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Million Hope Industries Holdings Limited

美亨實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1897)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

SUMMARY OF RESULTS

For the year ended 31 March 2020, Million Hope Industries Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) recorded revenue of HK\$299.8 million, representing a 20.4% decrease as compared to HK\$376.6 million recorded for the year ended 31 March 2019. The drop in revenue was mainly due to overall delay of the master programmes of the Group’s certain projects during the year and the suspension of installation works in construction sites following the supply chain disruption caused by the novel coronavirus outbreak in the Mainland China during the first quarter of year 2020.

The Group recorded consolidated profit attributable to owners of the Company totalled HK\$24.2 million for the year ended 31 March 2020 (2019: HK\$22.9 million). When compared to the consolidated profit for the last year of HK\$45.5 million before the one-off listing expenses of HK\$22.6 million incurred for the Company’s listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the consolidated profit for the current year dropped by HK\$21.3 million or 46.8%. Such drop in consolidated profit was mainly attributed to (i) the drop in amount of gross profit following the drop in revenue as explained above; (ii) the impairment loss of HK\$1.3 million recognised for trade debtors and contract assets for the current year compared to reversal of impairment loss of HK\$3.1 million for last year; and (iii) the decrease in gain on change in fair value of investment properties held by the Group from HK\$3.2 million last year to HK\$0.5 million this year.

The basic earnings per share for the year was HK\$0.06, based on the weighted average number of 436,332,630 shares in issue, compared to HK\$1.06 in the last year which was based on the weighted average number of 21,517,869 shares in issue.

As at 31 March 2020, the net asset value of the Group amounted to HK\$514.9 million (31 March 2019: HK\$508.8 million), representing an increase of 1.2% over last year. Net asset value per share as at 31 March 2020 was HK\$1.18 based on the issued shares of 436,332,630 shares in issue (31 March 2019: HK\$1.17).

DIVIDEND

The board of directors of the Company (the “**Board**”) has recommended a final dividend of HK2.0 cents per share for the year ended 31 March 2020 (2019: HK2.0 cents per share) to shareholders whose names appear on the register of members of the Company on 3 September 2020. This, together with an interim dividend of HK1.2 cents per share (2019: nil) distributed during the year, gives a total dividend of HK3.2 cents per share for the year (2019: HK2.0 cents per share). The proposed final dividend will be paid on 15 September 2020 following approval at the annual general meeting scheduled to be held on 25 August 2020 and shall be paid out of the Company’s other reserves account.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 20 August 2020 to 25 August 2020, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 19 August 2020.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 1 September 2020 to 3 September 2020, both days inclusive, for the purpose of determining the identity of members who are entitled to the final dividend for the year ended 31 March 2020 (the “**2020 Final Dividend**”). In order to qualify for the 2020 Final Dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 31 August 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2020

	<i>NOTES</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	<i>3</i>	299,794	376,621
Cost of sales		(250,643)	(302,137)
Gross profit		49,151	74,484
Other income	<i>5</i>	9,974	4,107
Other gains and losses	<i>6</i>	906	1,618
(Impairment loss) reversal of impairment loss under expected credit loss model, net		(1,338)	3,134
Gain on change in fair value of investment properties		500	3,200
Administrative expenses		(29,286)	(33,672)
Finance costs		(1,726)	(2,047)
Listing expenses		–	(22,570)
Profit before taxation	<i>7</i>	28,181	28,254
Taxation	<i>8</i>	(3,941)	(5,372)
Profit for the year		24,240	22,882
Other comprehensive expense:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation from functional currency to presentation currency		(4,213)	(4,070)
Total comprehensive income for the year		20,027	18,812
Earnings per share basic (HK\$)	<i>10</i>	0.06	1.06

