WINDMILL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1850

ANNUAL REPORT 2019

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 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

1850

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 2019 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 11.1% as compared between the revenue in the two years ended 30 April 2019 and 2018. Such increase was primarily due to the increase in the number of sizable projects during the year ended 30 April 2019 as compared to the previous year.

The Group's profit attributable to owners of the Company was approximately HK$19.1 million for the year ended 30 April 2019. Excluding the non-recurring listing expenses of approximately HK$6.3 million for the year ended 30 April 2019, the Group should have recorded profit attributable to owners of the Company, which increased by approximately HK$1.3 million or 5.4% from approximately HK$24.1 million for the year ended 30 April 2018 to approximately HK$25.4 million for the year ended 30 April 2019.

In the future, the Group will continue to expand our business to maintain and strengthen our market position in our core Hong Kong market 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.

In addition, the Group will also seek potential opportunities to expand and develop our business further to other overseas markets by seeking potential strategic and financial partners which can potentially assist the Group in various aspects to achieve this goal.

As the Group has successfully been listed in the Main Board of Hong Kong Stock Exchange earlier this year, our brand name awareness has been further enhanced. I believe we may leverage this to explore other new attractive business opportunities outside Hong Kong which may be value-enhancing to the Group and its shareholders. Furthermore, the Group will also continue to look at opportunities to strengthen our investor and shareholder base to support our Group's business and expansion plans.

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, 29 July 2019

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.

In light of growing business opportunities, WINDMILL Group Limited (the "Company", together with its subsidiaries 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.

In addition, the Group will also seek potential opportunities to expand and develop our business further to other overseas markets by seeking strategic and financial partners which can potentially assist the Group in various aspects to achieve this goal.

As the Group has successfully been listed in the Main Board of the Stock Exchange earlier this year, our brand name awareness has been further enhanced. The Group may leverage this to explore other new attractive business opportunities outside Hong Kong which may be value-enhancing to the Group and its shareholders. Furthermore, the Group will also continue to look at opportunities to strengthen our investor and shareholder base to support our Group's business and expansion plans.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 April 2019 recorded amounted to approximately HK$248.3 million which represented an increase of approximately HK$24.9 million or 11.1% from approximately HK$223.4 million for the year ended 30 April 2018. The increase in total revenue was mainly due to the combined effects of an increase from (i) maintenance services amounted to approximately HK$15.8 million; and (ii) installation services amounted to approximately HK$9.3 million.

Management Discussion and Analysis

Revenue

Analysis of revenue is as follows:

	Year ended 30 April			
	2019		2018	
	HK$'000	**% of total revenue**	HK$'000	% of total revenue
Installation services	**199,449**	**80.33**	190,108	85.1
Maintenance services	**48,694**	**19.61**	32,900	14.7
	248,143	**99.94**	223,008	99.8
Others	**146**	**0.06**	399	0.2
Total	**248,289**	**100.00**	223,407	100.0

Installation services

Revenue increased by approximately 4.9% from approximately HK$190.1 million for the year ended 30 April 2018 to approximately HK$199.4 million for the year ended 30 April 2019. The increase by approximately HK$9.3 million was mainly due to the commencement of the number of sizable projects during the year ended 30 April 2019 as compared to the corresponding year.

Maintenance services

Revenue increased by approximately 48.0% from approximately HK$32.9 million for the year ended 30 April 2018 to approximately HK$48.7 million for the year ended 30 April 2019. The increase by approximately HK$15.8 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 2019 as compared to the corresponding year.

Others

For the year ended 30 April 2019, revenue recorded amounted to approximately HK$0.1 million (2018: HK$0.4 million).

Cost of sales

Our cost of sales increased by approximately 12.6% from approximately HK$185.0 million for the year ended 30 April 2018 to approximately HK$208.4 million for the year ended 30 April 2019. 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 2019.

Gross profit and gross profit margin

Our gross profit increased by approximately HK$1.5 million or 3.9% from approximately HK$38.4 million for the year ended 30 April 2018 to approximately HK$39.9 million for the year ended 30 April 2019. The increase was in line with the increase in revenue. Our gross profit margin remains at 17%. The Group has continuously controlling subcontracting costs from some projects undertaken by our Group so that the Group maintains at a profitable position during the year ended 30 April 2019.

Other income

The Group recorded other income of approximately HK$0.07 million for the year ended 30 April 2019 (2018: approximately HK$0.1 million).

Administrative expenses

Our administrative expenses increased by approximately HK$0.8 million or 8.3% from approximately HK$9.2 million for the year ended 30 April 2018 to approximately HK$10.0 million for the year ended 30 April 2019.

Finance costs

Our finance costs increased by approximately 3814% from approximately HK$7,000 for the year ended 30 April 2018 to approximately HK$274,000 for the year ended 30 April 2019. The increase was primarily attributed to the drawdown of bank borrowings for normal operation during the year.

Income tax expense

Our income tax expense decreased by approximately 17.3% from approximately HK$5.2 million for the year ended 30 April 2018 to approximately HK$4.3 million for the year ended 30 April 2019. The decrease was primarily attributed to the decrease in taxable profits as well as the favourable impact from the two-tiered profits tax rates regime during the year ended 30 April 2019.

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$19.1 million for the year ended 30 April 2019. Excluding the non-recurring of a transfer of listing expenses for the year ended 30 April 2019, the Group should have recorded profit and total comprehensive income attributable to owners of the Company, which increased by approximately HK$1.3 million or 5.4% from approximately HK$24.1 million for the year ended 30 April 2018 to approximately HK$25.4 million for the year ended 30 April 2019.

LIQUIDITY AND FINANCIAL RESOURCES AND TREASURY POLICY

	As at 30 April	
	2019	2018
Current ratio	**2.9**	3.1
Gearing ratio*	**12.5%**	0.1%

* 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 2019 was 2.9 times as compared to that of 3.1 times as at 30 April 2018. The decrease in current ratio was mainly due to a decrease in trade and retention receivables. The gearing ratio of the Group as at 30 April 2019 was 12.5% as compared to that of 0.1% as at 30 April 2018. Such increase was primarily due to an increase in bank borrowings during the year ended 30 April 2019.

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, bank borrowings, administrative and capital expenditures to prepare the cash flow forecast to forecast the Group's future financial liquidity.

The Group generally finances its operations through a combination of owner's equity, internally generated cash flows net proceeds from the share offer of the Company's shares in listing, other reserve and bank borrowings from the international banks, other reserve and bank borrowing.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 April 2019 (2018: nil).

PLEDGE OF ASSETS

As at 30 April 2019, the Group pledged its bank deposit to a bank of HK$13.0 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 2019, performance bonds of approximately HK$3.7 million (2018: approximately HK$3.7 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 our Group fails to provide satisfactory performance to our customers to whom performance bonds have been given, such customers may demand the bank to pay them the sum or sums stipulated in such demand. Our 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 2019, in the opinion of the Directors, it was not probable that a claim would be made against our 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

On 17 July 2019, the Company and All Blue Capital ("AB Capital") entered into a memorandum of understanding in relation to a strategic cooperation between the parties (the "MOU"). Pursuant to the MOU, AB Capital will assist the Company in expanding its existing business operations domestically and globally, in particular to explore opportunities leveraging on the global extensive real estate portfolio and network of AB Capital. The Company and AB Capital will also explore new synergistic and other attractive proprietary business and investment opportunities which aim to enhance shareholders' value for the Company.

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 2019 is set out below:

Business objectives	Actual business progress up to 30 April 2019
Expand and increase our capacity in providing our services	The Group has identified 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 has evaluated proposals from marketing professionals to design and printed corporate brochures

TRANSFER OF LISTING TO THE MAIN BOARD

Reference is made to an announcement of the Company dated 31 January 2019 ("Transfer Listing Announcement") in relation to the transfer of listing of the Company from GEM to the Main Board of the Stock Exchange. On 14 February 2019, the Company was listed on the Main Board of the Stock Exchange, which marked a new milestone in the Company's development.

