



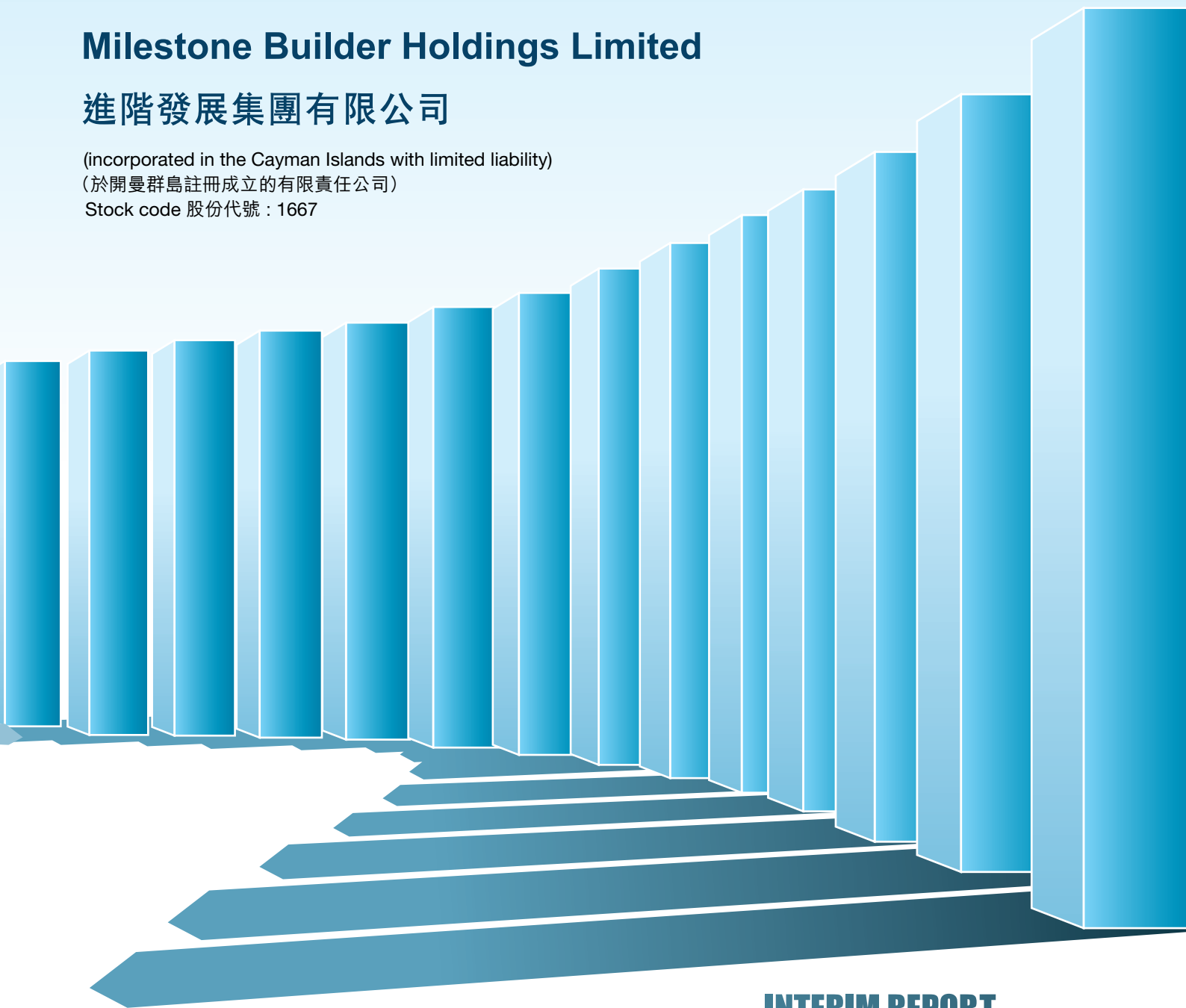
Milestone Builder Holdings Limited

進階發展集團有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限責任公司)

Stock code 股份代號：1667



INTERIM REPORT
中期報告
2019/2020

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Leung Kam Fai (*Chairman*)

Mr. Lam Ka Ho

Independent Non-Executive Directors

Mr. Keung Kwok Hung

Ms. Lau Suk Han Loretta

Mr. Fong Man Fu Eric

Mr. Wong Chun Tai (Appointed on 13 September 2019)

AUDIT COMMITTEE

Mr. Keung Kwok Hung (*Chairman*)

Ms. Lau Suk Han Loretta

Mr. Fong Man Fu Eric

REMUNERATION COMMITTEE

Mr. Keung Kwok Hung (*Chairman*)

Mr. Leung Kam Fai

Mr. Fong Man Fu Eric

NOMINATION COMMITTEE

Mr. Fong Man Fu Eric (*Chairman*)

Mr. Leung Kam Fai

Mr. Keung Kwok Hung

Mr. Wong Chun Tai (Appointed on 13 September 2019)

AUTHORISED REPRESENTATIVES

Mr. Leung Kam Fai

Mr. Lam Ka Ho

COMPANY SECRETARY

Ms. Lee Yin Ling, Linda

AUDITOR

PricewaterhouseCoopers

REGISTERED OFFICE

P.O. Box 10008, Willow House

Cricket Square

Grand Cayman KY1-1001

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

14/F, 9 Po Lun Street

Lai Chi Kok, Kowloon

Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited

P.O. Box 10008, Willow House

Cricket Square

Grand Cayman KY1-1001

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

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking Corporation Limited

DBS Bank (Hong Kong) Limited

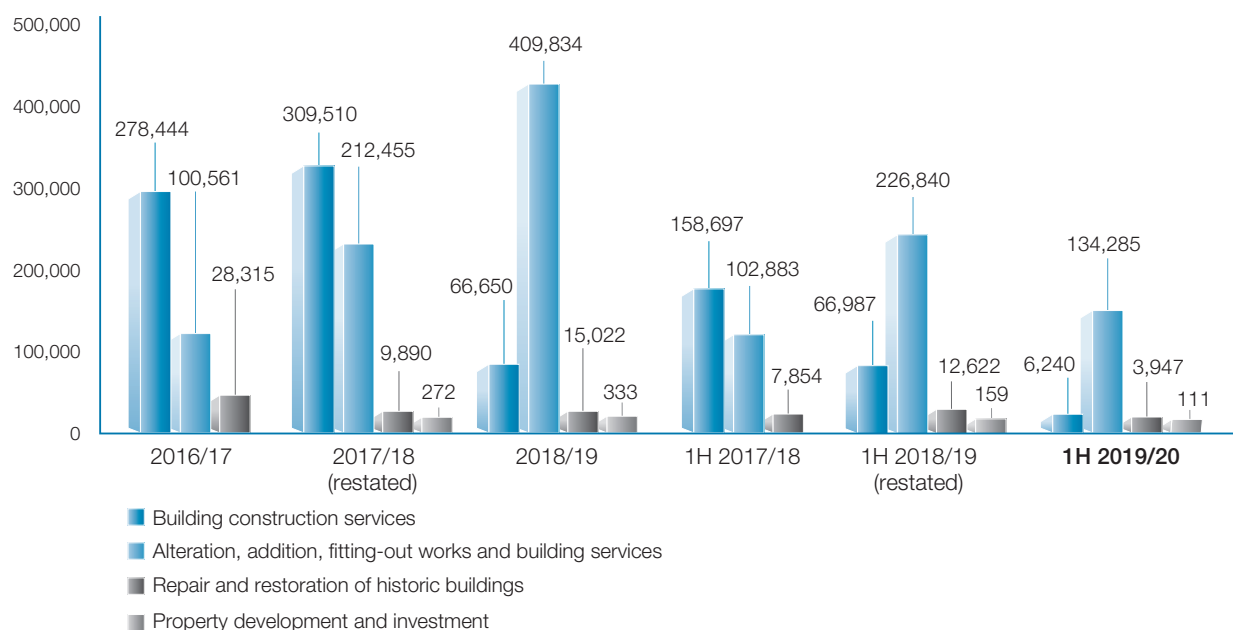
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WEBSITE

