

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Million Hope Industries Holdings Limited

美亨實業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1897)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2019

SUMMARY OF RESULTS

For the year ended 31 March 2019, the Group recorded revenue of HK\$376.6 million, representing a 10.6% decrease as compared to HK\$421.1 million recorded for the year ended 31 March 2018. The drop in revenue was mainly due to delay of the master programmes of the Group's certain projects.

The Group recorded consolidated profit attributable to owners of the Company totalled HK\$22.9 million (2018: HK\$50.1 million), representing a 54.3% decrease over the consolidated profit attained last year. Such drop in consolidated profit was mainly resulted from the drop in revenue and overall gross profit margins and the one-off expenses of HK\$22.6 million incurred for the Company's listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year. The basic earnings per share for the year were HK\$1.06 based on the weighted average number of 21,517,869 shares in issue after the Company's listing, while HK\$501,120 in the last year was calculated based on the then 100 shares in issue.

As at 31 March 2019, the net asset value of the Group amounted to HK\$508.8 million (31 March 2018: HK\$128.7 million), representing an increase of 295.3% over last year. The increase was mainly due to proceeds of HK\$43.6 million from issue of new shares and the capital contribution of HK\$318.6 million from Hanison Construction Holdings Limited before listing. Net asset value per share as at 31 March 2019 was HK\$1.17 calculated based on the issued shares of 436,332,630 in issue (31 March 2018: HK\$1,286,920 calculated based on the then 100 shares in issue).

DIVIDEND

The Board has recommended a final dividend of HK2.0 cents per share for the year ended 31 March 2019 (2018: nil) to shareholders whose names appear on the register of members of the Company on 5 September 2019. The proposed final dividend will be paid on 17 September 2019 following approval at the annual general meeting scheduled to be held on 27 August 2019 and shall be paid out of the Company's other reserves account.

CLOSURE OF REGISTER OF MEMBERS FOR AGM

The register of members of the Company will be closed from 22 August 2019 to 27 August 2019, both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 August 2019.

CLOSURE OF REGISTER OF MEMBERS FOR DIVIDEND

The register of members of the Company will be closed from 3 September 2019 to 5 September 2019, both days inclusive, for the purpose of determining the identity of members who are entitled to the final dividend for the year ended 31 March 2019 (the "**2019 Final Dividend**"). In order to qualify for the 2019 Final Dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 2 September 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2019

	<i>NOTES</i>	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	4	376,621	421,146
Cost of sales		<u>(302,137)</u>	<u>(303,966)</u>
Gross profit		74,484	117,180
Other income		4,107	1,799
Other gains (losses)	6	1,618	(5,083)
Reversal of impairment losses (impairment losses, net of reversal)		3,134	(3,548)
Gain on change in fair value of investment properties		3,200	1,316
Administrative expenses		(33,672)	(40,134)
Finance costs		(2,047)	(2,646)
Listing expenses		<u>(22,570)</u>	<u>(3,934)</u>
Profit before taxation	7	28,254	64,950
Taxation	8	<u>(5,372)</u>	<u>(14,838)</u>
Profit for the year		22,882	50,112
Other comprehensive (expense) income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of a foreign operation		<u>(4,070)</u>	<u>6,541</u>
Total comprehensive income for the year		<u>18,812</u>	<u>56,653</u>
Earnings per share			
basic (HK\$)	10	<u>1.06</u>	<u>501,120</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2019