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 reallocate 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 2019 are set out as follows:

Item No.	Purposes	Original Allocation at GEM Listing *(HK$ million)*	Amount re-allocated on 17 April 2018 *(HK$ million)*	Actual amount utilized as at 30 April 2018 *(HK$ million)*	Actual amount utilized subsequent to 30 April 2018 and up to 30 April 2019 *(HK$ million)*	Remaining unutilized balance as at 30 April 2019 *(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)	—	—
(iii)	Salary payment to new staff	6.5	—	(3.8)	(2.7)	—	—
(iv)	Purchase of ERP system	1.9	—	(0.3)	(1.6)	—	—
(v)	Increase our Group's marketing resources	0.4	—	(0.1)	(0.3)	—	—
(vi)	Develop central pre- fabrication piping workshop	5.9	—	(0.3)	(5.6)	—	—
	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 2019.

CAPITAL STRUCTURE

The Group's shares were successfully listed on GEM on the Listing Date and have been transferred from GEM to the Main Board of the Stock Exchange on 14 February 2019. 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 2019, there was no significant investment held by the Group (2018: nil).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Directors currently do not have any future plans for material investments or capital assets. The management will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

FOREIGN CURRENCY EXPOSURE

During the year ended 30 April 2019, 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 increase 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 2019, the Group employed 49 employees, the total staff costs amounted to approximately HK$20.5 million (2018: HK$18.8 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 announcement, 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 59, 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 on 30 June 1985. Mr. Li was appointed as a Director on 25 August 2016, and re-designated as 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 Company Limited.

Mr. Li has over 31 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 was awarded the Chief Executive's Commendation for Community Service in 2007, the Medal of Honour (MH) by The Chief Executive of the HKSAR in 2012 and Bronze Bauhinia Star (BBS) by The Chief Executive of the HKSAR in 2019 for his outstanding and dedicated community service in Wan Chai District.

He was appointed as the Chairman of District Fire Safety Committee (Wan Chai District) of the Home Affairs Department from 2010 to 2013, 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 and the Chairman of the District Fight Crime Committee (Wan Chai District) of the Home Affairs Department from 2014 to 2019.

Mr. Poon Kwok Kay (潘國基), aged 47, 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 21 years of managerial experience in the fire engineering services field, specialising in tender estimation, managing client relationship and products promotion. Prior to joining our 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 47, 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 the Group's overall corporate strategies and does not participate in the day-to-day management of the Group. Mr. Cheung will be subject to the retirement and rotation requirements under the Articles and the 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 Limited and its subsidiaries (together the "Opus Financial Group"), a specialised niche financial group focusing on corporate finance, asset 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).

Independent non-executive Directors

Mr. Pun Kin Wa (潘建華), aged 57, 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 31 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.

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. Tsang Man Biu (曾文彪), aged 56, was appointed as an independent non-executive Director on 27 March 2017. Mr. Tsang grad uated 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 30 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 a member of the Authorized Persons', Registered Structural Engineers' and Registered Geotechnical Engineers' Disciplinary Board Panel appointed by Planning and Lands Branch of Development Bureau. Mr. Tsang was a member of Wan Chai District Fight Crime Committee from 2014 to 2018. 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 2021. He was appointed a convener of Panel of Advisers on Building Management Disputes, a member of the Town Planning Appeal Board Panel and 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.

Mr. Lee Kwok Tung Louis (李國棟), aged 51, was appointed as an independent non-executive Director on 27 March 2017. Mr. Lee was awarded Bachelor of Economics by Macquarie University, Australia in April 1993. Mr. Lee was admitted as a Certified Practising Accountant of the CPA Australia in June 1996 and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) in October 1999. Mr. Lee is currently a Fellow Certified Practising Accountant of the CPA Australia and a Fellow Certified Public Accountant of the HKICPA. Mr. Lee has possessed extensive experience with unlisted groups, listed groups and professional firms in finance, accounting and auditing since 1993.

Mr. Lee is currently an independent non-executive director of four listed companies, namely CGN Mining Company Limited (stock code: 01164), China Singyes New Materials Holding Limited (stock code: 08073), Redsun Properties Group Limited (stock code: 01996) and Fusen Pharmaceutical Company Limited (stock code:01652), which are listed on the Stock Exchange. He was an independent non-executive director of Winto Group (Holdings) Limited (stock code: 08238), Zhong Ao Home Group Ltd (stock code: 01538) and Worldgate Global Logistics Limited (stock code: 08292), which are listed on the Stock Exchange, for the periods from January 2015 to May 2016, from November 2015 to July 2017 and from June 2016 to June 2019 respectively.

SENIOR MANAGEMENT

Ms. Ma Man Chi (馬敏姿), aged 35, has been our financial controller since May 2019, responsible for financial reporting, financial planning and analysis, treasury, taxation, internal controls and compliance with financial regulations. Ms. Ma joined the Group in November 2018 as Assistant Financial Controller. She has extensive experience in accounting and auditing, specifically more than 10 years of experience from the engineering and construction industry. Prior to joining the Group, Ms. Ma served PricewaterhouseCoopers and has leaded audit engagements and capital market transactions for multinational corporations and sizable listed companies in Hong Kong. Ms. Ma is a member of the Hong Kong Institute of Chartered Public Accountants and holds a bachelor's degree of Business Administration in Accounting from the Open University of Hong Kong.

Mr. Lam Tai Ming (林泰銘), aged 49, 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 21 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 51, 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 21 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.

Mr. Tang Wai Yin (鄧偉賢), aged 46, 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 16 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 51, 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 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 values 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 14 of the Listing Rules during the year ended 30 April 2019 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 10 to the 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 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 2019.

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 2019, six 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 19 October 2018) was held. The attendance records of the Directors at the aforesaid board meetings and Shareholders' meeting are set out as follows:

	Attendance/ Number of meetings	
Name of Directors	**Board Meetings**	**Shareholders' Meetings**
Executive Directors		
Mr. Li Shing Kuen Alexander *(Chairman)*	6/6	1/1
Mr. Poon Kwok Kay	6/6	1/1
Non-Executive Director		
Mr. Cheung Wai Hung	6/6	1/1
Independent Non-Executive Directors		
Mr. Pun Kin Wa	6/6	1/1
Mr. Tsang Man Biu	6/6	1/1
Mr. Lee Kwok Tung Louis	6/6	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. Cheung Wai Hung and Mr. Pun Kin Wa, 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 2019, the Company had arranged to provide trainings to all the Directors. The table below summaries the participation of the Directors in continuous professional development during the year ended 30 April 2019 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 3.10(1) and 3.10A of the 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 3.10(2) of the Listing Rules.

The Company has received annual confirmations of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the 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 3.13 of the Listing Rules.

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 14 to the 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 2019, four 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 2019 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)*	4/4
Mr. Tsang Man Biu	4/4
Mr. Lee Kwok Tung Louis	4/4

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 14 of the 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 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. The chairman of the Remuneration Committee is Mr. Tsang Man Biu.

During the year ended 30 April 2019, two meetings of the Remuneration Committee were 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)*	2/2
Mr. Pun Kin Wa	2/2
Mr. Lee Kwok Tung Louis	2/2

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 2019 are set out in notes 13 and 14 to the consolidated financial statements, respectively. The number of senior management of the Group whose remuneration for the year ended 30 April 2019 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 14 of the 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.

The Board has adopted the nomination policy (the "Nomination Policy") on 21 November 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

The process to identify potential candidates for the Board would be as follows:

(1) identifying potential candidates, including recommendations from the Board members, professional search firms and the shareholders of the Company;

(2) evaluating the candidates based on the approved selection criteria through methods such as reviewing the resume and conducting the background checks;

(3) reviewing the profiles of the shortlisted candidates and interview them; and

(4) making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

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 2019, 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.

During the year ended 30 April 2019, 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 2019, is set out as follows:

Nature of Services	**Fee paid/ payable**
	HK$000
Annual audit service	525
Non-audit services	530
Total	1,055

RISK MANAGEMENT AND INTERNAL CONTROL

During the year ended 30 April 2019, 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.

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 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. Ms. Ma Man Chi, 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 3.29 of the Listing Rules, Ms. Ho took more than 15 hours of relevant professional training for the year ended 30 April 2019.

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.

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 Main Board 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.

Dividend Policy

The Board has adopted the dividend policy (the "Dividend Policy") on 21 November 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

Constitutional Documents

There was no significant change in the constitutional documents of the Company during the year ended 30 April 2019.