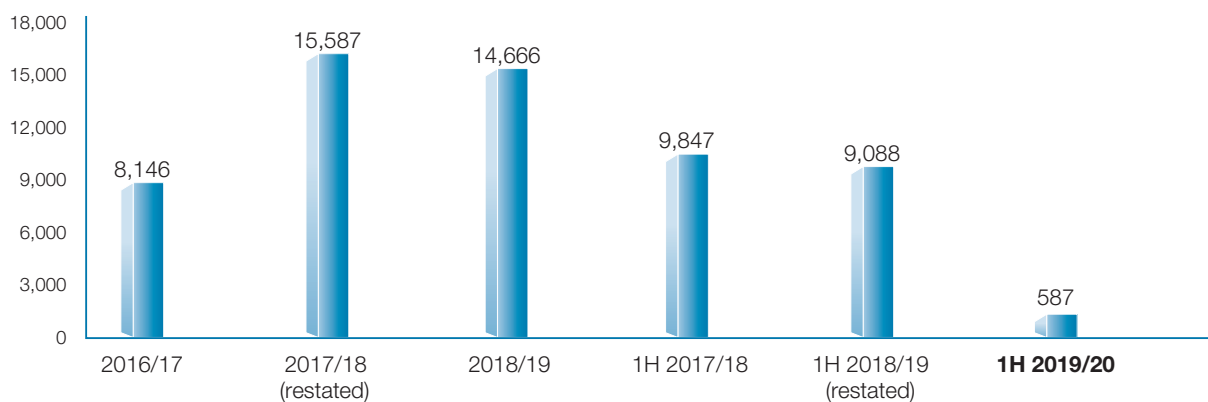
www.milestone.hk

Consolidated Revenue (HK\$'000)



Note: Following the continual expansion of the Group into the property development and investment business during the year ended 31 March 2019, the rental income for the six months ended 30 September 2018 is reclassified to “revenue” instead of being included under “other income” in the interim condensed consolidated statement of comprehensive income. No restatement made in 1H 2017/18. The figures have been extracted from previous Interim Report.

Net Profit (HK\$'000)



Note: Restatements were made due to the change in accounting policy of investment properties from cost model to fair value model during the year ended 31 March 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND FINANCIAL REVIEW

Milestone Builder Holdings Limited (the “Company”) and its subsidiaries (which are collectively referred to as the “Group” or “our Group” or “we” or “our”) is an established contractor with job references in both private and public sectors in (i) building construction services; (ii) alteration, addition, fitting-out works and building services; (iii) repair and restoration of historic buildings (together “Construction and Engineering Services”); and (iv) property development and investment (“Property Development and Investment”).

Business Review

The following table sets out a breakdown of our total revenue during the six months ended 30 September 2019 and the comparative period according to our four major types of services:

	Six months ended 30 September			
	2019		2018 (restated)	
	HK\$'000	%	HK\$'000	%
Building construction services	6,240	4.3	66,987	21.8
Alteration, addition, fitting-out works and building services	134,285	92.9	226,840	74.0
Repair and restoration of historic buildings	3,947	2.7	12,622	4.1
Property development and investment	111	0.1	159	0.1
Total	144,583	100.0	306,608	100.0

As at 30 September 2019, there were 2, 36 and 3 on-going projects in progress, pertaining to (i) building construction services, (ii) alteration, addition, fitting-out works and building services, and (iii) repair and restoration of historic buildings, respectively.

As at 30 September 2019, the aggregate amount of revenue expected to be recognised after 30 September 2019 of our on-going projects was approximately HK\$250.4 million.

The following table sets out our completed contracts during the six months ended 30 September 2019 with contract sum of HK\$3 million or above:

Particulars of project	Main category of works	Expected project period ^(Note 1)
Design and build for school extension and improvement projects	Building construction services	August 2016 to August 2018
Electrical, HVAC, fire service and plumbing and drainage installation for an elderly centre in Sheung Shui	Alteration, addition, fitting-out works and building services	January 2019 to April 2019
Alteration and addition works for a project in Kwai Chung	Alteration, addition, fitting-out works and building services	February 2018 to May 2018
Improvement of conference and meeting facilities in campus of an university	Alteration, addition, fitting-out works and building services	March 2018 to June 2019

Note:

- Expected project period generally refers to the period in the original work programme of the project or the period stated in the contract or letter of acceptance or tender or order to commence or architects instruction and is subject to changes in the course of works.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets out brief details of our projects in progress as at 30 September 2019 with contract sum of more than HK\$3 million:

Particulars of project	Main category of works	Expected project period ^(Note 1)
Residential development in Ting Kau	Building construction services	September 2018 to December 2019
Alteration and addition works for a wholesale conversion in Kwai Chung	Alteration, addition, fitting-out works and building services	June 2018 to July 2019
Electrical and ACMV installation system in Kai Tak	Alteration, addition, fitting-out works and building services	October 2018 to November 2020
Alteration and addition works for a residential building in Yuen Long	Alteration, addition, fitting-out works and building services	August 2018 to August 2019
Alteration and addition and renovation works for a project in Fanling	Alteration, addition, fitting-out works and building services	November 2018 to August 2020
Electrical, plumbing and drainage installation work for an industrial development project in Aberdeen	Alteration, addition, fitting-out works and building services	August 2018 to January 2020
Plumbing and drainage installation work for a residential development project in Homantin	Alteration, addition, fitting-out works and building services	September 2018 to March 2020
General Air Quality Monitoring Station at Aberdeen Tennis & Squash Centre	Alteration, addition, fitting-out works and building services	May 2019 to September 2019
Electricity works of a water treatment plant in Tai Po	Alteration, addition, fitting-out works and building services	September 2016 to July 2017
Fitting-out works for a market in Tseung Kwan O	Alteration, addition, fitting-out works and building services	March 2018 to July 2018
Alteration and addition works for a school in Western District	Alteration, addition, fitting-out works and building services	March 2018 to August 2019
Maintenance and repairing works for a Buddhist temple in Tsuen Wan	Alteration, addition, fitting-out works and building services	May 2019 to November 2019
Alteration and addition works for a school in Shatin	Alteration, addition, fitting-out works and building services	June 2019 to October 2019

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Particulars of project	Main category of works	Expected project period ^(Note 1)
Plumbing and drainage installation work for a private club in Discovery Bay	Alteration, addition, fitting-out works and building services	April 2019 to April 2020
Alteration and addition works for a project in Yuen Long	Alteration, addition, fitting-out works and building services	March 2017 to June 2018
Repair and conservation works for a primary school in Happy Valley	Repair and restoration of historic buildings	May 2019 to November 2019

Note:

1. Expected project period generally refers to the period in the original work programme of the project or the period stated in the contract or letter of acceptance or tender or order to commence or architects instruction and is subject to changes in the course of works.

Major Licenses, Qualifications and Certifications

As at 30 September 2019, our Group has obtained the following major licenses, qualifications and certifications in Hong Kong:

Relevant authority/ Organisation	Relevant list/Category	License	Holder	Date of first grant/ Registration	Expiry date for existing license	Authorised contract value
WBDB ¹	Approved Contractors for Public Works – Buildings Category	Group A (probation) ²	Milestone Builder Engineering Limited (“Milestone Builder”)	2 May 2012	Not Applicable	Contracts of value up to HK\$100 million
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works – Repair and Restoration of Historic Buildings Category ³	—	Milestone Builder	4 June 2013	Not Applicable	Not Applicable
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works – Repair and Restoration of Historic Buildings Category ³	—	Milestone Specialty Engineering Limited (“Milestone Specialty”)	7 September 2017	Not Applicable	Not Applicable
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works – Electrical Installation Category	Group II of Electrical Installation (probation)	Speedy Engineering & Trading Company Limited (“Speedy Engineering”)	21 June 2016	Not Applicable	Contracts/sub-contracts of value up to HK\$5.7 million
WBDB	Approved Suppliers of Materials and Specialist Contractors for Public Works – Plumbing Installation Category	Group I of Plumbing Installation	Speedy Engineering	25 May 2017	Not Applicable	Contracts/sub-contracts of value up to HK\$2.3 million
Buildings Department	Certificate of Registration of General Building Contractor ⁴	—	Milestone Builder	29 October 2008	14 October 2020	Not Applicable

