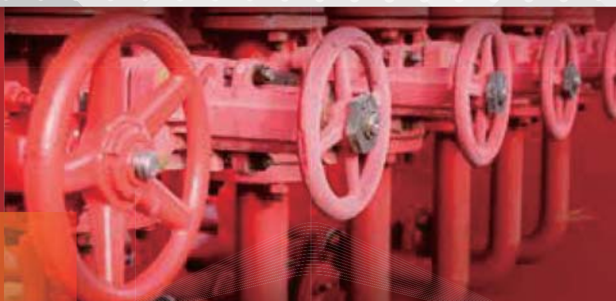
WINDMILL GROUP LIMITED

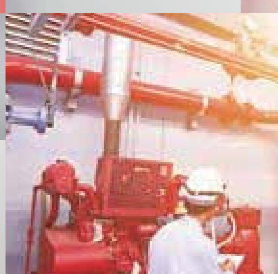
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8409



ANNUAL REPORT

2018



CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This report, for which the directors (the "Directors") of WINDMILL Group Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Shing Kuen Alexander
(Chairman and Chief Executive Officer)
Mr. Poon Kwok Kay

Non-executive Director

Mr. Cheung Wai Hung

Independent non-executive Directors

Mr. Pun Kin Wa
Mr. Tsang Man Biu
Mr. Lee Kwok Tung Louis

AUDIT COMMITTEE

Mr. Pun Kin Wa *(Chairman)*
Mr. Tsang Man Biu
Mr. Lee Kwok Tung Louis

REMUNERATION COMMITTEE

Mr. Tsang Man Biu *(Chairman)*
Mr. Pun Kin Wa
Mr. Lee Kwok Tung Louis

NOMINATION COMMITTEE

Mr. Li Shing Kuen Alexander *(Chairman)*
Mr. Tsang Man Biu
Mr. Lee Kwok Tung Louis

RISK MANAGEMENT COMMITTEE

Mr. Li Shing Kuen Alexander *(Chairman)*
Mr. Poon Kwok Kay

COMPANY SECRETARY

Ms. Ho Wing Yan *ACIS ACS (PE)*

AUTHORISED REPRESENTATIVES

Mr. Li Shing Kuen Alexander
Ms. Ho Wing Yan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1603,16/F., Tower 1
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay, Kowloon
Hong Kong

PRINCIPAL BANKER

DBS Bank (Hong Kong) Limited

COMPLIANCE ADVISER

Dakin Capital Limited

COMPLIANCE OFFICER

Mr. Li Shing Kuen Alexander

AUDITOR

SHINEWING (HK) CPA Limited

SHARE REGISTRARS

Cayman Islands Share Registrar and Transfer Office

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

8409

COMPANY'S WEBSITE

www.windmill.hk

Chairman's Statement

To all shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of WINDMILL Group Limited (the "Company"), I am delighted to present the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30 April 2018 to the shareholders of the Company (the "Shareholders").

The Group is a registered fire service installation contractor engaged in installation, maintenance, repair or inspection of fire safety systems for more than 30 years in Hong Kong. Fire safety systems mainly consist of fire alarm systems, water and gas expression systems, fire hydrant and hose reel systems, emergency lighting systems and portable fire equipment. Our services mainly include (i) design, supply and installation of fire safety systems for buildings under construction or re-development; (ii) maintenance and repair of fire safety systems for built premises; and (iii) trading of fire service accessories including branded fire services equipment under a distributorship agreement with an internationally branded fire service equipment supplier.

The Group has experienced a steady revenue growth of approximately 30.3% as compared between the revenue in the two years ended 30 April 2018 and 2017. Such increase was primarily due to the increase in the number of sizable projects during the year ended 30 April 2018 as compared to the previous year.

The Group's profit attributable to owners of the Company was approximately HK$24.1 million for the year ended 30 April 2018. Excluding the non-recurring listing expenses of approximately HK$15.8 million for the year ended 30 April 2017, the Group should have recorded profit attributable to owners of the Company, which increased by approximately HK$6.7 million or 38.5% from approximately HK$17.4 million for the year ended 30 April 2017 to approximately HK$24.1 million for the year ended 30 April 2018.

In the future, the Group will continue to expand our business to maintain and strengthen our market position by pursuing the following strategies:

- Having continuous active participation in providing services for fire safety systems in public sectors and advanced fire safety system work for private buildings;

- Expanding our maintenance service business;

- Streamlining the fire service installation process; and

- Maintaining and further enhancing our high standards of project planning, management and implementation.

Chairman's Statement

Last but not least, I would also like to take this opportunity to express my sincere gratitude to our Shareholders, customers, subcontractors and business partners for their continuous support, and to our management and staff members for their diligence, dedication and contribution to the growth of the Group. The Group remains positive about the prospects of the fire safety service industry. With our experienced management team and decades of valuable project experience, we are convinced that we can expand our operation scale and maximize returns to the Shareholders.

Li Shing Kuen Alexander
Chairman and Chief Executive Officer

Hong Kong, 12 July 2018

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

We are a registered fire service installation contractor, qualified to undertake works in respect of the installation, maintenance, repair or inspection of fire safety systems in Hong Kong. Fire safety systems mainly consist of fire alarm systems, water and gas expression systems, fire hydrant and hose reel systems, emergency lighting systems and portable fire equipment.

Our services mainly include (i) design, supply and installation of fire safety systems for building under construction or re-development (referred to as "installation services"); (ii) maintenance and repair of fire safety systems for built premises (referred to as "maintenance services"); and (iii) trading of fire service accessories including branded fire services equipment under a distributorship agreement with an internationally branded fire service equipment supplier (referred to as "others").

It is expected that the total revenue of Hong Kong fire safety industry will grow continually in the coming years. For details of the fire safety industry of Hong Kong, please refer to the section headed "Industry Overview" in the prospectus of the Company dated 31 March 2017 (the "Prospectus").

In light of growing business opportunities, the Group intends to further expand and increase its capacity in providing our services. To achieve this, the Group will continue to identify suitable business opportunities with potential customers and the Group has also committed to undertake new installation and maintenance projects.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 April 2018 recorded amounted to approximately HK$223.4 million which represented an increase of approximately HK$52.0 million or 30.3% from approximately HK$171.4 million for the year ended 30 April 2017. The increase in total revenue was mainly due to an increase from installation services, maintenance services and trading of fire service accessories amounted to approximately HK$51.4 million, HK$0.4 million and HK$0.2 million respectively.

Management Discussion and Analysis

Revenue

Analysis of revenue is as follows:

	Year ended 30 April			
	2018		2017	
	HK$'000	**% of total revenue**	HK$'000	% of total revenue
Installation services	**190,108**	**85.1**	138,755	81.0
Maintenance services	**32,900**	**14.7**	32,468	18.9
	223,008	**99.8**	171,223	99.9
Others	**399**	**0.2**	226	0.1
Total	**223,407**	**100.0**	171,449	100.0

Installation services

Revenue increased by approximately 37.1% from approximately HK$138.7 million for the year ended 30 April 2017 to approximately HK$190.1 million for the year ended 30 April 2018. The increase by approximately HK$51.4 million was mainly due to the increase in the number of sizable projects during the year ended 30 April 2018 as compared to the previous year.

Maintenance services

Revenue increased by approximately 1.2% from approximately HK$32.5 million for the year ended 30 April 2017 to approximately HK$32.9 million for the year ended 30 April 2018. The increase by approximately HK$0.4 million was mainly due to the increase in revenue from repair and maintenance to fire safety system of the premises of various government departments during the year ended 30 April 2018 as compared to the corresponding year.

Others

For the year ended 30 April 2018, revenue recorded amounted to approximately HK$0.4 million (2017: HK$0.2 million).

Cost of sales

Our cost of sales increased by approximately 28.1% from approximately HK$144.4 million for the year ended 30 April 2017 to approximately HK$185.0 million for the year ended 30 April 2018. The increase was mainly attributed to the increase in subcontracting costs, direct labour and materials cost which were in line with more projects undertaken by the Group during the year ended 30 April 2018.

Management Discussion and Analysis

Gross profit and gross profit margin

Our gross profit increased by approximately HK$11.4 million or 42.2% from approximately HK$27.0 million for the year ended 30 April 2017 to approximately HK$38.4 million for the year ended 30 April 2018. The increase was in line with the increase in revenue. Our gross profit margin increased from 15.8% to 17.2%. The increase was mainly attributed to the improvement in controlling subcontracting costs from some projects undertaken by our Group so that the extent of increase in total revenue was greater than that of the increase in total cost of sales during the year ended 30 April 2018.

Other income

The Group recorded other income of approximately HK$0.1 million for the year ended 30 April 2018 (2017: approximately HK$3,000).

Administrative expenses

Our administrative expenses decreased by approximately HK$12.5 million or 57.6% from approximately HK$21.7 million for the year ended 30 April 2017 to approximately HK$9.2 million for the year ended 30 April 2018. The decrease was mainly due to the combined effects of (i) no non-recurring listing expenses incurred during the year ended 30 April 2018 (2017: HK$15.8 million); and (ii) increase in staff cost and professional fee by approximately HK$2.3 million and HK$1.0 million respectively.

Finance costs

Our finance costs decreased by approximately 87.5% from approximately HK$56,000 for the year ended 30 April 2017 to approximately HK$7,000 for the year ended 30 April 2018. The decrease was primarily attributed to our decreased level of bank borrowing.

Income tax expense

Our income tax expense increased by approximately 44.4% from approximately HK$3.6 million for the year ended 30 April 2017 to approximately HK$5.2 million for the year ended 30 April 2018. The increase was primarily attributed to the increase in taxable profits.

Profit and total comprehensive income for the year attributable to owners of the Company

Profit and total comprehensive income for the year attributable to owners of the Company was approximately HK$24.1 million for the year ended 30 April 2018.

Excluding the non-recurring listing expenses of approximately HK$15.8 million for the year ended 30 April 2017, the Group should have recorded profit and total comprehensive income attributable to owners of the Company, which increased by approximately HK$6.7 million or 38.5% from approximately HK$17.4 million for the year ended 30 April 2017 to approximately HK$24.1 million for the year ended 30 April 2018.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 30 April	
	2018	2017
Current ratio	**3.1**	2.5
Gearing ratio*	**0.1%**	0.2%

* Calculated based on total debts at the end of the year divided by total equity at the end of the year. Total debts are defined to include obligation under a finance lease and bank borrowing.

The current ratio of the Group as at 30 April 2018 was 3.1 times as compared to that of 2.5 times as at 30 April 2017. The increase in current ratio was mainly due to increase in trade and retention receivables. The gearing ratio of the Group as at 30 April 2018 was 0.1% as compared to that of 0.2% as at 30 April 2017. Such decrease was primarily due to decrease in obligation under a finance lease during the year ended 30 April 2018.

The Group's finance department closely monitors the Group's cash flow position to ensure the Group has sufficient working capital available to meet the operational needs. The finance department takes into account the trade receivables, trade payables, cash on hand, administrative and capital expenditures to prepare the cash flow forecast to forecast the Group's future financial liquidity.

The Group generally finance its operations through a combination of owner's equity, internally generated cash flows and obligation under a finance lease. After the listing, the Group expects to finance the capital expenditure and operational requirements through internally generated cash flows, net proceeds from the share offer of the Company's shares in listing, other reserve and bank borrowing.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 April 2018 (2017: nil).

PLEDGE OF ASSETS

As at 30 April 2018, the Group pledged its bank deposit to a bank of HK$8.5 million as collateral to secure bank facilities granted to the Group. Save for the above disclosed, the Group did not have any charges on its assets.

CONTINGENT LIABILITIES

As at 30 April 2018, performance bonds of approximately HK$3.7 million (2017: approximately HK$2.6 million), were given by the bank in favour of some of our customers as security for the due performance and observance of our obligations under the contracts entered into between us and our customers. If the Group fails to provide satisfactory performance to our customers to whom performance bonds have been given, such customers may demand the bank to pay to them the sum or sums stipulated in such demand. The Group will then become liable to compensate such bank accordingly. The performance bonds will be released upon completion of the contract work. The performance bonds were granted under the banking facilities. As at 30 April 2018, in the opinion of the Directors, it was not probable that a claim would be made against the Group under the guarantees, and hence no provision for such guarantees was made in respect of the aforesaid performance bonds.

EVENT AFTER THE REPORTING PERIOD

There is no significant event after the reporting period of the Group.

ACHIEVEMENT OF BUSINESS OBJECTIVES AS COMPARED WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress for the year ended 30 April 2018 is set out below:

Business objectives	Actual business progress up to 30 April 2018
Expand and increase our capacity in providing our services	The Group is in the progress of identifying suitable business opportunities with potential customers and the Group has also committed to undertake new installation and maintenance projects
Expand our manpower for project execution and strengthen the expertise and skills of our staff	Recruited one assistant project manager Recruited one senior project engineer Recruited one project engineer Recruited one maintenance engineer Recruited one senior procurement officer Recruited two assistant engineers Recruited one assistant maintenance manager Recruited two maintenance technicians
Purchase enterprise resource planning system ("ERP system")	The Group has upgraded servers and internet security and in the progress of evaluating proposals from IT service providers to implement an ERP system
Increase our Group's marketing resources to enhance brand awareness of our Group	The Group is in the progress of evaluating proposals from marketing professionals to design and print corporate brochures

USE OF PROCEEDS

In view of the growth in the fire safety service industry and the strong prospects for both public and private development projects, the Group intended to expand its business capacity and scale to capture more sizeable and profitable projects. On 17 April 2018, after careful consideration and detailed evaluation of the operation of the Company, the Board resolved to change in the original use of proceeds and re-allocate HK$9.3 million of the unused net proceeds from the share offer to finance net cash outflows required in early stage of execution of projects. The details of the original allocation of the net proceeds, the revised allocation of the net proceeds, the utilisation of the net proceeds and the remaining balance (after revised allocation) as at 30 April 2018 are set out as follows:

Item No.	Purposes	Original Allocation *(HK$ million)*	Amount re-allocated on 17 April 2018 *(HK$ million)*	Actual amount utilized as at 30 April 2018 *(HK$ million)*	Remaining balance after revised allocation as at 30 April 2018 *(HK$ million)*	Expected timeline for unutilised net proceeds
(i)	Performance bonds	11.0	(9.3)	(1.7)	—	—
(ii)	To finance net cash outflows required in early stage of execution of projects	6.1	9.3	(12.3)	3.1	30 April 2019
(iii)	Salary payment to new staff	6.5	—	(3.8)	2.7	30 April 2019
(iv)	Purchase of ERP system	1.9	—	(0.3)	1.6	30 April 2019
(v)	Increase our Group's marketing resources	0.4	—	(0.1)	0.3	30 April 2019
(vi)	Develop central pre-fabrication piping workshop	5.9	—	(0.3)	5.6	30 April 2019
	Total	31.8	—	(18.5)	13.3	

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group had no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 30 April 2018.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on 18 April 2017 (the "Listing Date"). There has been no change in the capital structure of the Group since that Listing Date. The capital of the Group only comprises of obligation under a finance lease and bank borrowing, net of bank balances and cash, issued share capital and reserves.

SIGNIFICANT INVESTMENTS

As at 30 April 2018, there was no significant investment held by the Group (2017: nil).

Management Discussion and Analysis

FOREIGN CURRENCY EXPOSURE

During the year ended 30 April 2018, the Group's monetary assets and transactions were mainly denominated in HK$. The Group's exposure to exchange rate fluctuation was not significant and therefore the Group currently does not have a foreign currency hedging policy.

EMPLOYEES AND EMOLUMENT POLICY

The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to employees have contributed to build good staff relations and retention. The Group continues to provide training for new staff and existing staff to enhance their technical knowledge. The Directors believe such initiatives have contributed to increasing productivity and efficiency.

