 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

4. SIGNIFICANT ACCOUNTING POLICIES

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

The Historical Financial Information has been prepared on the historical cost basis, except for investment properties that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

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

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

Merger accounting for business combination involving entities under common control

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

The net assets of the combining entities or businesses are combined using the existing carrying values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

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

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to non-financial assets, which include investment properties which are subsequently measured under fair value model and financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Investment in a subsidiary

Investment in a subsidiary is included in the Company's statement of financial position and is stated at cost less any identified impairment loss.

Revenue recognition

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers.

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

- The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- The Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- The Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

Revenue is measured based on the consideration specific a contract with a customer. The Group recognises revenue when it transfers control of a product or service to a customer. The Group recognises revenue from provision of design, supply and installation of aluminium windows and curtain walls services.

Provision of design, supply and installation of aluminium windows and curtain walls services

Revenue recognition

The Group provides design, supply and installation of aluminium windows and curtain walls services under long-term contracts with customers. Such contracts are entered into before the design, supply and installation of aluminium windows and curtain walls services begin. The Group's supply and installation of aluminium windows and curtain walls enhances an asset that the external customers control as the Group performs. Revenue from provision of design, supply and installation of aluminium windows and curtain walls services is therefore recognised over time using output method, i.e. based on surveys of supply and installation of aluminium windows and curtain walls services completed by the Group to date as certified by independent surveyors appointed by the customers in relation to the work completed by the Group. The directors of the Company consider that output method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15.

Contract assets and contract liabilities

The Group has enforceable rights to consideration from customers for the provision of design, supply and installation of aluminium windows and curtain walls services. Contract assets arise when the Group completed the design, supply and installation of aluminium windows and curtain walls under relevant contracts but yet certified by independent surveyors appointed by customers. It is assessed for impairment in accordance with HKFRS 9. Any amount previously recognised as a contract asset is reclassified to trade debtors when such right become unconditional other than the passage of time. Remaining rights and performance obligations in a particular contract is accounted for and presented on a net basis, as either a contract asset or a contract liability. If the progress payment exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

Existence of significant financing component

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

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

Warranties

If a customer does not have the options to purchase a warranty separately, the Group accounts for the warranty in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications (i.e service-type warranties). The Group's accounting policy for recognition of warranty provision is described in the accounting policy for provisions below.

Costs to fulfil a contract

The Group incurs costs to fulfil a contact in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant Standards, failing which is recognises as asset for these costs only if they meet all of the following criteria:

(a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. It is assessed for impairment in accordance with HKFRS 9.

Other income

The Group also has the following sources of major other income.

Revenue from the sales of scrap materials is recognised when control of the scrap materials has transferred to the customer, being at the point the scrap materials are delivered to the customer.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are classified and accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Property, plant and equipment

Property, plant and equipment including buildings held for own use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statements of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Prepaid lease payments

Prepaid lease payments represent the up-front payments to lease medium-term leasehold land interests in the People's Republic of China (the "PRC") and are charged to the consolidated statements of profit or loss and other comprehensive income on a straight-line basis over the term of the relevant lease.

Leasehold land and building

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statements of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into loans and receivables. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade debtors, other receivables, amount due from immediate holding company, amounts due from fellow subsidiaries, amount due from a subsidiary and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

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

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amount due to ultimate holding company, amount due to immediate holding company, amounts due to fellow subsidiaries and bank and other loans are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition

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

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

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

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Impairment losses on tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

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

For the purpose of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Foreign currencies

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

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

For the purposes of preparing the Historical Financial Information, the assets and liabilities of the Group's foreign operation are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using the exchange rate prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period unless exchange rate fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

Retirement benefits costs

Payments to the Group's state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Short-term and other long-term employee benefits

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

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

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations, that the directors of the Company have made in the process of applying the Group's accounting policies and that have the significant effect on the amounts recognised in the Historical Financial Information.

Deferred taxation on investment properties

For the purpose of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred tax on changes in fair value of investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Key sources of estimation uncertainty

Management had made the following estimations that have the most significant effect on the amounts recognised in the Historical Financial Information and a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of investment properties

Investment properties are carried in the consolidated statements of financial position at 31 March 2018 at their fair value of HK$60,300,000 (note 16). The fair value was based on valuation of these properties conducted by Jones Lang LaSalle Limited, an independent property valuer. In determining the fair values of the Group's investment properties, the valuer applied a market value basis which involves, inter-alia, significant unobservable inputs and significant judgements, representing appropriate market rent and capitalisation rate.

Estimated impairment of trade debtors

On assessing any impairment of the Group's trade debtors, the management regularly reviews the recoverability, creditworthiness of customers and ages of the trade debtors. When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. Impairment on trade debtors is made based on estimation of the future cash flows discounted at the original effective interest rates. If the financial condition of the customers of the Group deteriorates, resulting in an impairment of their ability to make payments, additional impairment may be required. As at 31 March 2016, 31 March 2017 and 31 March 2018, the carrying amount of trade debtors was HK$4,989,000, HK$5,359,000 and HK$62,026,000, respectively.

Provisions

Significant estimates are involved in the determination of provisions related to warranty costs and rectification work. Accordingly, management exercises considerable judgment in determining whether there is a present obligation as a result of a past event at the reporting date, whether it is more likely than not that such warranty services and rectification work will result an outflow of resources and whether the amount of the obligation can be reliably estimated with reference to the relevant correspondences and contracts with customers. The management estimates the cost for warranty services and rectification work with regard to the Group's experience in addressing such matters. As at 31 March 2016, 31 March 2017 and 31 March 2018, the Group recognised provision related to warranty costs and rectification work amounting to HK$42,170,000, HK$115,127,000 and HK$106,141,000, respectively (note 26).

6. REVENUE

Revenue represents the fair value of amounts received and receivable from the provision of design, supply and installation of aluminium windows and curtain walls services by the Group to external customers which is recognised over time. The Group's revenue is derived from long-term contracts in relation to provision of design, supply and installation of aluminium windows and curtain walls services in Hong Kong and the PRC during the Track Record Period.

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Provision of design, supply and installation of aluminium windows and curtain walls services	367,768	501,938	421,146

The customers of the Group are mainly property developers and main contractors in Hong Kong and the PRC. All of the Group's provision of design, supply and installation of aluminium windows and curtain walls services are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts, except for the variation orders.

Disaggregation of revenue

	Year ended 31 March		
By contract type	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Design, supply and installation for curtain walls, aluminium windows, doors and other products for new buildings *(notes i and ii)*	245,410	347,555	242,888
Design, supply and installation for aluminium windows, doors and other products for new buildings *(note ii)*	116,913	153,869	162,161
Design, supply and installation for renovation works for existing buildings	2,435	191	14,737
Repairing, maintenance and others *(note iii)*	3,010	323	1,360
Total	367,768	501,938	421,146

Notes:

i The contract type involves aluminium windows, doors and other products in addition to curtain walls. The curtain walls are the principal products for the contract type and the principal revenue from this contract type is also from curtain walls.

ii Other products represent balustrade, louvre, cladding, window wall, canopy and grille.

iii Others mainly represent mock up.

Transaction price allocated to the remaining performance obligations

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

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Provision of design, supply and installation of aluminium windows and curtain walls services	489,906	285,782	516,585

Based on the information available to the Group at the end of each reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of design, supply and installation of aluminium windows and curtain walls services as of 31 March 2016, 31 March 2017 and 31 March 2018 will be recognised as revenue during the years ended/ending 31 March 2017 to 31 March 2020.

7. SEGMENT INFORMATION

The Group is engaged in a single operating segment focusing on the provision of design, supply and installation of aluminium windows and curtain walls services. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the directors of the Company, being the chief operating decision makers, for the purpose of result allocation and performance assessment. Therefore, no further analysis of segment information is presented.