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Relevant authority/ Organisation	Relevant list/Category	License	Holder	Date of first grant/ Registration	Expiry date for existing license	Authorised contract value
Buildings Department	Certificate of Registration of Registered Minor Works Contractor ^{5,6}	Type A–D, F, G (Class I, II, III) ^{7,8}	Milestone Builder	2 September 2011	2 September 2020	Not Applicable
Buildings Department	Certificate of Registration of Specialist Contractor ⁹	Site Formation Works ¹⁰	Milestone Builder	27 September 2006	10 September 2021	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor	Type A, B, D, E, F, G (Class II & III)	Speedy Engineering	7 March 2013	7 March 2022	Not Applicable
Buildings Department	Certificate of Registration of General Building Contractor ⁴	—	Speedy Engineering	28 February 2019	30 January 2022	Not Applicable

- 1 WBDB refers to the Works Branch Development Bureau (發展局工務科) of the Government. The Development Bureau has maintained the Contractor List and the Specialist List to monitor the eligibility of a contractor to tender for Government contracts.
- 2 A Group A (probation) contractor may tender for any number of Group A contracts (i.e. contracts of value up to HK\$100 million) in the same category, provided the total value of works in the Group A contracts that it already holds and the Group A contract being procured under the same category does not exceed HK\$100 million.
- 3 A Repair and Restoration of Historic Buildings Category contractor is eligible to tender for Government contracts relating to repair and restoration of historic buildings and structures.
- 4 Registered general building contractors (RGBC) may carry out general building works and street works which do not include any specialised works in the designated categories.
- 5 Minor Works Contractors are eligible to carry out various types of minor works.
- 6 Minor works are classified into three classes according to their scale, complexity and risk to safety and are subject to different degree of control. Minor works are grouped into seven types (i.e. Types A, B, C, D, E, F and G) according to their nature.
- 7 Type A (Alteration and Addition Works); Type B (Repair Works); Type C (Works relating to Signboards); Type D (Drainage Works); Type E (Works relating to Structures for Amenities); Type F (Finishes Works); and Type G (Demolition Works).
- 8 Class I (High degree of complexity and risk with 44 minor works items); Class II (Medium degree of complexity and risk with 40 minor works items); and Class III (Low degree of complexity and risk with 42 minor works items).
- 9 Registered specialist contractors may carry out specialised works in their corresponding categories in the sub-registers in which they have been entered. There are five categories of works designated as specialised works: demolition works, foundation works, ground investigation field works, site formation works and ventilation works.
- 10 All site formation works are specialised works of the site formation category save for the circumstances specified by the Buildings Department.

Development of the Group

“Construction and Engineering Services” and “Property Development and Investment” are the two major segments of the Group.

Regarding the “Construction and Engineering Services” segment, the Group will continue to make concerted efforts in achieving effective costs control on projects, strengthening projects management teams and taking competitive pricing approach in order to secure new projects and maintain its market position.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

To having a diversified business portfolio, the Group has continued to flourish the business in “Property Development and Investment”. The Company currently held properties in Hong Kong for investment purpose. Furthermore, jointly controlled entities (“JV entities”) were established for the property development and investment business in Japan. Freehold lands have already been acquired and undergoing construction in Osaka, Japan, reference is made to the announcement of the Company dated 9 February 2018 and 16 April 2018. The first investment property in Osaka will be completed in the second half of this financial year.

The Board believes that the Group’s overall financial position is still healthy.

Financial Review

Revenue

Revenue for the six months ended 30 September 2019 was approximately HK\$144.6 million, representing a decrease of 52.8% from approximately HK\$306.6 million for the six months ended 30 September 2018. The decline in our revenue was mainly attributable to the:

1. Certain projects with relatively larger initial contract sum were completed or substantially completed during the period and contributions in revenue by such projects were reduced; and
2. Decrease in awarded projects in both public and private sectors, due to the negative effect arose from social events, political disputes and the overall economic depression in Hong Kong.

Gross Profit and Gross Profit Margin

The Group’s gross profit for the six months ended 30 September 2019 was approximately HK\$19.8 million, representing a decrease of 40.7% from approximately HK\$33.4 million for the six months ended 30 September 2018. The Group’s gross profit ratio increased from approximately 10.9% during the six months ended 30 September 2018 to approximately 13.7% during the six months ended 30 September 2019. The Directors consider that the overall gross profit margin has been maintained at a healthy position throughout the six months ended 30 September 2019. The increase in gross profit ratio was mainly because the Group implemented cost control measures to improve efficiency of projects.

Administrative Expenses

The Group’s administrative expenses decreased from approximately HK\$19.5 million during the six months ended 30 September 2018 to approximately HK\$15.3 million during the six months ended 30 September 2019 and such decrease was mainly attributable to the decrease in the staff welfare, messing and entertainment expenses of approximately HK\$1.1 million and legal and professional fees of approximately HK\$0.7 million during the six months ended 30 September 2019 as compared with the previous period.

Profit before Income Tax & Net Profit

During the six months ended 30 September 2019, the Group reported profit before income tax of approximately HK\$0.5 million (same period of 2018: approximately HK\$11.0 million), representing a decrease of approximately 95.5% as compared with the previous period. Decrease in net profit was due to decrease in revenue as mentioned above and increase in finance cost. Unexpected prolonged period of inspection of work done and certification of payments caused deterioration in project cash flow and increase in finance costs.

Net profit of the Group was approximately HK\$0.6 million for the six months ended 30 September 2019 (same period of 2018: approximately HK\$9.1 million), representing a decrease of approximately 93.4%.

PRINCIPAL RISKS AND UNCERTAINTIES

— Fluctuating cash flows pattern

Our Group may incur net cash outflows at the early stage of carrying out our works when we are required to pay the setting up expenditures (such as purchase of materials) and/or our subcontractors prior to payment received from our customers. Our customers will pay progress payments after our works commence and after such works and payments have been confirmed and certified by our customers. Accordingly, our Group may experience net cash outflows to pay certain set-up expenditures and/or subcontractors' fees in which the respective progress payments may not be received for the same periods. If during any particular period of time, there exists too many projects which require substantial cash outflows while we have significantly less cash inflows during that period, our cash flow position may be adversely affected.

— Accuracy on the estimated time and costs

As contracts from public and private customers are normally awarded through successful tendering and acceptance of quotation offer, our Group needs to estimate the time and costs based on the tender documents or quotation requests provided in order to determine the tender price or quotation before submitting the tender or providing the quotation. There is no assurance that the actual execution time and costs of the project would not exceed our Group's estimation.

The actual time taken and costs involved in completing contracts undertaken by our Group may be adversely affected by a number of factors, such as shortage or cost escalation of materials and labour, adverse weather conditions, additional variations to the work plans requested by our customers, delays in obtaining any required permits or approvals, disputes with our subcontractors or other parties, accidents, changes in the Government's and our customers' priorities and any other unforeseen problems and circumstances. Any of the aforementioned factors may give rise to delays in completion of works or cost overruns or even termination of projects by our customers, which in turn may adversely affect our Group's profitability and liquidity.

Further, delay in the process of obtaining specific licences, permits or approvals from the Government agencies or authorities in carrying out any particular project could also increase the costs or delay the progress of a project. Failure to complete construction according to specifications and quality standards on a timely basis may result in disputes, contract termination, liabilities and/or lower returns than anticipated on the construction project concerned. Such delay or failure to complete and/or termination of a project by our customers may cause our revenue or profitability to be lower than what we have expected.

— Continuity of order book for new projects

Our Group provides services to our customers generally on a project-by-project basis, and the duration of our projects is normally less than two years. Our revenue from our projects is not recurring in nature. We cannot guarantee that we will continue to secure new projects from our customers after the completion of the existing awarded projects.

— Non-standardisation of profit margin

The Directors believe that the profit margin of each project significantly depends on various factors, such as the terms of the contracts, the length of the contractual period, the efficiency of implementation of the contractual works and the general market conditions which are beyond our Group's control. As a result, the income flow and the profit margin of each project, which are largely dependable on the terms of the work contracts, may not be entirely standardised and consistent and there is no assurance that the profitability of a project can be maintained or estimated at any level. If the profit margin of the project significantly deviates from the estimation of the Directors, our Group's financial position could be adversely affected.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

— Reduction of construction works in Hong Kong

During the last three financial years, all of our revenue was derived in Hong Kong. The future growth and level of profitability of the construction industry in Hong Kong depends on, among other factors, the availability of major construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors, in particular, the spending patterns of the Government for the construction industry, the investments of property developers and the general conditions and prospects of local economy. These factors may affect the availability of the building construction works, alteration, addition, fitting-out and building works, and repair and restoration of historic buildings works from our customers. In the event that there is a downturn in the economy of Hong Kong, our results of operations and financial performance could be severely affected.