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2020

	NOTES	2020 HK\$'000	2019 HK\$'000
Non-current assets			
Investment properties		64,000	63,500
Property, plant and equipment		100,957	108,295
Right-of-use assets		5,096	–
Prepaid lease payments		–	5,271
Deferred tax assets		56	–
		<u>170,109</u>	<u>177,066</u>
Current assets			
Inventories		30,962	31,182
Prepaid lease payments		–	204
Debtors, deposits and prepayments	11	80,611	100,506
Contract assets		42,314	50,531
Tax recoverable		–	7,922
Bank balances and cash		297,691	304,648
		<u>451,578</u>	<u>494,993</u>
Current liabilities			
Trade and other payables	12	36,856	53,812
Provisions		12,383	33,666
Contract liabilities		–	926
Amount due to a related company		–	13,163
Tax payable		1,329	–
Lease liabilities		102	–
Deferred income		33	–
		<u>50,703</u>	<u>101,567</u>
Net current assets		<u>400,875</u>	<u>393,426</u>
Total assets less current liabilities		<u>570,984</u>	<u>570,492</u>
Non-current liabilities			
Provisions		55,797	61,589
Deferred tax liabilities		101	85
Lease liabilities		73	–
Deferred income		131	–
		<u>56,102</u>	<u>61,674</u>
		<u>514,882</u>	<u>508,818</u>
Capital and reserves			
Share capital	13	43,633	43,633
Reserves		471,249	465,185
		<u>514,882</u>	<u>508,818</u>

1. GENERAL

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 Cayman Islands and its shares were listed on the Main Board of the Stock Exchange.

The consolidated financial statements are presented in Hong Kong dollar (“**HK\$**”) which is the functional currency of the Company.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the other new and amendments to HKFRSs and the interpretation in the current year has had no material impact on the Group’s financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 “Leases”

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 “Leases” (“**HKAS 17**”), and the related interpretations.

Definition of a lease

The Group has elected 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. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 April 2019.

As at 1 April 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rates applied is 4.9%.

	At 1 April 2019 <i>HK\$'000</i>
Operating lease commitments disclosed as at 31 March 2019	132
<i>Less:</i> Recognition exemption – short term leases	<u>(16)</u>
	<u><u>116</u></u>

Lease liabilities discounted at relevant incremental borrowing rate relating to operating leases recognised upon application of HKFRS 16 as at 1 April 2019	<u><u>110</u></u>
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Analysed as	
Current	59
Non-current	<u>51</u>
	<u><u>110</u></u>

The carrying amount of right-of-use assets for own use as at 1 April 2019 comprises the following:

	Right-of-use assets <i>HK\$'000</i>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	110
Reclassified from prepaid leases payments (<i>note</i>)	<u>5,475</u>
	<u><u>5,585</u></u>
By class:	
Leasehold lands	5,475
Buildings	<u>110</u>
	<u><u>5,585</u></u>

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The adjustment has insignificant impact on the Group's consolidated statement of financial position at 1 April 2019.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 March 2019 <i>HK\$'000</i>	Adjustments <i>HK\$'000</i>	Carrying amounts under HKFRS 16 at 1 April 2019 <i>HK\$'000</i>
Non-current assets			
Right-of-use assets	–	5,585	5,585
Prepaid lease payments (<i>note</i>)	5,271	(5,271)	–
Current asset			
Prepaid lease payments (<i>note</i>)	204	(204)	–
Current liability			
Lease liability	–	(59)	(59)
Non-current liability			
Lease liability	–	(51)	(51)

Note: Upfront payments for leasehold lands in the People's Republic of China (the "PRC") were classified as prepaid lease payments as at 31 March 2019. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK\$204,000 and HK\$5,271,000 respectively, were reclassified to right-of-use assets.

Except for the above, the HKICPA has issued a number of new and amendments to HKFRSs which are not effective for the year and have not been early adopted by the Group.

3. 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 as the Group's contract work enhances an asset that the external customers control as the Group performs. 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 Mainland China during the year.

	2020	2019
	HK\$'000	HK\$'000
Provision of design, supply and installation of aluminium windows and curtain walls services	299,794	376,621

The customers of the Group are mainly property developers and main contractors in Hong Kong and Mainland China. 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

	2020	2019
	HK\$'000	HK\$'000
Design, supply and installation for curtain walls, aluminium windows, doors and other products for new buildings (<i>notes i and ii</i>)	205,678	167,738
Design, supply and installation for aluminium windows, doors and other products for new buildings (<i>note ii</i>)	80,139	201,950
Design, supply and installation for renovation works for existing buildings	8,061	5,003
Repairing, maintenance and others (<i>note iii</i>)	5,916	1,930
Total	299,794	376,621

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 and window testing (2019: mock up).

