The following is the text of a report set out on pages I-1 to I-96, 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-4 to I-96, which comprises the consolidated statements of financial position of the Group as at 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 2018, the statement of financial position of the Company as at 31 March 2018 and 31 August 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 and for the five months ended 31 August 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-4 to I-96 forms an integral part of this report, which has been prepared for inclusion in the listing document of the Company dated 28 February 2019 (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, 31 March 2018 and 31 August 2018 and the Company's financial position as at 31 March 2018 and 31 August 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.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 August 2017 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong

Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, 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-4 have been made.

Dividends

We refer to note 15 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
28 February 2019

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

		Year ended 31 March			Five months ended 31 August	
	NOTES	2016	2017	2018	2017	2018
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Revenue	6	367,768	501,938	421,146	215,129	157,072
Cost of sales		(310,645)	(410,266)	(303,966)	(161,320)	(124,666)
Gross profit		57,123	91,672	117,180	53,809	32,406
Other income	8	1,515	1,405	1,799	928	1,278
Other gains (losses)	9	445	1,866	(5,083)	(2,250)	3,528
Impairment losses, net of reversal	10	927	–	(3,548)	–	212
Gain on change in fair value of investment properties		–	–	1,316	–	1,400
Administrative expenses		(23,061)	(26,847)	(40,134)	(14,796)	(15,065)
Finance costs	11	(1,810)	(1,046)	(2,646)	(1,477)	(891)
Listing expenses		–	–	[REDACTED]	–	[REDACTED]
Profit before taxation	12	35,139	67,050	64,950	36,214	11,368
Taxation	14	(3,875)	(11,713)	(14,838)	(7,325)	(2,414)
Profit for the year/period		31,264	55,337	50,112	28,889	8,954
Other comprehensive (expense) income:						
Item that may be subsequently reclassified to profit or loss:						
Exchange differences arising on translation of a foreign operation		(1,714)	(3,232)	6,541	3,115	(5,360)
Total comprehensive income for the year/period		29,550	52,105	56,653	32,004	3,594
Earnings per share *(HK$)*						
Basic	16	312,640	553,370	501,120	288,890	89,540

STATEMENTS OF FINANCIAL POSITION

		THE GROUP				THE COMPANY	
		As at 31 March			As at 31 August	As at 31 March	As at 31 August
	NOTES	2016	2017	2018	2018	2018	2018
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets							
Investment properties	17	–	–	60,300	61,700	–	–
Property, plant and equipment	18	23,568	21,258	112,710	111,060	–	–
Prepaid lease payments	19	6,032	5,472	5,851	5,287	–	–
Investment in a subsidiary	20	–	–	–	–	–	–
Deferred tax assets	30	56	58	6	155	–	–
		29,656	26,788	178,867	178,202	–	–
Current assets							
Inventories	21	28,723	33,006	26,593	38,295	–	–
Prepaid lease payments	19	213	201	207	200	–	–
Debtors, deposits and prepayments	22	12,399	12,957	69,872	53,682	951	205
Contract assets	23	45,789	56,296	66,933	61,948	–	–
Amount due from a subsidiary	25	–	–	–	–	73,373	77,780
Amounts due from fellow subsidiaries	25	2,865	6,444	–	731	–	–
Amount due from immediate holding company	25	–	228,038	–	–	–	–
Bank balances and cash	26	47,814	47,055	40,646	74,963	–	–
		137,803	383,997	204,251	229,819	74,324	77,985

		THE GROUP				THE COMPANY	
		As at 31 March			As at 31 August	As at 31 March	As at 31 August
	NOTES	2016	2017	2018	2018	2018	2018
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities							
Trade and other payables	27	49,871	41,228	59,245	70,040	806	4,886
Provisions	28	17,106	39,039	29,895	35,433	–	–
Contract liabilities	23	126	3,530	3,313	1,648	–	–
Amount due to ultimate holding company	29	–	2,969	–	–	–	–
Amount due to immediate holding company	29	33,477	–	77,452	84,016	77,452	83,362
Amounts due to fellow subsidiaries	29	15,465	37,143	–	–	–	–
Amounts due to subsidiaries		–	–	–	–	–	5,171
Bank and other loans	30	–	127,028	–	–	–	–
Taxation payable		3,031	8,336	8,238	9,993	–	–
		119,076	259,273	178,143	201,130	78,258	93,419
Net current assets (liabilities)		18,727	124,724	26,108	28,689	(3,934)	(15,434)
Total assets less current liabilities		48,383	151,512	204,975	206,891	(3,934)	(15,434)
Non-current liabilities							
Provisions	28	25,064	76,088	76,246	75,096	–	–
Deferred tax liabilities	31	–	–	37	471	–	–
		25,064	76,088	76,283	75,567	–	–
		23,319	75,424	128,692	131,324	(3,934)	(15,434)
Capital and reserves							
Share capital	32	11,000	11,000	–	–	–	–
Reserves	33	12,319	64,424	128,692	131,324	(3,934)	(15,434)
		23,319	75,424	128,692	131,324	(3,934)	(15,434)

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
Adjustment *(note 3)*	–	–	–	(962)	(962)
At 1 April 2018	–	7,615	2,785	117,330	127,730
Profit for the period	–	–	–	8,954	8,954
Exchange differences arising on translation of a foreign operation	–	–	(5,360)	–	(5,360)
Total comprehensive (expense) income for the period	–	–	(5,360)	8,954	3,594
As at 31 August 2018	–	7,615	(2,575)	126,284	131,324