DEBTS AND CHARGE ON ASSETS

The total interest bearing borrowings of the Group, including bank loans and lease liabilities (As at 31 March 2019: bank loans, loan from a shareholder and lease liabilities), was approximately HK\$131.2 million as at 30 September 2019, decreased from approximately HK\$139.9 million as at 31 March 2019. These banking facilities were secured by the Group's assets which details disclosed in note 18 to the interim condensed consolidated financial information. Borrowings were denominated mainly in Hong Kong dollars and interest rate of bank borrowings were charged at 4.0%–5.9% per annum. The Group currently does not have an interest rate hedging policy while the Group monitors interest rate risks continuously.

Save as disclosed elsewhere in this report, we did not have, at the closure of business on 30 September 2019, any loan capital issued nor any outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Group has normally funded the liquidity and capital requirements primarily through bank borrowings and net cash generated from the operating activities.

As at 30 September 2019, the Group had cash and bank balances of approximately HK\$23.0 million (31 March 2019: approximately HK\$19.7 million). The Group's gearing ratio and current ratio are as follows:

	As at	
	30 September 2019	31 March 2019
Current ratio	1.4	1.4
Gearing ratio	43%	46%

Current ratio is calculated based on the total current assets divided by the total current liabilities.

Gearing ratio is calculated based on the net debt (total debts including lease liabilities and borrowings, less cash and bank balances as at 30 September 2019 (31 March 2019: loan from a shareholder, lease liabilities and borrowings, less cash and bank balances)) divided by total capital (summation of equity plus net debt).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The financial resources presently available to the Group include bank borrowings, and we have sufficient working capital for our future requirements.

USE OF NET PROCEEDS FROM THE LISTING

As disclosed in the Company's prospectus dated 22 March 2017 (the "Prospectus") and the Company's announcement dated 9 February 2018, the Group's net proceeds from the share offer, after deducting related underwriting fees and listing expenses, of approximately HK\$75.9 million are intended to use and the utilisation of the net proceeds as at 30 September 2019, are set out as follows:

Uses of Net Proceeds	Original	Revised	Utilisation	Remaining
	allocation	allocation as	as at	balance after
	HK\$ million	disclosed in the	30 September	revised
		announcement	2019	allocation
		dated	HK\$ million	HK\$ million
		9 February 2018		
	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Financing the capital input and upfront costs to upcoming projects	36.0	36.0	36.0	—
Purchase of surety bonds	13.0	—	—	—
Increasing the employed capital of the Group	11.4	11.4	11.4	—
Repayment of current bank borrowings of the Group	4.3	4.3	4.3	—
Employing additional staff	3.3	3.3	3.3	—
Investing in building information modelling software	0.5	0.5	—	0.5
General working capital of the Group	7.4	7.4	7.4	—
Financing the Property Development and Investment Business in Japan	—	13.0	13.0	—
	75.9	75.9	75.4	0.5

PROSPECTS

Hong Kong economy and business environment faced a turning point in the financial year 2019/2020. According to the information published by the Census and Statistics Department of the government of Hong Kong ("C&SD"), the total gross value of construction works performed by main contractors in Hong Kong in the first quarter of 2019 decreased by 11.5% in nominal terms year-on-year to HK\$56.9 billion.

Despite the current volatile political and economic situation as well as unclear economic prospect, our management believes that market fundamentals such as housing policy of the government and interest rate will remain stable in the short to medium term. The Group will continually focus on our core business in "Construction and Engineering Services" while keeping an eye on the market and be flexible about its business strategy.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group will continue to leverage on its various licenses and qualifications and extensive experience in the construction industry so as to have a steady participation in the forthcoming projects to strengthen our position in the Hong Kong market. We retain a competitive edge through implementing a number of strategic measurements in cost control and project management to optimize the flexibility and efficiency.

The Group has continued to extend its property development and investment business in Japan. The construction work of the first development project in Osaka will be completed in the second half of this financial year. Recently, there is an increasing number of potential investors in Hong Kong who are exploring to invest in properties in Japan. The JV entities are currently looking for opportunities to sell and/or lease the property under the first development project in this financial year.

FOREIGN EXCHANGE EXPOSURE

As at 30 September 2019 and for the period ended 30 September 2019, most of the income and expenditures of the Group are denominated in Hong Kong dollars, being the functional currency of the Group, and hence, the Group does not have any material foreign exchange exposure. The Group has not implemented nor entered into any types of instruments or arrangements to hedge against currency exchange fluctuations.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

JV entities were established for the Property Development and Investment Business in Japan, which may include, but not limited to, (i) property consolidation, assembly and redevelopments; (ii) property trading and/or investment; and (iii) hospitality management business.

Save as disclosed above, there were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 September 2019.

CAPITAL COMMITMENTS

As at 30 September 2019, the Group had no material capital commitments.

LEASE COMMITMENTS

Details of the lease commitments are set out in Note 20 to the interim condensed consolidated financial information.

CONTINGENT LIABILITIES

Save as disclosed in Note 21 of this interim condensed consolidated financial information, the Group had no other contingent liabilities as at 30 September 2019.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this interim report, there is no material subsequent event undertaken by the Company or by the Group after 30 September 2019 and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2019, the Group had 161 employees, including 104 staff and 57 workers (31 March 2019: 161 employees, including 111 staff and 50 workers). The remuneration policy and package of the Group's employees were periodically reviewed. Apart from Mandatory Provident Fund, salaries increment and discretionary bonuses may be awarded to employees according to the assessment of individual performance. The total staff costs incurred by the Group during the six months ended 30 September 2019 was approximately HK\$31.1 million (six months ended 30 September 2018: approximately HK\$40.0 million).

SHARE OPTION SCHEME

A share option scheme (the "Scheme") was conditionally adopted pursuant to a shareholders' written resolution of the Company passed on 13 March 2017 for the purpose of recognising and motivating the contributions that the eligible participants have made or may make to the Group.

No share options have been granted, exercised or cancelled under the Scheme since its adoption date and up to the date of this interim report and the total number of shares available for grant under the scheme was 80,000,000 shares, representing 10% of the issued share capital of the Company as at the date of this interim report.

DISCLOSURE OF INTERESTS

As at 30 September 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”), as recorded in the register maintained by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), were as follows:

(a) Directors’ Interests in Shares, Underlying Shares and Debentures:

Name	Capacity/Nature of Interest	Number of shares held (Note 1)	Approximate percentage of the issued share capital of the Company
Mr. Leung Kam Fai	Beneficial owner ^(Note 2)	285,660,000 (L)	75.00%
	Person acting in concert ^(Note 2)	314,340,000 (L)	
		600,000,000 (L)	
Mr. Lam Ka Ho	Beneficial owner ^(Note 2)	285,660,000 (L)	75.00%
	Person acting in concert ^(Note 2)	314,340,000 (L)	
		600,000,000 (L)	

Notes:

- The letter “L” denotes “long position” in such shares.
- Mr. Leung Kam Fai, Mr. Lam Ka Ho, Mr. Leung Chin Hung Aaron and Mr. Lui Sum Wah are personally interested in 285,660,000 shares, 285,660,000 shares, 23,280,000 shares and 5,400,000 shares representing 35.71%, 35.71%, 2.91% and 0.68% of the total issued share capital of the Company. Pursuant to the Concert Party Deed dated 27 September 2016 executed by them, Mr. Leung Kam Fai, Mr. Lam Ka Ho, Mr. Leung Chin Hung Aaron and Mr. Lui Sum Wah are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, each of Mr. Leung Kam Fai, Mr. Lam Ka Ho, Mr. Leung Chin Hung Aaron and Mr. Lui Sum Wah is deemed to be interested in 600,000,000 shares held by them in aggregate under the SFO.