GENERAL

This report covers environmental and social responsibility aspects underlying the Group's business operations in Hong Kong during the year ended 30 April 2019 and is prepared with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Main Board 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 identify key ESG matters of the Group, we have engaged our business functions to review the operations and to assess the ESG matters relating to our business and the 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 environmentally 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 including recycling paper, reusing single-sided paper, avoiding necessary photocopying and printing but not limit to re-use of envelopes for internal use, 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:

		2019	**2018**
Purchased Electricity	Total (kWh)	29,494	32,664
GHG emissions	Total (kg)	18,589	20,578
GHG emissions per employee	Total (kg/employee)	379	420

Notes:

1. The number of employees working in Hong Kong office is 49 as at 30 April 2019 (2018:49).

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 2019 and 2018, the consumption volume generated by the Group is as below:

Non-hazardous waste category	Year	Quantity	Unit	Intensity — Unit per employee
Paper	2019	1.013	Tonnes	20.7kg
	2018	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 2019 and 30 April 2018, the total energy consumption by Hong Kong office and total energy consumption per employee in terms of electricity are as follows:

		2019	2018
Energy Consumption	Total (kWh)	29,494	32,664
Energy consumption per employee	Total (kWh/employee)	602	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 remoted 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 2019, 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 2019, 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 2019, 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 2019, 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 2019, 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 its 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.

The Directors submit herewith their annual report together with the audited consolidated financial statements for the year ended 30 April 2019.

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 and on the Main Board on 14 February 2019 by way of transfer of the listing from GEM to the Main Board.

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 2019 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 6(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. The years of business relationship with the Group ranged from 3 to 5 years and the credit terms granted to the major customers ranged from 30 to 60 days. Up to the date of this report, approximately 56% of the trade receivables from the major customers has been settled. Details of the trade receivables of the Group as at 30 April 2019 are set out in note 18 to the financial statements.

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.

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 18 to the consolidated financial statements for more details of the trade receivables of our Group as at 30 April 2019.

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 disputes 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.

Our major suppliers are generally manufacturers for the pipe and fittings, and had business relationship with the Group for over 3 years on average. Up to the date of this report, approximately 92.5% of the trade payable to the major suppliers has been settled.

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 22 to the consolidated financial statements for more details of the trade and retention payables of our Group as at 30 April 2019.

Our Group did not have any significant disputes with our major suppliers and subcontractors during the year ended 30 April 2019.

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 ended 30 April 2019. The Directors also consider that the relationship and co-operation between the management team and the employees have been good during the year ended 30 April 2019.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 April 2019 are set out in the consolidated statement of profit or loss and other comprehensive income on page 58 of this annual report.

No final dividend in respect of the year ended 30 April 2018 and interim dividend in respect of the six months ended 31 October 2018 were declared.

No final dividend has been paid or proposed by the Company during the year ended 30 April 2019, nor has any dividend been proposed since the end of the reporting period.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

The Group's top five customers accounted for approximately 70.3% of the total revenue. The top five suppliers and subcontractors accounted for approximately 39.6% and 56.7% of the total cost of services respectively for the year. In addition, the Group's largest customer accounted for approximately 19.2% of the total revenue and the Group's largest supplier and subcontractor accounted for approximately 10.0% and 19.6% of the total cost of services respectively 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 2019 and the consolidated financial position of the Group as at 30 April 2019 are set out in the consolidated financial statements on pages 59 to 60.

RESERVES

Details of movements in the reserves of the Group during the year ended 30 April 2019 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 30 April 2019, the Company's reserves available for distribution to shareholders amounted to approximately HK$49.4 million, comprising accumulated losses of approximately HK$9.2 million and share premium of approximately HK$58.6 million. Under Cayman Islands law, the 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 17 to the consolidated financial statements.

DONATIONS

During the year, the Group did not make charitable and other donations (2018: Nil).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

Report of the Directors

DIRECTORS

The Directors during the year ended 30 April 2019 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 17 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. Cheung Wai Hung and Mr. Pun Kin Wa, 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 18 April 2017. 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/she shall vacate his/her 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 3.13 of the 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 2019.

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 2019.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with the highest emoluments are set out in notes 13 and 14 to the consolidated financial statements respectively.

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

As at 30 April 2019, 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 2019, 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 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	119,965,998	15.00%
Marvel Paramount Investments Limited ("Marvel Paramount") (Note 2)	Interests in controlled corporation	Long position	119,965,998	15.00%
Mr. Ma Ting Wai Barry ("Mr. Ma")	Interests in controlled corporation (Note 3)	Long position	119,965,998	15.00%
Ms. Leung Wing Ci Winnie ("Ms. Leung")	Interests of spouse (Note 4)	Long position	119,965,998	15.00%
Strategic Apex Limited ("Strategic Apex") (Note 5)	Interest in controlled corporation	Long position	59,974,002	7.50%
Opus Capital Management Limited	Interest in controlled corporation	Long position	59,974,002	7.50%
Opus Financial Holdings Limited ("Opus Financial Holdings") (Note 6)	Interest in controlled corporation	Long position	59,974,002	7.50%
Opus Strategic International Limited ("Opus Strategic") (Note 7)	Interest in controlled corporation	Long position	59,974,002	7.50%
Opus Financial Group Limited ("Opus Financial Group ") (Note 8)	Interest in controlled corporation	Long position	59,974,002	7.50%

Name of Shareholder	Capacity/ Nature of interest	Long/ Short position	Number of shares held	Approximate percentage of shareholding in the Company
Opus International Advisors Limited ("Opus International") (Note 9)	Interest in controlled corporation	Long position	59,974,002	7.50%
Opus SSF Management Limited ("Opus SSF") (Note 10)	Interest in controlled corporation	Long position	59,974,002	7.50%
Opus Special Situation Fund 1 LP ("Opus Special") (Note 11)	Interest in controlled corporation	Long position	59,974,002	7.50%
Super Million Two (BVI) Limited ("Super Million Two") (Note 12)	Beneficial owner	Long position	59,974,002	7.50%
Mr. Lai Shu Fun Francis Alvin (Mr. Lai)	Interest in controlled corporation	Long position	59,974,002	7.50%
Ms. Jang Kelly (Ms. Jang)	Interest of spouse (Note 13)	Long position	59,974,002	7.50%

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 100% beneficially owned by Marvel Paramount who is deemed to be interested in the shares held by Smart Million under the SFO.

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.

5. Strategic Apex is 52% beneficially owned by Mr. Lai who is deemed to be interested in the shares held by Super Million Two under the SFO.

6. Opus Financial Holdings is 60.20% beneficially owned by Strategic Apex who is deemed to be interested in the shares held by Super Million Two under the SFO.

7. Opus Strategic is 100% beneficially owned by Opus Financial Holdings who is deemed to be interested in the shares held by Super Million Two under the SFO.

8. Opus Financial Group is 100% beneficially owned by Opus Strategic who is deemed to be interested in the shares held by Super Million Two under the SFO.

9. Opus International is 100% beneficially owned by Opus Financial Group who is deemed to be interested in the shares held by Super Million Two under the SFO.

10. Opus SSF is 100% beneficially owned by Opus International who is deemed to be interested in the shares held by Super Million Two under the SFO.

11. Opus Special is 100% beneficially owned by Opus SSF who is deemed to be interested in the shares held by Super Million Two under the SFO.

12. Super Million Two is 100% beneficially owned by Opus Special who is deemed to be interested in the shares held by Super Million Two under the SFO.

13. Ms. Jang is the spouse of Mr. Lai. By virtue of the SFO, Ms. Jang is deemed to be interested in all parties in which Mr. Lai 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 2019.

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 8 years.

No share option was granted, exercised, cancelled or lapsed during the year ended 30 April 2019 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 33(a) to the consolidated financial statements. The listing of the Company took place in 2017. For the year ended 30 April 2019, certain related party transactions disclosed in note 33(a) to the consolidated financial statements constitute de minimis continuing connected transactions of the Company under Rule 20.24 of the Listing Rules.

The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the 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 2019.

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 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 2019 or at any time during the year ended 30 April 2019.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the annual report, as at 30 April 2019, 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 2019 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 BORROWINGS

The amount of bank borrowings of the Group as at 30 April 2019 is approximately HK$16,291,000 (2018: 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 to review 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 provides 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 30 of the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are 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.

TAX RELIEF

The Company is not aware of any tax relief or exemption available to the shareholders of the Company by reason of their holding of the shares of the Company during the year ended 30 April 2019.