	Attributable to owners of the Company				
	Share capital	**Other reserve**	**Exchange reserve**	**Accumulated profits**	**Total**
	HK$'000	*HK$'000* *(note)*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2017	11,000	–	(3,756)	68,180	75,424
Profit for the period (unaudited)	–	–	–	28,889	28,889
Exchange differences arising on translation of a foreign operation (unaudited)	–	–	3,115	–	3,115
Total comprehensive income for the period	–	–	3,115	28,889	32,004
At 31 August 2017 (unaudited)	11,000	–	(641)	97,069	107,428

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			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Operating activities					
Profit before taxation	35,139	67,050	64,950	36,214	11,368
Adjustments for:					
Interest income	(15)	(19)	(16)	(4)	(3)
Interest expense	1,810	1,046	2,646	1,477	891
Depreciation of property, plant and equipment	169	112	2,070	46	1,865
Net provisions made	39,585	99,476	39,432	30,053	25,447
Gain on change in fair value of investment properties	–	–	(1,316)	–	(1,400)
(Gain) loss on disposal of property, plant and equipment	–	–	(102)	57	–
(Reversal of) impairment loss recognised on trade debtors	(927)	–	3,548	–	–
Impairment loss recognised on inventories	–	–	1,462	–	–
Impairment loss, net of reversal, subject to expected credit losses ("ECL")	–	–	–	–	(212)
Operating cash flows before movements in working capital	75,761	167,665	112,674	67,843	37,956
(Increase) decrease in inventories	(4,223)	(2,943)	10,810	(592)	(12,803)
Decrease (increase) in debtors, deposits and prepayments	11,781	(964)	(58,655)	(72,976)	13,602
(Increase) decrease in contract assets/liabilities, net	(13,411)	(7,103)	(10,854)	(14,501)	3,320
Increase (decrease) in trade and other payables	8,565	(8,284)	17,542	39,518	11,677
Utilisation of provisions	(9,217)	(27,264)	(50,075)	(14,817)	(21,950)
Increase in amounts due from fellow subsidiaries	–	–	–	–	(731)
Cash from operating activities	69,256	121,107	21,442	4,475	31,071
Interest paid	(1,602)	(1)	(1,289)	(1,116)	–
Hong Kong Profits Tax paid	(1,988)	(6,389)	(14,786)	–	–
PRC Enterprise Income Tax paid	–	(21)	(72)	–	(74)
Net cash from operating activities	65,666	114,696	5,295	3,359	30,997

	Year ended 31 March			Five months ended 31 August	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(Unaudited)*	*HK$'000*
Investing activities					
Interest received	15	19	16	4	3
(Advance to) repayment from immediate holding company	–	(228,038)	228,038	26,115	–
Advance to fellow subsidiaries	(4,388)	(4,343)	(1,968)	(1,968)	–
Repayment from fellow subsidiaries	1,726	764	8,412	8,412	–
Purchase of investment properties	–	–	(2,684)	–	–
Proceeds from disposal of property, plant and equipment	–	–	188	27	–
Purchase of property, plant and equipment	(1,298)	(1,929)	(5,262)	(265)	(3,030)
Net cash (used in) from investing activities	(3,945)	(233,527)	226,740	32,325	(3,027)
Financing activities					
Advance from (repayment to) immediate holding company	19,908	(33,477)	(71,328)	–	6,564
New bank and other loans raised	50,000	127,028	29,783	29,783	–
Repayments of bank and other loans	(120,000)	–	(156,986)	(36,986)	–
Advance from fellow subsidiaries	2,028	21,782	1,001	1,001	–
Repayment to fellow subsidiaries	(304)	(104)	(38,144)	(38,144)	–
Advance from (repayment to) ultimate holding company	–	2,969	(2,969)	(2,969)	–
Net cash (used in) from financing activities	(48,368)	118,198	(238,643)	(47,315)	6,564
Net increase (decrease) in cash and cash equivalents	13,353	(633)	(6,608)	(11,631)	34,534
Cash and cash equivalents at the beginning of the year/period	34,543	47,814	47,055	47,055	40,646
Effect of foreign exchange rate changes	(82)	(126)	199	260	(217)
Cash and cash equivalents at the end of the year/period, representing bank balances and cash	47,814	47,055	40,646	35,684	74,963

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, a fellow subsidiary of the Company. 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 34) 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 years ended 31 March 2016, 31 March 2017 and 31 March 2018 and the five months ended 31 August 2017 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 years ended 31 March 2016, 31 March 2017 and 31 March 2018 and the five months ended 31 August 2017 (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 2018, including HKFRS 15 "Revenue from Contracts with Customers", throughout the Track Record Period, except that the Group adopted HKFRS 9 "Financial Instruments" from 1 April 2018.

The Group chooses to apply the transition relief given in HKFRS 9 and has not restated the financial information for the three years ended 31 March 2018 in the year of the initial application. The Group discloses accounting policies for financial instruments in note 4 for both periods: accounting policies which conform with HKFRS 9 that are applicable from 1 April 2018 onwards and accounting policies which conform with HKAS 39 "Financial Instruments: Recognition and Measurement" that are applicable for each of the three years ended 31 March 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39. Any difference between the previous carrying amounts and the carrying amounts at the beginning of the annual reporting period that includes the date of initial application is recognised in the opening accumulated profits or other components of equity, as appropriate.

The directors of the Company reviewed and assessed the Group's financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. Changes in classification and measurement on the Group's financial assets and the impacts thereof are detailed below.

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial assets

All financial assets and financial liabilities continue to be measured on the same bases as were previously measured under HKAS 39.

Impairment under ECL model

As at 1 April 2018, the additional credit loss allowance charged against trade debtors and contract assets of HK$1,152,000 and deferred tax of HK$190,000 have been recognised against accumulated profits.