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability and the staff performance, the Group may also provide a discretionary bonus to employees as an incentive for their contributions to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company adopted the share option scheme (the "Share Option Scheme") to attract and retain individuals with experience and ability and/or to reward them for their past contributions.

As at 30 April 2018, the Group employed 49 employees, the total staff costs amounted to approximately HK$18.8 million (2017: HK$12.8 million). The Company maintains the Share Option Scheme for the purpose of providing incentives and rewards to the participants for their contributions to the Group. As at the date of this annual report, no option has been granted under the Share Option Scheme.

Biographical Details of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Li Shing Kuen Alexander (李誠權), aged 58, is an executive Director, chairman of our Board and our chief executive officer. Mr. Li is responsible for the strategic planning and overall management of business operations and development of our Group. Mr. Li founded our Group when he acquired Windmill Engineering Company Limited ("Windmill Engineering") on 30 June 1985. Mr. Li was appointed as a Director on 25 August 2016, and re-designated an executive Director and appointed as chairman of the Board on 29 November 2016. He is also the sole director of Success Chariot Limited and Windmill Engineering.

Mr. Li graduated from the Institution of Fire Engineers in July 1988. Prior to joining our Group, Mr. Li had served an apprenticeship as an electrical fitter from August 1977 to August 1980 and had been awarded a certificate of completion of apprenticeship by Hong Kong Electric Company Limited. From October 1980 to November 1980, he worked as an electrician on probation in the scientific and technical services department of CLP Power HK Limited. From December 1980 to November 1982, he worked as a technician in the operations engineering department of MTR Corporation Limited. Mr. Li has over 30 years of managerial experience in the fire services installation and maintenance industry gained from managing and developing our Group's business. He oversees the project planning, project management and execution of our fire services installation and maintenance projects, directs our business development and acts as a representative in our Group's communications with industry associations, key customers, government representatives and regulatory agencies. Mr. Li is an electrical worker (Grade B) registered with the Electrical and Mechanical Services Department (EMSD). He was appointed as the Chairman of District Fight Safety Committee (Wan Chai District) of the Home Affairs Department since from 2010 to 2013 and a non-official member of the Advisory Committee under the Fire Safety (Buildings) Ordinance (Chapter 572 of the Laws of Hong Kong) appointed by the Director of Fire Services from 2011 to 2017. Mr. Li is a member of the General Committee of the Business Enterprise Management Centre, the Hong Kong Management Association and Friends of Bauhinia, the Bauhinia Foundation Research Centre.

Mr. Li was awarded the Chief Executive's Commendation for Community Service in 2007 and the Medal of Honour (MH) by The Chief Executive of the HKSAR in 2012 for his outstanding and dedicated community service in Wan Chai District. Mr. Li has been appointed as the Chairman of the District Fight Crime Committee (Wan Chai District) of the Home Affairs Department since 2014 and the Honorary Chairman of the Hong Kong Aided Primary School Heads Association since March 2018.

Biographical Details of Directors and Senior Management

Mr. Li had been a director of Painting International Beauty (Central) Limited (娉婷國際(中環)有限公司) ("PIBL"), a private company incorporated in Hong Kong on 31 January 2000 which was dissolved by compulsory winding up on 21 July 2010. Mr. Li was a director of PIBL at the time of its dissolution. Mr. Li confirmed that, according to the best of his knowledge, information and belief, PIBL had been engaged in the operation of beauty salon business in Hong Kong. Upon the petition of King Honor Investment Limited filed at the High Court of Hong Kong on 3 June 2008 (''Petition''), it was ordered by Master Ho of the High Court in court that PIBL be wound up by the Court of First Instance of the High Court under the provisions of the Predecessor Companies Ordinance and a provisional liquidator was appointed for the purpose of winding up of PIBL. By an order made by Master Hui of the High Court in chambers dated 21 July 2010, PIBL was dissolved from 21 July 2010. According to the Petition, PIBL was unable to pay a debt owing to the petitioning creditor, King Honor Investment Limited, in the total sum of approximately HK$1.25 million being the outstanding mesne profits, management fees, water charges, extra air-conditioning charges and rates under a tenancy agreement entered into between PIBL as the tenant and the petitioning creditor as the landlord.

In relation to the Petition, our Directors are of the view that Mr. Li is suitable to act as a Director due to the following reasons: (a) although Mr. Li was one of the four directors of PIBL, he did not have any expertise in beauty salon business and was not involved in the day-to-day management and business operations of PIBL, and he suffered loss from his investment in PIBL as a passive investor; (b) Mr. Li has not been disqualified from acting as a director; (c) the Petition brought did not involve any act of dishonesty, fraud, or wrongful act committed on his part leading to the Petition or raise any concern on the integrity of Mr. Li; (d) he attended a directors training course provided by our legal advisers as to Hong Kong law relating to the responsibility as a director and continuing obligations of a director of listed companies, and attended a test provided by the Sole Sponsor demonstrating his understanding of the laws and regulations applicable to companies listed in Hong Kong and their directors.

Mr. Poon Kwok Kay (潘國基), aged 46, is an executive Director and is principally responsible for overseeing the daily operations of the Group and overall management of the Group's business operations and development. Mr. Poon joined our Group as a Senior Business Development Manager since April 2014 and was appointed as a Director on 7 October 2016, and re-designated as an executive Director on 29 November 2016.

Mr. Poon graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a Higher Certificate in Mechanical Engineering in November 1993. Mr. Poon has over 20 years of managerial experience in the fire engineering services field, specialising in tender estimation, managing client relationship and products promotion. Prior to joining the Group, Mr. Poon had worked at Thorn Security (Hong Kong) Limited between 1995 and 2013 and his last position held was sales manager, during which he was responsible for supervising the sales team, promoting fire safety products and developing business opportunities. He is also a majority shareholder and director of Tradetech Supplies Limited, one of our suppliers since December 2015.

Biographical Details of Directors and Senior Management

Non-executive Director

Mr. Cheung Wai Hung (張偉雄), aged 46, is a non-executive Director. Mr. Cheung was appointed as a Director on 7 October 2016 and was re-designated as our non-executive Director on 29 November 2016. Mr. Cheung is one of the members of our Board to assist in formulating our overall corporate strategies and does not participate in the day-to-day management of our Group. Mr. Cheung was nominated by the Pre-IPO Investor to be appointed to our Board pursuant to the terms of the Subscription Agreement and Shareholders Agreement, but the Director nomination right of the Pre-IPO Investor will cease upon Listing and Mr. Cheung will be subject to the retirement and rotation requirements under the Articles of Association and the GEM Listing Rules.

Mr. Cheung graduated from the University of Sydney, Australia with a Bachelor of Economics degree in June 1993. Mr. Cheung has over 20 years of managerial experience in direct investment, private equity, fund management, mergers and acquisitions, real estate portfolio management and finance, covering both Hong Kong and China markets. Mr. Cheung was certified as a Chartered Financial Analyst by the CFA Institute, Virginia in September 2004. He has been a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since January 1997.

Mr. Cheung is a founding member of Opus Financial Group, a specialised niche financial group focusing on corporate finance, management, mezzanine financing and principal investment. Prior to founding Opus Financial Group, Mr. Cheung served in various positions in several international and local companies, which include (i) Teamtop Investment Co. Ltd, a wholly-owned subsidiary of Shanghai State-owned Assets Operation Co. Ltd, (ii) Dresdner Bank Group, (iii) Thornton Asset Management and (iv) Kwan Wong Tan & Fong, Certified Public Accountants between 1993 and 2006. Mr. Cheung has been the Senior Investment Manager and the Senior Investment Director of Orion Partners between 2006 and 2014, a private equity firm with assets under management of over US$1.3 billion (formerly known as Ajia Partners). Mr. Cheung is a director of the Pre-IPO Investor. Upon Listing, the Pre-IPO Investor is a substantial Shareholder of our Company under the GEM Listing Rules.

Independent non-executive Directors

Mr. Pun Kin Wa (潘建華), aged 56, was appointed as an independent non-executive Director on 27 March 2017. Mr. Pun graduated from The University of Hong Kong with a Bachelor of Social Sciences degree with a major in Management Studies in November 1984 and obtained a Master of Science in Electronic Commerce and Internet Computing degree in December 2003. Mr. Pun has been a member of the Hong Kong Institute of Certified Public Accountants since February 1988.

Mr. Pun has over 30 years of experience in auditing, advising on financial investments and managing operations of various financial institutions. He started working as an Audit Assistant of Peat Marwick International from 1984 to 1986. He was an Assistant Manager of International Bank of Asia Limited from 1986 to 1987 and Citicorp Scrimgeour Vickers Hong Kong Limited from 1987 to 1989. From 1989 to 1997, Mr. Pun worked at Morgan Stanley Asia Limited and his last position held was vice president, during which he took on major management tasks in regional expansion. Between 1997 and 2003, Mr. Pun served as the Chief Financial Officer and a director of KG Investments Holdings Limited, a holding company of a financial group engaging in the provision of financial services and investment products. Between 2003 and 2006, Mr. Pun served as the responsible officer or licensed representative for various companies, which include KGI Asia Limited, Sage Asset Management (HK) Limited and Pine Street Partners Limited. Between 2006 and 2008, Mr. Pun served as a director of Sage Capital Limited. Mr. Pun has been the chief advisor of KGI Asia Limited, a regional financial services group in Hong Kong, since 2008.

Biographical Details of Directors and Senior Management

From 2006 to 2015, Mr. Pun served as a non-executive director of Advanced Engine Components Limited (now known as Ookami Limited), a company listed on the Australian Securities Exchange.

Mr. Pun had been a director of Long Peak Limited, a private company incorporated in Hong Kong, which was dissolved by striking off on 11 October 2002 pursuant to section 291 of the Predecessor Companies Ordinance. Prior to its dissolution, Long Peak Limited had never commenced any business operation and it was struck off for not carrying on business or in operation pursuant to section 291 of the abovementioned ordinance. As confirmed by Mr. Pun, Long Peak Limited was dormant and solvent at the time of it being struck off and its dissolution has not resulted in any liability or obligation imposed against Mr. Pun.

Mr. Tsang Man Biu (曾文彪), aged 55, was appointed as an independent non-executive Director on 27 March 2017. Mr. Tsang graduated from The University of Hong Kong with a Bachelor of Arts degree in Architectural Studies in November 1985 and a Bachelor of Architecture degree in November 1987. Mr. Tsang has over 29 years of experience in the architectural service industry, focusing on architectural design for new buildings, large scale alteration projects, statutory submissions, building contract administration, interior fitting out design and building works supervision in Hong Kong.

Mr. Tsang has been a Registered Architect in Hong Kong since January 1991 and an Authorised Person (List of Architects) under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) since March 1990. He was qualified as Class 1 Registered Architect in the PRC in August 2004 and as an ISO 9001:2000 and ISO 9001:2002 series Lead Auditor since April 2006. He was accredited as a BEAM Professional by the Hong Kong Green Building Council Limited in September 2014. He has been a member of the Hong Kong Institute of Architects since December 1989 and an associate member of the Hong Kong Institute of Arbitrators since April 2001. Mr. Tsang passed the Guangdong Province Building Code Examination in October 2011.

Mr. Tsang acquired TMB Architects Ltd (formerly known as City Resources Development Limited) in December 1992 and he has been serving as its director in the architectural practice since then. Mr. Tsang has gained extensive project experience from acting as an Architect and an Authorised Person for numerous development projects and renovation projects in Hong Kong.

Mr. Tsang has been the professional advisor to seven Hong Kong and international design competitions held by the Housing Department, Water Supplies Department, Architectural Services Department and Civil Engineering Development Department. Mr. Tsang is currently appointed member of the Authorized Persons', Registered Structural Engineers' and Registered Geotechnical Engineers' Disciplinary Board Panel by Planning and Lands Branch of Development Bureau. Mr. Tsang was a member of Wan Chai District Fight Crime Committee in 2016. He was appointed as an observer of the Independent Police Complaints Council by the Security Bureau of the government of the Hong Kong Special Administrative Region from April 2017 to March 2019. He was appointed a convener of Panel of Advisers on Building Management Disputes, a member of the Town Planning Appeal Boards, the Appeal Tribunal Panel under the Buildings Ordinance, the Authorized Persons Registration Committee Panel, the Contractors Registration Committee Panel and the School Management Committee of King's College. He was a director of Pok Oi Hospital for the years of 1998 and 1999.

Biographical Details of Directors and Senior Management

Mr. Lee Kwok Tung Louis (李國棟), aged 50, was appointed as an independent non-executive Director on 27 March 2017. Mr. Lee graduated from Macquarie University, Australia with a Bachelor of Economics degree in April 1993. He has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since October 1999 and a Certified Practicing Accountant of the CPA Australia since June 1996.

Mr. Lee has over 25 years of experience with unlisted groups, listed groups and professional firms in finance, accounting and auditing since 1993. Prior to joining our Group, Mr. Lee worked at Deloitte Touche Tohmatsu, an international CPA firm from 1993 to 1999 and his last position held was senior accountant. He worked at Bright & Shine Corporate Finance Limited from October 1999 to May 2003 and his last position held was director. Mr. Lee worked at Deloitte Touche Tohmatsu between May 2003 and June 2008 and his last position held was senior manager. From July 2008 to June 2010, Mr. Lee worked at Meadville Holdings Limited, a company formerly listed on the Main Board of the Stock Exchange that was privatised and voluntarily delisted in 2010, and his last position held was vice president of finance. Mr. Lee has been the financial controller of Lung Ming Mining Co. Limited since September 2010.

Mr. Lee is currently an independent non-executive director of four listed companies, namely CGN Mining Company Limited (stock code: 01164), Worldgate Global Logistics Limited (stock code: 08292), China Singyes New Materials Holding Limited (stock code: 08073) and Redsun Properties Group Limited (stock code: 01996), which are listed on the Stock Exchange. He was an independent non-executive director of Winto Group (Holdings) Limited (stock code: 08238) and Zhong Ao Home Group Ltd (stock code: 01538), which are listed on the Stock Exchange, from January 2015 to May 2016 and November 2015 to July 2017 respectively.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Mr. Yim Ping Kuen (嚴炳權), aged 55, joined the Group as our financial controller in September 2016. Mr. Yim is a full-time employee of the Group as the financial controller since September 2016. He is primarily responsible for financial reporting and planning, treasury and financial control. Mr. Yim is a fellow member of the Association of Chartered Certified Accountants since November 1995 and is currently a practicing member of the Hong Kong Institute of Certified Public Accountants.

Mr. Yim graduated from The University of Hong Kong with a bachelor's degree of Social Sciences in November 1986 and The Hong Kong Polytechnic University with a master's degree of Corporate Finance in November 2003. He has over 30 years of work experience in accounting and setting up financial operations for various companies. Mr. Yim had been the financial controller, company secretary and chief financial officer for various international companies in different industries including listed companies in Hong Kong and Singapore, which include Afasia Group from August 1986 to March 1999, SinoCloud Group Limited, formerly Armarda Group Limited, a company listed on SESDAQ of the Singapore Exchange from July 2003 to August 2004 and Wanji Pharmaceutical Holdings Limited, a company listed on the Stock Exchange (stock code: 835) between September 2004 and November 2005. Mr. Yim is one of the directors of Centalent CPA Limited, a CPA firm providing audit, taxation and accounting services to SMEs in various industries (formerly practising as Lau, Yim, Chiu and Co.) since April 1999. Mr. Yim had been an independent non-executive director of Glorious Property Holdings Limited, a company listed on the Stock Exchange (stock code: 845) from October 2009 to May 2014.

Mr. Lam Tai Ming (林泰銘), aged 48, has been a senior project manager of the Group since April 2014. Mr. Lam is primarily responsible for project execution which includes site supervision, and liaison with customers and relevant site agents, etc.