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 2019 and up to the date of this report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out in the financial summary section on page 122 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 3A.19 of the 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 3A.07 of the 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 interests 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 2019 is scheduled to be held on Tuesday, 29 October 2019. A notice convening the Annual General Meeting has been issued and despatched to the Shareholders on 30 August 2019.

AUDITOR

The consolidated financial statements for the year ended 30 April 2019 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

29 July 2019

信永中和
ShineWing

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

TO THE MEMBERS 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 58 to 121, which comprise the consolidated statement of financial position as at 30 April 2019, 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 2019, 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.

ACCOUNTING FOR CONSTRUCTION CONTRACTS

Refer to note 7 to the consolidated financial statements and the accounting policies on pages 70—75.

The key audit matter	How the matter was addressed in our audit
The Group recorded revenue from design, supply and installation service of approximately HK$199,449,000 for the year ended 30 April 2019. Contract revenue is recognised progressively over time using the output method, based on direct measurements of the value of services delivered and the estimated total revenue for the contracts entered into by the Group. Contract costs are recognised when work is performed, together with any provisions for expected contract losses. Management reviews and revises the estimates of contract revenue, contract costs and variation orders for each construction contract by comparing the most current budgeted amounts with corresponding actual amounts as the contract work progresses. We identified accounting for construction contracts as a key audit matter because the estimation of the total contract revenue and total costs to complete contracts is inherently subjective and requires significant management judgement and estimation and because errors in the forecast of contract revenue and contract costs could result in a material variance in the amount of profit or loss recognised from contracts to date and, therefore, in the current period.	Our procedures were designed to review the management's judgements and estimates used in contract accounting. We have assessed whether the contract revenue and cost recognised was reasonable through reviewing the key estimates and assumptions adopted in the forecasts for contract revenue and contract cost, including estimated costs to completion and the recognition of variation orders, by obtaining and evaluating relevant information in connection with the assumptions adopted, including contract agreements and subcontracts, correspondence with customers regarding contract variations. We also compared the budget costs with actual costs incurred taking into account the progress towards completion. We have compared the contract revenue recognised during the year, on a sample basis, with reference to the certifications issued by customers or payment applications by the in-house surveyors.

IMPAIRMENT OF TRADE RECEIVABLES AND CONTRACT ASSETS

Refer to notes 18 and 19 to the consolidated financial statements and the accounting policies on pages 78—87 respectively.

The key audit matter	How the matter was addressed in our audit
As at 30 April 2019, the carrying amounts of trade receivables and contract assets were approximately HK$33,349,000 and HK$124,613,000 respectively, which represented approximately 17% and 62% of total assets of the Group respectively. There was no expected credit loss ("ECL") made for trade and contract assets recognised as at 30 April 2019. Management judgement is involved in assessing the forward looking expected credit loss. Management estimated the level of expected losses, by assessing future cash flow for trade receivables and contract assets based on historical credit loss experience by customers and applying to the trade receivables and contract assets held at the end of the reporting period. The impact of economic factors both current and future is considered in assessing the likelihood of recovery from customer, where applicable. We have identified the trade receivables and contract assets 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 procedures were designed to review the management's assessment on the recoverability and ECL of the trade receivables and contract assets. We have reviewed and assessed the application of the Group's policy for calculating the ECL. We have evaluated the methodologies, inputs used by the management to estimate the impairment of trade receivables and contract assets and evaluated the techniques and methodology under the ECL model. We have also assessed the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgments, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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.

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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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.

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 Chui Yiu Cheong.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Chui Yiu Cheong
Practising Certificate Number: P07219
Hong Kong
29 July 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	7	**248,289**	223,407
Cost of sales		**(208,435)**	(185,040)
Gross profit		**39,854**	38,367
Other income	9	**73**	122
Administrative expenses		**(9,990)**	(9,223)
Transfer of listing expenses		**(6,253)**	—
Finance costs	10	**(274)**	(7)
Profit before taxation		**23,410**	29,259
Income tax expense	11	**(4,339)**	(5,174)
Profit and total comprehensive income for the year attributable to owners of the Company	12	**19,071**	24,085
Earnings per share:			
Basic and diluted (HK cents)	16	**2.38**	3.01

Consolidated Statement of Financial Position

As at 30 April 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Plant and equipment	17	**660**	900
Deposit	20	**332**	200
		992	1,100
Current assets			
Trade receivables/trade and retention receivables	18	**33,349**	63,996
Amounts due from customers for contract work	19	**—**	64,476
Contract assets	19	**124,613**	—
Deposits, prepayments and other receivables	20	**1,986**	2,658
Pledged bank deposits	21	**13,012**	—
Bank balances and cash	21	**25,778**	32,481
		198,738	163,611
Current liabilities			
Trade and retention payables	22	**44,687**	41,460
Amounts due to customers for contract work	19	**—**	3,652
Accruals and other payables	23	**1,954**	1,588
Tax payable		**6,141**	6,089
Bank borrowings	24	**16,291**	—
Obligation under a finance lease	25	**—**	101
		69,073	52,890
Net current assets		**129,665**	110,721
Total assets less current liabilities		**130,657**	111,821
Non-current liabilities			
Long service payment obligations	26	**69**	283
Deferred tax liability	27	**29**	50
		98	333
Net assets		**130,559**	111,488
Capital and reserves			
Share capital	28	**8,000**	8,000
Reserves		**122,559**	103,488
Total equity		**130,559**	111,488

The consolidated financial statements on pages 58 to 121 were approved and authorised for issue by the board of directors on 29 July 2019 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 2019

	Share capital HK$'000	Share premium HK$'000	Other reserve HK$'000 (Note)	Retained profits HK$'000	Total HK$'000
At 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 and 1 May 2018	8,000	50,585	10,148	42,755	111,488
Profit and total comprehensive income for the year	—	—	—	19,071	19,071
At 30 April 2019	8,000	50,585	10,148	61,826	130,559

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

For the year ended 30 April 2019

	2019 HK$'000	2018 HK$'000
OPERATING ACTIVITIES		
Profit before taxation	**23,410**	29,259
Adjustments for:		
Depreciation of plant and equipment	**275**	268
Loss on written off on plant and equipment	**14**	81
Reversal of provision for long service payments	**(214)**	(27)
Bank interest income	**(73)**	(74)
Finance costs	**274**	7
Operating cash flows before movements in working capital	**23,686**	29,514
Decrease (increase) in trade receivables/trade and retention receivables	**15,234**	(30,371)
Increase in amounts due from customers for contract work	**—**	(26,514)
Increase in contract assets	**(44,724)**	—
Decrease in deposits, prepayments and other receivables	**540**	402
Decrease increase in trade and retention payables	**(425)**	6,168
Decrease in amounts due to customers for contract work	**—**	(3,155)
Increase (decrease) in accruals and other payables	**366**	(8,888)
Cash used in operations	**(5,323)**	(32,844)
Hong Kong Profits Tax paid	**(4,308)**	(4,004)
Interest received	**73**	74
NET CASH USED IN OPERATING ACTIVITIES	**(9,558)**	(36,774)
INVESTING ACTIVITIES		
Purchase of plant and equipment	**(49)**	(567)
Placement of pledged bank deposits	**(13,012)**	—
NET CASH USED IN INVESTING ACTIVITIES	**(13,061)**	(567)
FINANCING ACTIVITIES		
Drawdown of bank borrowings	**37,709**	—
Repayment of bank borrowing	**(21,418)**	—
Interest paid	**(274)**	(7)
Repayment of obligation under a finance lease	**(101)**	(97)
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**15,916**	(104)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(6,703)**	(37,445)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**32,481**	69,926
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**25,778**	32,481

Notes to the Consolidated Financial Statements

For the year ended 30 April 2019

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 were listed on GEM of The Stock Exchange of Hong Kong (the "Stock Exchange") with effective from 18 April 2017 and have been transferred from GEM to Main Board of Stock Exchange on 14 February 2019.

The addresses of the registered office and the principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Unit 1603, 16/F., Tower 1, Enterprise Square, 9 Sheung Yuet Road, Kowlon Bay, Kowloon, Hong Kong respectively.

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. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and related Amendments
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of Annual Improvements to HKFRSs 2014—2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration

The impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers have been summarised below. Except as described below, the application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 superseded HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard established a five-step model for determining whether, how much and when revenue is recognised. The Group has elected to adopt the modified retrospective approach for contracts with customers that are not completed as at the date of initial application (i.e. 1 May 2018) with the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits and comparative information is not restated. Accordingly, certain comparative information may not be comparable. Details are described below.