The impact of credit loss allowance for trade debtors and contract assets as at 31 March 2018 reconciled to the beginning loss allowance and deferred tax as at 1 April 2018 is as follows:

	Trade debtors	Contract assets	Deferred tax
	HK$'000	*HK$'000*	*HK$'000*
At 31 March 2018 — HKAS 39	3,548	–	–
Amounts remeasured through accumulated profits	492	660	(190)
At 1 April 2018 — HKFRS 9	4,040	660	(190)

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

HKFRS 16	Leases[1]
HKFRS 17	Insurance Contracts[2]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[1]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 1 and HKAS 8	Definition of Material[5]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[1]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[1]

1 Effective for annual periods beginning on or after 1 January 2019
2 Effective for annual periods beginning on or after 1 January 2021
3 Effective for business combinations and assets acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
4 Effective for annual periods beginning on or after a date to be determined
5 Effective for annual periods beginning on or after 1 January 2020

Except for the new HKFRS 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 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.

Other than certain requirements which are also applicable to lessor, 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 August 2018, the Group has non-cancellable operating lease commitments of HK$81,000 as disclosed in note 36. 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 August 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. 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. Based on the facts and circumstances as at 31 August 2018, the directors of the Company do not expect the application of HKFRS 16 will have material impact on the financial position and financial performance of the Group.

The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) — Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC) — Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application.

In addition, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognised the cumulative effect of initial application to opening accumulated profits without restating comparative information.

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.

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 outputmethod, 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 has right to consideration for completion of design, supply and installation of aluminium windows and curtain walls and not yet billed under the relevant contracts, and their right is conditioned on factors other than passage of time. 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 becomes unconditional other than the passage of time. Remaining rights and progress payment received 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 received 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 (before application of HKFRS 9 on 1 April 2018)

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 fair value through profit or loss ("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.

Financial instruments (after application of HKFRS 9 on 1 April 2018)

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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and 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 asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of financial asset within the timeframe established by the market concerned and are initially measured at fair value, plus transaction cost.

All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on a specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

All of the Group's financial assets are subsequently measured at amortised cost.

Impairment of financial assets

The Group recognises a loss allowance for ECL on financial assets and other items which are subject to impairment under HKFRS 9 (including trade debtors, contract assets, other receivables, amounts due from fellow subsidiaries, amount due from a subsidiary, amount due from immediate holding company, bank balances and cash, and financial guarantee contracts). The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

The Group always recognises lifetime ECL for trade debtors and contract assets. The ECL on these assets are assessed collectively using a provision matrix grouping of various customers with similar credit risk characteristics. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of an evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies and other similar organisations.

In particular, the following information is taken into account when assessing whether the credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- significant increase in credit risk on other financial instruments of the same debtors; and

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk since initial recognition and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial assets have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer of the borrower; or
- a breach of contract, such as a default or past due event; or
- it is becoming probably that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. A write-off constitutes a derecognition event. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice when appropriate.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial guarantee contracts, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the correspondence adjustment is recognised through a loss allowance account.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Derecognition of financial assets

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.

Financial liabilities and equity instruments

Classification as debt or equity

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.

Financial liabilities

All financial liabilities 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 contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

(i) the amount of the loss allowance determined in accordance with HKFRS 9; and

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

Derecognition of financial liabilities

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/period. 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 (the "MPF Scheme") are recognised as an expense when employees have rendered services entitling them to the contributions.

The Group operates the MPF Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% to 10% of the relevant payroll costs for each employee to the MPF Scheme, subject to a cap of monthly relevant income of HK$30,000 for the MPF Scheme, which contribution is matched by employees.

The employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. The Group is required to contribute a specific percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified 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.

Equity-settled share-based payment transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest.

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 and 31 August 2018 at their fair value of HK$60,300,000 and HK$61,700,000, respectively (note 17). 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.

Provision of ECL for trade debtors and contract assets

Before the application of HKFRS 9, the Group makes allowances for trade debtors and contract assets based on the assessment of the recoverability, creditworthiness of customers and ages of trade debtors and contract assets.

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.

Since the application of HKFRS 9 on 1 April 2018, management estimates the amount of loss allowance for ECL on trade debtors and contract assets that are measured at amortised cost based on the credit risk of trade debtors and contract assets. When measuring ECL, the Group uses reasonable and supportable forward-looking information (for example, the current and forecasted economic growth rates and unemployment rate in Hong Kong, which reflect the general economic conditions of the industry in which the debtors operate) that is available without undue cost or effort. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The assessment of the credit risk of trade debtors and contract assets involve high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

As at 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 2018, the carrying amounts of trade debtors and contract assets were HK$4,989,000 and HK$45,789,000, HK$5,359,000 and HK$56,296,000, HK$62,026,000 and HK$66,933,000, and HK$44,687,000 and HK$61,948,000, 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, 31 March 2018 and 31 August 2018, the Group recognised provision related to warranty costs and rectification work amounting to HK$42,170,000, HK$115,127,000, HK$106,141,000 and HK$110,529,000, respectively (note 28).

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			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Provision of design, supply and installation of aluminium windows and curtain walls services	367,768	501,938	421,146	215,129	157,072

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

By contract type	Year ended 31 March			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*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	141,623	68,308
Design, supply and installation for aluminium windows, doors and other products for new buildings *(note ii)*	116,913	153,869	162,161	72,885	87,000
Design, supply and installation for renovation works for existing buildings	2,435	191	14,737	–	892
Repairing, maintenance and others *(note iii)*	3,010	323	1,360	621	872
Total	367,768	501,938	421,146	215,129	157,072

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			As at 31 August
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Provision of design, supply and installation of aluminium windows and curtain walls services	489,906	285,782	516,585	520,934

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, 31 March 2018 and 31 August 2018 will be recognised as revenue during the years ended/ending 31 March 2017 to 31 March 2021.