	NOTES	2019 HK\$'000	2018 HK\$'000
Non-current assets			
Investment properties		63,500	60,300
Property, plant and equipment		108,295	112,710
Prepaid lease payments		5,271	5,851
Deferred tax assets		–	6
		<u>177,066</u>	<u>178,867</u>
Current assets			
Inventories		31,182	26,593
Prepaid lease payments		204	207
Debtors, deposits and prepayments	11	100,506	69,872
Contract assets		50,531	66,933
Tax recoverable		7,922	–
Bank balances and cash		304,648	40,646
		<u>494,993</u>	<u>204,251</u>
Current liabilities			
Trade and other payables	12	53,812	59,245
Provisions		33,666	29,895
Contract liabilities		926	3,313
Amount due to immediate holding company		–	77,452
Amount due to a related company		13,163	–
Tax payable		–	8,238
		<u>101,567</u>	<u>178,143</u>
Net current assets		<u>393,426</u>	<u>26,108</u>
Total assets less current liabilities		<u>570,492</u>	<u>204,975</u>
Non-current liabilities			
Provisions		61,589	76,246
Deferred tax liabilities		85	37
		<u>61,674</u>	<u>76,283</u>
		<u>508,818</u>	<u>128,692</u>
Capital and reserves			
Share capital	13	43,633	–
Reserves		465,185	128,692
		<u>508,818</u>	<u>128,692</u>

NOTES:

1. GENERAL

Million Hope Industries Holdings Limited (the “**Company**”) was incorporated and registered in the Cayman Islands as an exempted company with limited liability on 20 February 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing**”) on 19 March 2019.

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

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

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

The consolidated financial statements have been prepared based on the accounting policies which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the principles of merger accounting under Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Company and the companies now comprising the Group were wholly owned subsidiaries of Hanison Construction Holdings Limited (“**Hanison**”), ultimate holding company of the Company. To rationalise the structure of the Group in the preparation for the Listing, the Company and the companies now comprising the Group underwent a series of reorganisation (the “**Reorganisation**”) which involved the following steps:

- (a) On 20 February 2018, the Company was incorporated in the Cayman Islands under the name of “Million Hope Holdings Limited” with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.1 each with one share of the Company allotted and issued to the initial subscriber at par. On the same date, the initial subscriber transferred his one share of the Company to Hanison Construction Holdings (BVI) Limited (“**Hanison Construction (BVI)**”), immediate holding company of the Company, at par. On 13 March 2018, 99 shares of the Company were further allotted and issued to Hanison Construction (BVI) at par. On 14 March 2018, the name of Company was changed to “Million Hope Industries Holdings Limited”.

- (b) On 15 February 2018, Million Hope Industries (BVI) Limited (“**Million Hope Industries (BVI)**”) was incorporated in the British Virgin Islands (“**BVI**”). On 13 March 2018, one share of Million Hope Industries (BVI) was allotted and issued to the Company at US\$1. Accordingly, Million Hope Industries (BVI) became a wholly owned subsidiary of the Company.
- (c) On 15 February 2018, Million Hope (BVI) Limited (“**Million Hope (BVI)**”) was incorporated in the BVI. On 13 March 2018, one share of Million Hope (BVI) was allotted and issued to Million Hope Industries (BVI) at US\$1. Accordingly, Million Hope (BVI) became a wholly owned subsidiary of Million Hope Industries (BVI).
- (d) On 2 January 2018, Paramount Forward Limited (“**Paramount Forward**”) was incorporated in the BVI. On 28 March 2018, one share of Paramount Forward was allotted and issued to Million Hope (BVI), credited as fully paid up. Accordingly, Paramount Forward became a wholly owned subsidiary of Million Hope (BVI).
- (e) On 28 March 2018, Paramount Forward acquired the entire issued share capital of Million Hope Industries (HK) at a consideration of approximately HK\$3,385,000. The consideration represented the historical investment cost in Million Hope Industries (HK) by Rich Color Limited, a fellow subsidiary of the Company. The consideration for the transfer was settled by way of a promissory note issued by Paramount Forward to Rich Color Limited.
- (f) On 28 March 2018, Million Hope (BVI) acquired the entire issued share capital of Heroic Elite Investments Limited (“**Heroic Elite**”), which indirectly holds investment properties of the Group and took assignment of a shareholder’s loan owing by Heroic Elite in the principal amount of HK\$153,409,000 for an aggregate consideration of approximately HK\$153,409,000.