Performance obligations for contract with customers

The Group provides design, supply and installation of aluminium windows and curtain walls services under long-term contracts with customers. Such contracts are entered into before the design, supply and installation of aluminium windows and curtain walls services begin. The Group's supply and installation of aluminium windows and curtain walls enhances an asset that the external customers control as the Group performs. Revenue from provision of design, supply and installation of aluminium windows and curtain walls services is therefore recognised over time using output method, i.e. based on units of products installed or 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.

A contract asset, net of contract liability related to the same contract, is recognised over the period in which the construction services are performed representing the Group's right to consideration for the services performed. The contract assets are transferred to trade debtors when the rights become unconditional.

Retention money, prior to expiration of defect liability period, are classified as contract assets, which ranges from one to two years from the date of the practical completion of the construction. The relevant amount of contract asset is reclassified to trade debtors when the defect liability period expires. The defect liability period serves as an assurance that the construction services performed comply with agreed-upon specifications and such assurance cannot be purchased separately.

Transaction price allocated to the remaining performance obligations

Transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each reporting period and the expected time of recognising revenue are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within one year	285,745	252,394
More than one year but not more than two years	277,577	194,165
More than two years	<u>50,452</u>	<u>41,319</u>
	<u>613,774</u>	<u>487,878</u>

4. 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	288,952	347,934
Mainland China	10,842	19,183
Other (Saipan)	<u>–</u>	<u>9,504</u>
	<u>299,794</u>	<u>376,621</u>

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	150,678	154,369
Mainland China	19,375	22,697
	<u>170,053</u>	<u>177,066</u>

Information about major customers

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Customer a	32,843	76,851
Customer b	120,313	76,031
Customer c	82,490	125,474
	<u>235,646</u>	<u>278,356</u>

5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest income	7,535	25
Rental income	1,555	1,555
Sales of scrap materials	448	2,373
Government grants	177	–
Others	259	154
	<u>9,974</u>	<u>4,107</u>

6. OTHER GAINS AND LOSSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Exchange gains	906	1,633
Loss on disposal of property, plant and equipment	–	(15)
	<u>906</u>	<u>1,618</u>

7. PROFIT BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	1,875	423
Other emoluments	4,984	8,841
Equity-settled share-based payments	–	1,826
	<u>6,859</u>	11,090
Other staff costs		
Salaries and other benefits	63,034	62,846
Retirement benefits scheme contributions for other staff	5,536	5,143
Equity-settled share-based payments	–	634
	<u>75,429</u>	79,713
Total staff costs	75,429	79,713
Less: Staff costs included in cost of inventories	<u>(12,202)</u>	<u>(15,235)</u>
	<u>63,227</u>	64,478
Depreciation of right-of-use assets	277	N/A
Depreciation of property, plant and equipment	6,570	7,238
Less: Depreciation expenses included in the cost of inventories	<u>(1,849)</u>	<u>(2,625)</u>
	<u>4,998</u>	4,613
Auditor's remuneration	1,480	1,530
Operating lease rentals in respect of minimum lease payments of rented premises	N/A	94
Cost of inventories recognised as expenses	107,013	129,626
Reversal of impairment loss recognised on inventories	–	(1,366)
Gross rental income under operating leases	(1,555)	(1,555)
Release of prepaid lease payments included in cost of inventories	<u>N/A</u>	<u>204</u>

8. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
The taxation charge comprises:		
Current taxation		
Hong Kong Profits Tax	3,134	5,128
PRC Enterprise Income Tax	847	–
	<u>3,981</u>	<u>5,128</u>
Deferred taxation	(40)	244
	<u>3,941</u>	<u>5,372</u>

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%. The profits of 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%. Accordingly, the Hong Kong profits tax of the qualifying group entity is calculated at 8.25% on the first HK\$2,000,000 of the estimated assessable profits at 16.5% on the estimated assessable profits above HK\$2,000,000.

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 subsidiary was 25%. No provision for taxation in the PRC recognised for the year ended 31 March 2019 as there was no assessable profit for the year ended 31 March 2019.