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			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Hong Kong	342,941	483,397	377,094	173,304	152,181
PRC	24,827	18,541	44,052	41,825	1,631
Other (Saipan)	–	–	–	–	3,260
	367,768	501,938	421,146	215,129	157,072

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

	As at 31 March			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	400	340	152,443	154,801
PRC	29,200	26,390	26,418	23,246
	29,600	26,730	178,861	178,047

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			Five months ended 31 August	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Customer a	156,984	145,414	–*	–*	–*
Customer b	96,315	149,973	94,173	38,593	47,959
Customer c	–*	78,071	–*	–*	19,358
Customer d	N/A	50,478	151,547	103,493	–*
Customer e	N/A	N/A	63,398	–*	25,797
Customer f	N/A	–*	43,011	41,825	N/A
Customer g	–*	–*	–*	–*	41,329

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

8. OTHER INCOME

	Year ended 31 March			Five months ended 31 August	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Sales of scrap materials	1,135	1,272	1,268	856	609
Rental income	–	–	410	–	648
Interest income	15	19	16	4	3
Others	365	114	105	68	18
	1,515	1,405	1,799	928	1,278

9. OTHER GAINS (LOSSES)

	Year ended 31 March			Five months ended 31 August	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Exchange gains (losses)	445	1,866	(5,185)	(2,193)	3,528
Gain (loss) on disposal of property, plant and equipment	–	–	102	(57)	–
	445	1,866	(5,083)	(2,250)	3,528

10. IMPAIRMENT LOSSES, NET OF REVERSAL

	Year ended 31 March			Five months ended 31 August	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Net impairment losses reversed (recognised) on:					
– trade debtors	927	–	(3,548)	–	140
– contract assets	–	–	–	–	72
	927	–	(3,548)	–	212

11. FINANCE COSTS

	Year ended 31 March			Five months ended 31 August	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Interests on:					
– bank loans	1,477	7	929	756	–
– other loan	–	293	60	60	–
– bank overdraft interest	–	1	–	–	–
– amount due to a fellow subsidiary	125	–	–	–	–
Imputed interest expense on provisions	208	745	1,657	661	891
	1,810	1,046	2,646	1,477	891

12. PROFIT BEFORE TAXATION

	Year ended 31 March			Five months ended 31 August	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):					
Directors' remuneration *(note 13)*					
Fee	13	15	565	236	235
Other emoluments	4,129	5,120	5,552	2,354	2,610
Equity-settled share-based payments	–	505	9,586	3,619	1,826
	4,142	5,640	15,703	6,209	4,671
Other staff costs					
Salaries and other benefits	46,245	55,825	58,087	23,436	24,216
Retirement benefits scheme contributions for other staff	2,848	5,262	4,468	1,624	2,319
Equity-settled share-based payments	–	438	2,927	492	634
Total staff costs	53,235	67,165	81,185	31,761	31,840
Less: Staff costs included in cost of inventories	(13,674)	(16,885)	(14,597)	(5,982)	(6,141)
	39,561	50,280	66,588	25,779	25,699
Auditor's remuneration	299	400	461	192	250
Depreciation of property, plant and equipment	3,225	2,849	4,916	1,195	3,042
Less: Depreciation expenses included in costs of inventories	(3,056)	(2,737)	(2,846)	(1,149)	(1,177)
	169	112	2,070	46	1,865
Operating lease rentals in respect of rented premises	883	1,622	1,052	609	39
Cost of inventories recognised as expenses	137,194	162,690	131,710	58,797	50,515
Impairment loss recognised on inventories	–	–	1,462	–	–
Gross rental income under operating leases	–	–	(410)	–	(648)
Less: Direct operating expenses that generated rental income during the year/period	–	–	146	–	3
	–	–	(264)	–	(645)
Release of prepaid lease payments included in cost of inventories	213	201	207	84	86

13. 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 22 February 2019 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
Five months ended 31 August 2017 (unaudited)							
Executive directors *(note ii)*							
Mr. Chuk Kin Lun	–	290	595	43	–	822	1,750
Mr. Lee Cheuk Hung	–	489	458	43	–	370	1,360
Non-executive directors *(note iii)*							
Mr. Cha Mou Sing, Payson	236	–	–	–	–	450	686
Mr. Wong Sue Toa, Stewart	–	233	–	35	–	1,318	1,586
Mr. Tai Sai Ho	–	146	–	22	–	659	827
Total emoluments	236	1,158	1,053	143	–	3,619	6,209

	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*
Five months ended 31 August 2018							
Executive directors *(note ii)*							
Mr. Chuk Kin Lun	–	491	595	74	–	413	1,573
Mr. Lee Cheuk Hung	–	520	458	49	–	183	1,210
Non-executive directors *(note iii)*							
Mr. Cha Mou Sing, Payson	235	–	–	–	–	270	505
Mr. Wong Sue Toa, Stewart	–	226	–	34	–	640	900
Mr. Tai Sai Ho	–	142	–	21	–	320	483
Total emoluments	235	1,379	1,053	178	–	1,826	4,671

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, five, five (unaudited) and five directors of the Company for the years ended 31 March 2016, 31 March 2017 and 31 March 2018 and for the five months ended 31 August 2017 and 31 August 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			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*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 employees were within the following bands:

	Year ended 31 March			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	Number of employees	*Number of employees*	*Number of employees*	*Number of employees* *(unaudited)*	*Number of employees*
Nil to HK$1,000,000	1	nil	nil	nil	nil
HK$1,000,001 to HK$1,500,000	1	3	nil	nil	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.