Save as disclosed above, as at 30 September 2019, neither the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSURE OF INTERESTS (CONTINUED)

(b) Shareholders' Interests in Shares and Underlying Shares

So far as the Directors are aware, as at 30 September 2019, the interests and short positions of the persons, other than the Directors or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name	Capacity/Nature of Interest	Number of shares held (Note 1)	Approximate percentage of the issued share capital of the Company
Mr. Leung Chin Hung Aaron	Beneficial owner (Note 2)	23,280,000 (L)	
	Person acting in concert (Note 2)	576,720,000 (L)	
		600,000,000 (L)	75.00%
Mr. Lui Sum Wah	Beneficial owner (Note 2)	5,400,000 (L)	
	Person acting in concert (Note 2)	594,600,000 (L)	
		600,000,000 (L)	75.00%

Notes:

- The letter "L" denotes "long position" in such shares.
- Mr. Leung Kam Fai, Mr. Lam Ka Ho, Mr. Leung Chin Hung Aaron and Mr. Lui Sum Wah are personally interested in 285,660,000 shares, 285,660,000 shares, 23,280,000 shares and 5,400,000 shares representing 35.71%, 35.71%, 2.91% and 0.68% of the total issued share capital of the Company. Pursuant to the Concert Party Deed dated 27 September 2016 executed by them, Mr. Leung Kam Fai, Mr. Lam Ka Ho, Mr. Leung Chin Hung Aaron and Mr. Lui Sum Wah are parties acting in concert (having the meaning ascribed to it under the Takeovers Code). As such, each of Mr. Leung Kam Fai, Mr. Lam Ka Ho, Mr. Leung Chin Hung Aaron and Mr. Lui Sum Wah is deemed to be interested in 600,000,000 shares held by them in aggregate under the SFO.

The Company's controlling shareholders have not pledged all or part of their interest in the Company's shares to secure the Company and its subsidiaries' debts or to secure guarantees or other support of their obligations.

Save as disclosed above, as at 30 September 2019, the Directors are not aware of any other persons who have interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the six months ended 30 September 2019.

DISCLOSURE OF INTERESTS (CONTINUED)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the six months ended 30 September 2019 and up to the date of this report, none of the Directors are considered to have interests in any business which competes or is likely to compete with the businesses of the Group as required to be disclosed pursuant to the Listing Rules.

DEED OF NON-COMPETITION

The controlling shareholders of the Company, namely Mr. Leung Kam Fai, Mr. Lam Ka Ho, Mr. Leung Chin Hung Aaron and Mr. Lui Sum Wah, have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under the Deed of Non-competition dated 16 March 2017.

CHANGE IN DIRECTORS' INFORMATION

Changes in Directors' information in respect of the period from 1 April 2019 up to the date of this interim report are set out below:

- Mr. Wong Chun Tai has been appointed as an independent non-executive Director and a member of nomination committee of the Board with effect from 13 September 2019, reference is made to the announcement of the Company dated 13 September 2019.
- Mr. Keung Kwok Hung has been appointed as an independent non-executive Director, the chairman of audit committee and a member of nomination committee of Acme International Holdings Limited (Stock Code: 1870), in each case, with effect from 18 October 2019.

RESULTS AND DIVIDENDS

The results of the Group for the six months ended 30 September 2019 are set out in interim condensed consolidated statement of comprehensive income on page 19 of this interim report.

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 September 2019.

CORPORATE GOVERNANCE PRACTICES

During the six months ended 30 September 2019, the Company has applied the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Board is of the opinion that throughout the period ended 30 September 2019, the Company had complied with the applicable code provisions as set out in the CG Code except for the deviation from code provision A.2.1 of the CG Code.

According to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Leung Kam Fai, the Chairman who performs the duty of chief executive officer since the Listing Date under code provision A.2.1 of the CG Code, is responsible for the financial and operational aspects of our Group and the formulation of business development strategies of our Group. The Board believes that vesting the roles of both Chairman and chief executive officer in Mr. Leung Kam Fai has the benefit of ensuring consistent and continuous planning and execution of the Company's strategies. The Board considers that the balance of power and authority, accountability and independent decision-making under the present arrangement will not be impaired in light of the diverse background and experience of the independent non-executive Directors, and the composition of the Board which comprises three independent non-executive Directors and two executive Directors also provides added independence to the Board. Further, the audit committee of the Company (the "Audit Committee") composed exclusively of independent non-executive Directors has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code and all the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 September 2019 in response to the specific enquiry made by the Company.

The Board has established written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the securities of the Company as required under the CG Code. No incident of non-compliance of such guidelines by the relevant employees was noted by the Company.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has established the Audit Committee which currently consists of three independent non-executive Directors with written terms of reference which deal clearly with its authority and duties.

The Group's interim condensed consolidated financial information for the six months ended 30 September 2019 have been reviewed by the Audit Committee.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 September	
	Note	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Restated) (Note 2.2) (Unaudited)
Revenue	6	144,583	306,608
Cost of sales	8	(124,815)	(273,257)
Gross profit		19,768	33,351
Other income	6	600	231
Other gains/(losses), net	7	124	(84)
Administrative expenses	8	(15,274)	(19,531)
Operating profit		5,218	13,967
Finance income	9	80	23
Finance costs	9	(4,778)	(2,433)
Finance costs, net		(4,698)	(2,410)
Share of results of investments accounted for using the equity method		—	(590)
Profit before income tax		520	10,967
Income tax credits/(expenses)	10	67	(1,879)
Profit and total comprehensive income attributable to the owners of the Company		587	9,088
		HK cents per share	HK cents per share
Earnings per share for profit attributable to the owners of the Company:			
Basic	11	0.07	1.14
Diluted	11	0.07	1.14

The notes on pages 24 to 48 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		As at	
		30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
	Note		
ASSETS			
Non-current assets			
Investment properties	12	22,610	22,610
Property, plant and equipment	13	1,031	2,956
Right-of-use assets	14	6,891	—
Investments accounted for using the equity method		—	—
Deferred income tax assets		895	494
Long-term deposit	15	80	80
Total non-current assets		31,507	26,140
Current assets			
Amounts due from investments accounted for using the equity method	22	18,681	37,916
Amounts due from related companies	22	2,223	2,393
Trade, retention and other receivables, deposits and prepayments	15	89,499	95,025
Contract assets		244,113	242,257
Current income tax recoverable		9,711	9,251
Pledged deposits		26,101	26,026
Cash and bank balances		23,000	19,747
Total current assets		413,328	432,615
Total assets		444,835	458,755
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	16	80,000	80,000
Reserves		62,596	62,009
Total equity		142,596	142,009

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at	
		30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
	Note		
LIABILITIES			
Non-current liabilities			
Loan from a shareholder		—	8,750
Lease liabilities	14	3,628	367
Deferred income tax liabilities		303	362
Total non-current liabilities		3,931	9,479
Current liabilities			
Amount due to an investment accounted for using the equity method	22	267	267
Amount due to a related company	22	398	444
Contract liabilities		5,000	7,867
Trade and other payables and accruals	17	165,106	167,942
Current income tax payables		6	6
Borrowings	18	124,397	130,229
Lease liabilities	14	3,134	512
Total current liabilities		298,308	307,267
Total liabilities		302,239	316,746
Total equity and liabilities		444,835	458,755

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The notes on pages 24 to 48 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	(Unaudited)						
	Attributable to the owners of the Company						Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Revaluation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	
Balance at 1 April 2018	80,000	12,791	4,789	8,007	—	18,277	123,864
Comprehensive income							
Profit for the period, as restated	—	—	—	—	—	9,088	9,088
Total comprehensive income	—	—	—	—	—	9,088	9,088
Balance at 30 September 2018, as restated	80,000	12,791	4,789	8,007	—	27,365	132,952
Balance at 1 April 2019	80,000	12,791	4,789	11,508	(22)	32,943	142,009
Comprehensive income							
Profit for the period	—	—	—	—	—	587	587
Total comprehensive income	—	—	—	—	—	587	587
Balance at 30 September 2019	80,000	12,791	4,789	11,508	(22)	33,530	142,596

The notes on pages 24 to 48 are an integral part of this interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from/(used in) operations	5,698	(31,715)
Income tax paid	(853)	—
Net cash generated from/(used in) operating activities	4,845	(31,715)
Cash flows from investing activities		
Cash advance to an investment accounted for using the equity method	—	(36,095)
Repayment from an investment accounted for using the equity method	19,235	(36)
Proceeds from disposals of property, plant and equipment	204	(509)
Interest received	80	23
Net cash generated from/(used in) investing activities	19,519	(35,769)
Cash flows from financing activities		
Interest paid for bank borrowings	(4,557)	(2,345)
Proceeds from bank borrowings	148,426	159,680
Repayments of bank borrowings	(150,952)	(125,838)
Interest paid for lease liabilities	(195)	(36)
Principal elements of lease payments	(1,702)	(509)
Repayments of loan from a shareholder	(8,750)	—
Increase in pledged deposits	(75)	(81)
Net cash (used in)/generated from financing activities	(17,805)	30,871
Net increase/(decrease) in cash and cash equivalents	6,559	(36,613)
Cash and cash equivalents at beginning of the period	4,582	27,771
Cash and cash equivalents at end of the period	11,141	(8,842)
Analysis of the bank balances of cash and cash equivalents		
Cash and bank balances	23,000	4,728
Bank overdrafts	(11,859)	(13,570)
	11,141	(8,842)

The notes on pages 24 to 48 are an integral part of this interim condensed consolidated financial information.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Milestone Builder Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 8 June 2016 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 10008, Willow House, Cricket Square, Grand Cayman KY1-1001, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together the “Group”) provide (i) building construction services; (ii) alteration, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings in Hong Kong (together “construction and engineering services”); and engage in property development and investment business.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The interim condensed consolidated financial information is presented in thousands of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

This interim condensed consolidated financial information was approved for issue by the board of directors (the “Board”) of the Company on 28 November 2019.