Mr. Lam has over 20 years of experience in the fire engineering field. Mr. Lam joined the Group in January 1995 as an assistant engineer and he was promoted to his current position in April 2014. Mr. Lam obtained from the Vocational Training Council an Ordinary Certificate in Electrical Engineering in September 1999 and a Higher Certificate in Building Services Engineering in July 2005. Mr. Lam is a holder of the Certificate for Safety and Health Supervisor (Construction) awarded by the Occupational Safety & Health Council in November 1999. He is a Class 3 Registered Fire Service Installation Contractor registered with the Fire Services Department since June 2012, an electrical worker (Grade B) registered with the Electrical and Mechanical Services Department (EMSD). Mr. Lam received from the Labour Department an Attendance Certificate in legal requirements of working in confined space in August 1996 and an Attendance Certificate in construction sites safety regulations in November 1996.

Mr. Sin Kam Hung (冼錦雄), aged 50, has been a project manager of the Group since June 2014. Mr. Sin is primarily responsible for project execution which includes site supervisory, liaison with customers and relevant site agents. Mr. Sin obtained a Higher Certificate in Building Services Engineering from the Vocational Training Council in July 2001. He is an electrical worker (Grade H) registered with the Electrical and Mechanical Services Department (EMSD).

Mr. Sin has over 20 years of experience in fire engineering field. Mr. Sin joined the Group in June 1989 as a technician and he was promoted to project engineer in 1995. Mr. Sin had left the Group in December 2001 and worked for Guardian Property Management Limited as a technical supervisor from February 2002 to October 2005 and The Hong Kong Jockey Club as a technical services engineer from November 2005 to May 2014.

Biographical Details of Directors and Senior Management

Mr. Tang Wai Yin (鄧偉賢), aged 45, joined our Group as a project manager in March 2016 and was promoted to the position of construction manager in March 2018. Mr. Tang is primarily responsible for overall project management which includes quality control, master progress monitoring, value enhancement, overall site administration and site safety.

Mr. Tang graduated from the Hong Kong Polytechnic (now known as The Hong Kong Polytechnic University) with a Higher Certificate in Mechanical Engineering in November 1993. Mr. Tang has over 15 years of experience in the fire engineering field. Mr. Tang is a holder of the Construction Industry Safety Training Certificate. Mr. Tang joined our Group in February 1996 as a project engineer and was responsible for handling various systems of fire services installation, site supervision, design, testing and commissioning. Mr. Tang left our Group in August 2007 and worked for Thorn Security (Hong Kong) Limited as project engineer and senior project engineer from September 2008 to September 2013. Mr. Tang was our project manager from October 2013 to 2014. He worked for Tyco Fire, Security & Services (Macau) Limited as an assistant project manager from May 2014 to December 2015.

Ms. Leung Wan Yi (梁尹儀), aged 50, has been an administration manager of the Group since November 2016. Ms. Leung is primarily responsible for overseeing daily support operations and performing administrative duties. She joined our Group in October 1986 as a junior accounts clerk and was promoted to accounts clerk in February 1989. She was the account manager from January 2012 to October 2016.

Ms. Leung completed a 9-month full-time business secretarial studies course and received a diploma in business secretarial studies from the Professional & Business Youth Department of the Hong Kong Young Women's Christian Association in May 1986. She attended a higher accounting course organised by Caritas Adult Educational Centre from July 1986 to January 1987. She obtained a Certificate of Internal QMS Auditor from SGS United Kingdom Limited in April 2003 and a Certificate of Achievement — Integrated Management System: Internal Auditor for ISO 9001, ISO 14001 and OHSAS 18001 from SGS Hong Kong Limited in July 2012.

COMPLIANCE OFFICER

Mr. Li Shing Kuen Alexander (李誠權)

Mr. Li Shing Kuen Alexander, a compliance officer who also holds the post of an executive Director, the Chairman and the Chief Executive Officer and whose biographical details are disclosed above.

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organisation which is open and accountable to the Shareholders. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as risk management and internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for the Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise returns for the Shareholders.

The Board is of the view that the Company has complied with all applicable code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 15 of the GEM Listing Rules during the year ended 30 April 2018 and up to the date of this report except for the code provision A.2.1, which stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Please refer to the section headed "CHAIRMAN AND CHIEF EXECUTIVE OFFICER" below.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code set out in Appendix 15 to the GEM Listing Rules as the code of conduct governing dealings by all Directors in the securities of the Company on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Specific enquiries have been made with all Directors, all Directors declared that they have complied with the required standard of dealings as set out in the Model Code throughout the year ended 30 April 2018.

THE BOARD

The Board currently consists of six Directors, comprising two executive Directors, namely, Mr. Li Shing Kuen Alexander and Mr. Poon Kwok Kay, one non-executive Director, namely, Mr. Cheung Wai Hung and three independent non-executive Directors, namely, Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis. The Board oversees the management of the business and affairs of the Company. The Directors are accountable for making decisions objectively in the best interest of the Shareholders as a whole.

The Board is responsible for making decisions on all major aspects of the Company's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, risk management and internal control systems, material transactions, major capital expenditure, appointment of Directors and other significant financial and operational matters.

During the year ended 30 April 2018, four Board meetings were held to, among other matters, review past financial and operating performance to consider the opinions recommended by Board committees, and discuss the Group's overall strategies and policies. Besides, one shareholders' meeting of the Company (i.e. the annual general meeting of the Company (the "Annual General Meeting") held on 18 October 2017) was held. The attendance records of the Directors at the aforesaid board meetings and Shareholders' meeting are set out as follows:

Name of Directors	Attendance/ Number of meetings Board Meetings	Shareholders' Meetings
Executive Directors		
Mr. Li Shing Kuen Alexander *(Chairman)*	4/4	1/1
Mr. Poon Kwok Kay	4/4	1/1
Non-Executive Director		
Mr. Cheung Wai Hung	3/4	1/1
Independent Non-Executive Directors		
Mr. Pun Kin Wa	4/4	1/1
Mr. Tsang Man Biu	4/4	1/1
Mr. Lee Kwok Tung Louis	4/4	1/1

APPOINTMENT AND RE-ELECTION OF DIRECTORS

All non-executive Directors, including the independent non-executive Directors, are appointed for a term of three years commencing from the Listing Date and are subject to retirement by rotation at least once every three years.

In accordance with the articles of association of the Company (the "Articles"), at least one-third of the Directors are subject to retirement by rotation at an Annual General Meeting at least once every three years. Any Director appointed by the Board shall hold office until the next following general meeting of the Company. According, the retiring Directors, including Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis, being eligible, shall offer themselves for re-election by the Shareholders in the forthcoming Annual General Meeting.

RESPONSIBILITY OF THE BOARD

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's values and standards and ensures that the requisite financial and human resources support are in place for the Group to achieve its objectives. The functions and duties conferred on the Board include convening Shareholders' meetings, reporting on the work of the Board to the Shareholders at Shareholders' meetings as may be required by applicable laws, implementing resolutions passed at Shareholders' meetings, determining the Company's business plans and investment plans, formulating the Company's annual budget and final accounts, formulating the Company's proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the Articles and applicable laws. The senior management is delegated the authority and responsibilities by the Board for the day-to-day management and operations of the Group in which the management should report back or obtain prior Board approval. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The independent non-executive Directors bring a variety of experience and expertise to the Company.

CORPORATE GOVERNANCE FUNCTIONS

The Company's corporate governance functions are carried out by the Board in compliance with code provision D.3.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

All Directors have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense. All Directors also have access to the company secretary of the Company (the "Company Secretary") who is responsible for ensuring that the Board procedures and all applicable rules and regulations are followed. To provide an opportunity to the Directors to include matters for discussion in the agenda, at least 14 days' notice of a regular Board meeting is given to all Directors. An agenda and accompanying Board committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which record in sufficient details of the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the Company Secretary and are open for inspection by the Directors.

DIRECTORS' TRAINING

According to the code provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the Directors. During the year ended 30 April 2018, the Company had arranged to provide trainings to all the Directors. The table below summarises the participation of the Directors in continuous professional development during the year ended 30 April 2018 and up to the date of this report.

Names of Directors	**Training organised by professional organizations**	**Reading materials updating on new rules and regulations**
Executive Directors		
Mr. Li Shing Kuen Alexander *(Chairman)*	✓	✓
Mr. Poon Kwok Kay	✓	✓
Non-executive Director		
Mr. Cheung Wai Hung	✓	✓
Independent Non-executive Directors		
Mr. Pun Kin Wa	✓	✓
Mr. Tsang Man Biu	✓	✓
Mr. Lee Kwok Tung Louis	✓	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

According to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

Mr. Li Shing Kuen Alexander ("Mr. Li") is the chairman of the Board and the chief executive officer of the Company. Given that Mr. Li has been leading the operations and management of our Group since 1985 when the Group was founded by him and taking into consideration our current scale of operations and management structure, the Board believes that it is more appropriate to have Mr. Li performing both functions of the chief executive officer and leader of the Board for more efficient management and strategic planning of the Group. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in the circumstances and currently does not propose to separate the functions of the chairman and the chief executive officer.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meetings and scrutinizing the Group's performance. Their views carry significant weight in the Board's decisions; in particular, they bring an impartial view to bear on issues arising from the Group's strategy, performance and control. All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided professional advice to the Board. The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of all the Shareholders can be taken into account, and the interests of the Company and the Shareholders can be protected.

In compliance with Rules 5.05(1) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors representing at least one-third of the Board.

Among the three independent non-executive Directors, Mr. Pun Kin Wa and Mr. Lee Kwok Tung Louis have appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rule 5.05(2) of the GEM Listing Rules.

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 5.09 of the GEM Listing Rules. Based on the contents of such confirmations, the Company considers that all the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

Corporate Governance Report

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following Board committees to oversee the particular aspects of the Group's affairs:

Audit Committee

The Company has established its audit committee (the "Audit Committee") with terms of reference in compliance with the CG Code as set out in Appendix 15 to the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and risk management and internal control systems of the Group. The Audit Committee has three members comprising the Company's three independent non-executive Directors, namely Mr. Pun Kin Wa, Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis. The chairman of the Audit Committee is Mr. Pun Kin Wa.

During the year ended 30 April 2018, five meetings of the Audit Committee were held to review and discuss with the external auditor and the management of the Company on the annual audit planning, the accounting principles and practices adopted by the Group, the draft consolidated financial statements for the year ended 30 April 2018 as well as risk management and internal control systems and other financial reporting matters. The attendance records of individual committee members are set out below:

	Number of Meetings Attended/Held
Mr. Pun Kin Wa *(Chairman)*	5/5
Mr. Tsang Man Biu	5/5
Mr. Lee Kwok Tung Louis	5/5

Remuneration Committee

The Company has established a remuneration committee (the "Remuneration Committee") with terms of references in compliance with the CG Code as set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Remuneration Committee are to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management. The chairman of the Remuneration Committee is Mr. Tsang Man Biu. The Remuneration Committee comprises Company's three independent non-executive Directors, namely Mr. Tsang Man Biu, Mr. Pun Kin Wa and Mr. Lee Kwok Tung Louis.

During the year ended 30 April 2018, one meeting of the Remuneration Committee was held to, amongst others, review, approve and to make recommendations to the Board on the remuneration packages of the Directors and senior management of the Company (i.e. the model described in the code provision B.1.2(c)(ii) is adopted). The attendance records of individual committee members are as follows:

	Number of Meetings Attended/Held
Mr. Tsang Man Biu *(Chairman)*	1/1
Mr. Pun Kin Wa	1/1
Mr. Lee Kwok Tung Louis	1/1

The remuneration of Directors is determined with reference to their duties and responsibilities in the Company as well as the prevailing market conditions. Details of emoluments of Directors and the five individuals with the highest emoluments for the year ended 30 April 2018 are set out in notes 14 and 15 to the consolidated financial statements, respectively. The number of senior management of the Group whose remuneration for the year ended 30 April 2018 fell within the following band is as follows:

	Number of senior management
Nil to HK$1,000,000	3

Nomination Committee

The Company has established a nomination committee (the "Nomination Committee") with terms of references in compliance with the CG Code as set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board regarding candidates to fill vacancies on the Board. The Nomination Committee comprises one executive Director, namely Mr. Li Shing Kuen Alexander and two independent non-executive Directors, namely Mr. Tsang Man Biu and Mr. Lee Kwok Tung Louis. The chairman of the Nomination Committee is Mr. Li Shing Kuen Alexander.

The principal responsibilities of the Nomination Committee are to review the composition of the Board, including its structure, size and diversity, at least annually to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group. It is also responsible to consider and recommend to the Board suitably qualified persons to become a member of the Board, monitor the succession planning of Directors and assess the independence of independent non-executive Directors. The Nomination Committee will also give consideration to the Board Diversity Policy (as defined below) when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy (as defined below), so as to develop and review measurable objectives for the implementing the Board Diversity Policy (as defined below) and to monitor the progress on achieving these objectives.

The Nomination Committee has reviewed the structure, size and composition of the Board and assessed the independence of the independent non-executive Directors.

Corporate Governance Report

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "Board Diversity Policy") on 27 March 2017 in accordance with the requirement set out in the CG Code. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. All Board appointments shall be based on meritocracy, and candidates shall be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision shall be based on merit and contribution that the selected candidates shall bring to the Board. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy.

During the year ended 30 April 2018, one meeting of the Nomination Committee was held. The attendance records of individual committee members are as follows:

	Number of Meetings Attended/Held
Mr. Li Shing Kuen Alexander *(Chairman)*	1/1
Mr. Tsang Man Biu	1/1
Mr. Lee Kwok Tung Louis	1/1

Risk Management Committee

The Company has established a risk management committee (the "Risk Management Committee") with written terms of reference in accordance with the CG Code. The primary duties of the Risk Management Committee are to advise the Board on risk-related issues, to oversee the risk management framework to identify and deal with the risks faced by our Group, to review reports on risks and breaches of risk policies, as well as the effectiveness of the Company's risk control and/or mitigation plans. The Risk Management Committee consists of two executive Directors, namely Mr. Li Shing Kuen Alexander and Mr. Poon Kwok Kay. The chairman of the Risk Management Committee is Mr. Li Shing Kuen Alexander. The chairman of the Risk Management Committee is Mr. Li Shing Kuen Alexander.

During the year ended 30 April 2018, four meetings of the Risk Management Committee were held. The attendance records of individual committee members are as follows:

	Number of Meetings Attended/Held
Mr. Li Shing Kuen Alexander *(Chairman)*	4/4
Mr. Poon Kwok Kay	4/4

Directors' and Auditor's Responsibility for the Consolidated Financial Statements

The management provides such explanation and information to the Board and reports regularly to the Board on financial position and prospects of the business of the Group so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group. The consolidated financial statements are prepared in accordance with all relevant statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies have been adopted and applied consistently, and that judgments and estimates made are prudent and reasonable. Having made appropriate enquiries, the Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the consolidated financial statements.

The reporting responsibilities of external auditor of the Company are disclosed in "Independent Auditor's Report".

AUDITOR'S REMUNERATION

The remuneration paid/payable to the Company's external auditor, SHINEWING (HK) CPA Limited, and its affiliated firm for the year ended 30 April 2018, is set out as follows:

Nature of Services	**Fee paid/ payable** HK$000
Annual audit service	500
Total	500

RISK MANAGEMENT AND INTERNAL CONTROL

During the year ended 30 April 2018, the Board complied with the code provisions on risk management and internal control as set out in the CG code. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems for the Group. The systems are designed to manage the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management of the Company has established a set of comprehensive policies, standards and procedures in areas of operational, financial and risk controls for safeguarding assets against unauthorized use or disposition; for maintaining proper accounting records; and for ensuring the reliability of financial information to achieve a satisfactory level of assurance against the likelihood of the occurrence of fraud and errors.