14. TAXATION

	Year ended 31 March			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
The taxation charge comprises:					
Current taxation					
Hong Kong Profits Tax	3,931	11,693	14,574	6,422	1,148
PRC Enterprise Income Tax	–	22	175	746	791
	3,931	11,715	14,749	7,168	1,939
Deferred taxation *(note 31)*	(56)	(2)	89	157	475
	3,875	11,713	14,838	7,325	2,414

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 gazetted 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/period 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			Five months ended 31 August	
	2016	2017	2018	2017	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Profit before taxation	35,139	67,050	64,950	36,214	11,368
Tax at the applicable income tax rate of 16.5%	5,798	11,063	10,717	5,975	1,876
Tax effect of expenses not deductible for tax purpose	155	676	2,244	1,089	2,128
Tax effect of income not taxable for tax purpose	(245)	(11)	(285)	–	(231)
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	–	–	2,881	–	–
Tax effect of deductible temporary differences previously not recognised	–	–	–	–	(1,628)
Effect of different tax rate of a subsidiary operating in other jurisdiction	(169)	(16)	(719)	261	269
Others	(75)	–	–	–	–
Taxation for the year/period	3,875	11,713	14,838	7,325	2,414

15. 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.

16. 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			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Earnings					
Profit for the year/period attributable to owners of the Company for the purpose of basic earnings per share	31,264	55,337	50,112	28,889	8,954
	Number of shares	*Number of shares*	*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	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.

17. INVESTMENT PROPERTIES

The Group

	HK$'000
FAIR VALUE	
At 1 April 2015, 31 March 2016 and 31 March 2017	–
Acquisition of a subsidiary *(note 34)*	56,300
Additions	2,684
Gain on change in fair value	1,316
At 31 March 2018	60,300
Gain on change in fair value	1,400
At 31 August 2018	61,700

The fair value of the Group's investment properties at 31 March 2018 and 31 August 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 and 31 August 2018, the valuation of properties amounting to HK$60,300,000 and HK$61,700,000, respectively, 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 and the five months ended 31 August 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
As at 31 August 2018	61,700	2.5%	HK$20.6 to HK$22.5

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.

18. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	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 34)*	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
Exchange adjustments	(2,125)	(1,265)	(22)	(288)	(31)	(106)	(2)	(3,839)
Additions	–	–	23	884	–	2,123	–	3,030
At 31 August 2018	113,970	17,691	928	6,334	5,139	4,047	240	148,349
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
Exchange adjustments	(929)	(896)	(15)	(278)	(7)	(74)	(2)	(2,201)
Provided for the period	1,779	577	17	98	305	266	–	3,042
At 31 August 2018	13,919	14,109	773	5,197	1,556	1,495	240	37,289
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
At 31 August 2018	100,051	3,582	155	1,137	3,583	2,552	–	111,060

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

19. PREPAID LEASE PAYMENTS

The Group

	As at 31 March			As at 31 August
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The prepaid lease payments comprise:				
Leasehold land in the PRC	6,245	5,673	6,058	5,487
Analysed for reporting purposes as:				
Current asset	213	201	207	200
Non-current asset	6,032	5,472	5,851	5,287
	6,245	5,673	6,058	5,487

20. INVESTMENT IN A SUBSIDIARY

The Company

	As at 31 March	As at 31 August
	2018	**2018**
	HK$'000	*HK$'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			31 August	Date of this report		
				2016	2017	2018	2018			
Heroic Elite	BVI 27 February 2017	Hong Kong	US$1	N/A	100%	100%	100%	100%	Investment holding	(a)
Million Hope Industries (BVI)	BVI 15 February 2018	Hong Kong	US$1	N/A	N/A	100%	100%	100%	Investment holding	(a), (f)
Million Hope Industries (HK)	Hong Kong 10 August 1990	Hong Kong	HK$11,000,000	100%	100%	100%	100%	100%	Design, supply and installation of aluminium windows and curtain walls	(b)
Million Hope (BVI)	BVI 15 February 2018	Hong Kong	US$1	N/A	N/A	100%	100%	100%	Investment holding	(a)
Paramount Forward	BVI 2 January 2018	Hong Kong	US$1	N/A	N/A	100%	100%	100%	Investment holding	(a)
Rich Victory	Hong Kong 5 December 2014	Hong Kong	HK$1	N/A	N/A	100%	100%	100%	Property investment	(d), (e)
Sunny Oriental Limited ("Sunny Oriental")	Hong Kong 24 October 2007	Hong Kong	HK$1	100%	100%	100%	100%	100%	Investment holding	(b)
Waller Holdings	BVI 17 November 2014	Hong Kong	US$1	N/A	N/A	100%	100%	100%	Investment holding	(a)
美興新型建築材料(惠州) 有限公司 Million Hope New-Tech Building Supplies (Huizhou) Limited ("Million Hope (Huizhou)")	PRC 27 May 2008	PRC	HK$65,000,000	100%	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, 31 March 2017 and 31 March 2018 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by Deloitte Touche Tohmatsu.

(c) The statutory financial statements of Million Hope (Huizhou) 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 from 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 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.

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

21. INVENTORIES

The Group

	As at 31 March			As at 31 August
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	15,479	22,723	14,850	16,026
Work in progress	13,244	10,283	11,743	22,269
	28,723	33,006	26,593	38,295

22. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group

	As at 31 March			As at 31 August
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade debtors	4,989	5,359	62,026	44,687
Value-added tax receivables	3,058	4,249	3,080	5,189
Deposits and prepayments	3,945	2,719	3,020	2,987
Prepaid listing expenses	–	–	**[REDACTED]**	**[REDACTED]**
Other receivables	407	630	795	614
	12,399	12,957	69,872	53,682

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			As at 31 August
	2016	**2017**	**2018**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	2,841	3,276	31,170	31,561
31–60 days	1,472	–	24,768	3,810
61–90 days	8	–	–	5,690
Over 90 days	668	2,083	6,088	3,626
	4,989	5,359	62,026	44,687

Before the application of HKFRS 9 on 1 April 2018, 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

Upon the application of HKFRS 9, loss allowance for trade debtors has been measured at an amount equal to lifetime ECL.