Geographical information

Information about the Group's revenue from external customers is presented based on the geographical location of the projects:

	Year ended 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	342,941	483,397	377,094
PRC	24,827	18,541	44,052
	367,768	501,938	421,146

Information about the Groups non-current assets (excluding deferred tax assets) is presented based on the location of the assets:

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	400	340	152,443
PRC	29,200	26,390	26,418
	29,600	26,730	178,861

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the Track Record Period are as follows:

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Customer a	156,984	145,414	–*
Customer b	96,315	149,973	94,173
Customer c	–*	78,071	–*
Customer d	N/A	50,478	151,547
Customer e	N/A	N/A	63,398
Customer f	N/A	–*	43,011

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

8. OTHER INCOME

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Sales of scrap materials	1,135	1,272	1,268
Rental income	–	–	410
Interest income	15	19	16
Others	365	114	105
	1,515	1,405	1,799

9. OTHER GAINS (LOSSES)

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Exchange gains (losses)	445	1,866	(5,185)
Impairment loss recognised on trade debtors	–	–	(3,548)
Gain on change in fair value of investment properties	–	–	1,316
Gain on disposal of property, plant and equipment	–	–	102
	445	1,866	(7,315)

10. FINANCE COSTS

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Interests on:			
– bank loans	1,477	7	929
– other loans	–	293	60
– bank overdraft interest	–	1	–
– amount due to a fellow subsidiary	125	–	–
Imputed interest expense on provisions	208	745	1,657
	1,810	1,046	2,646

11. PROFIT BEFORE TAXATION

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):			
Directors' remuneration *(note 12)*			
Fee	13	15	565
Other emoluments	4,129	5,120	5,552
Equity-settled share-based payments	–	505	9,586
	4,142	5,640	15,703
Other staff costs			
Salaries and other benefits	46,245	55,825	58,087
Retirement benefits scheme contributions for other staff	2,848	5,262	4,468
Equity-settled share-based payments	–	438	2,927
Total staff costs	53,235	67,165	81,185
Less: Staff cost included in cost of inventories	(13,674)	(16,885)	(14,597)
	39,561	50,280	66,588
Auditor's remuneration	299	400	461
Depreciation of property, plant and equipment	3,225	2,849	4,916
Less: Depreciation expenses included in costs of inventories	(3,056)	(2,737)	(2,846)
	169	112	2,070
Operating lease rentals in respect of rented premises	883	1,622	1,052
Cost of inventories recognised as expenses	137,194	162,690	131,710
Impairment loss recognised on inventories	–	–	1,462
Gross rental income under operating leases	–	–	(410)
Less: Direct operating expenses that generated rental income during the year	–	–	146
	–	–	(264)
Reversal of impairment loss recognised on trade debtors (included in administrative expenses)	(927)	–	–
Release of prepaid lease payments included in cost of inventories	213	201	207

12. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS

(a) Directors' and chief executives' emoluments

Mr. Wong Sue Toa, Stewart and Mr. Tai Sai Ho were appointed as directors of the Company on 20 February 2018 and redesignated as non-executive directors on 9 August 2018. Mr. Chuk Kin Lun and Mr. Lee Cheuk Hung were appointed as executive directors and joint managing directors of the Company on 9 August 2018. Mr. Cha Mou Sing, Payson was appointed as an non-executive director on 9 August 2018. Mr. Yip Kai Yung, Professor Ho Richard Yan Ki and Mr. Poon Kan Young were appointed as independent non-executive directors of the Company on 9 August 2018 and no emoluments were paid or payable to them during the Track Record Period. Details of the emoluments paid or payable to other directors of the Company (including emoluments for services as director/employee of the group entities prior to becoming the directors of the Company) by entities comprising the Group during the Track Record Period as follows:

	Fees	Salaries and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Ex-gratia payments	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000* *(note iv)*	*HK$'000*	*HK$'000* *(note v)*	*HK$'000* *(note vi)*	*HK$'000*
Year ended 31 March 2016							
Executive directors *(note ii)*							
Mr. Chuk Kin Lun	–	484	601	72	94	–	1,251
Mr. Lee Cheuk Hung	–	1,006	400	74	–	–	1,480
Non-executive directors *(note iii)*							
Mr. Cha Mou Sing, Payson	13	–	–	–	–	–	13
Mr. Wong Sue Toa, Stewart	–	434	–	65	585	–	1,084
Mr. Tai Sai Ho	–	273	–	41	–	–	314
Total emoluments	13	2,197	1,001	252	679	–	4,142
Year ended 31 March 2017							
Executive directors *(note ii)*							
Mr. Chuk Kin Lun	–	727	1,095	109	–	30	1,961
Mr. Lee Cheuk Hung	–	1,132	600	78	–	44	1,854
Non-executive directors *(note iii)*							
Mr. Cha Mou Sing, Payson	15	–	–	–	–	95	110
Mr. Wong Sue Toa, Stewart	–	525	–	79	–	224	828
Mr. Tai Sai Ho	–	330	–	49	396	112	887
Total emoluments	15	2,714	1,695	315	396	505	5,640

	Fees	Salaries and other benefits	Performance related incentive payments	Retirement benefits scheme contributions	Ex-gratia payments	Share-based payments	Total
	HK$'000	*HK$'000*	*HK$'000* *(note iv)*	*HK$'000*	*HK$'000* *(note v)*	*HK$'000* *(note vi)*	*HK$'000*
Year ended 31 March 2018							
Executive directors *(note ii)*							
Mr. Chuk Kin Lun	–	705	1,427	106	–	1,973	4,211
Mr. Lee Cheuk Hung	–	1,174	1,100	107	–	888	3,269
Non-executive directors *(note iii)*							
Mr. Cha Mou Sing, Payson	565	–	–	–	–	1,748	2,313
Mr. Wong Sue Toa, Stewart	–	498	–	75	–	3,318	3,891
Mr. Tai Sai Ho	–	313	–	47	–	1,659	2,019
Total emoluments	565	2,690	2,527	335	–	9,586	15,703

Notes:

i. Mr. Chuk Kin Lun and Mr. Lee Cheuk Hung act as the chief executives of the Company and their emoluments disclosed above include those for services rendered by them as the chief executives.

ii. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

iii. The non-executive director's emoluments of Mr. Cha disclosed above was for his service in the capacity of non-executive director of Hanison. The non-executive directors' emoluments of Mr. Wong and Mr. Tai shown above were for their services in connection with the management of the affairs of the Group in the capacity of executive director of Hanison.

iv. The performance related incentive payments are determined based on the performance of the individual and the Group's performance and profitability for the Track Record Period.

v. Ex-gratia payment is given to the directors of the Company to recognise the long service and contribution to the Group.

vi. Share-based payments represent contribution borne by the Group arising from the share options and share awards granted to certain directors of the Company under the share option scheme and share award scheme of Hanison.

(b) Employees' emoluments

The five highest paid individuals included three, two and five directors of the Company for the years ended 31 March 2016, 31 March 2017 and 31 March 2018, respectively, details of whose emoluments are included above. The emoluments of the remaining highest paid individuals during the Track Record Period were as follows:

	Year ended 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Employees			
– salaries and other benefits	1,637	2,638	–
– performance related incentive payments	290	575	–
– retirement benefits scheme contributions	99	166	–
– equity-settled share-based payments	–	3	–
	2,026	3,382	–

The emoluments of the aforesaid employee were within the following bands:

	Year ended 31 March		
	2016	**2017**	**2018**
	Number of employees	*Number of employees*	*Number of employees*
HK$1 to HK$1,000,000	1	nil	nil
HK$1,000,001 to HK$1,500,000	1	3	nil

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company has waived any emoluments during the Track Record Period.

13. TAXATION

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
The taxation charge comprises:			
Current taxation			
Hong Kong Profits Tax	3,931	11,693	14,574
PRC Enterprise Income Tax	–	22	175
	3,931	11,715	14,749
Deferred taxation *(note 29)*	(56)	(2)	89
	3,875	11,713	14,838

For the Track Record Period, Hong Kong Profits Tax was calculated at a flat rate of 16.5% of the estimated assessable profits.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day.

Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. For the year ending 31 March 2019, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

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

No provision for PRC Enterprise Income Tax for the year ended 31 March 2016 had been made in the Historical Financial Information as the assessable profit was wholly absorbed by the tax losses brought forward.

Taxation for the year can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Profit before taxation	35,139	67,050	64,950
Tax at the applicable income tax rate of 16.5%	5,798	11,063	10,717
Tax effect of expenses not deductible for tax purpose	155	676	3,872
Tax effect of income not taxable for tax purpose	(245)	(11)	(285)
Utilisation of tax losses previously not recognised	(2,087)	–	–
Tax effect of tax losses not recognised	498	1	–
Tax effect of deductible temporary differences not recognised	–	–	1,253
Effect of different tax rate of a subsidiary operating in other jurisdiction	(169)	(16)	(719)
Others	(75)	–	–
Taxation for the year	3,875	11,713	14,838

14. DIVIDENDS

No dividend was paid or proposed by the Company since its incorporation or by the companies now comprising the Group during the Track Record Period.

15. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company for the Track Record Period is based on the following data:

	Year ended 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Earnings			
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	31,264	55,337	50,112
	Number of shares	*Number of shares*	*Number of shares*
Weighted average number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	100	100	100

The weighted average number of shares for the purpose of calculating basic earnings per share for the Track Record Period has been determined on the assumption that the Reorganisation in this Document had been effective on 1 April 2015.

No diluted earnings per share is presented as there was no potential ordinary share during the Track Record Period.

16. INVESTMENT PROPERTIES

The Group

	HK$'000
FAIR VALUE	
At 1 April 2015, 31 March 2016 and 31 March 2017	–
Acquisition of a subsidiary *(note 32)*	56,300
Additions	2,684
Gain on change in fair value	1,316
At 31 March 2018	60,300

The fair value of the Group's investment properties at 31 March 2018 has been arrived at on the basis of a valuation carried out on that date by Jones Lang LaSalle Limited ("JLL"), an independent property valuer not connected with the Group. JLL has appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations. The address of JLL is 6/F, Three Pacific Place, 1 Queen's Road East, Hong Kong.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at 31 March 2018, the valuation of properties amounting to HK$60,300,000 was arrived at by reference to the income capitalisation method which is based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which is derived from analysis of sale transactions and interpretation of prevailing investor requirements or expectations.

Summary of fair value hierarchy and Level 3 fair value measurements

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. All investment properties of the Group are valued by reference to a Level 3 fair value measurement.

There are no transfers between different levels within the fair value hierarchy during the year ended 31 March 2018.

Level 3 valuation methodologies

Below is a table which presents the significant unobservable inputs:

		Significant unobservable inputs *(note)*	
Income capitalisation approach	**Fair value**	**Capitalisation rate**	**Monthly market rent (for square foot)**
	HK$'000		
Commercial properties			
As at 31 March 2018	60,300	2.5%	HK$20.3 to HK$22.1

Note: The relationship of unobservable inputs to fair value are (i) the higher the capitalisation rate, the lower the fair value; and (ii) the higher the market rent, the higher the fair value.

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant and machinery	Furniture and fixtures	Office equipments	Leasehold improvements	Motor vehicles	Moulds	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
COST								
At 1 April 2015	26,246	16,261	732	5,360	1,190	1,949	246	51,984
Exchange adjustments	(1,063)	(544)	(7)	(129)	(9)	(51)	(2)	(1,805)
Additions	–	930	45	277	46	–	–	1,298
At 31 March 2016	25,183	16,647	770	5,508	1,227	1,898	244	51,477
Exchange adjustments	(1,511)	(837)	(12)	(183)	(18)	(73)	(2)	(2,636)
Additions	–	1,638	122	25	144	–	–	1,929
At 31 March 2017	23,672	17,448	880	5,350	1,353	1,825	242	50,770
Exchange adjustments	2,538	1,508	47	289	24	124	–	4,530
Additions	815	–	–	99	3,793	555	–	5,262
Acquisition of a subsidiary *(note 32)*	89,070	–	–	–	–	–	–	89,070
Disposals	–	–	–	–	–	(474)	–	(474)
At 31 March 2018	116,095	18,956	927	5,738	5,170	2,030	242	149,158
DEPRECIATION								
At 1 April 2015	7,413	10,386	648	4,560	1,039	1,154	246	25,446
Exchange adjustments	(322)	(298)	(5)	(109)	(2)	(24)	(2)	(762)
Provided for the year	1,273	1,249	36	437	11	219	–	3,225
At 31 March 2016	8,364	11,337	679	4,888	1,048	1,349	244	27,909
Exchange adjustments	(526)	(494)	(8)	(169)	(4)	(43)	(2)	(1,246)
Provided for the year	1,201	1,225	39	230	14	140	–	2,849
At 31 March 2017	9,039	12,068	710	4,949	1,058	1,446	242	29,512
Exchange adjustments	1,026	978	39	274	8	83	–	2,408
Provided for the year	3,004	1,382	22	154	192	162	–	4,916
Eliminated on disposals	–	–	–	–	–	(388)	–	(388)
At 31 March 2018	13,069	14,428	771	5,377	1,258	1,303	242	36,448
CARRYING VALUES								
At 31 March 2016	16,819	5,310	91	620	179	549	–	23,568
At 31 March 2017	14,633	5,380	170	401	295	379	–	21,258
At 31 March 2018	103,026	4,528	156	361	3,912	727	–	112,710

The above items of property, plant and equipment are depreciated on a straight-line basis at the following useful lives:

Buildings	20 years – 30 years
Leasehold improvements	Over the shorter of the term of the lease period or 5 years
Other assets	5 years

18. PREPAID LEASE PAYMENTS

The Group

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
The prepaid lease payments comprise:			
Leasehold land in the PRC	6,245	5,673	6,058
Analysed for reporting purposes as:			
Current asset	213	201	207
Non-current asset	6,032	5,472	5,851
	6,245	5,673	6,058

19. INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 March
	2018
	HK$'000
Unlisted investment, at cost	–

As at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of subsidiary	Place and date of incorporation/ establishment	Place of operation	Issued and fully paid share capital/ registered capital	Attributable equity interests of the Group as at				Principal activities	Notes
				31 March			Date of this report		
				2016	2017	2018			
Heroic Elite	BVI 27 February 2017	Hong Kong	US$1	N/A	100%	100%	100%	Investment holding	(a)
Million Hope Industries (BVI)	BVI 15 February 2018	Hong Kong	US$1	N/A	N/A	100%	100%	Investment holding	(a), (g)
Million Hope Industries (HK)	Hong Kong 10 August 1990	Hong Kong	HK$11,000,000	100%	100%	100%	100%	Design, supply and installation of aluminium windows and curtain walls	(b), (e)
Million Hope (BVI)	BVI 15 February 2018	Hong Kong	US$1	N/A	N/A	100%	100%	Investment holding	(a)
Paramount Forward	BVI 2 January 2018	Hong Kong	US$1	N/A	N/A	100%	100%	Investment holding	(a)
Rich Victory	Hong Kong 5 December 2014	Hong Kong	HK$1	N/A	N/A	100%	100%	Property investment	(d), (f)
Sunny Oriental Limited ("Sunny Oriental")	Hong Kong 24 October 2007	Hong Kong	HK$1	100%	100%	100%	100%	Investment holding	(b), (e)
Waller Holdings	BVI 17 November 2014	Hong Kong	US$1	N/A	N/A	100%	100%	Investment holding	(a)
美興新型建築材料(惠州)有限公司	PRC 27 May 2008	PRC	HK$650,000,000	100%	100%	100%	100%	Manufacture of aluminium windows and design, supply and installation of aluminium windows	(c)

Except for a subsidiary established in the PRC which is a wholly foreign-owned enterprise and has a financial year end of 31 December, all subsidiaries now comprising the Group are limited liabilities companies and have adopted 31 March as their financial year end date.

Notes:

(a) No audited financial statements of Heroic Elite, Million Hope Industries (BVI), Million Hope (BVI), Paramount Forward and Waller Holdings have been prepared since their respective dates of incorporation as they were incorporated in a jurisdiction where there are no statutory audit requirements.

(b) The statutory financial statements of Million Hope Industries (HK) and Sunny Oriental for the years ended 31 March 2016 and 31 March 2017 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by Deloitte Touche Tohmatsu.

(c) The statutory financial statements of 美興新型建築材料(惠州)有限公司 for the year ended 31 December 2015, 31 December 2016 and 31 December 2017 were prepared in accordance with the relevant accounting principles and regulations applicable to entities established in the PRC and were audited by 惠州市正大會計師事務所有限公司, certified public accountants registered in the PRC.

(d) The statutory financial statements of Rich Victory for the period form 5 December 2014 (date of incorporation) to 31 December 2015 and the year ended 31 December 2016 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by Ernst & Young, certified public accountants registered in Hong Kong.

(e) No statutory financial statements of Million Hope Industries (HK) and Sunny Oriental have been prepared for the year ended 31 March 2018 as the financial statements have not yet been due to issue.

(f) No statutory financial statements of Rich Victory have been prepared for the 15 months period ended 31 March 2018 as the financial statements have not yet been due to issue.

(g) Other than Million Hope Industries (BVI), which is directly held by the Company, all other companies are indirectly held by the Company.