Corporate Governance Report

The Board has overseen the Company's risk management and internal control systems on an ongoing basis. A year end review of the effectiveness of the Company's and its subsidiaries risk management and internal control systems has been conducted annually and the systems are considered to be effective and adequate. The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

The Board is also vested with the responsibility to disseminate to the Shareholders and the public any inside information in the form of announcements and circulars, in accordance with the GEM Listing Rules.

COMPANY SECRETARY

The Company has entered into a service contract with an external service provider, pursuant to which Ms. Ho Wing Yan ("Ms. Ho") was appointed as the Company Secretary. Mr. Yim Ping Kuen, the financial controller of the Company, is the primary corporate contact person of the Company with Ms. Ho.

Being the Company Secretary, Ms. Ho plays an important role in supporting the Board by ensuring good information flow within the Board and that Board policy and procedures are followed. Ms. Ho is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of Directors.

Ms. Ho is an associate member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. Ms. Ho continues to study professional course of corporate governance and has extensive experience in the company secretarial field for listed companies. Ms. Ho is also a holder of the Practitioner's Endorsement issued by The Hong Kong Institute of Chartered Secretaries. According to Rule 5.15 of the GEM Listing Rules, Ms. Ho took more than 15 hours of relevant professional training for the year ended 30 April 2018.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An Annual General Meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an Annual General Meeting, shall be called an extraordinary general meeting (the "EGM").

To convene an EGM

Pursuant to article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy (the "Policy") on 27 March 2017. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings of the Company, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Any such questions shall be first directed to the Company Secretary at the Company's head office and principal place of business in Hong Kong.

Procedures for putting forward proposals at general meeting

The number of Shareholders necessary for a requisition for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the requisition.

A copy or copies of requisition signed by all requisitionists shall be deposited, with a sum reasonably sufficient to meet the Company's expenses in giving notice of the proposed resolution or circulating any necessary statement, at the Company's principal place of business in Hong Kong in the case of:

(i) a requisition requiring notice of a resolution, not less than 21 days before the meeting; and

(ii) any other requisition, not less than one week before the meeting.

The Company will verify the requisition and upon confirming that the requisition is proper and in order, the Board will proceed with necessary procedures.

Corporate Governance Report

Communication with Shareholders

The Board recognises the importance of maintaining clear, timely and effective communication with the Shareholders and investors of the Company. The Board also recognises that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure that the investors of the Company and the shareholders will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at www.windmill.hk The Directors and members of various board committees will attend the Annual General Meeting to answer questions raised by the Shareholders. The resolutions of every important proposal will be proposed at general meetings separately.

Voting at general meetings of the Company are conducted by way of poll in accordance with the GEM Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company, respectively. In addition, the Company regularly meets with institutional investors, financial analysts and financial media to keep them informed of the Group's strategy, operations, management and plans, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communications.

Constitutional Documents

There was no significant change in the constitutional documents of the Company during the year ended 30 April 2018.

Environmental, Social and Governance Report

GENERAL

This report covers environmental and social responsibility aspects underlying the Group's business operations in Hong Kong during the year ended 30 April 2018 and is prepared with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix 20 of the GEM Listing Rules (the "ESG Reporting Guide").

The Board is responsible for our ESG strategy and reporting while our management is responsible for monitoring and managing ESG-related risks and the effectiveness of our ESG management systems. In order to identify key ESG matters of the Group, we have engaged our business functions to review our operations and to assess the ESG matters relevant to our business as well as our stakeholders. Disclosures relating to the material ESG issues identified have been included in this ESG Report pursuant to the General Disclosure requirements of the ESG Reporting Guide.

As a registered fire service installation contractor, the Group's main business engaged in installation, maintenance, repairs or inspection of fire safety systems. Our business has insignificant impacts on the environment in terms of wastewater, waste pollutants, air pollutants, hazardous waste and packaging materials. Therefore, disclosures relating to these aspects, as set forth in the ESG Reporting Guide, are not applicable to the Group and so have not been made.

GROUP POLICIES RELATING TO ENVIRONMENTAL PROTECTION

The Directors believe that it is essential for the Group to be environmental responsible, and to meet the customers' demand for environmental protection and the expectation of the community for a healthy living and working environment. In this connection, we have set up an environmental management system, which was awarded with ISO14001:2015 certification by SGS Hong Kong Limited, to promote environmental awareness and to prevent pollution of the environment.

Emissions

Since the Group principally engaged in installation, maintenance, repairs or inspection of fire safety systems, we did not generate air emissions nor hazardous waste during our operations in the Reporting Period. The major non-hazardous waste produced from our business activities is mainly paper consumed for administrative purposes. The Group is dedicated to protect the environment by taking all actions which are feasible in its office operating boundaries, and target to establish a paperless office by using electronic platforms and communication channels.

Greenhouse gas ("GHG") emissions

The Greenhouse gas ("GHG") emission from the Group is mainly from its purchased electricity consumed in daily office operations.

The total GHG emissions and intensity generated by Hong Kong office are as follows:

		2018
Purchased Electricity	Total (kWh)	32,664
GHG emissions	Total (kg)	20,578
GHG emissions per employee	Total (kg/employee)	420

Notes:

1. The number of employees working in Hong Kong office is 49 as at 30 April 2018.

2. GHG emissions data is presented in carbon dioxide equivalent and was based on the article "How to prepare an ESG Report?" downloaded in The Stock Exchange of Hong Kong Limited's website.

Waste Management

The solid waste generated from the Group is mainly paper used for administrative purposes. During the year ended 30 April 2018, the consumption volume generated by the Group is shown as below:

Non-hazardous waste category	Quantity	Unit	Intensity – Unit per employee
Paper	0.773	Tonnes	15.8kg

Although those indirect emission from the office are very insignificant, we regularly monitor the consumption volume of paper and have implemented a number of reduction measures. The Group's office has also provided suitable facilities and encouraged our staff to sort and recycle the wastes to achieve the objectives in mitigating wastes, reusing and recycling in its operations. The Group maintains high standard in waste reduction, educates its employees the significance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

Apart from recycling, the office has implemented various programs and activities to encourage employees to participate in waste reduction management, including:

- Promote green information and electronic communication, such as e-mail and electronic workflows, to implement "paperless system" concept;

- Place "Green Message" reminders on office equipment;

- Utilise used envelopes and double-side printing. Paper for single-side printing would be only adopted when handling official documents and confidential documents when necessary;

- Recommend the use of recycled paper.

Use of Resources

Energy Consumption

The Group is committed to have an environmental friendly working environment. The Group advocates to reduce the consumption of fuel, electricity, water and improving the resource efficiency by way of, inter alia, the following measures: i) the Group encourages its employees to switch off the lights and electronic appliances before they leave the office; ii) the Group encourages its employees to set the temperature range of the office's air conditioner from 23.5 to 25.5 Degree Celsius; and iii) the Group encourages its employees to save water and reduce domestic sewage and water-saving notices are placed in office area.

During the year ended 30 April 2018, the total energy consumption by Hong Kong office and total energy consumption per employee in terms of electricity are as follows:

Energy Consumption	Total (kWh)	32,664
Energy consumption per employee	Total (kWh/employee)	667

Water Consumption

Water consumption is relatively low in the Group. Much of our water consumption is for basic cleaning and sanitation. The majority of the water supply facilities are provided on our rental premises, and the usage have been included in the management fees. Nonetheless, we emphasize water saving to our staff through staff education.

The Environmental and Natural Resources

Although the core business of the Group has remote impact on the environment and natural resources, the Group is committed to making continuous improvements in environmental and social responsibility in order to meet the changing needs of our society. We also regularly provides internal trainings and briefings in order to spread the practical tips and information about the environmental friendly action to its management and employees in order to minimize the impact of the business on the environment.

EMPLOYMENT

We believe that our employees are important assets to our Group. We make our best efforts to attract and retain appropriate and suitable personnel. We assess our available human resources on a continuous basis and will determine the need to recruit additional personnel to cope with our business development from time to time. We arrange training to new employees to familiarize themselves with the applicable rules and regulations and their job duties and requirements. We also provide them with our employees' handbook for our internal working guidelines.

HEALTH AND SAFETY

The ISO accreditations demonstrate that we have achieved an international standard of quality management in an environmentally friendly manner. We actively implement our commitment to OHSAS 18001 (Occupational Safety and Health) standards by setting internal guidelines that align to stringent performance indicators. We emphasize the health and safety of our employees and we are committed to providing a safe and healthy working environment for the benefits of our employees and our subcontractors. To this end, we have established in-house rules and safety measures for our employees and our subcontractors' employees to observe at project sites, in order to promote a safe and healthy working environment and to ensure compliance with the applicable laws and regulations. Such rules and safety measures include, among others:

- Proper procedures for carrying out different types of works, such as lifting of heavy objects, cutting of materials and use of electricity and electrical devices;
- Proper procedures for operating and handling different types of machinery and equipment; and
- The use of proper personal protective equipment, such as safety helmets, safety gloves and breathing masks, under different circumstances.

During the year ended 30 April 2018, the Group has not identified any material non-compliance cases relating to health and safety.

DEVELOPMENT AND TRAINING

The Group emphasize on continuing education and quality training of our staff to enhance their work performance. We offer training programs to our employees, which are designed to develop their skills to meet our enterprise goals and our customers' requirements. These include, for example, safety supervisor training program and Class 3 portable fire extinguisher training program.

LABOUR STANDARDS

The Group strictly complies with the Employment Ordinance (Cap. 57 of the laws of Hong Kong) and fully understands the employing child labour and forced labour is prohibited. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all employment relationship is established on a voluntary basis. During the year ended 30 April 2018, the Group has not identified any non-compliance cases involving child labour and forced labour.

SUPPLY CHAIN MANAGEMENT

Sustainable Procurement

To ensure that our installation and maintenance services for fire safety systems meet the ISO9001:2015 quality standard, we normally assign at least one project manager and one project engineer with relevant certifications and/or academic qualifications on a full time basis for each of our projects for quality assurance. In respect of the quality of the materials used, we maintain a list of approved suppliers. We assess and evaluate the industry qualification, job and project reference, business scale, on-time delivery, financial stability and compliant history of the suppliers to determine whether a supplier is eligible for inclusion in the list of approved suppliers. We maintain a list of approved subcontractors. We assess and evaluate the work quality, site management and work planning, time management, work safety track record, financial strength and stability, environmental awareness and cooperativeness with third parties of the subcontractors to determine their eligibility for inclusion in the list of approved subcontractors. We generally engage subcontractors in the list of approved subcontractors to ensure the quality of the subcontracted works.

PRODUCTS RESPONSIBILITY

The Group recognizes the importance of the quality of the services provided by our Group. The Group has established relevant policies which cover service quality and safety in order to ensure relevant measures for complying with the applicable laws and regulations.

The Group communicates and confirms the work plan with customers before the commencement of the project and actively monitors processes and coordinates with the customers. During the year ended 30 April 2018, the Group has not received any material complaints or request to terminate projects due to poor quality and safety. If a complaint arises, the Group will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

During the year ended 30 April 2018, the Group has not identified any non-compliance cases relating to product responsibility.

ANTI-CORRUPTION

The Group realizes the importance of staff integrity. The Group strictly forbids any bribery, extortion, fraud and money-laundering activities. We have established the Code of Conduct ("CoC") for all employees. With reference to the Prevention of Bribery Ordinance (Cap. 201 of the laws of Hong Kong), advice from the Independent Commission Against Corruption (ICAC), industry practice and internal consideration, CoC is made for the purpose of providing employees with the guidance for allowable acceptance of gifts or entertainment, conflict of interest, handling of confidential information, and whistle-blowing procedure.

Employees are also required to comply strictly with applicable laws relating to the above acts. The Group has adopted and circulated internally clear guidelines for employees. During the year ended 30 April 2018, the Group has not received any complaint or notification from governmental authorities regarding non-compliance of the Group or its employees with anti-corruption laws referred to above.

COMMUNITY INVOLVEMENT

The Group is making best effort in contributing to the community. The Group actively seeks opportunities to repay society and in hope of creating a better living environment for local community.

Report of the Directors

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 30 April 2018.

GROUP REORGANISATION AND SHARE OFFER

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 August 2016.

Pursuant to a reorganisation in preparation for the listing, the Company became the holding company of the Group. Details of the reorganisation are set out in the Prospectus. The Company's shares were listed on GEM on 18 April 2017 by way of share offer.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and other particulars of the subsidiaries of the Company are set out in note 36 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 30 April 2018 is set out in the sections of Chairman's Statement, Management Discussion and Analysis, Environment, Social and Governance Report, Financial Summary and the paragraphs below.

The Group complies with the requirements under the Companies Ordinance, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for the disclosure of information and corporate governance. The Group also complies with the requirements of Employment Ordinance and ordinances relating to occupational safety for the interest of employees of the Group. Important events affecting the Group occurred since the end of the year are mentioned under "Events after the reporting period".

PRINCIPAL RISKS AND UNCERTAINTIES

The following lists out the key risks and uncertainties facing the Group. The Group believes that the risk management practices are important and use its best effort to ensure it is sufficient to mitigate the risks present in our operations and financial position as efficiently and effectively as possible.

i. Our revenue is mainly derived from projects which are not recurring in nature and any significant decrease in the number of our projects would affect our operations and financial results;

ii. We depend on our suppliers for materials, and any shortage or delay of supply, or deterioration in the quality, of the same could materially and adversely affect our operations, and we may not be able to identify an alternative source of stable supply with acceptable quality and price;

iii. We may be involved in construction and/or labour disputes, legal and other proceedings arising from our operations from time to time and may face significant legal liabilities as a result;

iv. We determine our tender price based on the estimated time and costs to be involved in a project, yet the actual time and costs incurred may deviate from our estimate due to unexpected circumstances, thereby adversely affecting our operations and financial results;

v. We rely on our Board members and senior management staff, and their departure would adversely affect our operations and financial results;

vi. Our works are labour intensive. If we or our subcontractors experience any shortage of labour, industrial actions, strikes or material increase in labour costs, our operations and financial results would be adversely affected;

vii. Expiry, withdrawal, revocation, downgrading and/or failure to renew any of our various registrations and certifications would adversely affect our operations and financial results; and

viii. There is no guarantee that we would not be subject to any claims in relation to defects of our works, which may result in further costs to make good the defects, and/or deduction of the retention monies to be released and/or claims from our customers against us.

For other risks and uncertainties facing the Group, please refer to the section headed "Risks Factors" in the Prospectus.

An analysis of the Group's financial risk management (included credit risk, and liquidity risk) objectives and policies are provided in note 7(b) to the consolidated financial statements.

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS, SUBCONTRACTORS AND EMPLOYEES

Customers

For installation projects, our customers mainly include well-established main contractors, who are engaged by property developers/site owners, Government departments or Government-related organisations for construction or renovation projects in Hong Kong. Sometimes, Government departments and Government-related organisations may engage us directly for the installation of fire safety system.

For maintenance projects, our customers mainly include Government departments, Government related organisations and property management companies.

We maintain close and stable relationships with our major customers. However, due to the business nature, our business operation is project-based and we do not have any long-term contracts with our major customers. To cope with this situation, we maintain our relationships with our customers by ensuring the quality of our services, renewing our qualifications and licences required to carry out installation and maintenance services of fire safety systems, and maintaining our professional reputation in the industry.

We strive to strengthen our market position in the fire safety industry in Hong Kong. We aim to have continuous active participation in providing installation services for fire safety system work in public sectors and also the advanced fire safety system work in private sectors such as data centres for telecommunication companies. We also actively establish rapport with potential customers from time to time, introducing our expertise and experience in the industry and showing our interest in being one of their approved sub-contractors.

