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**Milestone Builder Holdings Limited**

**進階發展集團有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1667)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2022**

**FINANCIAL HIGHLIGHTS**

- Revenue for the six months ended 30 September 2022 was approximately HK\$68.6 million, representing an increase of 3.2% from approximately HK\$66.5 million for the six months ended 30 September 2021.
- Gross profit for the six months ended 30 September 2022 was approximately HK\$5.8 million (six months ended 30 September 2021: approximately HK\$0.4 million).
- Administrative expenses for the six months ended 30 September 2022 were approximately HK\$13.7 million (six months ended 30 September 2021: approximately HK\$16.4 million).
- Loss attributable to the owners of the Company for the six months ended 30 September 2022 was approximately HK\$18.5 million (six months ended 30 September 2021: approximately HK\$36.2 million).
- The Board has resolved not to declare any interim dividend for the six months ended 30 September 2022.

## FINANCIAL RESULTS

The board of directors (the “Board” or the “Directors”) of Milestone Builder Holdings Limited (the “Company”) hereby announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group” or “our Group” or “we” or “our”) for the six months ended 30 September 2022 together with comparative figures for the previous financial period ended 30 September 2021, as follows:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Six months ended 30 September	
		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Unaudited)
<b>REVENUE</b>	4	<b>68,638</b>	66,508
Cost of sales		<u>(62,857)</u>	<u>(66,156)</u>
<b>Gross profit</b>		<b>5,781</b>	352
Other income and gains, net	5	<b>1,456</b>	627
Administrative expenses		<b>(13,735)</b>	(16,435)
Fair value gain on a financial asset at fair value through profit or loss		–	189
Other expenses		<b>(8,177)</b>	(15,025)
Finance costs	6	<u><b>(3,850)</b></u>	<u>(5,861)</u>
<b>LOSS BEFORE TAX</b>	7	<b>(18,525)</b>	(36,153)
Income tax expense	8	<u>–</u>	<u>–</u>
<b>LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><b>(18,525)</b></u>	<u>(36,153)</u>

		<b>Six months ended 30 September</b>	
		<b>2022</b>	2021
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	(Unaudited)
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Item that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences on translation of foreign operations		<u>(1,208)</u>	<u>(521)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>		<u>(1,208)</u>	<u>(521)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		<u><u>(19,733)</u></u>	<u><u>(36,674)</u></u>
		<i>HK cents</i>	<i>HK cents</i>
		<i>per share</i>	<i>per share</i>
<b>Loss per share attributable to the owners of the Company:</b>			
Basic	10	<u><u>(1.93)</u></u>	<u><u>(3.77)</u></u>
Diluted	10	<u><u>(1.93)</u></u>	<u><u>(3.77)</u></u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2022 <i>HK\$'000</i> (Unaudited)	31 March 2022 <i>HK\$'000</i> (Audited)
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Investment properties		9,955	11,788
Property, plant and equipment	11	39,029	46,082
Right-of-use assets		4,408	1,551
Rental deposits	12	657	–
<b>Total non-current assets</b>		<b>54,049</b>	59,421
<b>CURRENT ASSETS</b>			
Amounts due from joint ventures		555	702
Trade and other receivables, deposits and prepayments	12	20,300	21,712
Contract assets		223,575	220,793
Tax recoverable		593	726
Cash and bank balances		7,363	10,174
<b>Total current assets</b>		<b>252,386</b>	254,107
<b>CURRENT LIABILITIES</b>			
Contract liabilities		13,725	13,868
Trade and other payables and accruals	13	70,614	68,209
Bank and other borrowings	14	3,051	11,231
Lease liabilities		1,449	1,925
<b>Total current liabilities</b>		<b>88,839</b>	95,233
<b>NET CURRENT ASSETS</b>		<b>163,547</b>	158,874
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>217,596</b>	218,295

		<b>30 September 2022</b>	31 March 2022
	<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings	14	<b>85,188</b>	87,201
Loans from a shareholder	14	<b>116,398</b>	98,210
Lease liabilities		<b>3,059</b>	–
Deferred tax liabilities		<b>1,173</b>	1,373
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>205,818</b>	186,784
		<hr/>	<hr/>
<b>Net assets</b>		<b>11,778</b>	31,511
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>96,000</b>	96,000
Reserves		<b>(84,222)</b>	(64,489)
		<hr/>	<hr/>
<b>Total equity</b>		<b>11,778</b>	31,511
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. CORPORATE AND GROUP INFORMATION

Milestone Builder Holdings Limited (the “Company”) was incorporated in the Cayman Islands 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 3rd Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman KY1-1103, Cayman Islands. The principal place of business of the Company is located at Unit 1, 17th floor, Office Tower 1, the Harbourfront, 18 Tak Fung Street, Kowloon.