9. DIVIDENDS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends recognised at distribution during the year:		
Ordinary shares:		
2020 interim dividend – HK1.2 cents per share (2019: 2019 interim dividend – nil)	5,236	–
2019 final dividend – HK2.0 cents per share (2019: 2018 final dividend – nil)	<u>8,727</u>	<u>–</u>
	<u>13,963</u>	<u>–</u>
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Proposed final dividend for the financial year ended 31 March 2020 of HK2.0 cents per share (2019: for the financial year ended 31 March 2019 of HK2.0 cents per share)	<u>8,727</u>	<u>8,727</u>

10. EARNINGS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<u>Earnings</u>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>24,240</u>	<u>22,882</u>
	Number of shares	
	2020	2019
<u>Weighted average number of shares</u>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>436,332,630</u>	<u>21,517,869</u>

No diluted earnings per share is presented as there was no potential ordinary share for both years.

11. DEBTORS, DEPOSITS AND PREPAYMENTS

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 aged analysis of the trade debtors presented based on the right to consideration became unconditional or invoice date at the end of the reporting period:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	26,163	43,724
31 – 60 days	13,777	20,189
61 – 90 days	7,810	12,995
Over 90 days	25,767	15,384
	<u>73,157</u>	<u>92,292</u>

12. TRADE AND OTHER PAYABLES

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

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	1,115	4,122
31 – 60 days	1,559	1,491
61 – 90 days	71	1,562
Over 90 days	1,501	2,838
	<u>4,246</u>	<u>10,013</u>

13. SHARE CAPITAL

	Notes	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.1 each			
Authorised:			
At 31 March 2018		3,800,000	380
Increase on 22 February 2019	(i)	<u>4,996,200,000</u>	<u>499,620</u>
As at 31 March 2019 and 31 March 2020		<u><u>5,000,000,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid:			
At 31 March 2018		100	–
Issue of shares	(ii)	<u>436,332,530</u>	<u>43,633</u>
At 31 March 2019 and 31 March 2020		<u><u>436,332,630</u></u>	<u><u>43,633</u></u>

Notes:

- (i) Pursuant to written resolutions passed by the sole shareholder of the Company on 22 February 2019, the authorised share capital of the Company was increased from HK\$380,000 to HK\$500,000,000 by the creation of 4,996,200,000 additional new shares of HK\$0.1 each in the capital of the Company.
- (ii) On 14 March 2019, 436,332,530 ordinary shares of HK\$0.1 each of the Company were allotted and issued to Hanison Construction Holdings (BVI) Limited, the immediate holding company of the Company prior to the listing of the shares of the Company on the Main Board of the Stock Exchange on 19 March 2019 (the “**Listing**”), at par for the Listing at a cash consideration of HK\$43,633,000. The new shares issued rank pari passu in all respects with the existing shares in issue. On 19 March 2019, the Company’s shares were listed on the Main Board of the Stock Exchange.

OPERATIONS REVIEW

Overview

For the year ended 31 March 2020, the Group's revenue was HK\$299.8 million compared with that of HK\$376.6 million last year.

The total amount of contracts on hand as at 31 March 2020 for the Company amounted to HK\$922.4 million.

Major Projects Completed During the Year

- (1) Residential development at TPTL 225, Pak Shek Kok, Tai Po, New Territories – Design, supply and installation of curtain wall system to residential tower
- (2) Commercial development at STTL 143, New Town Plaza, Shatin, New Territories – Design, supply and installation of glass wall, shop front, bi-folding door, glass balustrade, aluminium cladding and louvre
- (3) Residential development at STTL 605 Lok Wo Sha Lane at Ma On Shan, Shatin, New Territories – Design, supply and installation of sliding folding door, window and glass wall
- (4) Residential development at TMTL 541, So Kwun Wat Road, Area 56, Tuen Mun, New Territories – Design, supply and installation of aluminium window and door
- (5) Residential development at 16 and 18 Cape Road, Chung Hom Kok, Hong Kong – Design, supply and installation of aluminium window

Major Projects Undertaken During the Year

- (1) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium window and door
- (2) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium grille and cladding work to AC platform
- (3) Residential development at Site C1 of TKOTL 70 RP, Lohas Park Package 7 – Design, supply and installation of tower curtain wall and podium glass wall