Pursuant to the Reorganisation detailed above, the Company became the holding company of the companies now comprising the Group.

The Group resulting from the Reorganisation continued to be controlled by Hanison prior to the Listing (other than the acquisition of Waller Holdings Limited and its subsidiary, Rich Victory (Hong Kong) Limited (collectively referred to “**Waller Holdings Group**”) and is regarded as a continuing entity. Therefore, the Reorganisation is considered as a business combination under common control and accounted for under merger accounting as mentioned below.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 March 2018 include the results, changes in equity and cash flows of the companies comprising the Group as if the current group structure had been in existence throughout the year ended 31 March 2018 (other than the acquisition of Waller Holdings Group), or since their respective date of incorporation, where there is a shorter period.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations) issued by HKICPA that are effective for the accounting period beginning on 1 April 2018, including HKFRS 15 “Revenue from Contracts with Customers”, during the years ended 31 March 2018 and 31 March 2019, except that the Group adopted HKFRS 9 “Financial Instruments” from 1 April 2018.

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

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

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial assets

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

Impairment under expected credit loss (“ECL”) model

The table below illustrates the measurement of trade debtors and contract assets subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 April 2018.

	Trade debtors <i>HK\$'000</i>	Contract assets <i>HK\$'000</i>	Deferred tax (liabilities) assets <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>
Closing balance at 31 March 2018				
– HKAS 39	62,026	66,933	(31)	118,292
Impairment under ECL model	<u>(492)</u>	<u>(660)</u>	<u>190</u>	<u>(962)</u>
Opening balance at 1 April 2018				
– HKFRS 9	<u>61,534</u>	<u>66,273</u>	<u>159</u>	<u>117,330</u>

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

	Trade debtors <i>HK\$'000</i>	Contract assets <i>HK\$'000</i>
At 31 March 2018 - HKAS 39	3,548	–
Impairment under ECL model	<u>492</u>	<u>660</u>
At 1 April 2018 - HKFRS 9	<u>4,040</u>	<u>660</u>

Except for the above, the HKICPA has issued a number of new standards, an interpretation and amendments to standards which are not effective for accounting period beginning 1 April 2018 and have not been early adopted by the Group.

4. REVENUE

Revenue represents the fair value of amounts received and receivable from the provision of design, supply and installation of aluminium windows and curtain walls services by the Group to external customers which is recognised over time as the Group's contract work enhances an asset that the external customers control as the Group performs. The Group's revenue is derived from long-term contracts in relation to provision of design, supply and installation of aluminium windows and curtain walls services in Hong Kong and Mainland China during the year.

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of design, supply and installation of aluminium windows and curtain walls services	<u>376,621</u>	<u>421,146</u>

The customers of the Group are mainly property developers and main contractors in Hong Kong and Mainland China. All of the Group's provision of design, supply and installation of aluminium windows and curtain walls services are made directly with the customers. Contracts with the Group's customers are mainly fixed-price contracts, except for the variation orders.

Disaggregation of revenue

By contract type

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Design, supply and installation for curtain walls, aluminium windows, doors and other products for new buildings <i>(notes i and ii)</i>	167,738	242,888
Design, supply and installation for aluminium windows, doors and other products for new buildings <i>(note ii)</i>	201,950	162,161
Design, supply and installation for renovation works for existing buildings	5,003	14,737
Repairing, maintenance and others <i>(note iii)</i>	<u>1,930</u>	<u>1,360</u>
Total	<u>376,621</u>	<u>421,146</u>

Notes:

- (i) The contract type involves aluminium windows, doors and other products in addition to curtain walls. The curtain walls are the principal products for the contract type and the principal revenue from this contract type is also from curtain walls.
- (ii) Other products represent balustrade, louvre, cladding, window wall, canopy and grille.
- (iii) Others mainly represent mock up.

Transaction price allocated to the remaining performance obligations

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of each reporting period.

