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## **ROYAL DELUXE HOLDINGS LIMITED**

### **御佳控股有限公司**

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

**(Stock Code: 3789)**

#### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2017**

#### **FINANCIAL HIGHLIGHTS**

- Revenue was approximately HK\$603.8 million for the year ended 31 March 2017, representing an increase of approximately 25.3% as compared with the same for the year ended 31 March 2016.
- Gross profit was approximately HK\$116.5 million for the year ended 31 March 2017, representing an increase of approximately 26.4% as compared with the same for the year ended 31 March 2016.
- Gross profit margin increased from approximately 19.1% for the year ended 31 March 2016 to approximately 19.3% for the year ended 31 March 2017.
- Profit attributable to the owners of the Company was approximately HK\$63.8 million for the year ended 31 March 2017, representing an increase of approximately 28.1% as compared with the same for the year ended 31 March 2016. By excluding the listing expenses, net profit for the year ended 31 March 2017 was approximately HK\$ 73.5 million.
- Basic earnings per share was approximately HK\$6.29 cents for the year ended 31 March 2017, and the basic earnings per share of approximately HK\$5.06 cents for the year ended 31 March 2016.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2017.

## FINAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Royal Deluxe Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 March 2017, together with the comparative figures for the year ended 31 March 2016.

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

*For the year ended 31 March 2017*

	<i>Notes</i>	<b>2017</b> <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue	3	<b>603,839</b>	481,943
Direct costs		<b>(487,301)</b>	(389,711)
Gross profit		<b>116,538</b>	92,232
Other income, other gains and losses, net	4	<b>6,233</b>	5,026
Administration and other operating expenses		<b>(41,496)</b>	(33,126)
Finance costs	5	<b>(2,895)</b>	(2,134)
Profit before tax	6	<b>78,380</b>	61,998
Income tax expense	7	<b>(14,597)</b>	(12,207)
<b>Profit and total comprehensive income for the year attributable to owners of the Company</b>		<b>63,783</b>	49,791
		<i>HK cents</i>	<i>HK cents</i>
<b>Earnings per share</b>			
– Basic and diluted	9	<b>6.29</b>	5.06

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2017

	<i>Notes</i>	<b>2017</b> <b>HK\$'000</b>	2016 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		3,875	3,796
Deposits and prepayments for life insurance policy		3,727	3,717
		<u>7,602</u>	<u>7,513</u>
<b>Current assets</b>			
Trade and other receivables	10	129,096	62,252
Amounts due from customers for contract work		53,016	28,632
Amount due from a director		–	94,869
Amounts due from related parties		–	46,180
Bank balances and cash		119,718	21,043
		<u>301,830</u>	<u>252,976</u>
<b>Total assets</b>		<u>309,432</u>	<u>260,489</u>
<b>Current liabilities</b>			
Trade and other payables	11	99,617	57,384
Derivative financial instruments		–	200
Amounts due to customers for contract work		17,527	22,911
Amounts due to related parties		–	6,619
Borrowings		20,746	41,500
Obligations under finance leases		–	572
Current tax liabilities		4,134	10,996
		<u>142,024</u>	<u>140,182</u>
<b>Net current assets</b>		<u>159,806</u>	<u>112,794</u>
<b>Total assets less current liabilities</b>		<u>167,408</u>	<u>120,307</u>
<b>Non-current liabilities</b>			
Derivative financial instruments		–	272
Obligations under finance leases		–	754
		<u>–</u>	<u>1,026</u>
<b>Net assets</b>		<u>167,408</u>	<u>119,281</u>
<b>Capital and reserves</b>			
Share capital		12,000	1,020
Reserves		155,408	118,261
<b>Equity attributable to owners of the Company</b>		<u>167,408</u>	<u>119,281</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION AND CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 12 April 2016 as an exempted company with limited liability. The addresses of the registered office and the principal place of business of the Company are P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands and Unit A, 26th Floor, Legend Tower, 7 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in the provision of formwork erection and related ancillary services in Hong Kong. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 8 February 2017. Its parent and ultimate holding company is Wang K M Limited, a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Wang Kei Ming.

Pursuant to a corporate reorganisation undertaken in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange (the “Reorganisation”), the Company became the holding company of the companies now comprising the Group on 28 June 2016. For the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. Details of the Reorganisation are set out in the prospectus of the Company dated 25 January 2017 (the “Prospectus”).

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the years presented in accordance with Accounting Guideline 5 “*Merger Accounting for Common Control Combinations*” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years presented, which include the results, changes in equity and cash flows of the companies now comprising the Group, have been prepared as if the current group structure had been in existence throughout the years presented, or since their respective dates of incorporation where this is a shorter period. The consolidated statement of financial position as at 31 March 2016 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at that date.

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

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (“the Listing Rules”). The consolidated financial statements have been prepared under the historical cost convention.

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early adopted any new standard or interpretation that have been issued but are not yet effective.

### 3. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivables from construction services in Hong Kong. For the purpose of resources allocation and performance assessment, the chief operating decision maker (i.e. the Directors) reviews the overall results and financial position of the Group as a whole as the Group is primarily engaged in the provision of formwork erection and related ancillary services in Hong Kong. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

#### Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations located in Hong Kong. All of the Group's revenue from external customers are derived from Hong Kong, the place of domicile of the Group's operating subsidiaries. All the non-current assets of the Group are located in Hong Kong. Accordingly, no geographical information is presented.

#### Information about major customers

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

	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Customer A	83,441	196,397
Customer B	N/A <sup>1</sup>	132,712
Customer C	N/A <sup>1</sup>	98,789
Customer D	132,850	N/A <sup>1</sup>
Customer E	143,717	34,946
	<u>143,717</u>	<u>34,946</u>

<sup>1</sup> The corresponding revenue did not contribute over 10% of the Group's total revenue.