Report of the Directors

We believe that our ability to maintain our services at a high standard would improve customer satisfaction and in turn enhance our capability to compete with other industry peers in the future.

Our Group generally allows a credit period of 30 – 60 days to our customers. Please refer to the note 19 to the consolidated financial statements for more details of the trade and retention receivables of our Group as at 30 April, 2018.

During the year, our Group has not experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties. We did not have any material dispute with our customers.

Suppliers and Subcontractors

We maintain a list of approved suppliers. We assess and evaluate the industry qualification, job and project reference, business scale, on-time delivery, financial stability and compliant history of the suppliers to determine whether a supplier is eligible for inclusion in the list of approved suppliers. We generally procure materials from suppliers in the list of approved suppliers to ensure the quality of the materials supplied.

We maintain a list of approved subcontractors. We assess and evaluate the work quality, site management and work planning, time management, work safety track record, financial strength and stability, environmental awareness and cooperativeness with third parties of the subcontractors to determine their eligibility for inclusion in the list of approved subcontractors. We generally engage subcontractors in the list of approved subcontractors to ensure the quality of the subcontracted works.

As we have not entered into any long-term contracts with our major subcontractors, there is no assurance that our major subcontractors will continue to provide services to our Group at fees acceptable to us or that we can maintain our business relationship with them in the future. We have not entered into long term agreements with our suppliers too and will only make purchase orders on a project basis.

Close relationships with a stable list of reliable subcontractors and suppliers would enable us to obtain quotes and prepare tender documents in an efficient manner. It would also enable us to provide quality work in a timely manner, whereby we can procure the necessary services and supplies as and when they are needed from time to time, reducing the risk of shortage or delay in delivery of services causing disruption to our works or delay in the relevant project as a whole. We believe that our reputation in the industry of on-time settlement of accounts payable helps us to build a stable network of quality suppliers and subcontractors. We have therefore cultivated long term and well-established relationships with the major subcontractors and suppliers of fire safety system equipment in Hong Kong.

The credit terms granted by suppliers and subcontractors were generally within 30 to 60 days. The payables were usually settled within the credit period. Please refer to the note 23 to the consolidated financial statements for more details of the trade and retention payables of our Group as at 30 April, 2018.

Our Group did not have any significant disputes with our major suppliers and subcontractors during the Year.

Employees

We believe that our employees are important assets to our Group. We use our best efforts to attract and retain appropriate and suitable personnel. We assess the available human resources on a continuous basis and will determine the need to recruit additional personnel to cope with our business development from time to time. We also emphasise on continuing education and quality training of our staff to enhance their work performance. We offer training programmes to our employees, which are designed to develop their skills to meet our enterprise goals and our customers' requirements. These include, for example, safety supervisor training programme and Class 3 portable fire extinguisher training programme.

Our Group offers attractive remuneration packages to our employees, which include salary, discretionary bonuses and allowance. We determine the salaries of our employees mainly on the basis of their qualifications, experience, position and seniority.

Our Group has maintained good relationship with our employees. We has not experienced any strikes, work stoppages or labour disputes which affected our operations during the Year. The Directors also consider that the relationship and co-operation between the management team and the employees have been good during the Year.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 April 2018 are set out in the consolidated statement of profit or loss and other comprehensive income of this annual report.

Nil final dividend in respect of the year ended 30 April 2017 and interim dividend in respect of the six months ended 31 October 2017 were declared.

No final dividend has been paid or proposed by the Company during the year ended 30 April 2018, nor has any dividend been proposed since the end of the reporting period.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's top five customers accounted for approximately 69.4% of the total revenue. The top five suppliers accounted for approximately 52.8% of the total cost of services for the year. In addition, the Group's largest customer accounted for approximately 19.6% of the total revenue and the Group's largest supplier accounted for approximately 17.5% of the total cost of services for the year.

At no time during the year have the Directors, their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's shares) had any interest in these major customers and suppliers.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Group for the year ended 30 April 2018 and the consolidated financial position of the Group as at 30 April 2018 are set out in the consolidated financial statements on pages 54 to 56.

Report of the Directors

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2018 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 30 April 2018, the Company's reserves available for distribution to shareholders amounted to approximately HK$55.6 million, comprising accumulated losses of approximately HK$3.0 million and share premium of approximately HK$58.6 million. Under Cayman Islands law, a company may not pay a dividend, or make a distribution out of share premium account unless immediately following the date on which the payment is proposed to be made, the company is able to pay it debts as they fall due in the ordinary course of business.

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

DONATIONS

During the year, the Group did not make charitable and other donations (2017: Nil).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended 30 April 2018 and up to the date of this report are:

Executive Directors

Mr. Li Shing Kuen, Alexander *(Chairman and Chief Executive Officer)*
Mr. Poon Kwok Kay

Non-executive Director

Mr. Cheung Wai Hung

Independent non-executive Directors

Mr. Pun Kin Wa
Mr. Tsang Min Biu
Mr. Lee Kwok Tung Louis

Biographical information of the Directors and senior management of the Group are set out from pages 12 to 18 of this annual report.

Pursuant to article 84(1) of the Articles, at each annual general meeting one-third of the Directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an Annual General Meeting at least once every three years. In addition, pursuant to article 83(3) of the Articles, any Director appointed by the Board shall hold office only until the next following general meeting of the Company.

Accordingly, Mr. Tsang Man Biu and Mr. Lee Kwok Tong Louis, being the Directors to retire in rotation will be eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company with no fixed term. The non-executive Director and each of the independent non-executive Directors has entered into an appointment letter with the Company for a fixed term of three years, all commencing from the Listing Date. The service contracts and appointment letters may be terminated in accordance with the terms of the individual service agreement, and is subject to termination provisions therein and retirement and re-election at the Annual General Meetings in accordance with the Articles or any other applicable laws from time to time whereby he shall vacate his office.

None of the Directors proposed for re-election at the forthcoming Annual General Meeting has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers all the independent non-executive Directors to be independent.

INDEMNITY OF DIRECTORS

The Company has maintained appropriate directors and officers liability insurance and such permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year ended 30 April 2018.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year ended 30 April 2018.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES AND ITS ASSOCIATED CORPORATION

As at 30 April 2018, the interests or short positions of the Directors and chief executive in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as follows:

(i) The Company

Name of Director	Capacity/ Nature of Interest	Long/Short position	Number of shares held	Approximate percentage of shareholding in the Company
Mr. Li Shing Kuen Alexander ("Mr. Li") (Note)	Interests in controlled corporation	Long position	420,060,000	52.51%

(ii) Associated corporation of the Company

Name of Director	Name of associated corporation	Capacity/ Nature of interest	Long/Short position	Number of shares held	Approximate percentage of shareholding in the associated corporation
Mr. Li	Golden Page Investments Limited ("Golden Page") (Note)	Beneficial owner	Long position	3	100%

Note: The entire issued share capital of Golden Page is wholly and beneficially owned by Mr. Li who is deemed to be interested in 420,060,000 shares held by Golden Page under the SFO.

Save as disclosed above, as at the date of this annual report, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed above, at no time during the year and up to the date of this annual report was the Company, or its holding company, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and children under 18 years of age) to hold any interest or short positions in the shares, or underlying shares, or debentures, of the Company or its associated corporations (with the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 April 2018, the following persons (other than Directors or chief executives of the Company) were interested in 5% or more of the share and underlying shares of the Company which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO, or to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and the GEM Listing Rules on the Stock Exchange:

Name of Shareholder	Capacity/ Nature of interest	Long/ Short position	Number of shares held	Approximate percentage of shareholding in the Company
Golden Page (Note 1)	Beneficial Owner	Long position	420,060,000	52.51%
Smart Million (BVI) Limited ("Smart Million")	Beneficial Owner	Long position	179,940,000	22.49%
Marvel Paramount Investments Limited ("Marvel Paramount") (Note 2)	Interests in controlled corporation	Long position	179,940,000	22.49%
Mr. Ma Ting Wai Barry ("Mr. Ma")	Interests in controlled corporation (Note 3)	Long position	179,940,000	22.49%
Ms. Leung Wing Ci Winnie ("Ms. Leung")	Interests of spouse (Note 4)	Long position	179,940,000	22.49%

Notes:

1. The entire issued share capital of Golden Page is wholly and beneficially owned by Mr. Li who is deemed to be interested in the shares held by Golden Page under the SFO.

2. Smart Million is 66.67% beneficially owned by Marvel Paramount. By virtue of the SFO, Marvel Paramount is deemed to be interested in all such shares held by Smart Million.

3. Marvel Paramount is wholly and beneficially owned by Mr. Ma. By virtue of the SFO, Mr. Ma is deemed to be interested in all the shares in which Marvel Paramount is interested or deemed to be interested under the SFO.

4. Ms. Leung is the spouse of Mr. Ma. By virtue of the SFO, Ms. Leung is deemed to be interested in all the shares in which Mr. Ma is interested or deemed to be interested under the SFO.

Save as disclosed above, as at the date of this annual report, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below, no equity-linked agreement was entered into by the Group, or existed during the year ended 30 April 2018.

SHARE OPTION SCHEME

The following is a summary of principal terms of the Share Option Scheme conditionally approved by a resolution of the Shareholders passed on 27 March 2017 and became unconditional upon the listing of the Company's shares on the Stock Exchange. The principal terms of which are set out in the paragraph headed "Share Option Scheme" under the section headed "Statutory and General Information" of the Prospectus.

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, clients, business partners and service providers of the Group and to promote the success of the business of the Group.

The Board may, at its absolute discretion, offer options to subscribe to such number of shares in accordance with the terms set out in the Share Option Scheme to the following persons (the "Participants"): any employee (full-time or part-time), director, consultant or adviser of the Group, or any substantial shareholder of the Group, or any distributor, contractor, supplier, agent, client, business partner or service provider of the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Group shall not in aggregate exceed 10% of the total number of shares in issue as at 18 April 2017, i.e. 80,000,000 shares. No option may be granted to any Participant of the Share Option Scheme such that the total number of shares issued and to be issued upon exercise of the options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of the Company's issued shares from time to time.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant under the Share Option Scheme. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK$1.0 upon acceptance of the grant on or before 1 month after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

(i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date on which the option is granted, which date must be a business day;

(ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date on which the option is granted; and

(iii) the nominal value of the Company's share on the date on which the option is granted.

The Share Option Scheme shall be valid and effective for a period of 10 years from 27 March 2017, after which no further options will be granted or offered. The remaining life of the Share Option Scheme is 9 years.

No share option was granted, exercised, cancelled or lapsed during the year ended 30 April 2018 and there is no outstanding share option under the Share Option Scheme.

As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme is 80,000,000, representing 10% of the issued shares of the Company.

RELATED PARTY TRANSACTIONS

Details of material related party transactions entered into by the Group during the year are set out in note 34 to the consolidated financial statements. The listing of the Company took place in 2017. For the year ended 30 April 2018, certain related party transactions disclosed in note 32(a) to the consolidated financial statements constitute de minimis continuing connected transactions of the Company under Rule 20.24 of the GEM Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

CONTINUING CONNECTED TRANSACTION

Save as disclosed above, there were no other transactions which constituted connected transaction(s) or continuing connected transaction(s) of the Company for the year ended 30 April 2018.

SUFFICIENCY OF PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, the Company has maintained the public float required by the GEM Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, or its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director and a connected entity of a Director had a material interest, subsisted at 30 April 2018 or at any time during the year ended 30 April 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the annual report, as at 30 April 2018, none of the Directors or their close respective associates had any business or interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

In order to protect the Group's interest in its business activities, on 27 March 2017, each of Golden Page Investments Limited and Mr. Li Shing Kuen Alexander ("Mr. Li"), the controlling shareholders of the Company (the "Controlling Shareholders"), have entered into a non-competition deed with the Company (for itself and on behalf of its subsidiaries), pursuant to which each of them shall not, and shall procure that none of its/her associates shall, directly or indirectly, establish, invest, involve in, manage, operate or otherwise hold any right or interest, directly or indirectly, in the business of design, supply and installation of fire safety systems for buildings under construction or re-development; and maintenance and repair of fire safety systems for built premises; and such other business conducted or carried on by the Group from time to time within the PRC (inclusive of Hong Kong) and such other places as the Group may conduct or carry on business from time to time. The Company has received a confirmation from the Controlling Shareholders on their compliance with the non-competition deed for the year ended 30 April 2018 and up to the date of this report.

Details of the undertaking has been set out in the section headed "Relationship with Our Controlling Shareholders" of the Prospectus.

BANK BORROWING

The amount of bank borrowing of the Group as at 30 April 2018 is Nil (2017: Nil).

HUMAN RESOURCES AND EMOLUMENT POLICY

The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Subject to the Group's profitability, the Group may also provide a discretionary bonus to employees as an incentive for their contribution to the Group. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved.

A remuneration committee is set up for reviewing the Group's emolument policy and structure of all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company maintains a Share Option Scheme to attract and retain individuals with experience and ability and/or to reward them for their past contributions. Please refer to the paragraphs headed "Share Option Scheme" in this report for details of such scheme.

The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to the employees have contributed to building good staff relations and retention. The Group continues to provide training for new staff and existing staff to enhance their technical knowledge. The Group also provide fire and production safety training to production staff. The Directors believe such initiatives have contributed to increased productivity and efficiency.

CONTRIBUTIONS TO THE RETIREMENT BENEFITS SCHEMES

Details of contributions to the retirement benefits schemes of the Group are set out in note 29 of the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There is no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the year ended 30 April 2018 and up to the date of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past three financial years is set out in the financial summary section on page 108 of this report.

USE AND CHANGE OF USE OF PROCEEDS

For details, please refer to the paragraph headed "Use of Proceeds" in the MD&A section of this annual report.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Dakin Capital Limited ("Dakin Capital") to be the compliance adviser. Dakin Capital, being the sponsor of the Company in relation to the Listing, has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. Save as provided for in relation to the share offer and/or disclosed in the Prospectus, neither Dakin Capital nor any of its associates and none of the directors or employees of Dakin Capital who have been involved in providing advice to the Company as the sponsor, has or may, as a result of the Share Offer, have any interest in any securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities).

ANNUAL GENERAL MEETING

The Annual General Meeting for the year ended 30 April 2018 is scheduled to be held on Friday, 19 October 2018. A notice convening the Annual General Meeting has been issued and despatched to the Shareholders on 31 July 2018.

Report of the Directors

AUDITOR

The consolidated financial statements for the year ended 30 April 2018 were audited by SHINEWING (HK) CPA Limited who retires and, being eligible, offers itself for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company and to authorise the Directors to fix their remuneration will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Li Shing Kuen Alexander
Chairman

12 July 2018

Independent Auditor's Report

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., Lee Garden One
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF WINDMILL GROUP LIMITED
海鑫集團有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of WINDMILL Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 6 to 60, which comprise the consolidated statement of financial position as at 30 April 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 April 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

Revenue recognition on the design, supply and installation services

Refer to note 8 to the consolidated financial statements and the accounting policies on pages 68-69.

The key audit matter	How the matter was addressed in our audit
For the year ended 30 April 2018, revenue recognised under Hong Kong Accounting Standard ("HKAS") 11 Construction Contracts in respect of the design, supply and installation services was approximately HK$190,108,000. The Group has accounted for the revenue in respect of design, supply and installation services by applying the stage-of-completion method of individual contract. Significant judgements and estimates have been made by the management when assessing (i) the stage of completion of each individual project by estimation of progress at the end of the reporting period; and (ii) total contract cost incurred and expected to be incurred. We have identified the revenue recognition on the design, supply and installation services as a key audit matter in view of the significance of its amount and the estimation of the progress and total contract cost of each individual project involved significant judgements and estimates, which may be subject to management bias.	Our procedures were designed to review the management's judgements and estimates used in the determination of the progress and total contract cost of each individual project. We have assessed the appropriateness of the revenue recognition policy adopted by the management under HKAS 11. We reviewed the amount of revenue recognised through inspecting the progress or completion certificates issued by the customers. In addition, we also assessed the management judgements and estimates on the progress of each individual project at the end of the reporting period when progress certificate was not available. In assessing the management judgements and estimates in the determination of the total contract cost, we compared the actual costs incurred subsequent to the end of the reporting period to the budgeted contract cost. We also assessed the reliability of the management's assessment by investigating variance between the total actual cost and budgeted cost for the completed projects during the year.