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provision of design, supply and installation of aluminium windows and curtain walls services	<u>487,878</u>	<u>516,585</u>

Based on the information available to the Group at the end of each reporting period, the directors of the Company expect the transaction price allocated to the above unsatisfied (or partially unsatisfied) contracts in respect of provision of design, supply and installation of aluminium windows and curtain walls services as of 31 March 2019 will be recognised as revenue during the years ending 31 March 2020 and 2022 (2018: 31 March 2019 to 31 March 2021).

5. SEGMENT INFORMATION

The Group is engaged in a single operating segment focusing on the provision of design, supply and installation of aluminium windows and curtain walls services. This operating segment has been identified on the basis of internal management reports that are regularly reviewed by the directors of the Company, being the chief operating decision makers, for the purpose of result allocation and performance assessment. Therefore, no further analysis of segment information is presented.

Geographical information

Information about the Group's revenue from external customers is presented based on the geographical location of the projects:

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	347,934	377,094
Mainland China	19,183	44,052
Other (Saipan)	9,504	–
	<u>376,621</u>	<u>421,146</u>

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

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	154,369	152,443
Mainland China	22,697	26,418
	<u>177,066</u>	<u>178,861</u>

Information about major customers

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

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer a	76,851	94,173
Customer b	76,031	–*
Customer c	–*	151,547
Customer d	–*	63,398
Customer e	–*	43,011
Customer f	125,474	–*

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

6. OTHER GAINS (LOSSES)

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Exchange gains (losses)	1,633	(5,185)
(Loss) gain on disposal of property, plant and equipment	(15)	102
	1,618	(5,083)

7. PROFIT BEFORE TAXATION

	2019	2018
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging (crediting):		
Directors' emoluments		
Fees	423	565
Other emoluments	8,841	5,552
Equity-settled share-based payments	<u>1,826</u>	<u>9,586</u>
	11,090	15,703
Other staff costs		
Salaries and other benefits	62,846	58,087
Retirement benefits scheme contributions for other staff	5,143	4,468
Equity-settled share-based payments	<u>634</u>	<u>2,927</u>
Total staff costs	79,713	81,185
Less: Staff costs included in cost of inventories	<u>(15,235)</u>	<u>(14,597)</u>
	<u>64,478</u>	<u>66,588</u>
Depreciation of property, plant and equipment	7,238	4,916
Less: Depreciation expenses included in the cost of inventories	<u>(2,625)</u>	<u>(2,846)</u>
	<u>4,613</u>	<u>2,070</u>
Auditor's remuneration	1,530	461
Operating lease rentals in respect of minimum lease payments of rented premises	94	1,052
Cost of inventories recognised as expenses	129,626	131,710
(Reversal of) impairment loss recognised on inventories	(1,366)	1,462
Gross rental income under operating leases	(1,555)	(410)
Less: Direct operating expenses that generated rental income during the year	<u>3</u>	<u>146</u>
	<u>(1,552)</u>	<u>(264)</u>
Release of prepaid lease payments included in cost of inventories	<u>204</u>	<u>207</u>

8. TAXATION

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
The taxation charge comprises:		
Current taxation		
Hong Kong Profits Tax	5,128	14,574
PRC Enterprise Income Tax	<u>–</u>	<u>175</u>
	5,128	14,749
Deferred taxation	<u>244</u>	<u>89</u>
	<u>5,372</u>	<u>14,838</u>

Hong Kong Profits Tax was calculated at a flat rate of 16.5% on the estimated assessable profits for both years.

On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day.

Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%. Accordingly, starting from the current year, Hong Kong Profits Tax of the qualified entity is calculated in accordance with the two-tiered profits tax rates regime. The profits of other group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of EIT Law, the tax rate of the PRC subsidiaries was 25% for the year ended 31 March 2018. No provision for taxation in the PRC for the year ended 31 March 2019 as there is no assessable profit for the year.