The Group's accounting policies for its revenue streams are disclosed in detail in note 3 below.

The impact of transition to HKFRS 15 was insignificant on the retained profits at 1 May 2018.

The amount of adjustment for each financial statement line item of the consolidated statement of financial position at 1 May 2018 affected by the application of HKFRS 15 is illustrated below. Line items that were not affected by the changes have not been included.

	Notes	Carrying amount previously reported at 30 April 2018 HK$'000	Impact on adoption of HKFRS 15 — Reclassification HK$'000	Carrying amount as restated at 1 May 2018* HK$'000
Trade and retention receivables/trade receivable	a	63,996	(15,413)	48,583
Amounts due from customers for contract work	a	64,476	(64,476)	—
Contract assets	a	—	79,889	79,889
Amounts due to customers for contract work	b	(3,652)	3,652	—
Trade and retention payables	b	(41,460)	(3,652)	(45,112)

* The amount in this column is before the adjustment from the adoption of HKFRS 9.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Notes:

(a) For revenue from design, supply and installation services, the Group concluded that it will continue to be recognised over time, using an output method to measure progress towards complete satisfaction of the service similar to the previous accounting policy. For revenue from maintenance and repair services, the Group concluded that it will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy. As the receipt of total consideration and retention receivable is conditional on satisfactory completion of services, the amount of revenue and costs from services previously recognised in amounts due from customers for contract work were reclassified to contract assets at 1 May 2018 upon initial application of HKFRS 15.

(b) The Group concluded that the costs incurred for satisfying performance obligations of contracts which the amount previously recognised in amounts due to customers for contract work were reclassified to trade and retention payables as at 1 May 2018 upon initial application of HKFRS 15.

Disclosure of the estimated impact on the amounts reported in respect of the year ended 30 April 2019 as a result of the adoption of HKFRS 15 on 1 May 2018

The following table summarises the estimated impact of applying HKFRS 15 on the consolidated statement of financial position at 30 April 2019, by comparing the amounts reported under HKAS 11, HKAS 18 and related interpretations that were in effect before the change. Line items that were not affected by the adjustments have not been included. The adoption of HKFRS 15 did not have material impact on the Group's consolidated statement of profit or loss and other comprehensive income, and operating, investing and financing cash flows.

Impact on the consolidated statement of financial position at 30 April 2019

	As reported	**Impact on adoption of HKFRS 15**	**Amounts excluding impacts of adopting HKFRS 15**
	HK$'000	HK$'000	HK$'000
Trade receivables/trade and retention receivables	33,349	19,115	52,464
Amounts due from customers for contract work	—	105,498	105,498
Contract assets	124,613	(124,613)	—
Amounts due to customers for contract work	—	(25,833)	(25,833)
Trade and retention payables	(44,687)	25,833	(18,854)

Note: If HKAS 11 has continued to apply to the year ended 30 April 2019 instead of HKFRS 15, except for a reclassification from "contract assets" and "trade and retention payables" to "trade and retention receivables" and "amounts due from/(to) customers for contract work", there would be no material impact to the consolidated financial statements as at and for the year ended 30 April 2019.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The Group has applied HKFRS 9 retrospectively to financial instruments that have not been derecognised at the date of initial application (i.e. 1 May 2018) in accordance with the transition provisions under HKFRS 9, and chosen not to restate comparative information. Differences in the carrying amounts of financial assets and financial liabilities on initial application, if any, are recognised in retained profits as at 1 May 2018.

The Group's accounting policies for the classification and measurement of financial instruments and the impairment of financial assets are disclosed in detail in note 3 below.

(i) Classification and measurement of financial instruments

The directors of the Company reviewed and assessed the Group's existing financial assets as at 1 May 2018 based on the facts and circumstances that existed at that date and concluded that all recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are continued to measure at amortised cost as were previously measured under HKAS 39.

(ii) Loss allowance for expected credit losses ("ECL")

The adoption of HKFRS 9 has changed the Group's accounting for impairment losses for financial assets by replacing HKAS 39's incurred loss model with a forward-looking ECL model. As at 1 May 2018, the directors of the Company reviewed and assessed the Group's existing financial assets and other items subject to ECL for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9.

It is concluded that, as at 1 May 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under the ECL model were not significantly different from the impairment losses previously recognised under HKAS 39.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 9 Financial Instruments (Continued)

(iii) Summary of effects arising from initial application of HKFRS 9

The table below summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets and financial liabilities and reconciles the carrying amounts of financial assets under HKAS 39 to the carrying amounts under HKFRS 9 on 1 May 2018. Line items that were not affected by the adjustments have not been included.

	Carrying amount at 30 April 2018 (HKAS 39)	Adoption of HKFRS 9 — Remeasurement	Carrying amount at 1 May 2018 (HKFRS 9)*
	HK$'000	HK$'000	HK$'000
Financial assets			
Loans and receivables			
— Trade and retention receivables	63,996	(63,996)	—
— Deposits and other receivables	2,420	(2,420)	—
— Bank balances and cash	32,481	(32,481)	—
At amortised cost			
— Trade and retention receivables	—	63,996	63,996
— Deposits and other receivables	—	2,420	2,420
— Bank balances and cash	—	32,481	32,481

* The amounts in this column are before the adjustments from application of HKFRS 15.

All the financial liabilities have not been impacted by the application of HKFRS 9 and continue to be classified and measured on the same basis as they were under HKAS 39.

2. APPLICATION OF NEW AND AMENDMENTS TO 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 amendments to HKFRSs and interpretation that have been issued but are not yet effective:

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

1 Effective for annual periods beginning on or after 1 January 2019.
2 Effective for annual periods beginning on or after 1 January 2020.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for business combinations and asset acquisition for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020.
5 Effective date not yet been determined.

The directors of the Company anticipate that, except as described below, the application of other new and amendments to HKFRSs and interpretation will have no material impact on the results and the financial position of the Group.

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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised HKFRSs issued but not yet effective (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 Leases. 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.

As at 30 April 2019, the Group has non-cancellable operating lease commitments of approximately HK$1,600,000 as disclosed in note 31. The Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments at the date of initial application on 1 May 2019. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before the date of initial application on 1 May 2019. During the year ended 30 April 2019, the directors of the Company expect the lease commitment will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities at 1 May 2019 and do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results.

3. 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 the Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on historical cost 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) regardless of whether that price is directly observable or estimated using another valuation technique.

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). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Policy applicable to the year ended 30 April 2019 (with application of HKFRS 15)

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

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

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

A performance obligation represents a service (or a bundle of services) that is distinct or a series of distinct services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

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

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct service.

Revenue is measured based on the consideration specified in a contract with a customer excludes amounts collected on behalf of third parties and discounts.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Policy applicable to the year ended 30 April 2019 (with application of HKFRS 15) (Continued)

Contract assets

A contract asset represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

For a single contract with the customer, either a net contract asset or a net contract liability is presented.

The Group recognised revenue from the following major sources:

- Construction contract for design, supply and installation services
- Construction contract for maintenance and repair services
- Trading of fire service accessories

Construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on an asset under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract for design, supply and installation can be reasonably measured, revenue from the contract is recognised over time using the output method, i.e. based on the proportion of the work performed relative to the remaining work promised under the contact. When the outcome of a construction contract for maintenance and installation services can be reasonably measured, revenue from the contract is recognised over time using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

If at any time the costs to complete the contract are estimated to exceed the remaining amount of the consideration under the contract, then a provision is recognised in accordance with an onerous contract. An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the contract.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Policy applicable to the year ended 30 April 2019 (with application of HKFRS 15) (Continued)

Sales of goods

Revenue from trading of fire service accessories is recognised at the point when the control of the goods is transferred to the customers (generally on delivery of fire service accessories).

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Output method)

Revenue from design, supply and installation services is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation (Intput method)

Revenue from maintenance and repair services is recognised over time.

The progress towards complete satisfaction of a performance obligation is measured based on input method. Input methods recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

Variable consideration

For the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which the Group will be entitled in exchange for transferring the promised services to a customer.

The Group estimates an amount of variable consideration by using either the expected value method or the most likely amount method, depending on which method the Group expects to better predict the amount of consideration to which it will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances during the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Policy applicable to the year ended 30 April 2019 (with application of HKFRS 15) (Continued)

Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. The Group recognises such costs (i.e. sales commissions) as an asset if it expects to recover these costs.