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; (iii) repair and restoration of historic buildings in Hong Kong (together “construction and engineering services”); and (iv) 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”).

### 2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial information for the six months ended 30 September 2022 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and compliance with Hong Kong Accounting Standard (“HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 March 2022. The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2022, except for the changes in accounting policies made thereafter in adopting the revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, which became effective for the first time for the current period’s interim financial information, as further detailed in note 2.2 below.

In preparing the unaudited interim condensed consolidated financial information, the directors of the Company have given careful consideration to the future liquidity of the Group. Taking into account the Group’s internal financial resources, available banking facilities and new banking facilities currently under negotiation, the directors of the Company considered that the Group will be able to continue as a going concern. Accordingly, the unaudited interim condensed consolidated financial information has been prepared on a going concern basis.

The interim condensed consolidated financial information has not been audited, but has been reviewed by audit committee of the Company.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2022, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 April 2022. As there were no contingent assets, liabilities and contingent liabilities within the scope of the amendments arising in the business combination that occurred during the period, the amendments did not have any impact on the financial position and performance of the Group.
- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling any such items, and the cost of those items, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 April 2021. Since there was no sale of items produced while making property, plant and equipment available for use on or after 1 April 2021, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 April 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) Annual Improvements to HKFRSs 2018–2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16 and HKAS 41. Details of the amendments that are applicable to the Group are as follows:
- HKFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively to financial liabilities that are modified or exchanged on or after 1 April 2022. As there was no modification of the Group's financial liabilities during the period, the amendment did not have any impact on the financial position or performance of the Group.
  - HKFRS 16 Lease: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) Construction and engineering services – principally engaged in the provision of (i) building construction services; (ii) alteration, 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 Japan.

The Group’s revenue from external customers from each operating segment is set out in note 4 to the interim condensed consolidated financial information.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. The management assesses the performance of the operating segments based on a measure of adjusted earnings before interest expense, taxes, depreciation and amortisation (“EBITDA”)/loss before interest expense, taxes, depreciation and amortisation (“LBITDA”).

	<b>Construction and engineering services HK\$’000 (Unaudited)</b>	<b>Property development and investment HK\$’000 (Unaudited)</b>	<b>Total HK\$’000 (Unaudited)</b>
<b>Six months ended 30 September 2022</b>			
Segment revenue ( <i>note 4</i> )	<u>67,863</u>	<u>775</u>	<u>68,638</u>
Segmental LBITDA	(4,581)	(8,216)	(12,797)
Depreciation	<u>(1,247)</u>	<u>(631)</u>	<u>(1,878)</u>
Segment results	<u>(5,828)</u>	<u>(8,847)</u>	(14,675)
Reconciliation:			
Finance costs			<u>(3,850)</u>
Loss before tax			(18,525)
Income tax expense			<u>–</u>
Loss for the period attributable to owners of the Company			<u>(18,525)</u>



	Construction and engineering services <i>HK\$'000</i> (Unaudited)	Property development and investment <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
<b>Six months ended 30 September 2021</b>			
Segment revenue ( <i>note 4</i> )	65,919	589	66,508
Segmental EBITDA/(LBITDA)	(28,615)	340	(28,275)
Depreciation	(1,511)	(695)	(2,206)
Segment results	(30,126)	(355)	(30,481)
Reconciliation:			
Finance costs			(5,861)
Fair value gain on a financial asset at fair value through profit or loss			189
Loss before tax			(36,153)
Income tax expense			–
Loss for the period attributable to the owners of the Company			(36,153)

#### 4. REVENUE

An analysis of revenue is as follows:

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<i>Revenue from contracts with customers:</i>		
Provision of construction and engineering services		
– Building construction services	8,003	5,571
– Alteration, addition, fitting-out works and building services	54,190	55,493
– Repair and restoration of historic buildings	5,670	4,855
	67,863	65,919
<i>Revenue from other sources:</i>		
Property development and investment		
– Gross rental income from investment property operating leases	775	589
	68,638	66,508

## Revenue from contracts with customers

### (a) Disaggregated revenue information

The disaggregated revenue information is set out in the table above. Revenue from the provision of construction and engineering services are recognised over time and included in “Construction and engineering services” segment for segment reporting purpose. The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Provision of construction and engineering services	<b>4,087</b>	11,173

### (b) Performance obligations

The performance obligation is satisfied over time as construction and engineering services are rendered and payment is generally due within 30 days from the date of issuance of payment certificate. A certain percentage of payment is retained by customers until the end of the retention period as the Group’s entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The amount of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 September are as follows:

	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amounts expected to be recognised as revenue:		
Within one year	<b>66,800</b>	110,391
	<b>66,800</b>	110,391

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to construction works, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

## 5. OTHER INCOME AND GAINS, NET

An analysis of the Group's other income and gains, net is as follows:

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
<b>Other income</b>		
Government grants ( <i>note</i> )	1,139	28
Rental income	–	17
Others	61	110
	<u>1,200</u>	<u>155</u>
<b>Gains, net</b>		
Gains on disposal of items of property, plant and equipment, net	133	–
Gains on disposal of investment properties	–	460
Others	123	12
	<u>256</u>	<u>472</u>
	<u><b>1,456</b></u>	<u><b>627</b></u>

*Note:* Government grants recognised were related to anti-epidemic fund and on-the-job training allowance for the construction industry. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants.

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 September	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on bank and other borrowings	60	1,030
Interest on lease liabilities	56	102
Interest on interest-free loans from key management: unwinding of discount ( <i>note (i)</i> )	1,266	2,777
Interest on loans from a shareholder ( <i>note (ii)</i> )	2,468	1,952
	<u>3,850</u>	<u>5,861</u>

*Notes:*

- (i) During the six months ended 30 September 2022, interest expenses of approximately HK\$1,266,000 (six months ended 30 September 2021: HK\$2,777,000) represented the unwinding of discount on loans from key management of HK\$85,188,000 (six months ended 30 September 2021: HK\$114,402,000) that bear no interest and discounted using the prevailing market interest rate of 3.0% (six months ended 30 September 2021: 5.5%).
- (ii) Interest expenses of approximately HK\$2,468,000 (six months ended 30 September 2021: HK\$1,952,000) was recognised from loans from a shareholder at fixed interest rate of 6% per annum (six months ended 30 September 2021: 6%).

## 7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Construction cost recognised in cost of sales <sup>#</sup>	61,872	65,212
Direct operating expenses (including repair and maintenance) arising from rental-earning investment properties <sup>#</sup>	985	944
Depreciation of property, plant and equipment	658	707
Depreciation of right-of-use assets	1,220	1,499
Impairment of goodwill <sup>^</sup>	–	15,577
(Reversal of impairment)/impairment of trade receivables <sup>^</sup>	936	(24)
(Reversal of impairment)/impairment of contract assets <sup>^</sup>	93	(311)
(Reversal of impairment)/impairment of other receivables <sup>^</sup>	(50)	184
Foreign exchange differences, net <sup>^</sup>	7,198	(401)
	<u>61,872</u>	<u>65,212</u>

<sup>^</sup> The amounts are included in “Other expenses” in the condensed consolidated statement of profit or loss and other comprehensive income.

<sup>#</sup> The amounts are included in “Cost of sales” in the condensed consolidated statement of profit or loss and other comprehensive income.

## 8. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 September 2022 and 30 September 2021.

	Six months ended 30 September	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax – Hong Kong		
Charge for the period	–	–
Underprovision/(overprovision) in prior periods	–	–
	<u>–</u>	<u>–</u>
Deferred	–	–
	<u>–</u>	<u>–</u>
Income tax expense	–	–
	<u>–</u>	<u>–</u>

## 9. DIVIDENDS

The directors of the Company did not recommend the payment of a dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: Nil).