This interim condensed consolidated financial information has not been audited.

The defined terms used in this interim condensed consolidated financial information have the same meaning as those set out in the Group’s Annual Report 2018/19 published on 30 July 2019 (the “Annual Report 2018/19”), unless otherwise stated.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 September 2019 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. This interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2019, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standard as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of new or amended standard became applicable for the current reporting period, and the Group had changed its accounting policy and applied the simplified transition approach as a result of adopting HKFRS 16 Leases (“HKFRS 16”).

The impact of the adoption of the leasing standard and the new accounting policy are disclosed below. The other standards did not have material impact on the Group’s accounting policies and did not require any adjustments.

The below explains the impact of adoption of HKFRS 16 on the Group’s interim condensed consolidated financial information and also discloses the new accounting policy that has been applied from 1 April 2019.

(i) Accounting policies applied from 1 April 2019

Accounting for leases as lessee from 1 April 2019

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the interim condensed consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed lease payments. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group’s incremental borrowing rate.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and any initial direct cost.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the interim condensed consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

(i) Accounting policies applied from 1 April 2019 (Continued)

Accounting for leases as lessor from 1 April 2019

The lessor accounting under HKFRS 16 did not have any significant impact on the Group's accounting policies.

(ii) Impact of adoption

The Group has adopted HKFRS 16 retrospectively from 1 April 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provision in the standard. The adjustments arising from the new leasing rules are therefore recognised in the opening interim condensed consolidated balance sheet on 1 April 2019.

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of lease with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 Leases ("HKAS 17") and Hong Kong (Financial Reporting Interpretations Committee) ("HKFRIC") 4 "Determining whether an Arrangement contains a Lease".

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 5.13%.

For leases previously classified as finance leases, the Group recognised the carrying amounts of the lease assets and lease liabilities immediately before transition as the carrying amounts of the right-of-use assets and the lease liabilities at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date. The remeasurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

On adoption of HKFRS 16, the Group did not need to make any adjustment to the accounting for investment property held as lessor as a result of adopting the new leasing standard.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

(ii) Impact of adoption (Continued)

The reconciliation between the operating lease commitments as disclosed by applying HKAS 17 as at 31 March 2019 and the lease liabilities recognised in the interim condensed consolidated balance sheet as at 1 April 2019 (date of initial application of HKFRS 16) is as follows:

	HK\$'000 (Unaudited)
Operating lease commitments disclosed as at 31 March 2019	3,238
Discounted using the lessee's incremental borrowing rate at the date of initial application	3,143
Add: Finance leases recognised as at 31 March 2019	879
Add: Adjustments as a result of a different treatment of extension options	4,840
Less: Short-term leases recognised on a straight-line basis as expense	(398)
Lease liabilities recognised as at 1 April 2019	8,464
Of which are:	
– Current lease liabilities	3,309
– Non-current lease liabilities	5,155
	8,464

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as at 1 April 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

(ii) Impact of adoption (Continued)

The recognised right-of-use assets relate to the following types of assets:

	As at	
	30 September 2019 HK\$'000 (Unaudited)	1 April 2019 HK\$'000 (Unaudited)
Office premises	6,128	7,585
Motor vehicles	763	1,179
Total right-of-use assets	6,891	8,764

The change in accounting policy increased both right-of-use assets and lease liabilities by HK\$8,764,000 and HK\$8,464,000 in the opening of the interim condensed consolidated balance sheet on 1 April 2019 respectively. Included in the balance of right-of-use assets as at 1 April 2019 was HK\$1,179,000 reclassified from property, plant and equipment.

The change in accounting policy did not have any impact on the Group's retained earnings as at 1 April 2019.

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(c) Change in accounting policy of investment properties from cost model to fair value model

In previous periods, the Group's investment properties were carried at historical cost less accumulated depreciation in the interim condensed consolidated balance sheet.

Due to continual expansion of the Group into the property development and investment business and the investment properties portfolio of the Group, the directors reassessed the appropriateness of this accounting policy during the second half of the year ended 31 March 2019 and concluded that by using the fair value model under HKAS 40 for investment properties, the consolidated financial statements and the interim condensed consolidated financial information would provide reliable and more relevant information about the Group's results and financial position.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Summary of significant accounting policies (Continued)

(c) Change in accounting policy of investment properties from cost model to fair value model (Continued)

Consequently, the Group changed its accounting policy on investment properties to follow the fair value model under HKAS 40 during the second half of the year ended 31 March 2019.

The change in accounting policy of investment properties from cost model to fair value model have been accounted for retrospectively. The comparative figures for the six months ended 30 September 2018 reporting period have been restated to reflect the change in accounting policy.

The effect of the change in accounting policy to the interim condensed consolidated statement of comprehensive income for the six months ended 30 September 2018 is as follows:

	Six months ended 30 September 2018 HK\$'000 (Unaudited)
Effect on interim condensed consolidated statement of comprehensive income	
Decrease in depreciation	95
Increase in income tax expenses	(32)
<hr/>	
Increase in profit attributable to the owners of the Company	63
<hr/>	
Increase in basic earnings per share (HK cents)	0.01
Increase in diluted earnings per share (HK cents)	0.01
<hr/>	

(d) Change in the presentation of the interim condensed consolidated statement of comprehensive income

Following the continual expansion of the Group into the property development and investment business, the rental income of HK\$159,000 for the six months ended 30 September 2018 is reclassified to 'revenue' instead of being included under 'other income' in the interim condensed consolidated statement of comprehensive income. The direct operating expenses arising from investment properties that generate the rental income of HK\$40,000 during the six months ended 30 September 2018 is reclassified to 'cost of sales' instead of being included under 'administrative expenses' in the interim condensed consolidated statement of comprehensive income as in the previous periods.

The management believes that the current presentation will provide more relevant information to the users of the financial information for the evaluation of the Group's operating performance. The comparative figures have been reclassified to conform with current period's presentation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow and fair value interest rate risk and foreign currency risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2019.

3.2 Liquidity risk

As at 30 September 2019, the Group's total available banking facilities amounted to approximately HK\$238,040,000 (31 March 2019: HK\$239,677,000), of which approximately HK\$195,865,000 (31 March 2019: HK\$194,858,000), has been utilised.

As a result of adoption of HKFRS 16, the Group recognised lease liabilities of approximately HK\$8,464,000 as at 1 April 2019 and approximately HK\$6,762,000 as at 30 September 2019. The table below analyses the Group's lease liabilities into relevant maturity grouping based on the remaining periods at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	As at	
	30 September 2019 HK\$'000 (Unaudited)	1 April 2019 HK\$'000 (Unaudited)
Within 1 year	3,400	3,656
Between 1 and 2 years	3,162	3,282
Between 2 and 5 years	581	2,102
	7,143	9,040

3.3 Fair value estimation

The carrying amounts of the Group's financial assets including "amounts due from investments accounted for using the equity method", "amounts due from related companies", "trade, retention and other receivables and deposits", "pledged deposits" and "cash and bank balances"; and financial liabilities including "loan from a shareholder", "lease liabilities", "amount due to an investment accounted for using the equity method", "amount due to a related company", "trade and other payables and accruals", and "borrowings" approximate their fair values due to their short maturities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2019.