The Group incurs costs (including subcontracting cost, labour costs, materials and consumables and others) to fulfil a contract in its services contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognised an asset for these costs only if they meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Policy applicable to the year ended 30 April 2018

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Construction contracts (applicable to the year ended 30 April 2018)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKFRS 9 (applicable on or after 1 May 2018)

Financial assets

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.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets subsequently at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the ffective interest method and are subject to impairment.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKFRS 9 (applicable on or after 1 May 2018) (Continued)

Financial assets (Continued)

Financial assets at amortised cost (debt instruments) (Continued)

(i) Amortised cost and effective interest methods

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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss and is included in the "Other income" line item (note 9).

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost as well as contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKFRS 9 (applicable on or after 1 May 2018) (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered various external sources of actual and forecast economic information that relate to the Group's operations.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKFRS 9 (applicable on or after 1 May 2018) (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKFRS 9 (applicable on or after 1 May 2018) (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKFRS 9 (applicable on or after 1 May 2018) (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKFRS 9 (applicable on or after 1 May 2018) (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the 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 amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Under HKAS 39 (applicable before 30 April 2018)

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKAS 39 (applicable before 30 April 2018) (Continued)

Financial assets (Continued)

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).

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Under HKAS 39 (applicable before 30 April 2018) (Continued)

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.

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.

4. 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.

Judgments in determining the timing of satisfaction of performance obligation

The recognition of each of the Group's revenue stream requires judgment by the directors of the Company in determining the timing of satisfaction of performance obligation.

In making their judgment, the directors of the Company considered the detailed criteria for recognition of revenue set out in HKFRS 15 and in particular, whether the Group has satisfied the performance obligation over time or at a point in time with reference to the detailed terms of transaction as stipulated in the contracts entered into with its customers.

For business in design, supply and installation services and maintenance and repair service, the directors of the Company has assessed that the Group's performance creates and enhances an asset that the customer controls as the Group performs. Therefore, the directors of the Company have satisfied that the performance obligation is satisfied over time and recognised the revenue over the service period.

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

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.

Revenue recognition

The Group recognises the revenue from design, supply and installation service over time based on output method by directly measuring the value of construction work transferred to the customer to date relative to the remaining construction works promised to be completed under the construction contract. Most construction works take 1 to 3 years to complete and the scope of work may change during the construction period. Management estimates the revenue and budgeted costs at the commencement of the construction contracts and regularly assesses the progress of construction works as well as the financial impact of scope changes, claims, disputes and liquidation damages. The management's estimate of revenue and the completion status of construction works requires significant judgement and has a significant impact on the amount and timing of revenue recognised. The construction works performed by the Group would be certified by the quantity surveyors of the customers or payment applications from the in-house surveyors periodically according to the construction contracts. The Group regularly reviews and revises the estimation of contract revenue prepared for each construction contract as the contract progresses based on the construction progress and the certification issued by the customers.

The Group recognises revenue from provision of repair and maintenance services over time based on input method by measuring the progress towards complete satisfaction of the relevant performance obligation. The progress is determined based on the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The Group is required to estimate the total service costs of each project in measuring the Group's progress towards complete satisfaction of a performance obligation. The computation of the progress and estimation of total service costs for each project require the use of judgement and estimates.

Estimated impairment of trade receivables and contract assets

The impairment provisions for trade receivables and contract assets are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income.

At 30 April 2019, the carrying amount of trade receivables and contract assets are approximately HK$33,349,000 (1 May 2018: HK$48,583,000) and HK$124,613,000 (1 May 2018: HK$79,889,000) respectively. There was no impairment loss recognised for both trade receivable and contract assets for the year ended 30 April 2019.

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

Key sources of estimation uncertainty (Continued)

Provision for guarantees contracts in respect of performance bonds

As disclosed in note 32, 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 (2018: HK$3,725,000) at 30 April 2019.

5. 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 bank borrowings disclosed in note 24, net of bank balances and cash disclosed in note 21, 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.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2019	2018
	HK$'000	HK$'000
Financial assets		
Financial assets at amortised cost/loans and receivables (including bank balances and cash)	**74,036**	98,897
Financial liabilities		
Financial liabilities at amortised cost	**36,868**	43,149

6. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and retention receivables, deposits and other receivables, pledged bank deposits, bank balances and cash, trade and retention payables, accruals and other payables and bank borrowings. 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 21) and bank borrowings (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 21) and bank borrowings (see note 24). 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 (2018: 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 (2018: 100 basis points) higher/lower and all other variables were held constant, the Group's post tax profit for the year ended 30 April 2019 would increase/decrease by approximately HK$233,000 (2018: HK$239,000).

6. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Credit risk

As at 30 April 2019, 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.

The credit risk of our Group mainly arises from pledged bank deposits, bank balances and cash, trade and retention receivables, contract assets, deposits and other receivables. The carrying amounts of these balances represent our Group's maximum exposure to credit risk in relation to financial assets.

In order to minimise the credit risk, the directors of the Company are responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

As at 30 April 2018, impairment loss was recognised when there was objective evidence of impairment loss.

Starting from 1 May 2018, for trade receivables and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL collectively by using a provision matrix, estimated based on historical credit loss experience, as well as the general economic conditions of the industry in which the debtors operate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other non-trade related receivables, the Group has assessed whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group will measure the loss allowance based on lifetime rather than 12-month ECL.

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

6. FINANCIAL INSTRUMENTS (Continued)

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

(ii) ***Credit risk*** (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout the reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal and external credit rating

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

- actual or expected significant changes in the operating results of the borrower

- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

The Group's exposure to credit risk

In order to minimise credit risk, the management develops and maintains the Group's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is obtained from the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

6. FINANCIAL INSTRUMENTS (Continued)

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

(ii) ***Credit risk*** (Continued)

The Group's exposure to credit risk (Continued)

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit impaired (refer to as Stage 1)	12-month ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit impaired (refer to as Stage 2)	Lifetime ECL — not credit-impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred (refer to as Stage 3)	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written-off

6. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The tables below detail the credit quality of the Group's financial assets and contract assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

30/4/2019	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
			HK$'000	HK$'000	HK$'000
Trade receivables (note a)	N/A	Lifetime ECL (simplified approach)	33,349	—	33,349
Contract assets (note a)	N/A	Lifetime ECL (simplified approach)	124,613	—	124,613
Rental deposits (note b)	Performing	12-month ECL	514	—	514
Other receivables (Note b)	Performing	12-month ECL	1,383	—	1,383
			159,859	—	159,859

Notes:

(a) For trade receivables and contract assets, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses by using a provision matrix, grouped by past due status.

(b) For rental deposits and other receivables, the Group has assessed these balances using 12-month ECL basis as there was no significant increase in credit risk for these balances since initial recognition. The loss allowance at 30 April 2019 was close to zero.

6. FINANCIAL INSTRUMENTS (Continued)

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

(ii) Credit risk (Continued)

The Group's exposure to credit risk (Continued)

The Group's concentration of credit risk by geographical locations is solely in Hong Kong, which accounted for 100% (2018: 100%) of the total trade receivables as at 30 April 2019.

As at 30 April 2019, the Group has concentration of credit risk as 60% and 26% (2018: 79% and 46%) respectively of the total trade receivables and contract assets was due from the Group's largest customer while 90% and 64% (2018: 92% and 79%) respectively of the total trade receivables and contract assets 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.

At 30 April 2019 and 2018, the Group's remaining maturity for its financial liabilities is mainly within one year from the end of the reporting period. In the opinion of the directors of the Company, the carrying amounts of the financial liabilities are the same as the undiscounted cash flows based on the earliest date on which the Group can be required to pay and therefore, no further analysis is presented in the consolidated financial statements.

(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 recorded at amortised cost in the consolidated financial statements are not materiality different from their fair values due to insignificant impact of discounting.

7. 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:

	2019	2018*
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15 for the year ended 30 April 2019		
Disaggregated by major services lines:		
— Revenue from design, supply and installation services	**199,449**	190,108
— Revenue from maintenance and repair services	**48,694**	32,900
— Trading of fire service accessories	**146**	399
	248,289	223,407

* The amounts for the year ended 30 April 2018 were recognised under HKAS 18 and HKAS 11.