For purpose of impairment assessment, the other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month ECL .

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Details of the impairment assessment of trade debtors are set out in note 24.

The Company

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

23. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group

	As at 1 April	As at 31 March			As at 31 August
	2015	2016	2017	2018	2018
	HK$'000	*HK$'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	61,948
Contract liabilities					
Provision of design, supply and installation of aluminium windows and curtain walls services	(916)	(126)	(3,530)	(3,313)	(1,648)

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, 31 March 2017 and 31 March 2018, HK$916,000, HK$126,000, HK$nil and HK$3,260,000 are recognised as revenue in profit or loss during the year ended 31 March 2016, 31 March 2017, 31 March 2018 and the five months ended 31 August 2018, respectively.

There were no impairment losses recognised on any contract assets for the years ended 31 March 2016, 31 March 2017 and 31 March 2018.

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.

Upon the application of HKFRS 9, loss allowance for contract assets has been measured at an amount equal to lifetime ECL. Details of the impairment assessment of contact assets are set out in note 24.

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 and HK$41,623,000 as at 31 March 2016, 31 March 2017 , 31 March 2018 and 31 August 2018, respectively. As at 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 2018, the balances included retention money from fellow subsidiaries amounting to HK$2,921,000, HK$1,045,000, HK$1,108,000 and HK$196,000, 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			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
On demand or within one year	32,023	37,999	27,658	18,816
After one year	3,988	10,331	26,061	22,807
	36,011	48,330	53,719	41,623

24. IMPAIRMENT ASSESSMENT ON TRADE DEBTORS AND CONTRACT ASSETS

In order to minimise credit risk, the Group makes periodic collective assessment on the recoverability of trade debtors and contract assets and develops and maintains the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group's internal credit risk grading assessment comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL – not credit-impaired
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired

In determining the ECL for trade debtors and contract assets, the management of the Group has taken into account the historical default experience and the future prospect of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, as well as any cash flows that are expected from the realisation of the collateral, in estimating the probability of default of each of the trade debtors and contract assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

The following table provides information about the exposure to credit risk and ECL for trade debtors and contract assets which are assessed collectively based on internal credit grading as at 31 August 2018.

Internal credit rating	Average loss rate	Gross carrying amount	Impairment losses
		HK$'000	*HK$'000*
Performing	0.9%	103,915	900
Doubtful	1.1%	3,660	40
In default	100.0%	3,262	3,262
		110,837	4,202

The ECL on trade debtors and contract assets are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable.

A trade debtor and contract asset is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade debtors are over three years past due, whichever occurs earlier. None of the trade receivables that have been written off is subject to enforcement activities.

There has been no change in the estimation techniques or significant assumptions made during the five months ended 31 August 2018 in assessing the loss allowance for the trade debtors and contract assets.

The movement of the impairment losses in respect of trade debtors and contract assets during the five months ended 31 August 2018 is as follows:

	Lifetime ECL-not credit-impaired	Lifetime ECL-credit-impaired	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 April 2018 *(note)*	1,152	3,548	4,700
Exchange adjustments	–	(286)	(286)
Impairment losses recognised	67	–	67
Reversal of impairment losses recognised	(279)	–	(279)
At 31 August 2018	940	3,262	4,202

Note: The Group has initially applied HKFRS 9 at 1 April 2018 and comparative information is not restated.

There is no transfer between the above categories during the five months ended 31 August 2018.

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

The Group

Amounts due from immediate holding company and fellow subsidiaries are non-trade in nature and are 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.

26. 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%, 0.01% and 0.01% per annum as at 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 2018, respectively.

At 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 2018, bank balances and cash of HK$1,882,000, HK$2,404,000, HK$1,549,000 and HK$3,876,000, 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			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
United States Dollars ("USD")	619	459	462	462
Euro ("EUR")	7	7	8	8
RMB	3,929	74	1,094	779

27. TRADE AND OTHER PAYABLES

The Group

	As at 31 March			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payable	7,106	4,210	5,560	7,075
Retention payable – amount payable within one year	7,436	11,051	14,392	14,137
Accrued costs for construction works	24,296	8,035	22,447	23,326
Accrued operating costs and charges	2,799	4,212	308	791
Accrued staff costs	8,234	13,720	15,288	19,381
Accrued listing expenses	–	–	[REDACTED]	[REDACTED]
Rental deposits received	–	–	444	444
	49,871	41,228	59,245	70,040

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			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	2,396	1,615	2,225	2,006
31–60 days	122	994	710	3,450
61–90 days	1,015	261	254	253
Over 90 days	3,573	1,340	2,371	1,366
	7,106	4,210	5,560	7,075

The Company

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

28. PROVISIONS

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

	As at 31 March			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities	17,106	39,039	29,895	35,433
Non-current liabilities	25,064	76,088	76,246	75,096
	42,170	115,127	106,141	110,529

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
Additions	1,573	23,874	25,447
Utilisation	(2,054)	(19,896)	(21,950)
Interest expense	891	–	891
At 31 August 2018	42,574	67,955	110,529

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.

29. 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.

30. BANK AND OTHER LOANS

The Group

	As at 31 March			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'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.