20. INVENTORIES

The Group

	As at 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Raw materials	15,479	22,723	14,850
Work in progress	13,244	10,283	11,743
	28,723	33,006	26,593

21. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Trade debtors	4,989	5,359	62,026
Value-added tax receivables	3,058	4,249	3,080
Deposits and prepayments	3,945	2,719	3,020
Prepaid listing expenses	–	–	**[REDACTED]**
Other receivables	407	630	795
	12,399	12,957	69,872

The Group allows a credit period of 30 to 90 days to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and repayable on demand. The following is an aging analysis of the trade debtors presented based on the invoice date at the end of each reporting period:

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	2,841	3,276	31,170
31–60 days	1,472	–	24,768
61–90 days	8	–	–
Over 90 days	668	2,083	6,088
	4,989	5,359	62,026

Management closely monitors the credit quality of trade debtors and considers the trade debtors that are neither past due nor impaired to be of a good credit quality based on their historical repayments. Included in the Group's trade debtors balance are trade debtors with aggregate carrying amount of HK$1,370,000, HK$2,083,000 and HK$6,088,000 which are past due at 31 March 2016, 31 March 2017 and 31 March 2018, respectively, for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. There are no balances included in other receivables which have been past due.

The following is an aging analysis of trade debtors which are past due but not impaired:

	As at 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
31–60 days	694	–	–
61–90 days	8	–	–
Over 90 days	668	2,083	6,088
	1,370	2,083	6,088

Movement in the impairment losses recognised on trade debtors:

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Balance at the beginning of the year	927	–	–
Impairment losses recognised	–	–	3,548
Reversal of impairment losses recognised	(927)	–	–
Balance at the end of the year	–	–	3,548

The Company

	As at 31 March
	2018
	HK$'000
Prepaid listing expenses	**[REDACTED]**

22. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group

	As at 1 April	As at 31 March		
	2015	**2016**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contract assets				
Provision of design, supply and installation of aluminium windows and curtain walls services	33,168	45,789	56,296	66,933
Contract liabilities				
Provision of design, supply and installation of aluminium windows and curtain walls services	(916)	(126)	(3,530)	(3,313)

The amount of receipt in advance from a customer is netted off against retention money on a particular contract basis and presented as contract liabilities. For the contract liabilities as at 1 April 2015, 31 March 2016 and 31 March 2017, HK$1,088,000, HK$514,000 and HK$nil are recognised as revenue in profit or loss during the year ended 31 March 2016, 31 March 2017 and 31 March 2018, respectively.

There were no impairment losses recognised on any contract assets in the Track Record Period.

The Group has rights to considerations from customers for the provision of design, supply and installation of aluminium windows and curtain walls services. Contract assets arise when the Group has right to consideration for completion of design, supply and installation of aluminium windows and curtain walls services and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade debtors when such right becomes unconditional other than the passage of time.

Included in carrying amounts of contract assets and contract liabilities as stated above comprises retention money of HK$36,011,000, HK$48,330,000 and HK$53,719,000 as at 31 March 2016, 31 March 2017 and 31 March 2018, respectively. As at 31 March 2016, 31 March 2017 and 31 March 2018, the balances included retention money from fellow subsidiaries amounting to HK$2,921,000, HK$1,045,000 and HK$1,108,000, respectively.

Retention money is unsecured and interest-free and represented the monies withheld by customers of contract works fully recoverable within 1 to 2 years from the date of completion of respective design, supply and installation of aluminium windows and curtain walls services projects in accordance with the terms specified in the relevant contracts. Upon satisfactory completion of the installation works of whole project as set out in the contract, the architect for the building project will issue a practical completion certificate. Generally, upon the issuance of the practical completion certificate, half of the retention money of such project will be released to the Group, while the remaining half will be released to the Group upon the issuance of the certificate that identified defects in respect of the entire building project have been made good. During the Track Record Period, the Group is responsible, at its own costs, for remedial works that may arise from defective works or materials used. The retention money does not have any significant financing component for financing benefit.

The retention money is to be settled at the end of each reporting period as follows:

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
On demand or within one year	32,023	37,999	27,658
After one year	3,988	10,331	26,061
	36,011	48,330	53,719

23. AMOUNTS DUE FROM IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES/A SUBSIDIARY

The Group

Amounts due from immediate holding company and fellow subsidiaries were non-trade in nature and were unsecured, non-interest bearing and repayable on demand. The balance of amounts due from immediate holding company and fellow subsidiaries as at 1 April 2015 were HK$ nil and HK$203,000, respectively. Included in the amount due from immediate holding company as at 31 March 2017 was an amount of approximately HK$119,709,000 arising from the payment to an independent third party on behalf of immediate holding company for the settlement of the consideration of investment properties acquired by immediate holding company during the year ended 31 March 2017. In the opinion of directors of the Company, the amount due from immediate holding company was expected to be recovered within twelve months after the end of the reporting period and therefore, it was classified as current assets.

The Company

Amount due from a subsidiary is non-trade in nature and is unsecured and non-interest bearing and has no fixed terms of repayment. The Company has no intention to exercise its right to demand repayment of the amount within the next twelve months from the end of the reporting period. Accordingly, the amount is classified as non-current asset.

24. BANK BALANCES AND CASH

The Group

Bank balances and cash represent cash held by the Group and short-term bank deposits with an original maturity of three months or less at an average interest rate of 0.01%, 0.01% and 0.01% per annum as at 31 March 2016, 31 March 2017 and 31 March 2018, respectively.

At 31 March 2016, 31 March 2017 and 31 March 2018, bank balances and cash of HK$1,882,000, HK$2,404,000 and HK$1,549,000, respectively, were denominated in Renminbi ("RMB") which is not a freely convertible currency in the international market. The exchange rate of RMB is regulated by the PRC government and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

Bank balances are denominated in currencies other than the functional currencies of the relevant group entities are set out below.

	As at 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
United States Dollars ("USD")	619	459	462
Euro ("EUR")	7	7	8
RMB	3,929	74	1,094

25. TRADE AND OTHER PAYABLES

The Group

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Trade payable	7,106	4,210	5,560
Retention payable – amount payable within one year	7,436	11,051	14,392
Accrued costs for construction works	24,296	8,035	22,447
Accrued operating costs and charges	2,799	4,212	308
Accrued staff cost	8,234	13,720	15,288
Accrued listing expenses	–	–	**[REDACTED]**
Rental deposits received	–	–	444
	49,871	41,228	59,245

The credit period on purchase of goods and payment of subcontractors' works is ranged from 0 to 90 days.

The following is an aging analysis of the trade payables presented based on the invoice date at the end of each reporting period:

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Within 30 days	2,396	1,615	2,225
31–60 days	122	994	710
61–90 days	1,015	261	254
Over 90 days	3,573	1,340	2,371
	7,106	4,210	5,560

The Company

	As at 31 March
	2018
	HK$'000
Accrued listing expenses	**[REDACTED]**

26. PROVISIONS

The Group's provisions are analysed for reporting purposes as:

	As at 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Current liabilities	17,106	39,039	29,895
Non-current liabilities	25,064	76,088	76,246
	42,170	115,127	106,141

The movement of the Group's provisions are as follows:

	Warranty provision	Provision for rectification work	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2015	3,357	8,237	11,594
Additions	2,327	37,758	40,085
Utilisation	(416)	(8,801)	(9,217)
Interest expense	208	–	208
Reversal	–	(500)	(500)
At 31 March 2016	5,476	36,694	42,170
Additions	19,427	80,949	100,376
Utilisation	(1,334)	(25,930)	(27,264)
Interest expense	745	–	745
Reversal	–	(900)	(900)
At 31 March 2017	24,314	90,813	115,127
Additions	19,109	21,823	40,932
Utilisation	(2,916)	(47,159)	(50,075)
Interest expense	1,657	–	1,657
Reversal	–	(1,500)	(1,500)
At 31 March 2018	42,164	63,977	106,141

The warranty provision represents management's best estimate of the Group's liability under the warranty period, mainly for a period of maximum of 15 years from the end of the defects liability period for provision of design, supply and installation of aluminium windows and curtain walls services based on management's prior experience.

The provision for rectification work relates to the estimated cost of work to be carried out for rectification of aluminium windows and curtain walls supplied to the Group's customers during the defects liability period, mainly for a period of maximum of 2 years, based on management's prior experience. These amounts have not been discounted for the purpose of measuring the provision for rectification work because the effect is not material.

27. AMOUNTS DUE TO ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/FELLOW SUBSIDIARIES

The Group and the Company

The amounts are non-trade in nature and are unsecured, non-interest bearing and repayable on demand.