Disaggregation of revenue by timing of recognition:

	2019
	HK$'000
Timing of revenue recognition	
At a point in time	**146**
Over time	**248,143**
	248,289

Transaction price allocated to the remaining performance obligations

As at 30 April 2019, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) is approximately HK$269,919,000. The amount represents revenue expected to be recognised in the future from construction contracts. The Group will recongise this revenue as the service is completed, which is expected to occur over the next 12-24 months.

8. 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.

Information about major customers

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

	2019	2018
	HK$'000	HK$'000
Customer A	**47,737**	41,606
Customer B	**43,843**	24,996
Customer C	**28,871**	N/A*
Customer D	**23,992**	N/A*
Customer E	**N/A***	51,100
Customer F	**N/A***	25,530

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

9. OTHER INCOME

	2019	2018
	HK$'000	HK$'000
Sales of scrap materials	**—**	48
Bank interest income	**73**	74
	73	122

10. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on:		
— bank overdrafts	31	—
— bank borrowings	240	—
— obligation under a finance lease	3	7
	274	7

11. INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current tax:		
Hong Kong Profits Tax	4,360	5,152
Deferred taxation (note 27)	(21)	22
	4,339	5,174

Hong Kong Profits Tax is calculated under the two-tiered profits tax rates regime where the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5% for the years ended 30 April 2019 and 2018. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

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.

11. 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:

	2019 HK$'000	2018 HK$'000
Profit before taxation	**23,410**	29,259
Tax calculated at the domestic income tax rate applicable to respective local tax jurisdictions	**3,863**	5,342
Tax effect of income not taxable for tax purpose	**—**	(12)
Tax effect of expenses not deductible for tax purpose	**667**	9
Tax effect of tax losses not recognised	**(26)**	—
Income tax on concessionary rate	**(165)**	(165)
Income tax expense for the year	**4,339**	5,174

Details of the deferred taxation are set out in note 27.

12. PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs		
— Salaries, allowances and other benefits	**17,409**	15,817
— Contributions to the MPF Scheme	**735**	639
— Reversal of provision for long service payments	**(214)**	(27)
Total staff costs (excluding directors' emoluments (note 13))	**17,930**	16,429
Auditor's remuneration	**525**	500
Amount of inventories recognised as expenses	**22,205**	26,165
Depreciation of plant and equipment	**275**	268
Loss on written off on plant and equipment	**14**	81
Minimum lease payments paid under operating leases in respect of rented office premise and warehouse	**1,666**	1,625

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to 6 (2018: 6) directors, including the chief executive of the Company, were as follows:

For the year ended 30 April 2019

	Fee HK$'000	Salaries, allowance and other benefits HK$'000	Discretionary bonuses HK$'000 (Note)	Contributions to the MPF Scheme HK$'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	—	779	—	18	797
Mr. Poon Kwok Kay	—	1,206	—	18	1,224
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	1,985	—	36	2,561

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

The emoluments paid or payable to 6 (2018: 6) directors, including the chief executive of the Company, were as follows: (Continued)

For the year ended 30 April 2018

	Fee HK$'000	Salaries, allowance and other benefits HK$'000	Discretionary bonuses HK$'000 (Note)	Contributions to the MPF Scheme HK$'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

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

The emoluments paid or payable to 6 (2018: 6) directors, including the chief executive of the Company, were as follows: (Continued)

Note: 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.

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 years ended 30 April 2019 and 2018.

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 years ended 30 April 2019 and 2018.

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2018: two) were the chief executive and the directors of the Company whose emoluments are included in note 13 above. The emoluments of the remaining three (2018: three) individuals were as follows:

	2019 **HK$'000**	2018 HK$'000
Salaries, allowances and other benefits	**1,999**	1,833
Discretionary bonuses (note)	**436**	263
Contributions to the MPF Scheme	**54**	54
	2,489	2,150

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

14. EMPLOYEES' EMOLUMENTS (Continued)

Their emoluments were within the following bands:

	2019 Number of individuals	2018 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 2019 (2018: nil).

15. DIVIDEND

No dividend has been paid or proposed by the Company during the years ended 30 April 2018 and 2019, nor has any dividend been proposed since the end of the reporting period.

16. 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:

	2019 HK$'000	2018 HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**19,071**	24,085

Number of shares	**2019 '000**	2018 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	**800,000**	800,000

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 years ended 30 April 2019 and 2018.

17. PLANT AND EQUIPMENT

	Leasehold improvement HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
COST				
At 1 May 2017	—	797	1,003	1,800
Additions	395	42	130	567
Write-off	—	(452)	—	(452)
At 30 April 2018 and 1 May 2018	395	387	1,133	1,915
Additions	—	49	—	49
Write-off	—	—	(62)	(62)
At 30 April 2019	395	436	1,071	1,902
ACCUMULATED DEPRECIATION				
At 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 and 1 May 2018	65	191	759	1,015
Charge for the year	79	70	126	275
Elimination on write-off	—	—	(48)	(48)
At 30 April 2019	144	261	837	1,242
CARRYING VALUES				
At 30 April 2019	251	175	234	660
At 30 April 2018	330	196	374	900

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%

17. PLANT AND EQUIPMENT (Continued)

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

	2019	2018
	HK$'000	HK$'000
Motor vehicle	**—**	189

18. TRADE RECEIVABLES/TRADE AND RETENTION RECEIVABLES

	30/4/2019	1/5/2018	30/4/2018
	HK$'000	HK$'000	HK$'000
Trade receivables	**33,349**	**48,583**	48,583
Retention receivables (note)	**—**	**—**	15,413
	33,349	**48,583**	63,996

Note: Except for the amount of approximately HK$9,368,000 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.

This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the Group's work satisfactorily passing inspection since 1 May 2018 upon initial application of HKFRS 15.

The Group generally allows a credit period of 30—60 days (2018: 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 and invoice date which approximates the respective revenue recognition dates, at the end of the reporting period:

	2019	2018
	HK$'000	HK$'000
0 to 30 days	**20,793**	42,177
31 to 60 days	**1,185**	3,432
61 to 90 days	**1,059**	1,460
91 to 180 days	**3**	1,514
181 to 365 days	**10,309**	—
	33,349	48,583

18. TRADE RECEIVABLES/TRADE AND RETENTION RECEIVABLES (Continued)

As at 30 April 2018, included in the Group's trade receivables were debtors with aggregate carrying amount of approximately HK$6,406,000 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.

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

	2018 HK$'000
Past due:	
0 to 30 days	3,432
31 to 60 days	1,460
61 to 90 days	1,514
	6,406
Neither past due nor impaired	42,177
	48,583

Commencing from 1 May 2018, the Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. As at 30 April 2019, no impairment loss in respect of the trade receivables was recognised.

19. CONTRACT ASSETS AND AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

(a) Contract assets

	30/4/2019	1/5/2018
	HK$'000	HK$'000
Analysed as current:		
Unbilled revenue of construction contracts (note a)	105,498	64,476
Retention receivables of construction contracts (note b)	19,115	15,413
Total contract assets	124,613	79,889

Notes:

(a) Unbilled revenue included in contract assets represents the Group's right to receive consideration for work completed but not yet billed because the rights are conditional upon the satisfaction by the customers on the construction work completed by the Group and the work is pending for the certification by the customers. The contract assets are transferred to trade receivables when the rights become unconditional. Upon completion of service and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

(b) The Group also typically agrees to six to twelve months retention period for 2% to 10% of the contract value. This amount is included in contract assets until the end of the retention period as the Group's entitlement to this final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts. Except for the amount of approximately HK$11,257,000 (1 May 2018: HK$9,368,000) as at 30 April 2019, 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. Contract assets are included in current assets as the Group expects to realise these within its normal operating cycle.

The significant increase in contract assets in 2019 is the result of the increase in ongoing installation services at the end of the year.

For contract assets, the Group has applied the simplified approach permitted by HKFRS 9 to measure the allowance for credit losses at lifetime ECL. The contract assets are assessed for ECL by using the provision matrix similar with the approach of trade receivables. After the assessment by the directors of the Company, the allowance for ECL on contract assets are insignificant to the Group as at 1 May 2018 and 30 April 2019.