31. 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			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax assets	56	58	6	155
Deferred tax liabilities	–	–	(37)	(471)
	56	58	(31)	(316)

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	ECL provision of trade debtors and contract assets	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 April 2015	–	–	–	–
Credit to profit or loss *(note 14)*	56	–	–	56
At 31 March 2016	56	–	–	56
Credit to profit or loss *(note 14)*	2	–	–	2
At 31 March 2017	58	–	–	58
(Charge) credit to profit or loss *(note 14)*	(446)	357	–	(89)
At 31 March 2018	(388)	357	–	(31)
Effect of initial recognition of HKFRS 9 on 1 April 2018 *(note 3)*	–	–	190	190
(Charge) credit to profit or loss *(note 14)*	(490)	50	(35)	(475)
At 31 August 2018	(878)	407	155	(316)

At 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 2018, the Group has unused tax losses of approximately HK$113,000, HK$120,000, HK$2,285,000 and HK$2,587,000, respectively, available for offset against future profit. As at 31 March 2018 and 31 August 2018, a deferred tax asset has been recognised in respect of approximately HK$2,163,000 and HK$2,464,000, respectively, of such losses. As at 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 2018, no deferred tax asset has been recognised in respect of such tax losses of remaining HK$113,000, HK$120,000 and, HK$122,000 and HK$123,000 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, 31 March 2018 and 31 August 2018, the Group has deductible temporary differences of approximately HK$nil, HK$nil, HK$5,010,000 and HK$4,724,000 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.

32. 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 capitals of Million Hope Industries (HK) and Heroic Elite.

The share capital shown in the Historical Financial Information as at 31 March 2018 and 31 August 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), 31 March 2018 and 31 August 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 and 31 August 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. The new shares issued rank pari passu in all respects with the existing shares in issue.

33. 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)
Loss and total comprehensive expense for the period	(11,500)
At 31 August 2018	(15,434)

34. 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 assignment of 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 and its fellow subsidiaries' existing offices 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 (excluding the assignment of shareholder's loan) 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

35. 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.

36. 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			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	125	1,387	94	79
In the second to fifth year inclusive	–	1,286	27	2
	125	2,673	121	81

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			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	–	–	1,555	1,555
In the second to fifth year inclusive	–	–	2,721	2,073
	–	–	4,276	3,628

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

37. PERFORMANCE BONDS AND CONTINGENT LIABILITIES

(a) Performance bonds

As at 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 2018, the Group had outstanding performance bonds in respect of construction contracts amounting to HK$62,617,000, HK$100,778,000, HK$87,218,000 and HK$109,093,000, respectively. Hanison Construction (BVI) provided corporate guarantees for these outstanding performance bonds granted to the Group. The directors of the Company represented that the guarantee is expected to be released upon the Listing.

(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, HK$57,350,000 and HK$57,350,000 was utilised by the Fellow Subsidiaries as at 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 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. In October 2018, Million Hope Industries (HK) was removed as a party to the facility while remaining as one of the guarantor of the facility. The directors of the Company represent that the guarantee will be released upon the Listing.

38. 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 Hanison 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	–	28,052,000	–	28,052,000
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	28,446,000	(7,590,775)	28,742,625

For the five months ended 31 August 2018

Category of participants	Date of grant	Exercise period	Exercise price per share	Outstanding as at 1 April 2018	Exercised during the period	Outstanding as at 31 August 2018
			HK$			
Directors	26 November 2014	26 November 2014 to 25 November 2019	0.96*	282,500	–	282,500
	5 September 2017	5 September 2017 to 4 September 2022	1.54	28,052,000	–	28,052,000
Employees	26 November 2014	26 November 2014 to 25 November 2019	0.96*	14,125	–	14,125
	5 September 2017	5 September 2017 to 4 September 2022	1.54	394,000	–	394,000
				28,742,625	–	28,742,625

* *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 Hanison 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 Hanison 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, HK$2,645,000, HK$nil (unaudited) and HK$nil during the year ended 31 March 2016, 31 March 2017, 31 March 2018 and the five months ended 31 August 2017 and 31 August 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.

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 and the five months ended 31 August 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	Vested during the period	Number of share awards outstanding as at 31 August 2018
Directors	10 March 2017	30 June 2018	–	25,982,000	25,982,000	(25,982,000)	–
Employees	10 March 2017	30 June 2018	–	293,000	293,000	(293,000)	–
			–	26,275,000	26,275,000	(26,275,000)	–

Share awards granted to certain directors of the Company by Hanison 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 Hanison 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, HK$9,868,000, HK$4,111,000 (unaudited) and HK$2,460,000 during the year 31 March 2017 and 31 March 2018 and the five months ended 31 August 2017 and 31 August 2018, respectively.

39. 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			Five months ended 31 August	
	2016	**2017**	**2018**	**2017**	**2018**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*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	–	–	–	1,631
Design, supply and installation of aluminium windows and curtain walls services income from fellow subsidiaries	28,614	4,667	4,085	1,233	1,940
Equity-settled share-based payments charged by ultimate holding company	–	–	12,513	4,111	2,460
Interest expenses paid to a fellow subsidiary	125	–	–	–	–
Management fee expenses paid to ultimate holding company *(note i)*	2,678	2,569	1,573	654	654
Rental expenses in respect of office premise paid to fellow subsidiaries *(note ii)*	111	1,327	942	554	–
Rental expenses in respect of a car parking space paid to a fellow subsidiary *(note ii)*	55	56	60	25	25
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	222	16	16	–
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	14	14
Rental income received from fellow subsidiaries *(note ii)*	–	–	410	–	648

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, HK$2,400,000 and HK$nil as at 31 March 2016, 31 March 2017, 31 March 2018 and 31 August 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 36.

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 13.

40. 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 29, bank and other loans as disclosed in note 30, 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.