- (4) Residential development at TSWTL 34, Area 115, Tin Shui Wai, New Territories – Design, supply and installation of curtain wall
- (5) Residential development at Site I of TKOTL 70 RP, Lohas Park Package 10 – Design, supply and installation of curtain wall system and aluminium window and door
- (6) House development at No. 1 Plantation Road, Hong Kong – Design, supply and installation of aluminium window, glass door, curtain wall and metal cladding
- (7) Commercial development at No. 75-85 Lockhart Road, Wan Chai, Hong Kong – Design, supply and installation of aluminium unitised curtain wall, glass wall, aluminium cladding, stone cladding, glass canopy and louvre
- (8) Residential development at TMTL 539, Hoi Wing Road and Hang Fu Street, Area 16, Tuen Mun, New Territories – Design, supply and installation of curtain wall to tower

Major Projects Awarded During the Year

- (1) Residential development at N.K.I.L. 6565, Kai Tak, Kowloon – Design, supply and installation of curtain wall, aluminium window system and façade lighting
- (2) Residential development at N.K.I.L. 6565, Kai Tak, Kowloon – Design, supply and installation of glass balustrade
- (3) Residential development at 294-296A Prince Edward Road, Kowloon – Design, supply and installation of curtain wall, aluminium window and door
- (4) Residential development at N.K.I.L. 6564, Kai Tak, Kowloon – Design, supply and installation of curtain wall
- (5) Residential development at Site A and Estate Road of Wong Chunk Hang Station Property Development, Aberdeen Inland Lot No. 467 - Design, supply and installation of aluminum and glass façade at podium and transfer plate

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group mainly financed its operations through internally generated cash flows and utilised the banking facilities for performance bonds for carrying out its projects during the year ended 31 March 2020. In the long term, the directors of the Company believe that the Group's operation will continue to be financed in this way. The Group has accessed to facilities from banks with an aggregate amount of HK\$265.0 million, of which HK\$105.0 million has been utilised for performance bonds as at 31 March 2020. There was no bank loans drawn down by the Group as at 31 March 2020. The performance bonds under these banking facilities bear charges at prevailing market condition.

The Group is prudent in managing its cash balance and maintains sound cash flow generating capability. The total cash and bank balances of the Group amounted to HK\$297.7 million as at 31 March 2020 (31 March 2019: HK\$304.6 million), which accounted for 65.9% of the current assets (31 March 2019: 61.5%).

During the year ended 31 March 2020, the Group has a net cash inflow of HK\$15.1 million in its operating activities (mainly due to decrease in debtors, deposits and prepayments and refund of Hong Kong Profits Tax paid), a net cash inflow of HK\$5.7 million in its investing activities (mainly due to bank interest income received) and a net cash outflow of HK\$27.2 million in its financing activities (mainly due to dividend paid and repayment to a related company). As at 31 March 2020, the Group was in a net cash position as there was no bank loans outstanding. As at 31 March 2020, the Group's net current assets was HK\$400.9 million (31 March 2019: HK\$393.4 million) and the current ratio (current assets divided by current liabilities) was 8.91 times (31 March 2019: 4.87 times).

With its sufficient cash balances and banking facilities available, the Group's liquidity position will remain healthy in the coming year, with sufficient financial resources to meet its obligations, operation and future development requirements.

Treasury Policy

The Group's treasury policy aims to minimise its exposure to fluctuations in the exchange rate and not to engage in any highly leveraged or speculative derivative products. Foreign currency exposures of the Group arise mainly from the purchase of raw materials using Renminbi in the Mainland China. The Group currently does not have any hedging arrangements to control the risks related to fluctuations in exchange rates, and will determine if any hedging is required, depending upon the size and nature of the exposure, and the prevailing market circumstances.

The Group does not have significant exposure to gains or losses arising from the movement of foreign currency exchange rate against the Hong Kong dollar as most of the income, expenses, assets and liabilities of the Group are denominated in Hong Kong dollar.

Shareholders' Funds

As at 31 March 2020, the shareholders' funds of the Group were HK\$514.9 million, including reserves of HK\$471.2 million, an increase of HK\$6.1 million from HK\$508.8 million as at 31 March 2019. The consolidated net asset value of the Group as at 31 March 2020 was HK\$1.18 per share based on the issued shares of 436,332,630 shares, compared to the consolidated net asset value of HK\$1.17 per share as at 31 March 2019. The increase in shareholders' funds was mainly attributable to the retained profits.

Capital Structure

The capital structure of the Group consists of equity, comprising share capital and reserves. As at 31 March 2020 and 31 March 2019, there was no bank loans.