9. DIVIDENDS

No dividend was paid or proposed by the Company or by the companies now comprising the Group during the year ended 31 March 2018.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2019 of HK2.0 cents (2018: nil) per ordinary share, in aggregate amount of HK\$8,727,000 (2018: nil) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

10. EARNINGS PER SHARE

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

	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings		
Profits for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>22,882</u>	<u>50,112</u>
	Number of shares	
	2019	2018
Weighted average number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>21,517,869</u>	<u>100</u>

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the year ended 31 March 2018 had been determined on the assumption that the Reorganisation had been effective on 1 April 2017.

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

11. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group allows a credit period of 30 to 90 days to its customers. Before accepting any new customer, the Group will internally assess the credit quality of the potential customers and define appropriate credit limit. Other receivables are unsecured, interest-free and repayable on demand.

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	43,724	31,170
31 – 60 days	20,189	24,768
61 – 90 days	12,995	–
Over 90 days	<u>15,384</u>	<u>6,088</u>
	<u>92,292</u>	<u>62,026</u>

12. TRADE AND OTHER PAYABLES

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

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Within 30 days	4,122	2,225
31 – 60 days	1,491	710
61 – 90 days	1,562	254
Over 90 days	<u>2,838</u>	<u>2,371</u>
	<u>10,013</u>	<u>5,560</u>

13. SHARE CAPITAL

The share capital shown in the consolidated financial statements as at 1 April 2017 represented the aggregate of the issued share capital of Million Hope Industries (HK) and Heroic Elite.

Details of share capital of the Company are disclosed as follows:

	<i>Notes</i>	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.1 each			
Authorised:			
At 20 February 2018 (date of incorporation),			
31 March 2018	(i)	3,800,000	380
Increase on 22 February 2019	(ii)	<u>4,996,200,000</u>	<u>499,620</u>
As at 31 March 2019		<u><u>5,000,000,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid:			
At 20 February 2018 (date of incorporation)	(i)	1	–
Issue of shares upon the Reorganisation	(iii)	<u>99</u>	<u>–</u>
At 31 March 2018		100	–
Issue of shares	(iv)	<u>436,332,530</u>	<u>43,633</u>
At 31 March 2019		<u><u>436,332,630</u></u>	<u><u>43,633</u></u>

Notes:

- (i) On 20 February 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.1 each with one share allotted and issued to the initial subscriber at par. On the same date, the initial subscriber transferred his one share to Hanison Construction (BVI) at par.
- (ii) Pursuant to written resolutions passed by the sole shareholder of the Company on 22 February 2019, the authorised share capital of the Company was increased from HK\$380,000 to HK\$500,000,000 by the creation of 4,996,200,000 additional new shares of HK\$0.1 each in the capital of the Company.
- (iii) On 13 March 2018, through the Reorganisation, 99 shares of the Company were allotted and issued to Hanison Construction (BVI) at par. The new shares issued rank pari passu in all respects with the existing shares in issue.
- (iv) On 14 March 2019, 436,332,530 ordinary shares of HK\$0.1 each of the Company were allotted and issued to Hanison Construction (BVI) at par for the Listing at a cash consideration of HK\$43,633,000. The new shares issued rank pari passu all respects with the existing shares in issue. On 19 March 2019, the Company's shares were listed on the Main Board of the Stock Exchange.

OPERATIONS REVIEW

Overview

For the year ended 31 March 2019, the turnover of the Company was HK\$376.6 million compared with that of HK\$421.1 million last year.