## 10. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to the owners of the Company, and the weighted average number of ordinary shares of 960,000,000 in issue during the six months ended 30 September 2022 and 2021.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 September 2022 and 2021.

The calculations of the basic and diluted loss per share are based on:

	<b>Six months ended 30 September</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Loss</b>		
Loss attributable to the owners of the Company used in the basic and diluted loss per share calculation	<b>(18,525)</b>	<b>(36,153)</b>
	<b>960,000</b>	<b>960,000</b>
	<b>960,000</b>	<b>960,000</b>

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2022, the Group acquired assets at a cost of HK\$354,000 (six months ended 30 September 2021: HK\$12,000). Assets with no net book value were disposed of by the Group during the six months ended 30 September 2022, resulting in a net gain on disposal of HK\$133,000 (six months ended 30 September 2021: Nil).

## 12. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<i>Note</i>	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Trade receivables	(a)	<b>11,095</b>	11,332
Impairment on trade receivables		<b>(2,639)</b>	(1,703)
		<b>8,456</b>	9,629
Prepayments, deposits and other receivables:			
Prepayments		<b>8,893</b>	8,808
Deposits		<b>3,274</b>	2,969
Other receivables		<b>4,518</b>	4,540
Impairment on other receivables		<b>(4,184)</b>	(4,234)
		<b>12,501</b>	12,083
Portion classified as current assets		<b>20,957 (20,300)</b>	21,712 (21,712)
Non-current portion		<b>657</b>	–

*Note:*

- (a) Trade receivables represented receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts and payments are normally due within 30 days from the date of issuance of the payment certificate.

An ageing analysis of trade receivables as at the end of the reporting period, based on the payment certificate date and net of loss allowance, is as follows:

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Less than 30 days	<b>5,390</b>	7,456
31 to 60 days	<b>1,554</b>	821
61 to 90 days	<b>115</b>	103
Over 90 days	<b>1,397</b>	1,249
	<b>8,456</b>	9,629

### 13. TRADE AND OTHER PAYABLES AND ACCRUALS

		<b>30 September 2022</b>	31 March 2022
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	(Audited)
Trade payables	(a)	<b>59,946</b>	57,719
Other payables and accruals	(b)	<b>10,668</b>	10,490
		<b>70,614</b>	68,209

*Notes:*

- (a) Credit terms granted to the Group by its suppliers and subcontractors vary from contract to contract. The Group's suppliers and subcontractors, on average, grant the Group a credit period of mostly 30 days to 60 days upon the issuance of an invoice.

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>30 September 2022</b>	31 March 2022
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Audited)
Less than 30 days	<b>33,645</b>	29,151
31 to 60 days	<b>1,216</b>	773
61 to 90 days	<b>270</b>	399
Over 90 days	<b>24,815</b>	27,396
	<b>59,946</b>	57,719

- (b) Other payables and accruals

	<b>30 September 2022</b>	31 March 2022
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	(Audited)
Accrued staff costs and pension obligations	<b>8,001</b>	6,260
Accrued expenses	<b>2,083</b>	3,250
Other payables	<b>584</b>	980
	<b>10,668</b>	10,490



#### 14. BANK AND OTHER BORROWINGS AND LOANS FROM A SHAREHOLDER

		<b>30 September 2022</b>	31 March 2022
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(Unaudited)</b>	<b>(Audited)</b>
Bank borrowings	(i)	<b>3,051</b>	5,231
Other borrowings	(ii)	<b>85,188</b>	93,201
		<b>88,239</b>	98,432
Current portion		<b>(3,051)</b>	(11,231)
Non-current portion		<b>85,188</b>	87,201
Loans from a shareholder			
Non-current portion	(iii)	<b>116,398</b>	98,210

*Notes:*

- (i) The Group's bank borrowings and overdrafts are repayable as follows:

	<b>30 September 2022</b>	31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within one year or on demand	<b>3,051</b>	5,231

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

Bank borrowings due for repayment, based on the scheduled repayment dates set out in the loan agreements and without taking into account the effect of any repayment on demand clause are as follows:

	<b>30 September 2022</b>	31 March 2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Within one year	<b>3,051</b>	4,391
In the second year	<b>–</b>	840
	<b>3,051</b>	5,231

As at 30 September 2022, all the bank borrowings of the Group are secured by personal guarantee from directors of constructor and engineering service segment and the Hong Kong Special Administrative Region under the Special 100% Loan Guarantee of the SME Financing Guarantee Scheme amounting to HK\$3,051,000 (31 March 2022: HK\$5,231,000).