41. FINANCIAL INSTRUMENTS

Categories of financial instruments

	THE GROUP				THE COMPANY	
	As at 31 March			As at 31 August	As at 31 March	As at 31 August
	2016	2017	2018	2018	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Financial assets						
Loans and receivables (including cash and cash equivalents)	56,075	287,526	103,467	120,995	73,373	77,780
Financial liabilities						
At amortised cost	63,484	182,401	97,404	105,228	77,452	88,533

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 statements of financial position of the group entities at the end of the reporting period are as follows:

	As at 31 March			As at 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
HK$ against RMB	–	–	(1,747)	–
RMB against HK$	(42,184)	(44,576)	(31,721)	(40,060)

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$) against the relevant foreign currency (i.e. RMB). 10% is the sensitivity rate used which represents the management's assessment of the reasonably possible change in a foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 10% change in a foreign currency rate. A positive number below indicates an increase in post-tax profit where HK$ 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			Five months ended 31 August
	2016	2017	2018	2018
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
RMB against HK$	3,522	3,722	2,649	3,345

(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/period. 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			Five months ended 31 August
	2016	2017	2018	2018
Reasonably possible change in interest rate	*50 basis points*	*50 basis points*	*50 basis points*	*50 basis points*
	HK$'000	*HK$'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

Overview of the Group's exposure to credit risk before application of HKFRS 9 as at 1 April 2018

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 37(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.

As at 31 March 2016, 2017 and 2018 and 31 August 2018, the Group has concentration of credit risk with 83.3%, 99.9%, 87.8% and 93.8% of the total trade debtors was due from the Group's four, four, four and four largest customers, respectively.

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.

Overview of the Group's exposure to credit risk after application of HKFRS 9 on 1 April 2018

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from (i) the carrying amount of the respective recognised financial asses as stated in the consolidated statement of financial position; and (ii) the maximum amount the Group would have to pay if the financial guarantees is called upon, irrespective of the likelihood of the guarantee being exercised as disclosed in note 37(b).

The management of the Group has made periodic assessments as well as individual assessment on recoverability of trade debtors and contract assets based on historical settlement records and adjusted for forward-looking information. In determining the lifetime ECL for trade debtors and contract assets, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. Details of the impairment assessment on trade debtors and contract assets are set out in note 24.

The management of the Group considers the bank balances that are deposited with financial institutions with high credit rating to be low credit risk financial assets. The management of the Group considers the probability of default in negligible and accordingly, no loss allowance was recognised.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was HK$57,350,000 as at 31 August 2018. At the end of the reporting period, the management of the Group has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Accordingly, the loss allowance for financial guarantee contracts issued by the Group is measured at an amount equal to 12-month ECL.

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	–	19,952	19,952	19,952
Amount due to immediate holding company	–	77,452	77,452	77,452
Financial guarantee contracts	–	57,350	57,350	–
		154,754	154,754	97,404

	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 August 2018				
Non-derivative financial liabilities				
Trade and other payables	–	21,212	21,212	21,212
Amount due to immediate holding company	–	84,016	84,016	84,016
Financial guarantee contracts	–	57,350	57,350	–
		162,578	162,578	105,228

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
As at 31 August 2018				
Non-derivative financial liability				
Amount due to immediate holding company	–	83,362	83,362	83,362
Amounts due to fellow subsidiaries	–	5,171	5,171	5,171
		88,533	88,533	88,533

The amounts shown 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, 31 March 2018 and 31 August 2018, the aggregate undiscounted principal amounts of these bank loans amounted to HK$nil, HK$120,000,000, HK$nil 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 would be repaid in accordance with the scheduled repayment dates set out in the loan agreements as follows:

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*
Bank loans				
As at 31 March 2016	–	–	–	–
As at 31 March 2017	1.59	121,908	121,908	120,000
As at 31 March 2018	–	–	–	–
As at 31 August 2018	–	–	–	–

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.

42. 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$'000 *(note 29)*	*HK$'000* *(note 29)*	*HK$'000* *(note 29)*	*HK$'000* *(note 30)*	*HK$'000*
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 35)*	–	145,395	–	–	145,395
Assignment of promissory note *(notes 2 and 35)*	–	3,385	–	–	3,385
At 31 March 2018	–	77,452	–	–	77,452
Financing cash flows	–	6,564	–	–	6,564
At 31 August 2018	–	84,016	–	–	84,016
At 1 April 2017	2,969	–	37,143	127,028	167,140
Financing cash flows *(unaudited)*	(2,969)	–	(37,143)	(7,203)	(47,315)
Exchange adjustments *(unaudited)*	–	–	–	175	175
Settlement of the acquisition of a subsidiary on behalf of the Group *(note 34) (unaudited)*	–	145,395	–	–	145,395
At 31 August 2017 *(unaudited)*	–	145,395	–	120,000	265,395

43. PRE-ACQUISITION FINANCIAL INFORMATION OF WALLER HOLDINGS GROUP

As stated in note 34, 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$'000*
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.

44. EVENT AFTER THE END OF THE REPORTING PERIOD

On 22 February 2019, written resolutions of the shareholder of the Company was passed to approve the matters set out in the paragraph headed "4. Written resolutions of the sole Shareholder passed on 22 February 2019" under the section headed "A. Further information about the Company" in Appendix V of the Document. It was resolved, among other things:

(i) the authorised share capital of the Company was increased from HK$380,000 divided into 3,800,000 shares to HK$**[REDACTED]** divided into **[REDACTED]** shares by the creation of **[REDACTED]** shares; and

(ii) subject to the fulfilment of the conditions to the proposed spin-off of the Company by way of a distribution in specie of the entire issued share capital of the Company owned by Hanison ("Distribution") and separate listing of the shares of the Company on the Main Board of the Stock Exchange by way of introduction, a specific mandate was given to the directors of the Company to exercise all the powers of the Company to allot and issue **[REDACTED]** shares of the Company (based on 1,077,737,651 shares of Hanison in issue as at the Latest Practicable Date defined in the Document and assuming it will remain unchanged on the Record Date defined in the Document) as will enable Hanison to effect the Distribution on the basis of two shares of the Company for every five shares of Hanison held on the Record Date.

45. 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 August 2018 and up to the date of this report.