5 SEGMENT INFORMATION

The chief operating decision-makers have been identified as the executive directors of the Company.

The executive directors consider the segment from a business perspective.

Due to continual expansion of the Group into the property development and investment business, management has changed its internal organisation structure in the second half of the year ended 31 March 2019 to align more closely with the Group's strategic decision and market dynamics to better serve customers. In particular, a separate business unit has been set up for property development and investment business. The Group has adopted the new organisation structure as the reporting format effective in the second half of the year ended 31 March 2019. The comparative segment information has been restated to reflect the current organisation structure.

The Group is organised into two main operating segments in these internal reports:

- (a) Construction and engineering services — principally engaged in the provision of (i) building construction services; (ii) alternation, addition, fitting-out works and building services; and (iii) repair and restoration of historic buildings in Hong Kong; and
- (b) Property development and investment — principally engaged in the property development and investment business in Hong Kong and other countries in Asia-Pacific region.

The management assesses the performance of the operating segments based on a measure of adjusted earnings before interest expense, taxes, depreciation and amortisation ("EBITDA").

No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the executive directors.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

5 SEGMENT INFORMATION (Continued)

An analysis of the Group's revenue and results for the year by operating segment is as follows:

	Construction and engineering services HK\$'000	Property development and investment HK\$'000	Total Group HK\$'000
Six months ended 30 September 2019 (Unaudited)			
Segment turnover	144,472	111	144,583
Segmental EBITDA	7,701	56	7,757
Depreciation	(2,539)	—	(2,539)
Segmental operating profit	5,162	56	5,218
Finance costs, net			(4,698)
Profit before income tax			520
Income tax credits			67
Profit attributable to the owners of the Company			587
Six months ended 30 September 2018 (Restated) (Unaudited)			
Segment turnover	306,449	159	306,608
Segmental EBITDA (excluding share of results of investments accounted for using the equity method)	15,337	119	15,456
Depreciation	(1,489)	—	(1,489)
Share of results of investments accounted for using the equity method	—	(590)	(590)
Segmental operating profit	13,848	(471)	13,377
Finance costs, net			(2,410)
Profit before income tax			10,967
Income tax expenses			(1,879)
Profit attributable to the owners of the Company			9,088

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

6 REVENUE AND OTHER INCOME

The Group's revenue and other income recognised during the relevant periods are as follows:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Restated) (Note 2.2(d)) (Unaudited)
Revenue:		
Provision of construction and engineering services		
– Building construction services	6,240	66,987
– Alteration, addition, fitting-out works and building services	134,285	226,840
– Repair and restoration of historic buildings	3,947	12,622
Property development and investment		
– Rental income	111	159
	144,583	306,608
Other income:		
– Sundry income	600	231

7 OTHER GAINS/(LOSSES), NET

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Gains/(losses) on disposals of property, plant and equipment, net	124	(84)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

8 EXPENSES BY NATURE

Expenses included in cost of sales and administrative expenses are analysed as follows:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Restated) (Note 2.2(c)) (Unaudited)
Construction cost recognised in cost of sales	124,724	273,167
Auditor's remuneration		
— Audit services	818	900
— Non-audit services	82	—
Depreciation of property, plant and equipment	666	1,489
Depreciation of right-of-use assets	1,873	—
Employee benefit expenses recognised in administrative expenses (including directors' emoluments)	7,992	7,962
Operating lease rentals in respect of car parking spaces, office premises and warehouses	—	1,759
Other lease expenses*	331	—
Staff welfare, messing and entertainment	296	1,382
Motor vehicle expenses	510	881
Legal and professional fees	410	1,112
Building management fees	373	435
Others	2,014	3,701
Total cost of sales and administrative expenses	140,089	292,788

* These expenses relate to short-term leases. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

9 FINANCE INCOME AND COSTS

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest income:		
— Bank interest income	80	23
Finance income	80	23
Interest expenses:		
— Borrowings	(4,557)	(2,345)
— Lease liabilities	(195)	(36)
Foreign exchange losses, net	(26)	(52)
Finance costs	(4,778)	(2,433)
Finance costs, net	(4,698)	(2,410)

Milestone Builder Holdings Limited

10 INCOME TAX CREDITS/(EXPENSES)

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%).

The amount of income tax (credits)/expenses charged to the interim condensed consolidated statement of comprehensive income represents:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax:		
Hong Kong profits tax on profits for the period	393	598
Deferred income tax	(460)	1,281
Income tax (credits)/expenses	(67)	1,879

Income tax (credits)/expense is recognised based on management's estimate of the weighted average annual income tax rate expected for the full financial year.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the respective periods.

	Six months ended 30 September	
	2019 (Unaudited)	2018 (Restated) (Note 2.2(c)) (Unaudited)
Earnings:		
Profit attributable to the owners of the Company (HK\$'000)	587	9,088
Number of shares:		
Weighted average number of ordinary shares in issue (thousands)	800,000	800,000
Basic earnings per share (HK cents)	0.07	1.14
Diluted earnings per share (HK cents)	0.07	1.14

There were no potentially dilutive ordinary share outstanding as at 30 September 2018 and 2019.

12 INVESTMENT PROPERTIES

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Opening and closing balance	22,610	16,048

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

12 INVESTMENT PROPERTIES (Continued)

Note:

Fair value measurements using significant unobservable inputs (Level 3)

The investment properties of the Group represent industrial property units and a car park space located in Hong Kong with following details.

	As at 30 September 2019 HK\$'000	As at 31 March 2019 HK\$'000
Industrial property units located in Hong Kong	19,860	19,860
Car park space located in Hong Kong	2,750	2,750
	22,610	22,610

As at 31 March 2019 and 30 September 2019, the investment properties located at Unit 4 of 3/F, Unit 12 of 9/F, and car park space V10 and ancillary space on G/F, Sun Fung Centre, No. 88 Kwok Shui Road, Tsuen Wan, New Territories, Hong Kong. The fair value as at 31 March 2019 was assessed by an independent and professionally qualified valuer, PSA (HK) Surveyors Limited.

The valuations were determined using the direct comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach are adjusted market price per square foot and adjusted market price per car park space.

There were no transfers of investment properties between the fair value hierarchy classification during the period.

As at 30 September 2019, the Group's investment properties amounting to HK\$22,610,000 (31 March 2019: HK\$22,610,000) were pledged as collateral for the Group's bank borrowings, details of which are set out in Note 18.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

13 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Opening balance	2,956	7,638
Impact of adoption of HKFRS 16 (Note 2.2(a))	(1,179)	—
Opening balance, as restated	1,777	7,638
Additions	—	329
Disposals	(80)	(387)
Depreciation	(666)	(1,489)
Closing balance	1,031	6,091

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Amounts recognised in the interim condensed consolidated balance sheet

The interim condensed consolidated balance sheet shows the following amounts related to leases:

	As at	
	30 September 2019 HK\$'000 (Unaudited)	1 April 2019 HK\$'000 (Unaudited)
Right-of-use assets		
Office premises	6,128	7,585
Motor vehicles	763	1,179
	6,891	8,764
Lease liabilities		
Current	3,134	3,309
Non-current	3,628	5,155
	6,762	8,464

As at 1 April 2019, motor vehicles held under finance leases amounted to approximately HK\$1,179,000 were reclassified from property, plant and equipment to right-of-use assets.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

14 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

(b) Amounts recognised in the interim condensed consolidated statement of comprehensive income

The interim condensed consolidated statement of comprehensive income shows the following amounts relating to leases:

	Six months ended 30 September 2019 HK\$'000 (Unaudited)
Depreciation of right-of-use assets	
Office premises	1,457
Motor vehicles	416
	1,873
Interest expenses on lease liabilities	195
Other lease expenses (Note 8)	331

During the six months ended 30 September 2019, the total cash outflows for leases of the Group were included in the interim condensed consolidated statement of cash flows in (a) payment for short-term leases of HK\$331,000 under “operating activities”, (b) interest paid for leases liabilities of HK\$195,000 under “financing activities”, and (c) principal elements of lease payments of HK\$1,702,000 under “financing activities”.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15 TRADE, RETENTION AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Current portion		
Trade receivables (Note (a))	39,747	43,770
Retention receivables (Note (b))	43,249	43,329
	82,996	87,099
Prepayments, deposits and other receivables:		
Prepayments	2,094	3,619
Deposits	1,769	1,768
Other receivables	2,640	2,539
	6,503	7,926
	89,499	95,025
Non-current portion		
Long-term deposit	80	80
Total	89,579	95,105