19. CONTRACT ASSETS AND AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK (Continued)

(b) Amounts due from (to) customers for contract work

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

20. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Deposits	**514**	532
Prepayments	**421**	438
Advances to sub-contractors	**1,383**	1,888
	2,318	2,858
Analysed for reporting purpose as:		
Current assets	**1,986**	2,658
Non-current assets	**332**	200
	2,318	2,858

21. BANK BALANCES AND CASH

Pledged bank deposits

Pledged bank deposits represents deposits pledged to banks to secure banking facilities granted to the Group. The balances are pledged to secure short-term bank borrowings and undrawn facilities and are therefore classified as current assets.

The pledged bank deposits carry fixed interest rate from 0.15% to 1.20% (2018: nil) per annum.

Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the consolidated statement of cash flows:

	2019	2018
	HK$'000	HK$'000
Bank balances and cash (note (i))	**25,778**	23,939
Short-term bank deposit (note (ii))	**—**	8,542
	25,778	32,481

Notes:

(i) Bank balances carried interest at prevailing market rates during the years ended 30 April 2019 and 2018.

(ii) Short-term bank deposit carried fixed interest rate from 0.6% per annum with a maturity date of 0.5 months at 30 April 2018.

22. TRADE AND RETENTION PAYABLES

	30 April 2019	1 May 2018	30 April 2018
	HK$'000	HK$'000	HK$'000
Trade payables	**37,954**	38,943	35,291
Retention payables (note)	**6,733**	6,169	6,169
	44,687	45,112	41,460

Note: Except for the amount of approximately HK$3,864,000 (2018: HK$4,887,000) as at 30 April 2019, 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:

	2019	2018
	HK$'000	HK$'000
0 to 30 days	**35,470**	34,012
31 to 60 days	**1,267**	34
61 to 90 days	**267**	264
91 to 180 days	**539**	730
over 180 days	**411**	251
	37,954	35,291

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 (2018: 30—60 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit time-frame.

23. ACCRUALS AND OTHER PAYABLES

	2019	2018
	HK$'000	HK$'000
Accruals	**1,620**	1,087
Other payables	**334**	501
	1,954	1,588

24. BANK BORROWINGS

	2019 HK$'000	2018 HK$'000
Bank borrowings — secured	**16,291**	—

Based on the scheduled repayment dates set out in the loan agreements, all outstanding bank borrowings are payable within one year. According to the loan agreements, such bank borrowings contained a repayment on demand clause.

As at 30 April 2019, secured bank borrowings with carrying amount of approximately HK$16,291,000 (2018: nil) were secured by pledged bank deposits of the Group. Details are disclosed in note 21.

The range of effective interest rates per annum (which are also equal to contracted interest rates) on the Group's bank borrowings are as follows:

	Effective interest rate	2019 HK$'000
Variable rate borrowings	3.01% — 3.79%	**2,513**
Fixed rate borrowings	3.56% — 4.01%	**13,778**
		16,291

The variable-rate borrowings carry interest at HIBOR plus 2% (2018: nil). Interest is reset every month for the year ended 30 April 2019.

The proceeds were used to finance the working capital of the Group.

25. OBLIGATION UNDER A FINANCE LEASE

	2019	2018
	HK$'000	HK$'000
Obligation under a finance lease	**—**	101

The Group leases one of its motor vehicles under a finance lease with fixed interest rate of 2.5% per annum. The lease term was 3 years. The obligation under a finance lease carried effective interest at 6.21% per annum. The balance was fully repaid during the year ended 30 April 2019.

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

26. 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:

	2019 **HK$'000**	2018 HK$'000
At beginning of the year	**283**	310
Credited to profit or loss	**(214)**	(27)
At the end of the year	**69**	283

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

27. 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 2017	28
Charged to profit or loss (note 11)	22
At 30 April 2018 and 1 May 2018	50
Credited to profit or loss (note 11)	(21)
At 30 April 2019	29

At the end of the reporting period, the Group has unused tax losses of approximately HK$436,000 (30 April 2018: HK$159,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The unrecognised tax losses may be carried forward indefinitely.

28. SHARE CAPITAL

	Number of ordinary shares	Share capital
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 May 2017, 30 April 2018, 1 May 2018 and 30 April 2019	2,000,000,000	20,000
Issued and fully paid:		
At 1 May 2017, 30 April 2018, 1 May 2018 and 30 April 2019	800,000,000	8,000

29. 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 2019 and 2018.

30. 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$771,000 (2018: HK$657,000) represents contributions payable to the MPF Scheme by the Group in respect of the current accounting period.

31. 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:

	2019	2018
	HK$'000	HK$'000
Within one year	**1,368**	1,338
In the second to fifth year inclusive	**232**	1,299
	1,600	2,637

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 two to three years (2018: one to three years) and rental is fixed over the lease term of the respective leases.

32. CONTINGENT LIABILITIES

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

	2019	2018
	HK$'000	HK$'000
Guarantees in respect of performance bonds in favour of its clients	**3,725**	3,725

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 years ended 30 April 2019 and 2018.

33. 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	2019 HK$'000	2018 HK$'000
Tradetech Suppliers Ltd. ("Tradetech")	Beneficial owned by the director of the Company, Mr. Poon Kwok Kay	Purchase of materials	**62**	66

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:

	2019 HK$'000	2018 HK$'000
Short-term benefits	**2,525**	2,351
Post-employment benefits	**36**	36
	2,561	2,387

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

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	**Total**
	HK$'000	HK$'000
At 1 May 2017	198	198
Financing cash flow	(104)	(104)
Finance costs	7	7
At 30 April 2018	101	101

	Obligation under a finance lease	**Bank borrowings**	**Bank overdraft**	**Total**
	HK$'000	HK$'000	HK$'000	HK$'000
At 1 May 2018	101	-	-	101
Financing cash flow	(104)	16,051	(31)	15,916
Finance costs	3	240	31	274
At 30 April 2019	-	16,291	-	16,291

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

	Notes	2019 HK$'000	2018 HK$'000
Non-current asset			
Investment in a subsidiary		**14,705**	14,705
Current assets			
Prepayments and other receivables		**717**	308
Amount due from subsidiaries	(a)	**49,925**	50,539
Bank balances and cash		**50**	5,781
		50,692	56,628
Current liability			
Accruals and other payables		**1,306**	1,080
Net current assets		**49,386**	55,548
Total assets less current liabilities		**64,091**	70,253
Capital and reserves			
Share capital	28	**8,000**	8,000
Reserves	(b)	**56,091**	62,253
Total equity		**64,091**	70,253

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

(Continued)

Notes:

(a) Amount due from subsidiaries

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

(b) 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 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 and 1 May 2018	58,585	6,705	(3,037)	62,253
Loss and total comprehensive expense for the year	—	—	(6,162)	(6,162)
At 30 April 2019	58,585	6,705	(9,199)	56,091

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 2017.

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
			2019		2018		
			Direct	**Indirect**	Direct	Indirect	
Success Chariot Limited	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.

Five-year Financial Summary

	Year ended 30 April				
	2019	2018	2017	2016	2015
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**248,289**	223,407	171,449	123,989	79,882
Cost of sales	**(208,435)**	(185,040)	(144,431)	(104,344)	(68,617)
Gross profit	**39,854**	38,367	27,018	19,645	11,265
Other income	**73**	122	3	7	—
Administrative expenses	**(9,990)**	(9,223)	(21,742)	(4,036)	(3,444)
Transfer of listing expenses	**(6,253)**	—	—	—	—
Finance costs	**(274)**	(7)	(56)	(144)	(153)
Profit before taxation	**23,410**	29,259	5,223	15,472	7,668
Income tax expenses	**(4,339)**	(5,174)	(3,574)	(2,636)	(1,246)
Profit and total comprehensive income for the year attributable to owners of the Company	**19,071**	24,085	1,649	12,836	6,422
Non-current assets	**992**	1,100	712	469	478
Current assets	**198,738**	163,611	144,743	39,857	25,555
Current liabilities	**69,073**	52,890	57,613	20,058	14,820
Net current assets	**129,665**	110,721	87,130	19,799	10,735
Total assets less current liabilities	**130,657**	111,821	87,842	20,268	11,213
Non-current liabilities	**98**	333	439	471	491
Net assets	**130,559**	111,488	87,403	19,797	10,722
Capital and reserves					
Share capital	**8,000**	8,000	8,000	2,148	2,148
Reserves	**122,559**	103,488	79,403	17,649	8,574
Total equity	**130,559**	111,488	87,403	19,797	10,722