Impairment of trade and retention receivables and amounts due from customers for contract work

Refer to notes 19 and 20 to the consolidated financial statements and the accounting policies on pages 69 and 73 - 74 respectively.

The key audit matter	How the matter was addressed in our audit
As at 30 April 2018, the carrying amounts of trade and retention receivables and amounts due from customers for contract work were approximately HK$63,996,000 and HK$64,476,000 respectively, which represented approximately 39% and 39% of total assets of the Group respectively. In assessing the recoverability of the trade and retention receivables and amounts due from customers for contract work, significant judgements and estimates have been made by the management taking into account (i) ageing analysis and subsequent settlement of trade and retention receivables; (ii) financial status and creditworthiness of the individual customer; and (iii) expected timeframe on the utilisation of the amounts due from customers for contract work through the certificates issued by the customers and its subsequent billings. We have identified the trade and retention receivables and amounts due from customers for contract work as a key audit matter in view of the significance of their carrying amounts and the involvement of the management's judgements and estimates, which may be subject to management bias.	Our audit procedures were designed to review the management's assessment on the recoverability of the trade and retention receivables and amounts due from customers for contract work and challenged the reasonableness of the assumptions and estimates used by the management in the impairment assessment of those balances. We have reviewed the ageing analysis of trade and retention receivables and identified balances which are past due but not impaired. We have discussed the indication of possible impairment with the management and, where such indicators were identified, assessed the management's impairment testing. We have challenged the management for the assumptions and estimates used in the impairment testing, taking into account creditworthiness of the customers, progress billings and their settlements during the year, subsequent progress billings and cash received after the end of the reporting period.

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we concluded that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors of the Company and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion, solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company. ·

- conclude on the appropriateness of the Company's directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chan Wing Kit.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chan Wing Kit
Practising Certificate Number: P03224
Hong Kong
12 July 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2018

	Notes	**2018**	2017
		HK$'000	HK$'000
Revenue	8	**223,407**	171,449
Cost of sales		**(185,040)**	(144,431)
Gross profit		**38,367**	27,018
Other income	10	**122**	3
Administrative expenses		**(9,223)**	(21,742)
Finance costs	11	**(7)**	(56)
Profit before taxation		**29,259**	5,223
Income tax expense	12	**(5,174)**	(3,574)
Profit and total comprehensive income for the year attributable to owners of the Company	13	**24,085**	1,649
Earnings per share:			
Basic and diluted (HK cents)	17	**3.01**	0.31

Consolidated Statement of Financial Position

As at 30 April 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Plant and equipment	18	**900**	682
Deposit	21	**200**	30
		1,100	712
Current assets			
Trade and retention receivable	19	**63,996**	33,625
Amounts due from customers for contract work	20	**64,476**	37,962
Deposits, prepayments and other receivables	21	**2,658**	3,230
Bank balances and cash	22	**32,481**	69,926
		163,611	144,743
Current liabilities			
Trade and retention payables	23	**41,460**	35,292
Amounts due to customers for contract work	20	**3,652**	6,807
Receipts in advance, accruals and other payables		**1,588**	10,476
Tax payable		**6,089**	4,941
Obligation under a finance lease	24	**101**	97
		52,890	57,613
Net current assets		**110,721**	87,130
Total assets less current liabilities		**111,821**	87,842
Non-current liabilities			
Long service payment obligations	25	**283**	310
Obligation under a finance lease	24	**–**	101
Deferred tax liability	26	**50**	28
		333	439
Net assets		**111,488**	87,403

Consolidated Statement of Financial Position (Continued)

As at 30 April 2018

	Note	**2018** **HK$'000**	2017 HK$'000
Capital and reserves			
Share capital	27	**8,000**	8,000
Reserves		**103,488**	79,403
Total equity		**111,488**	87,403

The consolidated financial statements on pages 54 to 107 were approved and authorised for issue by the board of directors on 12 July 2018 and are signed on its behalf by:

Li Shing Kuen, Alexander
Director

Poon Kwok Kay
Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2018

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Note)	Retained profits HK$'000	Total HK$'000
At 1 May 2016	2,148	–	–	17,649	19,797
Profit and total comprehensive income for the year	–	–	–	1,649	1,649
Dividends recognised as distribution (note 16)	–	–	–	(628)	(628)
Issue of shares (note 27(b))	8,000	–	–	–	8,000
Arising from reorganisation (note 27)	(10,148)	–	10,148	–	–
Issue of shares (note 27(d))	–	12,000	–	–	12,000
Issue of shares in connection with the listing (note 27(f))	2,000	52,000	–	–	54,000
Transaction costs attributable to issue of shares	–	(7,415)	–	–	(7,415)
Capitalisation issue of shares (note 27(f))	6,000	(6,000)	–	–	–
At 30 April 2017 and 1 May 2017	8,000	50,585	10,148	18,670	87,403
Profit and total comprehensive income for the year	–	–	–	24,085	24,085
At 30 April 2018	8,000	50,585	10,148	42,755	111,488

Note: Other reserve represented the difference between the aggregate nominal value of the issued share capital of subsidiaries pursuant to a group reorganisation over the aggregate consideration paid for acquiring/subscribing these subsidiaries.

Consolidated Statement of Cash Flows

As at 30 April 2018

	2018 HK$'000	2017 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**29,259**	5,223
Adjustments for:		
Depreciation of plant and equipment	**268**	257
Loss on written off on plant and equipment	**81**	–
Reversal of provision for long service payments	**(27)**	(151)
Bank interest income	**(74)**	(3)
Finance costs	**7**	56
Operating cash flows before movements in working capital	**29,514**	5,382
Increase in trade and retention receivables	**(30,371)**	(15,457)
Increase in amounts due from customers for contract work	**(26,514)**	(22,409)
Decrease (increase) in deposits, prepayments and other receivables	**402**	(1,176)
Increase in trade and retention payables	**6,168**	22,820
(Decrease) increase in amounts due to customers for contract work	**(3,155)**	4,457
(Decrease) increase in receipt in advance, accruals and other payables	**(8,888)**	10,024
Decrease in amount due to a related company	**–**	(17)
Cash (used in) from operations	**(32,844)**	3,624
Hong Kong Profits Tax paid	**(4,004)**	(2,443)
Interest received	**74**	–
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(36,774)**	1,181
CASH USED IN INVESTING ACTIVITY		
Purchase of plant and equipment	**(567)**	(251)
FINANCING ACTIVITIES		
Proceeds from the issue of shares	**–**	74,000
Expenses paid for the issue of shares	**–**	(7,415)
Repayment of bank borrowing	**–**	(939)
Repayment of obligation under a finance lease	**(97)**	(93)
Interest paid	**(7)**	(56)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(104)**	65,497
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(37,445)**	66,427
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**69,926**	3,499
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**32,481**	69,926

Notes to the Consolidated Financial Statements

For the year ended 30 April 2018

1. CORPORATE INFORMATION

WINDMILL Group Limited (the "Company") was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 25 August 2016. Its ultimate holding company and immediate holding company is Golden Page Investments Limited ("Golden Page"), which is incorporated in the British Virgin Islands (the "BVI"). The shares of the Company have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 18 April 2017.

The addresses of the registered office and the principal place of business of the Company are detailed in the section headed "Corporate Information" to the annual report.

The Company is an investment holding company while the principal subsidiary, Windmill Engineering Company Limited ("Windmill Engineering"), is mainly engaged in design, supply and installation of fire safety systems for buildings under construction or re-development, maintenance and repair of fire safety systems for built premises and trading of fire service accessories.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company and its subsidiaries (collectively referred to as the "Group").

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the group reorganisation as detailed in the prospectus of the Company dated 31 March 2017 (the "Prospectus") (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 28 September 2016. The Group have been under the common control and beneficially owned by Mr. Li Shing Kuen, Alexander (the "Controlling Shareholder") throughout the year ended 30 April 2017 or since their respective dates of incorporation to 30 April 2017. As such, the Reorganisation is effectively interspersing a shell company over the subsidiaries, in which Windmill Engineering is only operating entity of the Group, and there was a continuation of risks and benefits to the Controlling Shareholder. Accordingly, the Reorganisation has been accounted for as if the Company had always been the holding company of the Group throughout the year ended 30 April 2017 or since their respective dates of incorporation to 30 April 2017.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows including the results, changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 30 April 2017.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("HKASs"), Amendments and Interpretations ("Ints"), issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle: Amendments to HKFRS 12
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

Except as described below, the application of the above new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in the financial statements.

Amendments to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfil the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

The application of amendments to HKAS 7 has resulted in additional disclosures on the Group's financing activities, especially a reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities is provided in note 34. On initial application of the amendments, the Group is not required to provide comparative information for preceding periods. Apart from the additional disclosure in note 34, the directors of the Company considered that these amendments have had no impact on the Group's consolidated financial statements.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 19	Employee Benefits[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective date not yet been determined.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 (2014) *Financial Instruments*

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and included the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described below:

- All recognised financial assets that are within the scope of HKFRS 9 (2014) are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 (2014) *Financial Instruments* (Continued)

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The directors of the Company has performed a preliminary analysis of the Group's financial instruments as at 30 April 2018 based on the fact and circumstances existing at that date. The directors of the Company have assessed the impact of adoption of HKFRS 9 (2014) on the Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures, as follows:

(a) Classification and measurement

The directors of the Company expect to continue recognising initially at fair value for all financial assets which are subsequently measured at amortised costs. The directors of the Company anticipate that the adoption of HKFRS 9 (2014) will not have a material impact on the classification and measurement of the financial assets.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 (2014) *Financial Instruments* (Continued)

(b) Impairment

The directors of the Company expect to apply the simplified approach and record lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and retention receivables. The application of the expected credit loss model may result in earlier recognition of credit losses for trade and retention receivables and other receivables and increase the amount of impairment allowance recognised for these items. The directors of the Company will perform a more detailed analysis which considers all reasonable and supportable information for the estimation of the effect of adoption of HKFRS 9 (2014). Based on the preliminary assessment, the directors of the Company expect that the adoption of HKFRS 9 (2014) will not have other material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 15 *Revenue from Contracts with Customers*

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;
ii) Identify the performance obligations in the contract;
iii) Determine the transaction price;
iv) Allocate the transaction price to the performance obligations; and
v) Recognise revenue when (or as) the entity satisfies a performance obligation.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 15 *Revenue from Contracts with Customers* (Continued)

The major source of revenue of the Group is construction contracts and provision of services. Under HKFRS 15, revenue is recognised for each of the performance obligations when control over a good or service is transferred to a customer. The directors of the Company have preliminarily assessed each type of the performance obligations and consider that the performance obligations are similar to the current identification of separate revenue components under HKAS 18 Revenue. Furthermore, HKFRS 15 requires the transaction price to be allocated to each performance obligation on a relative stand-alone selling price basis, which may affect the timing and amounts of revenue recognition, and results in more disclosures in the consolidated financial statements. However, the directors of the Company expect that the adoption of HKFRS 15 will not have a material impact on the timing and amounts of revenue recognised based on the existing business model of the Group as at 30 April 2018.

In respect of the construction contracts, the directors of the Company have considered the guidance of HKFRS 15 on contract combination, contract modifications, variable consideration and the existence of significant financing component in the contracts. The directors of the Company have assessed that revenue from these construction contracts will be recognised over time during the course of construction. Furthermore, the directors of the Company have considered that the output method currently used to measure the progress towards complete satisfaction of these performance obligations appropriately depicts the performance under the contracts and will continue to be applied under HKFRS 15. The directors of the Company expect that the adoption of HKFRS 15 will not have material impact on amounts reported in the Group's consolidated financial statements.

HKFRS 16 *Leases*

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 16 *Leases* (Continued)

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 *Property, Plant and Equipment*, while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 will become effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16.

As at 30 April 2018, the Group has non-cancellable operating lease commitments of approximately HK$2,637,000 as disclosed in note 30. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence 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 upon the application of HKFRS 16. In addition, the application of new requirements may result changes in the measurement, presentation and disclosure as indicated above. The directors of the Company are in the process to determine the amounts of right-of-use assets and lease liabilities to be recognised in the consolidated statement of financial position, after taking into account all practical expedients and recognition exemption under HKFRS 16. The directors of the Company expect that the adoption of HKFRS 16 will not have material impact on the Group's result but certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as rightof-use assets and lease liabilities.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2018

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include all applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on historical basis. 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 in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price).

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (i.e. its subsidiaries).

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Company reassesses whether 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.

Income and expenses of subsidiaries are included in the consolidated statement 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.

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

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold and services provided in the normal course of business, net of discounts.

Revenue recognition in relation to design, supply, installation services is described in the accounting policy headed "Construction contracts" below.

Revenue from trading of fire service accessories is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from maintenance and repair services is recognised based on the stage of completion of the contracts, by reference to the proportion of the total cost of providing the services.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset 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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction contracts

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by applying the stage-of-completion method of individual contract with reference to the certificates issued by the customers, measured based on the value of work performed to date to the contract value, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customers are included in the consolidated statement of financial position under trade and retention receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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.

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

Retirement benefits cost

Payments to the Mandatory Provident Fund Scheme (the "MPF Scheme") are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liability recognised in respect of long service payment is 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 gains or losses arising on remeasurement are recognised directly in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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 consolidated financial statements and the corresponding tax base 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 difference to the extent that it is probable that taxable profits 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 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 investments in subsidiaries, 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 investments are 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.

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 rate (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 the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Plant and equipment

Plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of plant and equipment over their estimated useful lives, using the straight line method. The estimated useful lives 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.

Asset held under a finance lease is depreciated over its expected useful life on the same basis as owned asset.

An item of 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 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.

Impairment losses on tangible assets

At the end of the 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 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 individual asset, the Group estimates the recoverable amount of the cash-generating unit (the "CGU") to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual CGU, or otherwise they are allocated to the smallest group of the CGUs for which a reasonable and consistent allocation can be identified.

Recoverable amount is the higher of fair value less costs of disposal 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or the CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or the CGU) is reduced to its recoverable amount. An impairment loss is recognised as expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the CGU) 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 the CGU) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term bank deposit with a maturity of three months or less.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term bank deposit as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position 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 as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. 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 and retention receivables, deposits, advances to sub-contractors and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets 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 becoming probable that the borrower will enter into bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade and retention receivables, deposits, advances to sub-contractors and other receivables included in deposits, prepayments and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period and 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 and retention receivables, deposits, advances to sub-contractors and other receivables included in deposits, prepayments and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and retention receivable, deposit, advance to a sub-contractor and other receivable included in the deposits, prepayments and other receivables is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities

Financial liabilities including trade and retention payables, accruals and other payables and obligation under a finance lease are subsequently measured at amortised cost, using the effective interest method.

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 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 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.