As represented by the directors of the Company, the amount due to immediate holding company will be settled upon the Listing.

28. BANK AND OTHER LOANS

The Group

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Bank loans *(note a)*	–	120,000	–
Other loan *(note b)*	–	7,028	–
	–	127,028	–
Less: Amount shown under current liabilities (including bank loans with a repayable on demand clause)	–	(127,028)	–
Amount shown under non-current liabilities	–	–	–
The carrying amount of bank loans that contain a repayment on demand clause (shown under current liabilities) but repayable within one year *(note c)*	–	120,000	–
The carrying amount of other loan that repayable within one year	–	7,028	–
	–	127,028	–
Secured *(note d)*	–	120,000	–
Unsecured	–	7,028	–
	–	127,028	–

Notes:

(a) The bank loans carried interest at market rates of Hong Kong Interbank Offered Rate ("HIBOR") + 1.2% per annum as at 31 March 2017.

(b) The other loan of RMB6,300,000 (equivalent to approximately HK$7,028,000) was unsecured, interest bearing at fixed interest rate of 4.9% per annum, and repayable within one year.

(c) The amounts due were based on scheduled repayment dates set out in the respective loan agreements.

(d) Hanison Construction (BVI) provided corporate guarantees with an outstanding amount of HK$120,000,000 as at 31 March 2017 for the banking facilities granted to the Group. The bank loans were repaid during the year ended 31 March 2018.

29. DEFERRED TAXATION

The Group

For the purpose of presentation in the consolidated statements of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Deferred tax assets	56	58	6
Deferred tax liabilities	–	–	(37)
	56	58	(31)

The followings are the major deferred tax assets (liabilities) of the Group and movements thereon during the Track Record Period:

	Accelerated tax depreciation	Tax losses	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2015	–	–	–
Credit to profit or loss *(note 13)*	56	–	56
At 31 March 2016	56	–	56
Credit to profit or loss *(note 13)*	2	–	2
At 31 March 2017	58	–	58
(Charge) credit to profit or loss *(note 13)*	(446)	357	(89)
At 31 March 2018	(388)	357	(31)

At 31 March 2016, 31 March 2017 and 31 March 2018, the Group has unused tax losses of approximately HK$113,000, HK$120,000 and HK$2,285,000, respectively, available for offset against future profit. As at 31 March 2018, a deferred tax asset has been recognised in respect of approximately HK$2,163,000 of such losses. As at 31 March 2016, 31 March 2017 and 31 March 2018, no deferred tax asset has been recognised in respect of such tax losses of HK$113,000, HK$120,000 and the remaining HK$122,000 due to unpredictability of future profit streams. All the unused tax losses may be carried forward indefinitely.

As at 31 March 2016, 31 March 2017 and 31 March 2018, the Group has deductible temporary differences of approximately HK$nil, HK$nil and HK$5,010,000 mainly arising from impairment losses recognised in respect of trade debtors and inventories. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

30. SHARE CAPITAL

The Group

The share capital shown in the Historical Financial Information as at 1 April 2015, 31 March 2016 and 31 March 2017 represented the issued share capital of Million Hope Industries (HK) and Heroic Elite.

The share capital shown in the Historical Financial Information as at 31 March 2018 represented the issued share capital of the Company.

The Company

Details of share capital of the Company are disclosed as follows:

	Number of shares	Share capital
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 20 February 2018 (date of incorporation) and 31 March 2018	3,800,000	380
Issued and fully paid:		
At 20 February 2018 (date of incorporation)	1	–
Issue of shares	99	–
At 31 March 2018	100	–

On 20 February 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.1 each with one share allotted and issued to the initial subscriber at par. On the same date, the initial subscriber transferred his one share to Hanison Construction (BVI) at par.

On 13 March 2018, through the Reorganisation (set out in note 2), 99 shares of the Company were allotted and issued to Hanison Construction (BVI) at par.

31. RESERVES OF THE COMPANY

	Accumulated losses
	HK$'000
At 20 February 2018 (date of incorporation)	–
Loss and total comprehensive expense for the period	(3,934)
At 31 March 2018	(3,934)

32. ACQUISITION OF A SUBSIDIARY

On 13 July 2017, the Group entered into a sale and purchase agreement with an independent third party to acquire the entire issued share capital of Waller Holdings together with the shareholder's loan at a consideration of approximately HK$145,395,000. The acquisition was completed on 14 August 2017. The major assets of the acquisition are office units and car parking spaces of a commercial property, Kings Wing Plaza 1, situated in Shatin, New Territories. Waller Holdings was acquired so as to mainly relocate the Group's existing office to the commercial property. The directors of the Company are of the opinion that the acquisition does not constitute business combinations as defined in HKFRS 3, therefore, the acquisition had been accounted for as acquisition of assets.

The assets acquired and liabilities recognised on the date of acquisition, are as follows:

	As at 14 August 2017
	HK$'000
Investment properties	56,300
Property, plant and equipment	89,070
Deposits and prepayments	25
Net assets acquired	145,395
Consideration transferred, satisfied by amount due to immediate holding Company	145,395

33. NON-CASH TRANSACTIONS

During the year ended 31 March 2018, immediate holding company paid an amount of approximately HK$145,395,000 on behalf of the Group for the settlement of the acquisition of a subsidiary.

During the year ended 31 March 2018, the entire share capital of Million Hope Industries (HK) was transferred to the Group from Rich Color Limited for a consideration, settled in the form of a promissory note, of approximately HK$3,385,000. Rich Color Limited assigned the promissory note to the immediate holding company subsequently.

34. OPERATING LEASE COMMITMENTS

As leasee

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

	As at 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Within one year	125	1,387	94
In the second to fifth year inclusive	–	1,286	27
	125	2,673	121

Operating lease payments represented fixed rentals payable by the Group for its office and car parking space. Lease was negotiable for a term of not more than three years.

As lessor

At the end of each reporting period, the Group had contracted with tenants for the following future minimum lease payments in respect of the investment properties:

	As at 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
Within one year	–	–	1,555
In the second to fifth year inclusive	–	–	2,721
	–	–	4,276

Leases are negotiable for lease term for a term of not more than three years.

35. PERFORMANCE BONDS AND CONTINGENT LIABILITIES

(a) Performance bonds

As at 31 March 2016, 31 March 2017 and 31 March 2018, the Group had outstanding performance bonds in respect of construction contracts amounting to HK$62,617,000, HK$100,778,000 and HK$87,218,000, respectively. Hanison Construction (BVI) provided corporate guarantees for these outstanding performance bonds granted to the Group.

(b) Contingent liabilities

Certain fellow subsidiaries of the Company ("the Fellow Subsidiaries") and Million Hope Industries (HK) provide a joint and several guarantee to an insurance company in respect of a surety bond facility granted to Million Hope Industries (HK) and the Fellow Subsidiaries and an amount of approximately HK$178,142,000, HK$205,505,000 and HK$57,350,000 was utilised by the Fellow Subsidiaries as at 31 March 2016, 31 March 2017 and 31 March 2018, respectively.

No provision for financial guarantee contracts has been recognised in the Historical Financial Information as, in the opinion of the directors of the Company, the fair value of the financial guarantee on initial recognition and the amount of provision to be recognised subsequently was insignificant. Million Hope Industries (HK) has approached the insurance company for its consent to remove it as party to the facility and release it from all past and future liability under the guarantee. The directors of the Company represent that the guarantee will be released upon the Listing.

36. SHARE-BASED PAYMENT TRANSACTIONS

Share option scheme

Pursuant to Hanison's share option scheme (the "Scheme") which was adopted and became effective on 21 September 2011, all directors (including independent non-executive directors), full-time employees and consultants of Hanison, its subsidiaries and its associated companies are eligible to participate in the Scheme.

According to the Scheme, the board of directors of Hanison may at its discretion grant options to the eligible participants of Hanison, its subsidiaries and its associated companies to subscribe for shares in Hanison.

The following tables disclose movements in the share options granted to the directors of the Company (including executive directors and non-executive directors) and employees of the Group under the Scheme of the Company during the year ended 31 March 2016, 31 March 2017 and 31 March 2018.