These bank borrowings carry floating rates at the prime rate 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 rate was 2.8% per annum (31 March 2022: 3.0% per annum) as at 30 September 2022.

As at 30 September 2022 and 31 March 2022, all the bank and other borrowings of the Group are denominated in HK\$.

As at 30 September 2022, total undrawn bank facilities amounted to HK\$5,253,000 (31 March 2022: HK\$5,253,000).

(ii) The Group's other borrowings are repayable as follows:

	<b>30 September 2022 HK\$'000 (Unaudited)</b>	31 March 2022 HK\$'000 (Audited)
Within one year	–	6,000
In the second year	<b>10,043</b>	–
In the third to fifth year, inclusive	<b>75,145</b>	87,201
	<b>85,188</b>	93,201

Other borrowings of approximately HK\$85,188,000 (31 March 2022: HK\$83,201,000) from key management as at 30 September 2022 are unsecured, interest-free, repayable by installments by 31 October 2024 and denominated in HK\$.

Other borrowing of approximately HK\$10,000,000 as at 31 March 2022 bore interest at 6% per annum and was fully repaid in July 2022.

(iii) Loans from a shareholder of approximately HK\$107,624,000 as at 30 September 2022 (31 March 2022: HK\$89,436,000) bear interest at 6% per annum, unsecured and are repayable on demand from 31 March 2025 and denominated in HK\$.

Loans from a shareholder of approximately HK\$8,774,000 as at 30 September 2022 and 31 March 2022 are unsecured, interest-free, repayable on demand from 31 March 2025 and denominated in HK\$.

## 15. CONTINGENT LIABILITIES

The Group's contingent liabilities were as follows:

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2022</b>	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Surety bonds ( <i>Note</i> )	<b>1,520</b>	2,410

*Note:* As at 30 September 2022, the Group provided guarantees of surety bonds in respect of 1 (31 March 2022: 3) construction contract 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.

## 16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform to the current period's presentation.

## 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 period ended 30 September 2022 (the “Period”) and the comparative year according to our four major types of services:

	Six months ended 30 September			
	2022		2021	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
Building construction services	<b>8,003</b>	<b>11.6</b>	5,571	8.4
Alteration, addition, fitting-out works and building services	<b>54,190</b>	<b>79.0</b>	55,493	83.4
Repair and restoration of historic buildings	<b>5,670</b>	<b>8.3</b>	4,855	7.3
Property development and investment	<b>775</b>	<b>1.1</b>	589	0.9
Total	<b><u>68,638</u></b>	<b><u>100.0</u></b>	<b><u>66,508</u></b>	<b><u>100.0</u></b>

As at 30 September 2022, there were 2, 8 and 1 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 2022, the aggregate amount of revenue expected to be recognised after 30 September 2022 of our on-going projects was approximately HK\$66.8 million.

The following table sets out our completed contracts during the six months ended 30 September 2022 with contract sum of HK\$3 million or above:

<b>Particulars of project</b>	<b>Main category of works</b>	<b>Expected project period</b>
Modifications of atrium roof for an university in Clear Water Bay	Alteration, addition, fitting-out works and building services	April 2021 to June 2022
Fitting-out works for The Hong Kong Buddhist Association Sha Tin Centre	Alteration, addition, fitting-out works and building services	November 2021 to March 2022
Re-roofing for a study centre of an university in Tseung Kwan O	Alteration, addition, fitting-out works and building services	December 2021 to May 2022

The following table sets out brief details of our projects in progress as at 30 September 2022 with contract sum of more than HK\$3 million:

<b>Particulars of project</b>	<b>Main category of works</b>	<b>Expected project period<sup>(Note 1)</sup></b>
Residential development in Ting Kau	Building construction services	September 2018 to December 2019
Lei Yue Mun Waterfront enhancement project	Building construction services	December 2020 to April 2022
Alteration and addition works for a residential building in Yuen Long	Alteration, addition, fitting-out works and building services	August 2018 to August 2019
Fitting-out works for a Care & Attention Home for the Elderly in Kwun Tong	Alteration, addition, fitting-out works and building services	June 2021 to December 2021
Refurbishment of public toilet in Tsuen Wan	Alteration, addition, fitting-out works and building services	August 2021 to March 2022
Plumbing and drainage installation work for an office development project in North Point	Alteration, addition, fitting-out works and building services	June 2021 to November 2022

<b>Particulars of project</b>	<b>Main category of works</b>	<b>Expected project period<sup>(Note 1)</sup></b>
Construction of ramp outside a hospital in Causeway Bay	Alteration, addition, fitting-out works and building services	June 2022 to June 2023
Enhanced reinstatement works at the waterfront areas in Tin Hau	Alteration, addition, fitting-out works and building services	July 2022 to October 2022
Alteration and addition works for a commercial centre in Lai Chi Kok	Alteration, addition, fitting-out works and building services	July 2022 to November 2022
Main contract works for a DSS school in Shatin	Alteration, addition, fitting-out works and building services	November 2022 to December 2022
Restoration works for a Buddhist temple in Happy Valley	Repair and restoration of historic buildings	August 2020 to August 2021

*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 2022, 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 <sup>1</sup>	Approved Contractors for Public Works – Buildings Category	Group A (probation) <sup>2</sup>	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 <sup>3</sup>	–	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 <sup>3</sup>	–	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

Relevant authority/ Organisation	Relevant list/ Category	License	Holder	Date of first grant/ Registration	Expiry date for existing license	Authorised contract value
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 <sup>4</sup>	–	Milestone Builder	29 October 2008	14 October 2023	Not Applicable
Buildings Department	Certificate of Registration of Registered Minor Works Contractor <sup>5,6</sup>	Type A – D, F, G (Class I, II, III) <sup>7,8</sup>	Milestone Builder	2 September 2011	2 September 2023	Not Applicable
Buildings Department	Certificate of Registration of Specialist Contractor <sup>9</sup>	Site Formation Works <sup>10</sup>	Milestone Builder	27 September 2006	10 September 2024	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 <sup>4</sup>	–	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**

The outbreak of the novel coronavirus (COVID-19) has affected businesses and individuals around the world dramatically, and posed severe challenges to the global economy in varying degrees. Hong Kong has plunged into deep recession. Overall investment spending continued to decrease amid subdued business sentiment. The Group's business performance has been severely affected unavoidably.

It has brought about additional uncertainties in the Group's operating environment and has impacted the Group's operations and financial position. The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures.

## **Financial Review**

### ***Revenue***

Revenue for the six months ended 30 September 2022 was approximately HK\$68.6 million, representing a slight increase of 3.2% from approximately HK\$66.5 million for the six months ended 30 September 2021.

### ***Gross Profit***

The Group's gross profit for the six months ended 30 September 2022 was approximately HK\$5.8 million (six months ended 30 September 2021: approximately HK\$0.4 million). The profit was principally due to significant decrease in costs from approximately HK\$66.2 million for the six months ended 30 September 2021 to approximately HK\$62.9 million for the six months ended 30 September 2022. The decrease was due to the unexpected prolonged completion of certain projects resumed and better cost control as a result of easing COVID-19-related public health measures.

### ***Administrative Expenses***

The Group's administrative expenses were approximately HK\$13.7 million during the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$16.4 million).

### ***Loss before Tax and Loss attributable to the owners of the Company***

During the six months ended 30 September 2022, the Group reported loss before income tax of approximately HK\$18.5 million (six months ended 30 September 2021: approximately HK\$36.2 million). The positive change was due to no impairment of goodwill was recognised during the six months ended 30 September 2022 (six months ended 30 September 2021: HK\$15.6 million).

Loss attributable to the owners of the Company was approximately HK\$18.5 million for the six months ended 30 September 2022 (six months ended 30 September 2021: approximately HK\$36.2 million).