Derecognition

A financial asset is derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

A financial liability is derecognised 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.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the amounts of assets, liabilities, revenue and expenses reported and disclosures made in the consolidated financial statements. 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 ongoing 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 the accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

Revenue recognition

As explained in the significant accounting policy, which are described in note 4, revenue recognition on a project is dependent on management's estimation of the total outcome of the contracts, with reference to the progress certificate issued by the customers. Notwithstanding that the Group reviews and revises the estimates of contract revenue, contract costs and variation orders, prepared for each contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Consolidated Financial Statements

For the year ended 30 April 2018

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Estimated impairment of trade and retention receivables

The Group performs ongoing credit evaluations of its customers and adjusts credit limits based on payment history and the customer's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon its historical experience and any specific customer collection issues that it has been identified. Credit losses have historically been within the Group's expectations and the Group will continue to monitor the collections and payments from customers and maintain an appropriate level of estimated credit losses. As at 30 April 2018, the carrying amount of trade and retention receivables is approximately HK$63,996,000 (2017: HK$33,625,000).

Recoverability of amounts due from customers for contract works

For contract where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due from customers for contract work. Amounts due from contract customers are stated at cost less impairment. In assessing the recoverability of the amounts due from contract customers, the directors of the Company regularly reviews expected timeframe on the utilisation of the amounts due from customers for contract work through certificates issued by the customers and its subsequent billings. In assessing whether there is any indication of possible impairment of the amounts due from customers for contract work, the directors of the Company would consider any delay on the utilisation of the amounts due from customers for contract work when compared to the expected timeframe. The directors of the Company considered that they were not aware of any indication of possible impairment at 30 April 2018 and 2017 in respect of amounts due from customers for contract work of approximately HK$64,476,000 and HK$37,962,000 respectively.

Provision for guarantees contracts in respect of performance bonds

As disclosed in note 31, the Group had provided the guarantees in respect of performance bonds in favour of its client. The directors of the Company use their estimates in assessing the default rate of these guarantee contracts and considered if provision was required at the end of the reporting period. The assessment was reference to the historical experience on the default rate of the similar performance bonds and the amount of claims against the performance bonds by the clients.

Based on the assessment performed by the directors of the Company, no provision was required to be recognised in respect of these guarantees contracts of approximately HK$3,725,000 (2017: HK$2,627,000) at 30 April 2018.

6. 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 shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of obligation under a finance lease disclosed in note 24, net of bank balances and cash disclosed in note 22, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues, issue of new debts or the redemption of existing debt.

7. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2018 **HK$'000**	2017 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**98,897**	106,356
Financial liabilities		
At amortised cost	**43,149**	45,812

Notes to the Consolidated Financial Statements

For the year ended 30 April 2018

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial assets and liabilities include trade and retention receivables, deposits, advance to sub-contractors and other receivables, bank balances and cash, trade and retention payables, accruals and other payables and obligation under a finance lease. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments included interest rate risk, credit risk and liquidity risk. 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.

(i) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate short-term bank deposit (see note 22) and obligation under a finance lease (see note 24). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is also exposed to cash flow interest rate risk in relation to its variable-rate bank balances (see note 22). It is the Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the Group's variable-rate bank balances and bank borrowing at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis point (2017: 100 basis point) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points (2017: 100 basis points) higher/lower and all other variables were held constant, the Group's post tax profit for the year ended 30 April 2018 would increase/decrease by approximately HK$239,000 (2017: HK$614,000).

Notes to the Consolidated Financial Statements

For the year ended 30 April 2018

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(ii) Credit risk

As at 30 April 2018, 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 is arising from the carrying amount of respective recognised financial assets as stated in the consolidated statement of financial position and the amount of contingent liabilities in relation to guarantee issued by the Group as disclosed in note 31.

In order to minimise the credit risk, the directors of the Company has 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 trade and retention receivables, deposits, advances to sub-contractors and other receivables included in deposits, prepayments and other receivables and amount due from a director at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

The Group's concentration of credit risk by geographical locations is solely in Hong Kong, which accounted for 100% (2017: 100%) of the total trade receivables as at 30 April 2018.

As at 30 April 2018, the Group has concentration of credit risk as 79% (2017: 19%) of the total trade receivables was due from the Group's largest customer while 92% (2017: 55%) of the total trade receivables was due from the Group's five largest customers respectively.

(iii) 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 tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have 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.

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7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

Liquidity table	On demand or within 1 year HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 30 April 2018				
Trade and retention payables	41,460	–	41,460	41,460
Accruals and other payables	1,588	–	1,588	1,588
Obligation under a finance lease	104	–	104	101
Financial guarantee contracts (note)	3,725	–	3,725	–
	46,877	–	46,877	43,149

Liquidity table	On demand or within 1 year HK$'000	1 to 2 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 30 April 2017				
Trade and retention payables	35,292	–	35,292	35,292
Accruals and other payables	10,322	–	10,322	10,322
Obligation under a finance lease	104	104	208	198
Financial guarantee contracts (note)	2,627	–	2,627	–
	48,345	104	48,449	45,812

7. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

(iii) Liquidity risk (Continued)

The amounts included above for the financial guarantee contracts are the maximum amounts that the Group could be required to settle under the arrangement for the full guarantees in respect of performance bonds in favour of its clients (note 31) if that amount is claimed by the counterparty to the guarantee. Based on expectations and with reference to the historical experience on the settlement of the financial guarantee contracts, at the end of the reporting period, the directors of the Company consider it is more likely that no amount will be payable under 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.

The amount included 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 the reporting period.

(c) Fair value measurements recognised in the consolidated statement of financial position

The directors of the Company consider that the carrying amounts of current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materially different from their fair values due to their immediate or short-term maturities.

The directors of the Company also consider that the carrying amounts of non-current financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements are not materiality different from their fair values due to insignificant impact of discounting.

8. REVENUE

Revenue represents the amounts received and receivable arising on services provided and sales of goods in the normal course of business, net of discounts. An analysis of the Group's revenue for the year is as follows:

	2018 HK$'000	2017 HK$'000
Revenue from design, supply and installation services	**190,108**	138,755
Revenue from maintenance and repair services	**32,900**	32,468
Trading of fire service accessories	**399**	226
	223,407	171,449

9. SEGMENT INFORMATION

The Group's operating activities are attributable to a single operating segment focusing on the design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the executive directors of the Company, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance. The CODM monitors the revenue from the engagement in design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises with no discrete information available to the CODM. The CODM reviews the profit for the year of the Group as a whole for performance assessment.

Geographical information

The Group's revenue from external customers based on the location of the operation is derived solely in Hong Kong (place of domicile). Non-current assets of the Group based on the location of assets are all located in Hong Kong. Accordingly, no analysis by geographical information is presented.

9. SEGMENT INFORMATION (Continued)

Information about major customers

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

	2018 HK$'000	2017 HK$'000
Customer A	**51,100**	36,410
Customer B	**41,606**	N/A[1]
Customer C	**25,530**	N/A[1]
Customer D	**24,996**	N/A[1]

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

10. OTHER INCOME

	2018 HK$'000	2017 HK$'000
Sales of scrap materials	**48**	–
Bank interest income	**74**	3
	122	3

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For the year ended 30 April 2018

11. FINANCE COSTS

	2018 **HK$'000**	2017 HK$'000
Interest on:		
– letter of credit and bank borrowing	**–**	44
– obligation under a finance lease	**7**	12
	7	56

12. INCOME TAX EXPENSE

	2018 **HK$'000**	2017 HK$'000
Current tax:		
Hong Kong Profits Tax	**5,152**	3,576
Over-provision in prior year	**–**	(20)
	5,152	3,556
Deferred tax (note 26)	**22**	18
	5,174	3,574

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the years ended 30 April 2018 and 2017.

Pursuant to the rules and regulation of the BVI and the Cayman Islands, the Group is not subject to any income tax in these jurisdictions.

12. INCOME TAX EXPENSE (Continued)

The income tax expense can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2018 HK$'000	2017 HK$'000
Profit before taxation	**29,259**	5,223
Tax calculated at the domestic income tax rate applicable to respective local tax jurisdictions	**5,342**	3,505
Tax effect of income not taxable for tax purpose	**(12)**	(1)
Tax effect of expenses not deductible for tax purpose	**9**	90
Income tax on concessionary rate	**(165)**	–
Over-provision in prior year	**–**	(20)
Income tax expense for the year	**5,174**	3,574

Details of the deferred taxation are set out in note 26.

13. PROFIT FOR THE YEAR

	2018 HK$'000	2017 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs		
– Salaries, allowances and other benefits	**15,817**	10,420
– Contributions to the MPF Scheme	**639**	438
– Reversal of provision for long service payments	**(27)**	(151)
Total staff costs (excluding directors' emoluments (note 14))	**16,429**	10,707
Auditor's remuneration	**500**	480
Amount of inventories recognised as expenses	**26,165**	26,413
Depreciation of plant and equipment	**268**	257
Listing expenses	**–**	15,859
Loss on written off on plant and equipment	**81**	–
Minimum lease payments paid under operating leases in respect of rented office premise and warehouse	**1,625**	728

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14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to 6 directors (2017: 6), including the chief executive of the Company, were as follows:

For the year ended 30 April 2018

	Fee HK$'000	**Salaries, allowance and other benefits** HK$'000	**Discretionary bonuses** HK$'000 (note (v))	**Contributions to the MPF Scheme** HK$'000	**Total** HK$'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings					
Executive directors:					
Mr. Li Shing Kuen, Alexander	–	646	50	18	714
Mr. Poon Kwok Kay	–	1,050	65	18	1,133
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:					
Non-executive director:					
Mr. Cheung Wai Hung	–	–	–	–	–
Independent non-executive directors:					
Mr. Pun Kin Wa	180	–	–	–	180
Mr. Tsang Man Biu	180	–	–	–	180
Mr. Lee Kwok Tung Louis	180	–	–	–	180
	540	1,696	115	36	2,387

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The emoluments paid or payable to 6 directors (2017: 6), including the chief executive of the Company, were as follows: (Continued)

For the year ended 30 April 2017

	Fee HK$'000	Salaries, allowance and other benefits HK$'000	Discretionary bonuses HK$'000 (note (v))	Contributions to the MPF Scheme HK$'000	Total HK$'000
Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company and its subsidiary undertakings					
Executive directors:					
Mr. Li Shing Kuen, Alexander (note (i))	–	626	47	18	691
Mr. Poon Kwok Kay (note (ii))	–	1,244	55	18	1,317
Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:					
Non-executive director:					
Mr. Cheung Wai Hung (note (iii))	–	–	–	–	–
Independent non-executive directors:					
Mr. Pun Kin Wa (note (iv))	15	–	–	–	15
Mr. Tsang Man Biu(note (iv))	15	–	–	–	15
Mr. Lee Kwok Tung Louis (note (iv))	15	–	–	–	15
	45	1,870	102	36	2,053

Notes to the Consolidated Financial Statements

For the year ended 30 April 2018

14. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

The emoluments paid or payable to 6 directors (2017: 6), including the chief executive of the Company, were as follows: (Continued)

Notes:

(i) Appointed as the director of the Company on 25 August 2016 and re-designated as the executive director of the Company on 29 November 2016.

(ii) Appointed as the director of the Company on 7 October 2016 and re-designated as the executive director of the Company on 29 November 2016.

(iii) Appointed as the director of the Company on 7 October 2016 and re-designated as the non-executive director of the Company on 29 November 2016.

(iv) Appointed as the independent non-executive director of the Company on 27 March 2017.

(v) Discretionary bonuses were determined by the directors of the Company, having regard to their individual performance and the Group's performance and profitability.

Mr. Li Shing Kuen, Alexander is also the chief executive of the Company and his emoluments disclosed above include those for services rendered by him as the chief executive of the Company.

The emoluments of Mr. Poon Kwok Kay shown above represent emoluments received from the Group by Mr. Poon Kwok Kay in his capacity as employee of the Group and/or in his capacity as a director of the Company during the year ended 30 April 2017.

No emoluments were paid or payable by the Group to the chief executive or any of the directors of the Company as an inducement to join or upon joining the Group, or as compensation for loss of office during the year ended 30 April 2018 (2017: nil).

Neither the chief executive nor any of the directors of the Company waived or agreed to waive any emoluments paid by the Group during the year ended 30 April 2018 (2017: nil).

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For the year ended 30 April 2018

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2017: two) were the chief executive and the directors of the Company whose emoluments are included in note 14 above. The emoluments of the remaining three (2017: three) individuals were as follows:

	2018 HK$'000	2017 HK$'000
Salaries, allowances and other benefits	**1,833**	1,690
Discretionary bonuses (note)	**263**	209
Contributions to the MPF Scheme	**54**	54
	2,150	1,953

Note: Discretionary bonuses were determined by the directors of the Company, having regard to their individual performance and the Group's performance and profitability.

Their emoluments were within the following bands:

	2018 Number of individuals	2017 Number of individuals
Nil to HK$1,000,000	**3**	3

No emoluments were paid or payable by the Group to any of the five highest paid individuals, including the chief executive and the directors of the Company, as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 April 2018 (2017: nil).

16. DIVIDEND

An interim dividend of approximately HK$628,000 was declared and paid by the Company to the immediate holding company of the Company on 5 October 2016 which was settled through the amount due from a director.

No final dividend has been paid or proposed by the Company during the years ended 30 April 2017 and 2018, nor has any dividend been proposed since the end of the reporting period.

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17. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**24,085**	1,649

Number of shares	**2018**	2017
	'000	'000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	528,738

The weighted average number of ordinary shares for the purpose of basic earnings per share during the year ended 30 April 2017 have been retrospectively adjusted for the effect of the capitalisation issue as stated in the section headed "Share Capital" in the Prospectus.

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the year ended 30 April 2018 (2017: nil).

18. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 May 2016	–	593	665	1,258
Additions	–	204	338	542
At 30 April 2017 and 1 May 2017	–	797	1,003	1,800
Additions	395	42	130	567
Write-off	–	(452)	–	(452)
At 30 April 2018	395	387	1,133	1,915
ACCUMULATED DEPRECIATION				
At 1 May 2016	–	353	508	861
Charge for the year	–	129	128	257
At 30 April 2017 and 1 May 2017	–	482	636	1,118
Charge for the year	65	80	123	268
Elimination on write-off	–	(371)	–	(371)
At 30 April 2018	65	191	759	1,015
CARRYING VALUES				
At 30 April 2018	330	196	374	900
At 30 April 2017	–	315	367	682

The above items of plant and equipment are depreciated on a straight-line method over their estimated useful lives at the following rates per annum:

Leasehold improvement	20%
Furniture, fixtures and equipment	20%
Motor vehicles	20%

The carrying value of a motor vehicle held under a finance lease was as follows:

	2018 HK$'000	2017 HK$'000
Motor vehicle	**189**	247

Notes to the Consolidated Financial Statements

For the year ended 30 April 2018

19. TRADE AND RETENTION RECEIVABLES

	2018 HK$'000	2017 HK$'000
Trade receivables	**48,583**	23,594
Retention receivables (note)	**15,413**	10,031
	63,996	33,625

Note: Except for the amount of approximately HK$9,368,000 (2017: HK$649,000) as at 30 April 2018, which was expected to be recovered or settled after one year, all of the remaining balances are expected to be recovered or settled within one year. Retention receivables are included in current assets as the Group expects to realise these within its normal operating cycle.

The Group does not hold any collateral over these balances.

The Group allows a credit period of 30 – 60 days (2017: 30 - 60 days) to its customers. The following is an ageing analysis of trade receivables, presented based on the date of progress certificates or completion certificates which approximates the respective revenue recognition dates, at the end of the reporting period:

	2018 HK$'000	2017 HK$'000
0 to 30 days	**42,177**	19,814
31 to 60 days	**3,432**	172
61 to 90 days	**1,460**	2,480
91 to 180 days	**1,514**	1,128
	48,583	23,594

Trade receivables that were neither past due nor impaired related to customers that have no recent history of default payment.

As at 30 April 2018, included in the Group's trade receivables were debtors with aggregate carrying amount of approximately HK$6,406,000 (2017: HK$3,780,000) which were past due as at the end of the reporting period for which the Group has not provided for impairment loss because these balances were either subsequently settled or there has not been a significant change in credit quality and the amounts are still considered recoverable.