For the year ended 31 March 2016

Category of participants	Date of grant	Exercise period	Exercise price per share	Outstanding as at 1 April 2015	Adjusted during the year	Exercised during the year	Outstanding as at 31 March 2016
			HK$		*(Note i)*		
Directors	26 November 2014	26 November 2014 to 25 November 2019	0.96*	14,350,000	4,303,500	(10,800,000)	7,853,500
Employees	26 November 2014	26 November 2014 to 25 November 2019	0.96*	142,000	27,225	(76,000)	93,225
				14,492,000	4,330,725	(10,876,000)	7,946,725

For the year ended 31 March 2017

Category of participants	Date of grant	Exercise period	Exercise price per share	Outstanding as at 1 April 2016	Exercised during the year	Outstanding as at 31 March 2017
			HK$			
Directors	26 November 2014	26 November 2014 to 25 November 2019	0.96*	7,853,500	–	7,853,500
Employees	26 November 2014	26 November 2014 to 25 November 2019	0.96*	93,225	(59,325)	33,900
				7,946,725	(59,325)	7,887,400

For the year ended 31 March 2018

Category of participants	Date of grant	Exercise period	Exercise price per share	Outstanding as at 1 April 2017	Granted during the year	Exercised during the year	Outstanding as at 31 March 2018
			HK$				
Directors	26 November 2014	26 November 2014 to 25 November 2019	0.96*	7,853,500	–	(7,571,000)	282,500
	5 September 2017	5 September 2017 to 4 September 2022	1.54	–	27,367,000	–	27,367,000
Employees	26 November 2014	26 November 2014 to 25 November 2019	0.96*	33,900	–	(19,775)	14,125
	5 September 2017	5 September 2017 to 4 September 2022	1.54	–	394,000	–	394,000
				7,887,400	27,761,000	(7,590,775)	28,057,625

* *It represents the last adjusted exercise price per share.*

Note:

i. The exercise price and the number of outstanding share options have been adjusted for the effect of the bonus issue and the rights issue by Hanison on 16 September 2015 and 23 February 2016 respectively.

Share options granted to certain directors of the Company by Hansion were for their services provided to the Group, Hanison and certain fellow subsidiaries of the Company. In addition, the Group also shared employee resources with other fellow subsidiaries. The amount of equity-settled share-based payments in relation to the share options granted to the directors of the Company, employees of the Group and employees of Hansion and fellow subsidiaries of the Company were allocated to the Group according to the extent of their time and resources spent on the services provided to the Group. The Group recognised a total expense of approximately HK$nil, HK$nil and HK$2,645,000 during the year ended 31 March 2016, 31 March 2017 and 31 March 2018, respectively.

Share award scheme

On 28 July 2016 (the "Adoption Date"), Hanison adopted a share award scheme (the "Share Award Scheme") to recognise the contributions by certain persons ("Eligible Persons"), including employees and directors of Hanison and its subsidiaries, and to give incentives to them in order to retain them for the continuing operation and development of Hanison and its subsidiaries, and to attract suitable personnel for further development of Hanison and its subsidiaries. Subject to any early termination as may be determined by directors of Hanison, the Share Award Scheme is valid and effective for 3 years from the Adoption Date (the "Award Period").

Pursuant to the Share Award Scheme, the board of directors of Hanison may, from time to time, at its absolute discretion, select any Eligible Persons to participate in the Share Award Scheme as selected participants and determine the shares to be granted, vesting criteria and conditions, and period for the shares to be vested, subject to the terms and conditions set out in the Share Award Scheme.

The following tables disclose movements in the share awards granted to the directors of the Company (including executive directors and non-executive directors) and employees of the Group under the Share Award Scheme during the year ended 31 March 2017 and 31 March 2018.

Category of participants	Date of grant	Vesting date	Number of share awards outstanding as at 1 April 2016	Granted during the year	Number of share awards outstanding as at 31 March 2017 and 31 March 2018
Directors	10 March 2017	30 June 2018	–	32,597,000	32,597,000
Employees	10 March 2017	30 June 2018	–	293,000	293,000
			–	32,890,000	32,890,000

Share awards granted to certain directors of the Company by Hansion were for their services provided to the Group, Hanison and certain fellow subsidiaries of the Company. In addition, the Group also shared employee resources with other fellow subsidiaries. The amount of equity-settled share-based payments in relation to the share awards granted to the directors of the Company, employees of the Group and employees of Hansion and fellow subsidiaries of the Company were allocated to the Group according to the extent of their time and resources spent on the services provided to the Group. The Group recognised a total expense of approximately HK$943,000 and HK$9,868,000 during the year 31 March 2017 and 31 March 2018, respectively.

37. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the Historical Financial Information, the Group also entered into following related party transactions:

	Year ended 31 March		
	2016	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*
Design, supply and installation of aluminium windows and curtain walls services income from a company in which certain directors of the ultimate holding company have substantial interests	15,020	–	–
Design, supply and installation of aluminium windows and curtain walls services income from fellow subsidiaries	28,614	4,667	4,085
Equity-settled share-based payments charged by ultimate holding company	–	–	12,513
Interest expenses paid to a fellow subsidiary	125	–	–
Management fee expenses paid to ultimate holding company *(note i)*	2,678	2,569	1,573
Rental expenses in respect of office premise paid to a fellow subsidiary *(note ii)*	111	1,327	942
Rental expenses in respect of a car parking space paid to a fellow subsidiary *(note ii)*	36	56	60
Rental expenses in respect of office premise and a car parking space paid to a company in which certain directors of the ultimate holding company have substantial interests *(note ii)*	717	119	–
Rental expenses in respect of a car parking space paid to a company in which certain directors of the ultimate holding company have substantial interests *(note ii)*	–	17	34
Rental income received from fellow subsidiaries *(note ii)*	–	–	410

The Group had a commitment in relation to contracts entered into with fellow subsidiaries in respect of provision of design, supply and installation of aluminium windows and curtain walls services and the outstanding contract sum amounted to approximately HK$18,238,000, HK$4,836,000 and HK$2,400,000 as at 31 March 2016, 31 March 2017 and 31 March 2018, respectively. In the opinion of the directors of the Company, the remaining contracted commitment will be fulfilled and completed prior to the Listing of the Company.

In the opinion of the directors of the Company, except for the rental expenses in respect of a car parking space paid to a fellow subsidiary and a company in which certain directors of the ultimate holding company have substantial interests and rental income received from fellow subsidiaries, all other related parties transactions will discontinue upon the Listing of the Company.

Notes:

i. During the year ended 31 March 2017, management fee expenses paid to ultimate holding company includes the equity-settled share-based payments expenses allocated in relation to the Group's employees amounting to approximately HK$943,000.

ii. Details of operating lease commitments for rental income and expenses are set out in note 34.

Compensation of key management personnel

Compensation of key management personnel represents the remuneration of the directors of the Company during the Track Record Period, which is disclosed in note 12.

38. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes amounts due to ultimate holding company, immediate holding company and fellow subsidiaries as disclosed in note 27, bank and other loans as disclosed in note 28, net of cash and cash equivalents and equity, comprising share capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and issue of new shares and debts.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP			THE COMPANY
	As at 31 March			As at 31 March
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets				
Loans and receivables (including cash and cash equivalents)	56,075	287,526	103,467	73,373
Financial liabilities				
At amortised cost	63,484	182,401	97,848	77,452

Financial risk management objectives and policies

The Group and the Company's financial instruments include trade debtors, other receivables, amounts due from/to group companies, bank balances and cash, trade and other payables and bank and other loans.

Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The functional currency of the group entities is mainly HK$ and RMB, the currencies in which most of the transactions are denominated. The carrying amounts of the foreign currency denominated monetary assets of the group entities at the end of the reporting period are disclosed in respective note.

The management of the Group considers that the currency risk of those monetary assets is not significant to the Group. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In addition, the carrying amount of the foreign currency denominated inter-company balances recorded in the statement of financial position of the group entities at the end of the reporting period are as follows:

	As at 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
HK$ against RMB	–	–	(1,747)
RMB against HK$	(42,184)	(44,576)	(31,721)

The Group is mainly exposed to fluctuation in exchange rate of RMB against HK$. The financial impact on the exchange differences arising from foreign currency of HK$ against RMB is expected to be insignificant to the Group. The following table details the Group's sensitivity to a 10% increase and decrease in respective functional currency (i.e. HK$) against the relevant foreign currency (i.e. RMB). 10% is the sensitivity rate used which represents the management's assessment of the reasonably possible change in a foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in a foreign currency rate. A positive number below indicates an increase in post-tax profit where HK$ strengthens 10% against RMB. For a 10% weakening of HK$ against RMB, there would be an equal and opposite impact on the post-tax profit and the amount below would be negative.