The carrying amounts of the trade and other receivables and deposits are denominated in HK\$ and approximated their fair values.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

15 TRADE, RETENTION AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

(a) Trade receivables

The Group's credit terms to trade debtors other than retention receivables are generally 30 days. The ageing analysis of the trade receivables, based on invoice date, is as follows:

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Less than 30 days	16,833	25,383
31 – 60 days	11,031	13,324
61 – 90 days	7,748	446
Over 90 days	4,135	4,617
	39,747	43,770

(b) Retention receivables

Retention receivables are settled in accordance with the terms of the respective contracts. The terms and conditions in relation to the release of retention vary from contract to contract, which is subject to practical completion, the expiry of the defect liability period or a pre-agreed time period. In the interim condensed consolidated balance sheet, retention receivables were classified as current assets. The ageing analysis of these retention receivables based on the terms of related contracts was as follows:

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Will be recovered within twelve months	26,953	10,609
Will be recovered more than twelve months after the end of the year	16,296	32,720
	43,249	43,329

The Group does not hold any collateral as security.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

16 SHARE CAPITAL AND SHARE PREMIUM

	No. of ordinary shares	Nominal value of ordinary shares HK\$'000
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Authorised:

At 1 April 2018, 30 September 2018, 1 April 2019 and 30 September 2019, at HK\$0.1 each	2,000,000,000	200,000
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	No. of ordinary shares	Nominal value of ordinary shares HK\$'000	Share premium HK\$'000
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Issued and fully paid:

At 1 April 2018, 30 September 2018, 1 April 2019 and 30 September 2019	800,000,000	80,000	12,791
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(a) Share options of the Company

The Company operates a share option scheme (the "Scheme") for the purpose of recognising and motivating the contributions that the eligible participants have made or may make to the Group. Eligible participants of the Scheme include but not limited to the Group's employees and Executive and non-Executive Directors. The Scheme has been conditionally approved and adopted on 13 March 2017 and unless otherwise cancelled or amended, will remain valid and effective for a period of 10 years from that date. No share options have been granted, exercised or cancelled under the Scheme since its adoption date.

17 TRADE AND OTHER PAYABLES AND ACCRUALS

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Trade payables (Note (a))	115,878	122,568
Bills payables (Note (b))	42,472	34,746
	158,350	157,314
Other payables and accruals (Note (c))	6,756	10,628
	165,106	167,942

Trade and bills payables and other payables and accruals approximate their fair values and are denominated in HK\$.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

17 TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

(a) Trade payables

Credit terms granted to us by our suppliers and subcontractors vary from contract to contract. Our suppliers and subcontractors, on average, grant us a credit period of mostly 30 days to 60 days upon the issue of an invoice.

The ageing analysis of the trade payables, based on invoice date, is as follows:

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
1 – 30 days	59,417	48,368
31 – 60 days	4,727	21,951
61 – 90 days	9,883	15,166
Over 90 days	41,851	37,083
	115,878	122,568

(b) Bills payables

As at 30 September 2019, the balance represents bank acceptance notes with maturity dates within six months (31 March 2019: six months).

The maturity profile of the bills payables of the Group is as follows:

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Due within 30 days	10,118	8,232
Due within 31 to 60 days	13,666	10,179
Due within 61 to 90 days	12,093	15,735
Over 90 days	6,595	600
	42,472	34,746

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

17 TRADE AND OTHER PAYABLES AND ACCRUALS (Continued)

(c) Other payables and accruals

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Accrued staff costs and pension obligations	4,044	6,946
Accrued expenses	2,448	3,373
Other payables	264	309
	6,756	10,628

18 BORROWINGS

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Bank borrowings	112,538	115,064
Bank overdrafts	11,859	15,165
	124,397	130,229

Bank borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

18 BORROWINGS (Continued)

Movements in bank borrowings is analysed as follows:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Opening balance	115,064	59,132
Repayments of bank borrowings	(150,952)	(125,838)
Proceeds from bank borrowings	148,426	159,680
Closing balance	112,538	92,974

As at 30 September 2019, the bank borrowings facilities granted to the Group are secured by the following:

- (a) Pledged deposits of HK\$26,101,000;
- (b) The Group's investment properties amounting to HK\$22,610,000 (Note 12); and
- (c) Corporate guarantees executed by the Company and certain subsidiaries of the Group.

As at 31 March 2019, the bank borrowings facilities granted to the Group are secured by the following:

- (a) Pledged deposits of HK\$26,026,000;
- (b) The Group's investment properties amounting to HK\$22,610,000 (Note 12); and
- (c) Corporate guarantees executed by the Company and certain subsidiaries of the Group.

The carrying amounts of bank borrowings approximate their fair values.

These borrowing carry floating rates at Prime Rate, Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate ("LIBOR") plus or minus a margin and the exposure of these bank borrowings to interest rate charges and the contractual repricing dates are six months or less. The weighted average interest rates are 4.6% per annum as at 30 September 2019 (31 March 2019: 4.4% per annum).

As at 30 September 2019, total undrawn bank facilities amounted to approximately HK\$42,175,000 (31 March 2019: HK\$44,819,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

19 DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

There were no dividends paid during the period (six months ended 30 September 2018: same).

20 COMMITMENTS

Operating lease commitments – Group company as lessor

The Group had contracted with lessees for leasing office premises under a non-cancellable operating lease agreement. The original lease terms are ranged from 6 months to 3 years and the lease arrangement is renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under the non-cancellable operating lease are as follows:

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
No later than 1 year	19	75

21 CONTINGENCIES

The Group's contingent liabilities were as follows:

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Surety bonds (Note)	28,926	29,883

Note: As at 30 September 2019, the Group provided guarantees of surety bonds in respect of 5 (31 March 2019: 5) construction contracts of the Group in its ordinary course of business. The surety bonds are expected to be released in accordance with the terms of the respective construction contracts.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

22 RELATED PARTIES BALANCES AND TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

- (a) The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group:

Name of the related party	Relationship with the Group
Spartan Construction Materials Limited	Controlled by certain shareholders of the Company
Spartan Lighting Limited	Controlled by certain shareholders of the Company
Possible Development Limited	Jointly controlled by the Group
Possible Hospitality Management Limited	Jointly controlled by the Group
泊舍不動産開発株式会社	Jointly controlled by the Group

(b) Transactions

Save as disclosed elsewhere in the interim condensed consolidated financial information, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Received from related parties:		
Revenue from construction contracts from		
— Spartan Construction Materials Limited (Note (i))	—	172
Rental income from		
— Spartan Construction Materials Limited (Note (ii))	—	14
Management fee from		
— 泊舍不動産開発株式会社 (Note (i))	11	—
Paid to a related party for:		
Purchase of materials and consumables from		
— Spartan Construction Materials Limited (Note (i))	399	514
Subcontractor fees paid to		
— Spartan Construction Materials Limited (Note (i))	20	—

Notes:

- (i) The pricing of these transactions was determined based on mutual negotiation between the Group and the related party.
- (ii) The rental income was determined based on terms mutually agreed between parties involved.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

22 RELATED PARTIES BALANCES AND TRANSACTIONS (Continued)

(c) Key management compensation

Key management includes executive and non-executive directors and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 September	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Salaries, allowances and benefits in kind	4,120	3,999
Retirement benefit costs — defined contribution plans	54	53
	4,174	4,052

(d) Balances

	As at	
	30 September 2019 HK\$'000 (Unaudited)	31 March 2019 HK\$'000 (Audited)
Amounts due from investments accounted for using the equity method		
Popsible Development Limited	18,649	37,895
泊舍不動産開発株式会社	32	21
	18,681	37,916
Amounts due from related companies		
Spartan Construction Materials Limited	1,409	1,579
Spartan Lighting Limited	814	814
	2,223	2,393
Amount due to an investment accounted for using the equity method		
Popsible Hospitality Management Limited	(267)	(267)
Amounts due to a related company		
Spartan Construction Materials Limited	(398)	(444)

These balances are unsecured, interest free, repayable on demand and denominated in HK\$.



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