The total amount of contracts on hand as at 31 March 2019 for the Company amounted to HK\$552.4 million

Major Projects Completed During the Year

- (1) Residential development at STTL 567, Lai Ping Road in Area 56A, Kau To Shan, Shatin, New Territories – Design, supply and installation of aluminium window, curtain wall, louver, metal cladding and glass balustrade
- (2) Residential development at NKIL 6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of aluminium window, louver, railing and glass balustrade
- (3) Residential development at NKIL 6532, Lung Cheung Road, Beacon Hill, Kowloon – Design, supply and installation of curtain wall
- (4) Residential development at Antuo Hill, Shenzhen – Supply of aluminium window and door
- (5) Imperial Pacific Resort development – Phase 1, Saipan Island – Design, supply and installation of curtain wall and sliding door

Major Projects Undertaken During the Year

- (1) Residential development at TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium window and door
- (2) Residential development at TPTL 225, Pak Shek Kok, Tai Po, New Territories – Design, supply and installation of curtain wall system to residential tower
- (3) Residential development at Site N of TKOTL 70 RP, Lohas Park Package 6 – Design, supply and installation of aluminium grille and cladding work to AC platform

- (4) Residential development at Site C1 of TKOTL 70 RP, Lohas Park Package 7 – Design, supply and installation of tower curtain wall and podium glass wall
- (5) Commercial development at STTL 143, New Town Plaza, Shatin, New Territories – Design, supply and installation of glass wall, shop front, bi-folding door, glass balustrade, aluminium cladding and louvre
- (6) Residential development at TMTL 541, So Kwun Wat Road, Area 56, Tuen Mun, New Territories – Design, supply and installation of aluminium window and door
- (7) Residential development at STTL 605 Lok Wo Sha Lane at Ma On Shan, Shatin, New Territories – Design, supply and installation of sliding folding door, window and glass wall
- (8) Residential development at TSWTL 34, Area 115, Tin Shui Wai, New Territories – Design, supply and installation of curtain wall

Major Projects Awarded During the Year

- (1) Residential development at Site I of TKOTL 70 RP, Lohas Park Package 10 – Design, supply and installation of curtain wall system and aluminium window and door
- (2) House development at No. 1 Plantation Road, Hong Kong – Design, supply and installation of aluminium window, glass door, curtain wall and metal cladding
- (3) Commercial development at No. 75-85 Lockhart Road, Wan Chai, Hong Kong – Design, supply and installation of aluminium unitised curtain wall, glass wall, aluminium cladding, stone cladding, glass canopy and louvre
- (4) Residential development at TMTL 539, Hoi Wing Road and Hang Fu Street, Area 16, Tuen Mun, New Territories – Design, supply and installation of curtain wall to tower
- (5) Residential development at 16 and 18 Cape Road, Chung Hom Kok, Hong Kong – Design, supply and installation of aluminium windows

FINANCIAL REVIEW

Group Liquidity and Financial Resources

The Group mainly financed its operations through internally generated cash flows and utilised the banking facilities for performance bonds for carrying out its projects during the year. In the long term, the directors of the Company believe that the Group's operation will continue to be financed in this way. The Group has access to facilities from banks with an aggregate amount of HK\$260.0 million, of which HK\$110.6 million has been utilised for performance bonds as at 31 March 2019. There was no bank loans drawn down by the Group as at 31 March 2019. The performance bonds under these banking facilities bear charge at prevailing market condition.

The Group is prudent in managing its cash balance and maintains sound cash flow generating capability. The total cash and bank balances of the Group amounted to HK\$304.6 million as at 31 March 2019 (31 March 2018: HK\$40.6 million), and accounted for 61.5% of the current assets (31 March 2018: 19.9%).

During the year, the Group has a net cash outflow of HK\$29.7 million in its operating activities (mainly due to increase in debtors, deposits and prepayments and increase in Hong Kong Profits Tax paid), a net cash outflow of HK\$4.1 million in its investing activities (mainly due to purchase of property, plant and equipment), and a net cash inflow of HK\$298.0 million in its financing activities (mainly due to issue of shares and capital contribution from former immediate holding company). As at 31 March 2019, the Group was in a net cash position as there was no bank loans outstanding. As at 31 March 2019, the Group was with a net current assets of HK\$393.4 million (31 March 2018: net current assets of HK\$26.1 million) and the current ratio (current assets divided by current liabilities) was 4.87 times (31 March 2018: 1.15 times).