	Year ended 31 March		
	2016	2017	2018
	HK$'000	*HK$'000*	*HK$'000*
RMB against HK$	3,522	3,722	2,649

(ii) Interest rate risk

The cash flow interest rate risk relate primarily to the Group's variable-rate bank loans which were linked to HIBOR and bank balances at the prevailing market deposit rate. The Group is also exposed to fair value interest rate risk in relation to the Group's fixed-rate other loan. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The directors of the Company consider the Group's exposure of bank balances to interest rate is not significant as interest bearing bank balances are within short maturity period. The Group's sensitivity to interest rate risk had been determined based on the exposure to interest rates for variable-rate bank loans at the end of each reporting period. The analysis was prepared assuming amount outstanding at the end of each reporting period was outstanding for the whole year. The Group's sensitivity to interest rate risk at the end of each reporting period while all other variables were held constant is as follows:

	Year ended 31 March		
	2016	**2017**	**2018**
Reasonably possible change in interest rate	*50 basis points*	*50 basis points*	*50 basis points*
	HK$'000	*HK$'000*	*HK$'000*
(Decrease) increase in post-tax profit for the year			
– as a result of increase in interest rate	–	(501)	–
– as a result of decrease in interest rate	–	501	–

Credit risk

At the end of each reporting period, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group is disclosed in note 35(b).

In order to minimise the credit risk, the directors of the Company have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group's credit risk are primarily attributable to and concentrated on trade debtors, amounts due from immediate holding company, fellow subsidiaries and a subsidiary. The Company's credit risk is primarily attributable to and concentrated on an amount due from a subsidiary. In order to minimise the credit risk, the directors of the Company have reviewed their recoverabilities regularly to ensure that follow-up action is taken timely. In this regard, the directors of the Company consider that the credit risk on these balances are significantly reduced.

The credit risk on liquid funds is limited because the majority of counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

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

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

The Group

	Weighted average effective interest rate	On demand or less than 1 year	Total undiscounted cash flow	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2016				
Non-derivative financial liabilities				
Trade and other payables	–	14,542	14,542	14,542
Amount due to immediate holding company	–	33,477	33,477	33,477
Amounts due to fellow subsidiaries	–	15,465	15,465	15,465
Financial guarantee contracts	–	178,142	178,142	–
		241,626	241,626	63,484
As at 31 March 2017				
Non-derivative financial liabilities				
Trade and other payables	–	15,261	15,261	15,261
Amount due to ultimate holding company	–	2,969	2,969	2,969
Amounts due to fellow subsidiaries	–	37,143	37,143	37,143
Bank loans - variable rates	1.59	120,000	120,000	120,000
Other loan - fixed rate	4.90	7,372	7,372	7,028
Financial guarantee contracts	–	205,505	205,505	–
		388,250	388,250	182,401
As at 31 March 2018				
Non-derivative financial liabilities				
Trade and other payables	–	20,396	20,396	20,396
Amount due to immediate holding company	–	77,452	77,452	77,452
Financial guarantee contracts	–	57,350	57,350	–
		155,198	155,198	97,848

The Company

	Weighted average effective interest rate	On demand or less than 1 year	Total undiscounted cash flow	Carrying amount
	%	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 March 2018				
Non-derivative financial liability				
Amount due to immediate holding company	–	77,452	77,452	77,452

The amounts above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rate differ to those estimates of interest rates determined at the end of each reporting period.

Bank loans with a repayment on demand clause were included in the "on demand or less than 1 year" time band in the above maturity analysis. As at 31 March 2016, 31 March 2017 and 31 March 2018, the aggregate undiscounted principal amounts of these bank loans amounted to HK$nil, HK$120,000,000 and HK$nil, respectively. Taking into account the Group's financial position, the directors of the Company did not believe that it was probable that the banks would exercise their discretionary rights to demand immediate repayment. The directors of the Company believed that such bank loans as at 31 March 2016, 31 March 2017 and 31 March 2018 would be repaid within one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. As a result, the aggregate principal and interest cash outflows included in "on demand or less than 1 year" time band would amount to HK$nil, HK$121,908,000 and HK$nil, respectively.

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate their fair values.

40. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to ultimate holding company	Amount due to immediate holding company	Amounts due to fellow subsidiaries	Bank and other loans	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 27)	*(note 27)*	*(note 27)*	*(note 28)*	
At 1 April 2015	–	13,569	13,741	70,000	97,310
Financing cash flows	–	19,908	1,724	(70,000)	(48,368)
At 31 March 2016	–	33,477	15,465	–	48,942
Financing cash flows	2,969	(33,477)	21,678	127,028	118,198
At 31 March 2017	2,969	–	37,143	127,028	167,140
Financing cash flows	(2,969)	(71,328)	(37,143)	(127,203)	(238,643)
Exchange adjustments	–	–	–	175	175
Settlement of the acquisition of a subsidiary on behalf of the Group *(note 32)*	–	145,395	–	–	145,395
Assignment of promissory note *(notes 2 and 32)*	–	3,385	–	–	3,385
At 31 March 2018	–	77,452	–	–	77,452

41. PRE-ACQUISITION FINANCIAL INFORMATION OF WALLER HOLDINGS GROUP

As stated in note 32, the Group acquired the assets of Waller Holdings Group on 14 August 2017.

The financial information of Waller Holdings Group for the period from 17 November 2014 (date of incorporation) to 31 December 2015 and the year ended 31 December 2016 and the period from 1 January 2017 to 13 August 2017 (the date prior to acquisition of Waller Holdings Group) (the "Pre-Acquisition Financial Information") has been prepared by the directors of Waller Holdings in accordance with the accounting policies set out in note 4, which is in compliance with HKFRSs.

The Pre-Acquisition Financial Information is presented in HK$, which is also the functional currency of Waller Holdings.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTE	Period from 17 November 2014 (date of incorporation) to 31 December 2015	Year ended 31 December 2016	Period from 1 January 2017 to 13 August 2017
		HK$'000	*HK$'000*	*HK$'000*
Revenue		–	–	–
Gain on change in fair value of investment properties		–	15,528	9,070
Administrative expenses		(19)	(366)	(487)
Interests on bank loan		–	(777)	(673)
(Loss) profit and total comprehensive (expense) income for the period/year	(iii)	(19)	14,385	7,910

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at 31 December 2015	As at 31 December 2016	As at 13 August 2017
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets				
Investment properties	(iv)	–	136,300	145,370
Deposits paid for acquisition of investment properties		30,643	–	–
		30,643	136,300	145,370
Current assets				
Prepayments		–	–	25
Bank balances	(v)	–	1,448	–
		–	1,448	25
Current liabilities				
Amount due to ultimate holding company	(vi)	–	1,000	–
Amount due to immediate holding company	(vi)	–	–	123,119
Amount due to a fellow subsidiary	(vi)	30,662	80,854	–
Bank loan	(vii)	–	41,528	–
		30,662	123,382	123,119
Net current liabilities		(30,662)	(121,934)	(123,094)
		(19)	14,366	22,276
Capital and reserve				
Share capital	(viii)	–	–	–
Accumulated (losses) profits		(19)	14,366	22,276
		(19)	14,366	22,276

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of Waller Holdings		
	Share capital	Accumulated (losses) profits	Total
	HK$'000	*HK$'000*	*HK$'0000*
At 17 November 2014 (date of incorporation)	–	–	–
Loss and total comprehensive expense for the period	–	(19)	(19)
At 31 December 2015 and 1 January 2016	–	(19)	(19)
Profit and total comprehensive income for the year	–	14,385	14,385
At 31 December 2016 and 1 January 2017	–	14,366	14,366
Profit and total comprehensive income for the period	–	7,910	7,910
At 13 August 2017	–	22,276	22,276

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Period from 17 November 2014 (date of incorporation) to 31 December 2015	Year ended 31 December 2016	Period from 1 January 2017 to 13 August 2017
	HK$'000	*HK$'000*	*HK$'000*
Operating activities			
(Loss) profit for the period/year	(19)	14,385	7,910
Adjustments for:			
Interest expense	–	777	673
Gain on change in fair value of investment properties	–	(15,528)	(9,070)
Operating cash flows before movement in working capital	(19)	(366)	(487)
Increase in prepayments	–	–	(25)
Cash used in operating activities	(19)	(366)	(512)
Interest paid	–	(777)	(673)
Net cash used in operating activities	(19)	(1,143)	(1,185)
Investing activities			
Deposits paid for acquisition of investment properties	(30,643)	–	–
Purchase of investment properties	–	(90,129)	–
Net cash used in investing activities	(30,643)	(90,129)	–
Financing activities			
Advance from a fellow subsidiary	30,662	50,192	–
Advance from ultimate holding company	–	1,000	–
Repayment to immediate holding company	–	–	(263)
New bank loan raised	–	42,966	–
Repayment of bank loan	–	(1,438)	–
Net cash from (used in) financing activities	30,662	92,720	(263)
Net increase (decrease) in cash and cash equivalents	–	1,448	(1,448)
Cash and cash equivalents at beginning of the period/year	–	–	1,448
Cash and cash equivalents at end of the period/year, represented by bank balances	–	1,448	–

Notes:

(i) SEGMENT INFORMATION

Waller Holdings Group is engaged in a single operating segment focusing on the property investment. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the directors of Waller Holdings, being the chief operating decision makers, for the purpose of result allocation and performance assessment. Therefore, no further analysis of segment information is presented.