19. TRADE AND RETENTION RECEIVABLES (Continued)

The following is an ageing analysis of trade receivables which are past due but not impaired:

	2018 HK$'000	2017 HK$'000
Past due:		
0 to 30 days	**3,432**	172
31 to 60 days	**1,460**	2,480
61 to 90 days	**1,514**	1,128
	6,406	3,780
Neither past due nor impaired	**42,177**	19,814
	48,583	23,594

20. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	2018 HK$'000	2017 HK$'000
Contracts in progress at the end of the reporting period:		
Contract costs incurred plus recognised profits less recognised losses	**332,571**	252,111
Less: progress billings	**(271,747)**	(220,956)
	60,824	31,155
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**64,476**	37,962
Amounts due to customers for contract work	**(3,652)**	(6,807)
	60,824	31,155

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21. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2018 **HK$'000**	2017 HK$'000
Deposits	**532**	314
Prepayments	**438**	455
Advances to sub-contractors	**1,888**	2,403
Other receivables	**–**	88
	2,858	3,260
Analysed for reporting purpose as:		
Current assets	**2,658**	3,230
Non-current assets	**200**	30
	2,858	3,260

22. BANK BALANCES AND CASH

	2018 **HK$'000**	2017 HK$'000
Bank balances and cash (note (i))	**23,939**	61,426
Short-term bank deposit (note (ii))	**8,542**	8,500
	32,481	69,926

Notes:

(i) Bank balances carried interest at prevailing market rates during the years ended 30 April 2018 and 2017.

(ii) Short-term bank deposit carried fixed interest rate at 0.60% per annum (2017: 0.41%) with a maturity date of 0.5 month (2017: 1 month) at 30 April 2018.

23. TRADE AND RETENTION PAYABLES

	2018 HK$'000	2017 HK$'000
Trade payables	**35,291**	27,911
Retention payables (note)	**6,169**	7,381
	41,460	35,292

Note: Except for the amount of approximately HK$4,886,000 (2017: HK$243,000) as at 30 April 2018, which was expected to be paid or settled after one year, all of the remaining balances are expected to be paid or settled within one year. Retention payables are included in current liabilities as the Group expects to pay or settle within its normal operating cycle.

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

	2018 HK$'000	2017 HK$'000
0 to 30 days	**34,012**	21,250
31 to 60 days	**34**	5,891
61 to 90 days	**264**	723
91 to 180 days	**730**	47
over 180 days	**251**	–
	35,291	27,911

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by suppliers and subcontractors were stipulated in the relevant contracts and the payables were usually due for the settlement within 30 – 60 days (2017: 30 - 60 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time-frame.

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24. OBLIGATION UNDER A FINANCE LEASE

	2018 **HK$'000**	2017 HK$'000
Analysed for reporting purposes as:		
Current liabilities	**101**	97
Non-current liabilities	**–**	101
	101	198

The Group leases one of its motor vehicles under a finance lease with fixed interest rate of 2.5% per annum (2017: 2.5%). The lease term was 3 years (2017: 3 years). The obligation under a finance lease carried effective interest at 6.21% per annum (2017: 6.21%).

	Minimum lease payments **At 30 April 2018**		**Present value of minimum lease payments** **At 30 April 2018**	
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts payable under a finance lease:				
Within one year	104	104	101	97
After one year but within two years	–	104	–	101
	104	208	101	198
Less: future finance charges	(3)	(10)	N/A	N/A
Present value of obligation under a finance lease	101	198	101	198
Less: amount due for settlement within one year shown under current liabilities			(101)	(97)
Amount due for settlement after one year			–	101

25. LONG SERVICE PAYMENT OBLIGATIONS

Under the Hong Kong Employment Ordinance, the Group is obliged to make lump sum payments on cessation of employment in certain circumstances to certain employees who have completed at least five years of service with the Group. The amount payable is dependent on the employees' final salary and years of service, and is reduced by entitlements accrued under the Group's retirement plans that are attributable to contributions made by the Group. The Group does not set aside any assets to fund any remaining obligations.

Movement in long service payment obligations is as follows:

	2018	2017
	HK$'000	HK$'000
At beginning of the year	**310**	461
Credited to profit or loss	**(27)**	(151)
At the end of the year	**283**	310

The obligation represents the management's best estimate of the Group's liability at the end of the reporting period.

26. DEFERRED TAX LIABILITY

The following is the deferred tax liability recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation
	HK$'000
At 1 May 2016	10
Charged to profit or loss (note 12)	18
At 30 April 2017 and 1 May 2017	28
Charged to profit or loss (note 12)	22
At 30 April 2018	50

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27. SHARE CAPITAL

As the Company was not incorporated prior to 25 August 2016 and the Reorganisation was not completed as at 1 May 2016, the share capital in the consolidated statement of financial position as at 1 May 2016 represented the share capital of Windmill Engineering.

The share capital of Windmill Engineering and Success Chariot Limited ("Success Chariot"), a wholly-owned subsidiary of the Company, shown in the consolidated statement of changes in equity of approximately HK$10,148,000 has been transferred to other reserve on 30 September 2016 as part of the Reorganisation. After the transfer, the share capital of the consolidated financial statements and consolidated statement of changes in equity represented the share capital of the Company.

Movements of the authorised and issued share capital of the Company for the years ended 30 April 2018 and 2017 are as follows:

	Number of ordinary shares	**Share capital**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 25 August 2016 (date of incorporation) (note (a))	38,000,000	380
Increase during the period (note (e))	1,962,000,000	19,620
At 30 April 2017,1 May 2017 and 30 April 2018	2,000,000,000	20,000
Issued and fully paid:		
Issue of share at 25 August 2016 (date of incorporation) (note (a))	1	–
Issue of shares as consideration for the acquisition of the issued share capital of Windmill Engineering (note (b))	7,000	–
Issue of shares (note (d))	2,999	–
Issue of new shares in connection with the listing of shares of the Company (note (f))	200,000,000	2,000
Capitalisation issue of shares (note (f))	599,990,000	6,000
At 30 April 2017,1 May 2017 and 30 April 2018	800,000,000	8,000

Notes to the Consolidated Financial Statements

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27. SHARE CAPITAL (Continued)

Notes:

(a) On 25 August 2016, the Company was incorporated in the Cayman Islands under the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. On the same date, one share was allotted and issued at nil-paid to the initial subscriber, which was then transferred to Golden Page at nil consideration.

(b) On 28 September 2016, the Company issued 7,000 shares to the Controlling Shareholder, Golden Page, at a consideration of HK$8,000,000. On the same day, the Company through Success Chariot subscribed 7,852,000 issued shares of Windmill Engineering, representing 78.52% equity interest in Windmill Engineering, from the Controlling Shareholder of Windmill Engineering, at a consideration of HK$8,000,000.

(c) On 30 September 2016, the Company through Success Chariot acquired 2,148,000 issued shares of Windmill Engineering, representing 21.48% equity interest in Windmill Engineering, from the Controlling Shareholder, crediting the one nil-paid share of the Company held by Golden Page as fully paid, all completed on 30 September 2016.

(d) As part of the Reorganisation, on 7 October 2017, the Company was authorised to allot and issue credited as fully paid, a total of 2,999 ordinary shares of HK$0.01 each to the pre-IPO investor at consideration of HK$12,000,000.

(e) Pursuant to the written resolution passed by the shareholders of the Company on 27 March 2017, the Company's authorised share capital was increased from HK$380,000 to HK$20,000,000 by the creation of additional 1,962,000,000 new ordinary shares of HK$0.01 each.

(f) At a special general meeting of the Company held on 27 March 2017, the directors of the Company were authorised to allot and issue 20,000,000 ordinary shares of HK$0.01 each to the public and 180,000,000 ordinary shares of HK$0.01 each by placing on 18 April 2017, both at a price of HK$0.27 per share. The gross total proceeds was HK$54,000,000, representing amounts of HK$2,000,000 credited to the Company's share capital and HK$52,000,000 credited to the Company's share premium before any issuance expenses. The directors of the Company were also authorised to allot and issue a total of 599,990,000 ordinary shares on 18 April 2017, credited as fully paid at par to the holders of shares on the register of members at the close of business on 27 March 2017 by the way of capitalisation. The sum of approximately HK$6,000,000 was credited from the share premium account of the Company following the issue of new shares mentioned above.

(g) All shares issued rank pari passu with the existing shares in all respects.

28. SHARE OPTION SCHEME

The Company's share option scheme (the "Scheme"), adopted pursuant to the written resolution passed on 27 March 2017 for the primary purpose of attracting and retaining the best available personnel and providing additional incentive to eligible persons, will expire on 18 April 2027. Under the Scheme, the board of directors may grant options to the eligible person, including employees (full-time and part-time), directors of the Company, consultants, advisers, distributors, contractors, suppliers, agents, clients, business partners and service providers of the Group, to subscribe for shares of the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the shares of the Company in issue or with a value in excess of HK$5,000,000 must be approved by the Company's shareholders.

Options granted must be taken up within seven days inclusive of the day on which such offer was made, upon payment of HK$1. Options may be exercised at any time from the date of grant of the share option to the ten years from the date of grant subject to the provisions of early termination. The exercise price is determined by the board of directors of the Company, and shall be the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the option; (ii) the average closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share on the date of grant of the option.

No share options are granted since the adoption of the Scheme and there are no outstanding share options as at 30 April 2018 (2017: nil).

29. RETIREMENT BENEFIT PLANS

Defined contribution plans

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% of relevant payroll costs to the MPF Scheme and subject to a cap of HK$1,500 per month in which the contribution is matched by employees.

The total cost charged to consolidated statement of profit or loss and other comprehensive income of approximately HK$675,000 (2017: HK$474,000) represents contributions payable to the MPF Scheme by the Group in respect of the current accounting period.

30. OPERATING LEASE COMMITMENT

The Group as lessee

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

	2018 HK$'000	2017 HK$'000
Within one year	**1,338**	378
In the second to fifth year inclusive	**1,299**	149
	2,637	527

Operating lease payments represent rentals payable by the Group for certain of its office premise and warehouse. Leases are negotiated for original term ranging from one to three years (2017: one to three years) and rental is fixed over the lease term of the respective leases.

31. CONTINGENT LIABILITIES

At the end of the reporting period, the Group had provided the following guarantees:

	2018 HK$'000	2017 HK$'000
Guarantees in respect of performance bonds in favour of its clients	**3,725**	2,627

In the opinion of the directors of the Company, it was not probable that a claim would be made against the Group under the guarantees. Therefore, no provision for such guarantee was made for the year ended 30 April 2018 (2017: nil).

Notes to the Consolidated Financial Statements

For the year ended 30 April 2018

32. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the consolidated financial statements, the Group entered into transactions with its related party as follows:

Related party	Relationship	Nature of transaction	**2018 HK$'000**	2017 HK$'000
Tradetech Suppliers Ltd. ("Tradetech")	Beneficial owned by the director of the Company, Mr. Poon Kwok Kay	Purchase of materials	**66**	412

Purchase of materials from Tradetech was conducted at terms determined on mutually agreed basis.

(b) Compensation to key management personnel

The remuneration paid to the directors of the Company, being the only key management personnel of the Group, during the year was as follows:

	2018 HK$'000	2017 HK$'000
Short-term benefits	**2,351**	2,017
Post-employment benefits	**36**	36
	2,387	2,053

The remuneration of the directors of the Company is determined by the remuneration committee having regard to the performance of individuals and market trends.

33. MAJOR NON-CASH TRANSACTIONS

(a) During the year ended 30 April 2017, the Group entered into a finance lease arrangement in respect of a motor vehicle with capital value at the inception of the lease of approximately HK$291,000.

(b) During the year ended 30 April 2017, an interim dividend of approximately HK$628,000 was declared and paid by the Company to the immediate holding company of the Company on 5 October 2016, which was settled through the amount due from a director.

34. 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 consolidated statement of cash flows as cash flows from financing activities.

	Obligation under a finance lease HK$
At 1 May 2017	198
Financing cash flow	(104)
Finance costs incurred	7
At 30 April 2018	101

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2018 HK$'000	2017 HK$'000
Non-current asset			
Investment in a subsidiary		**14,705**	14,705
Current assets			
Prepayments and other receivables		**308**	393
Amount due from a subsidiary		**50,539**	8,100
Bank balances and cash		**5,781**	57,337
		56,628	65,830
Current liabilities			
Accruals and other payables		**1,080**	7,059
Amount due to a subsidiary		**–**	105
		1,080	7,164
Net current assets		**55,548**	58,666
Total assets less current liabilities		**70,253**	73,371
Capital and reserves			
Share capital	26	**8,000**	8,000
Reserves	(a)	**62,253**	65,371
Total equity		**70,253**	73,371

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes: (Continued)

(a) The movement of reserves is shown as follows:

	Share premium HK$'000	Other reserve HK$'000 (Note)	Retained profits/ (Accumulated losses) HK$'000	Total HK$'000
At 25 August 2016 (date of incorporation)	–	–	–	–
Profit and total comprehensive income for the period	–	–	709	709
Issue of shares (note 27(b))	8,000	–	–	8,000
Acquisition of additional interest in Windmill Engineering arising from the Reorganisation	–	6,705	–	6,705
Dividends recognised as distribution (note 16)	–	–	(628)	(628)
Issue of shares (note 27(d))	12,000	–	–	12,000
Issue of shares in connection with the listing (note 27(f))	52,000	–	–	52,000
Transaction costs attributable to issue of shares	(7,415)	–	–	(7,415)
Capitalisation issue of shares (note 27(f))	(6,000)	–	–	(6,000)
At 30 April 2017 and 1 May 2017	58,585	6,705	81	65,371
Loss and total comprehensive expense for the year	–	–	(3,118)	(3,118)
At 30 April 2018	58,585	6,705	(3,037)	62,253

Note: Other reserve represented the difference between the nominal value of issued share capital of the Company and the net assets value of a subsidiary of the Company arising from the completion of Reorganisation on 30 September 2016.

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36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation or operation	Issue and fully paid ordinary share capital	Percentage of equity interest and voting power attributable to the Group				Principal activities
			2018		2017		
			Direct	**Indirect**	Direct	Indirect	
Success Chariot	The BVI	United States dollars 3	**100%**	**–**	100%	–	Investment holding
Windmill Engineering	Hong Kong	HK$10,148,000	**–**	**100%**	–	100%	Design, supply and installation of fire safety systems for buildings under construction or re-development and maintenance and repair of fire safety systems for built premises and trading of fire service accessories

None of the subsidiaries had issued any debt securities during both years and at the end of both years.

Financial Summary

	Year ended 30 April		
	2018	2017	2016
	HK$'000	HK$'000	HK$'000
Revenue	**223,407**	171,449	123,989
Cost of sales	**(185,040)**	(144,431)	(104,344)
Gross profit	**38,367**	27,018	19,645
Other income	**122**	3	7
Administrative expenses	**(9,223)**	(21,742)	(4,036)
Finance costs	**(7)**	(56)	(144)
Profit before taxation	**29,259**	5,223	15,472
Income tax expenses	**(5,174)**	(3,574)	(2,636)
Profit and total comprehensive income for the year attributable to owners of the Company	**24,085**	1,649	12,836
Non-current assets	**1,100**	712	469
Current assets	**163,611**	144,743	39,857
Current liabilities	**52,890**	57,613	20,058
Net current assets	**110,721**	87,130	19,799
Total assets less current liabilities	**111,821**	87,842	20,268
Non-current liabilities	**333**	439	471
Net assets	**111,488**	87,403	19,797
Capital and reserves			
Share capital	**8,000**	8,000	2,148
Reserves	**103,488**	79,403	17,649
Total equity	**111,488**	87,403	19,797