Major Acquisitions and Disposals

There was no significant investment, acquisition and disposals that should be notified to the shareholders of the Company during the year ended 31 March 2020.

Details of Charges on Assets

As at 31 March 2020, the Group did not pledge any assets to banks or other financial institutions (31 March 2019: nil).

Performance Bonds and Contingent Liabilities

As at 31 March 2020, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$105.0 million (31 March 2019: HK\$110.6 million).

The Group did not have significant contingent liabilities as at 31 March 2020 and 31 March 2019.

Capital Commitments

As at 31 March 2020, the Group has no capital commitment (31 March 2019: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2020, the Group had 235 full time employees (of which 116 employees were in the Mainland China). The Group offers competitive remuneration packages, including discretionary bonus and depending on the position, cash allowances, to its employees. The Group also provides retirement schemes, medical benefits, on-the-job training to its employees and sponsors its employees to attend various external training courses.

PROSPECTS

Given the undersupply of residential properties, both the Hong Kong Government and the property developers are actively building residential properties to meet the strong market demand.

Over the past decade, podium façade and curtain wall works have grown from a niche market to a distinct sub-sector of the construction industry. In a typical new building project, podium façade and curtain wall works are part of the building construction works. Therefore, the prosperity of the construction industry will help increase the aluminium windows and curtain wall works.

The aluminium windows and curtain wall works industry is likely to continue its growth in the coming years as driven by the demand over supply situation of the public and private residential buildings in Hong Kong. The continuous development of the New Territories is likely to bring business opportunities to the aluminium windows and curtain wall works industry in future. As at 31 March 2020, the Group has contracts on hand amounting to HK\$922.4 million. We have every confidence that the Group will grow from strength to strength.

CORPORATE GOVERNANCE

The directors of the Company recognise the importance of good corporate governance practices for protection of the interests of the shareholders and are keen on maintaining high standards of corporate governance. This is reflected in terms of a quality Board and the emphasis on transparency and accountability.

During the year ended 31 March 2020, the Company has complied with all the Code Provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) except for the following deviations.

- Code Provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors shall attend general meetings and develop a balanced understanding of the views of shareholders of the Company. Mr. Poon Kan Young and Professor Ho Richard Yan Ki, the independent non-executive directors of the Company, were unable to attend the Company’s 2019 annual general meeting due to other important engagements.

- Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting and he should also invite the chairman of the audit, remuneration and nomination committees to attend the annual general meeting. Mr. Cha Mou Sing, Payson, the Chairman of the Board, Mr. Poon Kan Young, the Chairman of the remuneration committee of the Company, and Professor Ho Richard Yan Ki, the Chairman of the nomination committee of the Company, were unable to attend the Company’s 2019 annual general meeting due to their other important engagements. Mr. Wong Sue Toa, Stewart, the Deputy Chairman of the Board, took the chair of that meeting in accordance with the articles of association of the Company and other directors were of sufficient caliber and knowledge for answering questions at that meeting.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the guideline for securities transactions by directors and employees who are likely to be in possession of inside information of the Company.

Specific enquiry has been made to all the directors and the directors have confirmed that they have complied with the Model Code during the year ended 31 March 2020. No incident of non-compliance of the Model Code by the employees was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended to 31 March 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF ANNUAL RESULTS

The Group's consolidated financial statements for the year ended 31 March 2020 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

By order of the Board
Million Hope Industries Holdings Limited
Cha Mou Sing, Payson
Chairman

Hong Kong, 26 June 2020

As at the date of this announcement, the Board comprises:

Non-executive Chairman

Mr. Cha Mou Sing, Payson

Executive Directors

Mr. Chuk Kin Lun (*Joint Managing Director*)

Mr. Lee Cheuk Hung (*Joint Managing Director*)

Alternate Director

Dr. Zhang Wei

(*Alternate to Mr. Cha Mou Sing, Payson*)

Non-executive Directors

Mr. Wong Sue Toa, Stewart (*Deputy Chairman*)

Mr. Chung Sam Tin Abraham

Mr. Tai Sai Ho

Independent Non-executive Directors

Mr. Chau On Ta Yuen

Professor Ho Richard Yan Ki

Mr. Poon Kan Young

Mr. Yip Kai Yung