The non-current assets of Waller Holdings Group are all located in Hong Kong.

(ii) TAXATION

Hong Kong Profits Tax is provided at 16.5% on the assessable profits for the period/year. No provision for Hong Kong Profits Tax for the period from 17 November 2014 (date of incorporation) to 31 December 2015, the year ended 31 December 2016 and the period from 1 January 2017 to 13 August 2017 has been made as Waller Holdings Group had no assessable profits.

Taxation for the period/year can be reconciled to the (loss) profit for the period/year per the consolidated statements of profit or loss and other comprehensive income as follows:

	Period from 17 November 2014 (date of incorporation) to 31 December 2015	**Year ended 31 December 2016**	**Period from 1 January 2017 to 13 August 2017**
	HK$'000	*HK$'000*	*HK$'000*
(Loss) profit for the period/year	(19)	14,385	7,910
Tax (credit) charge at the applicable income tax rate of 16.5%	(3)	2,374	1,305
Tax effect of income not taxable for tax purpose	–	(2,562)	(1,497)
Tax effect of expenses not deductible for tax purpose	3	188	192
Taxation for the period/year	–	–	–

(iii) (LOSS) PROFIT FOR THE PERIOD/YEAR

	Period from 17 November 2014 (date of incorporation) to 31 December 2015	Year ended 31 December 2016	Period from 1 January 2017 to 13 August 2017
	HK$'000	*HK$'000*	*HK$'000*
(Loss) profit for the period/year have been arrived at after charging:			
Director's remuneration	–	–	–
Staff costs	–	–	–
Auditor's remuneration	–	–	–

Note: No staff costs were incurred by Waller Holdings Group for the period from 17 November 2014 (date of incorporation) to 31 December 2015, the year ended 31 December 2016 and the period from 1 January 2017 to 13 August 2017.

(iv) INVESTMENT PROPERTIES

	HK$'000
FAIR VALUE	
At 17 November 2014 (date of incorporation) and 31 December 2015	–
Additions	120,772
Gain on change in fair value	15,528
At 31 December 2016	136,300
Gain on change in fair value	9,070
At 13 August 2017	145,370

The fair values of Waller Holdings Group's investment properties at 31 December 2016 and 13 August 2017 have been arrived at on the basis of a valuation carried out on that date by JLL.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at 31 December 2016 and 13 August 2017, the valuations of properties amounting to HK$136,300,000 and HK$145,370,000, respectively, were arrived at by reference to the income capitalisation method which is based on the capitalisation of the net income potential by adopting an appropriate capitalisation rate, which is derived from analysis of sale transactions and interpretation of prevailing investor requirements or expectations.

Summary of fair value hierarchy and Level 3 fair value measurements

All of Waller Holdings Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties. All investment properties of Waller Holdings Group are valued by reference to a Level 3 fair value measurement.

There are no transfers between different levels within the fair value hierarchy during the year ended 31 December 2016 and the period from 1 January 2017 to 13 August 2017.

Level 3 valuation methodologies

Below is a table which presents the significant unobservable inputs:

		Significant unobservable inputs *(note)*	
Capitalisation approach	**Fair value**	**Capitalisation rate**	**Monthly market rent (for square foot)**
	HK$'000		
Commercial properties			
As at 31 December 2016	136,300	2.5%	HK$17.7 to HK$19.4
As at 13 August 2017	145,370	2.5%	HK$18.9 to HK$20.7

Note: The relationship of unobservable inputs to fair value are (i) the higher the capitalisation rate, the lower the fair value; and (ii) the higher the market rent, the higher the fair value.

(v) BANK BALANCES

Bank balances represented short-term bank deposits with an original maturity of three months or less at an average interest rate of nil, 0.01% and nil per annum as at 31 December 2015, 31 December 2016 and 13 August 2017, respectively.

(vi) AMOUNTS DUE TO ULTIMATE HOLDING COMPANY/IMMEDIATE HOLDING COMPANY/A FELLOW SUBSIDIARY

The amounts are non-trade in nature and are unsecured, non-interest bearing and repayable on demand.

(vii) BANK LOAN

	As at 31 December		As at 13 August
	2015	**2016**	**2017**
	HK$'000	*HK$'000*	*HK$'000*
Bank loan, secured *(Note a)*	–	41,528	–
Less: Amount shown under current liabilities (including bank loan with a repayable on demand clause)	–	(41,528)	–
Amount shown under non-current liabilities	–	–	–
The carrying amount of bank loan that contains a repayment on demand clause (shown under current liabilities) but repayable *(Note b)*:			
Within one year	–	1,749	–
Within a period of more than one year but not exceeding two years	–	1,749	–
Within a period of more than two years but not exceeding five years	–	5,626	–
Within a period of more than five years	–	32,404	–
	–	41,528	–

Notes:

(a) The bank loan carried interest at market rates of HIBOR + 1.6% per annum.

(b) The amount due was based on scheduled repayment dates set out in the respective loan agreement.

(c) A fellow subsidiary of Waller Holdings provided a corporate guarantee with an outstanding amount of HK$43,000,000 at as 31 December 2016 for the banking facilities granted to Waller Holdings Group.

(d) As at 31 December 2016, investment properties with carrying values amounting to HK$136,300,000 were pledged to secure the bank loan.

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

	Amount due to ultimate holding company	Amount due to immediate holding company	Amount due to a fellow subsidiary	Bank loan	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2015	–	–	–	–	–
Financing cash flows	–	–	30,662	–	30,662
At 31 December 2015	–	–	30,662	–	30,662
Financing cash flows	1,000	–	50,192	41,528	92,720
At 31 December 2016	1,000	–	80,854	41,528	123,382
Financing cash flows	–	(263)	–	–	(263)
Settlement on behalf of Waller Holdings Group	(1,000)	123,382	(80,854)	(41,528)	–
At 13 August 2017	–	123,119	–	–	123,119

(viii) SHARE CAPITAL

	Number of shares	Amount
		US$
Ordinary shares of US$1 each		
Authorised:		
At 17 November 2014 (date of incorporation), 31 December 2015, 31 December 2016 and 13 August 2017	50,000	50,000
Issued and fully paid:		
At 17 November 2014 (date of incorporation), 31 December 2015, 31 December 2016 and 13 August 2017	1	1

	HK$'000
Presented in the Pre-Acquisition Financial Information as:	
At 17 November 2014 (date of incorporation), 31 December 2015, 31 December 2016 and 13 August 2017	–

On 17 November 2014, Waller Holdings was incorporated in the BVI with an authorised share capital of US$50,000 divided into 50,000 shares of US$1 each with one share allotted and issued to the immediate holding company of Waller Holdings at par.

(ix) NON-CASH TRANSACTIONS

The following non-cash transactions were made during the period from 1 January 2017 to 13 August 2017:

(a) The balances of amount due to ultimate holding company of HK$1,000,000 and amount due to a fellow subsidiary of HK$80,854,000 were transferred to immediate holding company of Waller Holdings; and

(b) The bank loan of Waller Holdings Group had been repaid by immediate holding company of Waller Holdings.

42. EVENTS AFTER THE END OF THE REPORTING PERIOD

The following events took place subsequent to 31 March 2018:

(i) On [•], the Company allotted and issued **[REDACTED]** shares at par value to the immediate holding company of the Company at a cash consideration of HK$**[REDACTED]**.

(ii) On [•], the immediate holding company of the Company made a cash contribution to the Company amounted to HK$[•].

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 March 2018 and up to the date of this report.