## DEBTS AND CHARGE ON ASSETS

The total interest-bearing borrowings of the Group, including bank and other borrowings, loans from a shareholder and lease liabilities, was approximately HK\$115.2 million as at 30 September 2022 (31 March 2022: approximately HK\$106.6 million). Borrowings were denominated in Hong Kong dollars and interest rates of bank and other borrowings were charged at 2.8%–6.0% per annum. The Group currently does not have an interest rate hedging policy while the Group monitors interest rate risks continuously.

As at 30 September 2022, no assets of the Group were pledged to secure the Group's bank and other borrowings.

Save as disclosed elsewhere in this announcement, we did not have, at the closure of business on 30 September 2022, 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 capital contributions and loans from a shareholder and bank borrowings.

As at 30 September 2022, the Group had cash and bank balances of approximately HK\$7.4 million (31 March 2022: approximately HK\$10.2 million). The Group's gearing ratio and current ratio are as follows:

	<b>As at</b>	
	<b>30 September</b>	31 March
	<b>2022</b>	2022
Current ratio	<b>2.8</b>	2.7
Gearing ratio	<b>94%</b>	86%

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 loans from a shareholder, lease liabilities and bank and other borrowings, less cash and bank balances) divided by total capital (summation of equity plus net debt).

The financial resources presently available to the Group include bank and other borrowings and loans from a shareholder we have sufficient working capital for our future requirements.

## **PROSPECTS**

Looking forward, various external and domestic factors that exacerbated the cyclical slowdown in global economic activities in 2021 might continue to influence our economic performance. The Directors believe that the stimulus packages from the HKSAR Government and Japan Government will help to cushion the hit from adverse impacts on the macroeconomic condition. The Directors consider that the Group is able to overcome the challenges by taking advantage of future opportunities and keeping competitive, by:

- (i) tendering with lower risk strategy;
- (ii) taking intense cost control measures;
- (iii) expanding the customer base; and
- (iv) broadening of servicing scopes.

## **FOREIGN EXCHANGE EXPOSURE**

As at 30 September 2022 and for the period ended 30 September 2022, most of the assets, liabilities, income and expenditures of the Group are denominated in Hong Kong dollars (“HK\$”), 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**

There were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies during the six months ended 30 September 2022.

## **CAPITAL COMMITMENTS**

As at 30 September 2022, the Group had no material capital commitments.

## **CONTINGENT LIABILITIES**

Save as disclosed in Note 15 of this interim result announcement, the Group had no other contingent liabilities as at 30 September 2022.

## **EVENT AFTER THE REPORTING PERIOD**

There have been no significant events occurred after 30 September 2022 and up to the date of this announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 September 2022, the Group had 45 employees, including 33 staff and 12 workers (31 March 2022: 57 employees, including 36 staff and 21 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 2022 was approximately HK\$13.0 million (six months ended 30 September 2021: approximately HK\$20.7 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 results announcement 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 adoption date of the scheme.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **RESULTS AND DIVIDENDS**

The results of the Group for the six months ended 30 September 2022 are set out in interim condensed consolidated statement of profit or loss and other comprehensive income on page 2 of this interim results announcement.

The Board has resolved not to declare any interim dividend for the six months ended 30 September 2022 (six months ended 30 September 2021: 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 2022.

## **CORPORATE GOVERNANCE PRACTICES**

During the six months ended 30 September 2022, 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”).

## **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 2022 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 2022 have been reviewed by the Audit Committee.

## **PUBLICATION OF INTERIM ANNOUNCEMENT**

The interim announcement for the six months ended 30 September 2022 containing all relevant information required by the Listing Rules will be despatched to shareholders of the Company and published on the designated website of the Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company’s website ([www.milestone.hk](http://www.milestone.hk)) in due course.

By Order of the Board  
**Milestone Builder Holdings Limited**  
**Hou Lingling**  
*Chairman and Executive Director*

Hong Kong, 29 November 2022

*As at the date of this announcement, the Board comprises Ms. Hou Lingling and Mr. Ma Gang as executive Directors and Mr. Ho Siu Keung, Mr. Chu Kin Ming and Mr. Ho Wing Sum as independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

*The English text of this announcement shall prevail over its Chinese text.*