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

Treasury Policy

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

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

Shareholders' Funds

As at 31 March 2019, the shareholders' funds of the Group were HK\$508.8 million, including reserves of HK\$465.2 million, an increase of HK\$380.1 million from HK\$128.7 million as at 31 March 2018. The net asset value of the Group as at 31 March 2019 was HK\$1.17 per share based on the issued shares of 436,332,630 shares, compared to the net asset value of HK\$1,286,920 per share based on the then 100 shares in issue as at 31 March 2018. The increase in shareholders' funds was mainly attributable to issue shares, capital contribution from Hanison Construction Holdings Limited and the profits retained.

Capital Structure

The capital structure of the Group consists of equity, comprising share capital and reserves. As at 31 March 2019 and 31 March 2018, there was no bank loans as all of them were fully repaid during the year ended 31 March 2018.

Major Acquisitions and Disposals

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

Details of Charges on Assets

As at 31 March 2019, the Group did not pledge any assets to banks or other financial institutions (31 March 2018: nil).

Performance Bonds and Contingent Liabilities

As at 31 March 2019, the Group had outstanding performance bonds in respect of construction contracts amounting to HK\$110.6 million (31 March 2018: HK\$87.2 million). Prior to the Spin-off and the Listing, Hanison Construction Holdings (BVI) Limited, a direct wholly-owned subsidiary of Hanison, provided corporate guarantees for these outstanding performance bonds granted to the Group. Such corporate guarantees have been released upon the Spin-off and separate listing of the Company.

Prior the Spin-off and the Listing, Million Hope Industries Limited and certain former fellow subsidiaries of the Company provided a joint and several guarantee to an insurance company in respect of a surety bond facility granted to Million Hope Industries Limited and its former fellow subsidiaries and an amount of approximately HK\$57.4 million was utilised by the former fellow subsidiaries of the Company as at 31 March 2018. No provision for financial guarantee contracts has been recognised by the Group as at 31 March 2018 as, in the opinion of the directors of the Company, the fair value of the financial guarantee on initial recognition and the amount of provision to be recognised subsequently was insignificant. In October 2018, Million Hope Industries Limited was removed as a party to the facility while remaining as one of the guarantors of the facility. All liability under the guarantee has been released upon the Spin-off and the Listing.

Capital Commitments

As at 31 March 2019, the Group has no capital commitment (31 March 2018: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2019, the Group had 250 full time employees (of which 134 employees were in Mainland China). The Group offers competitive remuneration packages, including discretionary bonus and depending on the position, cash allowances, to its employees. The Group also provides retirement schemes, medical benefits, on-the-job training to its employees and sponsors its employees to attend various external training courses.

PROSPECTS

With the Hong Kong Government's determination and efforts to resolve the city's acute housing problem, Mr. Paul Chan Mo Po, the Financial Secretary, estimated that some 100,400 public housing units will be completed in the next five years and about 93,000 units of private residential property in the next three to four years.

With such an abundant supply of new properties, developers are likely to speed up their projects and there should be plenty of opportunities to obtain façade windows and curtain wall project works. Therefore, we are positive about the Group's future business.

CORPORATE GOVERNANCE

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

During the period from the listing date to 31 March 2019, the Company has complied with all the Code Provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

Model Code for Securities Transactions

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

Specific enquiry has been made to all the directors and the directors have confirmed that they have complied with the Model Code during the period from the listing date to 31 March 2019. No incident of non-compliance of the Model Code by the employees was noted by the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period from the listing date to 31 March 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF ANNUAL RESULTS

The Group’s consolidated financial statements for the year ended 31 March 2019 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2019 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

Hong Kong, 17 June 2019

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

Non-executive Chairman

Mr. Cha Mou Sing, Payson

Executive Directors

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

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

Non-executive Directors

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

Mr. Tai Sai Ho

Independent Non-executive Directors

Professor Ho Richard Yan Ki

Mr. Poon Kan Young

Mr. Yip Kai Yung