#### 4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Other income</b>		
Bank interest income	86	–
Interest income on deposits and prepayments for life insurance policy	114	113
Income from sale of scrap materials	1,197	2,731
Government grants	250	–
Sundry income	4,464	2,816
	<u>6,111</u>	<u>5,660</u>
<b>Other gains and losses, net</b>		
Net foreign exchange gains	–	1
Gain on disposal of property, plant and equipment	10	46
Gain/(loss) arising on change in fair value of derivative financial instruments	112	(681)
	<u>122</u>	<u>(634)</u>
	<u><u>6,233</u></u>	<u><u>5,026</u></u>

#### 5. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank borrowings and overdrafts	2,848	2,072
Interest on obligations under finance leases	47	62
	<u>2,895</u>	<u>2,134</u>

## 6. PROFIT BEFORE TAX

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Profit before tax has been arrived at after charging:		
Employee benefits expense ( <i>Note</i> ):		
Salaries and other benefits in kind	327,431	219,133
Discretionary bonuses	10,975	2,078
Contributions to retirement benefit scheme	11,171	7,473
	<u>349,577</u>	<u>228,684</u>
Total employee benefits expense, including directors' emoluments		
	<u>349,577</u>	<u>228,684</u>
Amortisation of premium and other expenses charged on life insurance policy	104	106
Auditors' remuneration	950	110
Depreciation of property, plant and equipment	2,257	1,697
Listing expenses	9,732	3,970
Net foreign exchange losses	4	–
Operating lease rentals in respect of:		
– Land and buildings	1,412	1,018
– Plant and equipment	13,577	15,984
	<u>13,577</u>	<u>15,984</u>

*Note:*

During the years ended 31 March 2017 and 2016, total employee benefits expense amounting to approximately HK\$335,019,000 and HK\$213,560,000 respectively was included in direct costs and amounting to approximately HK\$14,558,000 and HK\$15,124,000 respectively was included in administration and other operating expenses.

## 7. INCOME TAX EXPENSE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Current income tax:		
– Hong Kong Profits Tax	14,597	12,207
	<u>14,597</u>	<u>12,207</u>
Total income tax expense recognised in profit or loss	<u>14,597</u>	<u>12,207</u>

Hong Kong Profits Tax is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits arising in or derived from Hong Kong for both years.

## 8. DIVIDEND

During the year ended 31 March 2017, the Company declared interim dividend of HK\$128,000,000 to its then equity owners in January 2017. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the preparation for these consolidated financial statements.

During the year ended 31 March 2016, Ming Tai Civil Engineering Company Limited, a subsidiary of the Company, declared and paid dividend of HK\$2,950,000 to its respective equity owners. The rate of dividend and the number of shares ranking for dividend are not presented as such information is not meaningful for the preparation for these consolidated financial statements.

No final dividend was proposed by the Board for the year ended 31 March 2017.

## 9. EARNINGS PER SHARE

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Earnings</b>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>63,783</u>	<u>49,791</u>
	2017 '000	2016 '000
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>1,014,773</u>	<u>984,000</u>

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2017 was derived from 984,000,000 ordinary shares in issue, as if these 984,000,000 ordinary shares were outstanding throughout the year and the effect of the share offer by the Company.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2016 was derived from 984,000,000 ordinary shares (comprising 10,000 ordinary shares in issue and 983,990,000 ordinary shares to be issued under the capitalisation issue) as if these 984,000,000 ordinary shares were outstanding throughout the year.

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary share in issue during the years ended 31 March 2017 and 2016.

## 10. TRADE AND OTHER RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	81,595	32,931
Retention receivables	40,689	24,227
Deposits, prepayments and other receivables	<u>6,812</u>	<u>5,094</u>
	<u>129,096</u>	<u>62,252</u>



The Group allows a credit period ranging from 7 to 56 days to its customers. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The ageing analysis of trade receivables presented based on the date of progress certificates issued by customers, at the end of the reporting period, are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 30 days	61,403	24,044
31 – 60 days	19,310	8,104
61 – 90 days	882	509
91 – 180 days	–	–
Over 180 days	–	274
	<u>81,595</u>	<u>32,931</u>

#### 11. TRADE AND OTHER PAYABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade payables	25,700	6,718
Bills payables	20,621	13,197
Retention payables	1,689	–
Other payables and accruals	43,662	28,866
Deposits received	7,945	8,603
	<u>99,617</u>	<u>57,384</u>

The credit period on trade payables is generally 7 to 60 days.

The ageing analysis of trade payables, presented based on the invoice date, at the end of the reporting period, are as follows:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
0 – 30 days	10,283	4,227
31 – 60 days	9,502	1,686
61 – 90 days	5,495	805
91 – 180 days	322	–
Over 180 days	98	–
	<u>25,700</u>	<u>6,718</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS AND FINANCIAL REVIEW

The Group is a major subcontractor, given our market share and the large number of players in the construction industry, specialising in providing formwork erection as well as related ancillary services in Hong Kong. Our formwork business started since 1994 and we have accumulated more than 22 years of experience. We have also participated in a number of large-scale construction projects. Through our continuous efforts in improving and refining our workmanship and construction management, we have developed our own building construction and coding process systems, which are registered with patents held under the Group. Our direct customers are main contractors of building construction and civil engineering projects while our ultimate customers are owners of the projects, which include the Government, public transport operator, theme park and resort operator and property developers.

#### Business Review

During the year ended 31 March 2017 (the “Financial Year 2017”), the Group was principally engaged to undertake formwork erection and related ancillary services in the building construction and civil engineering sectors construction projects in Hong Kong.

For the year ended 31 March 2016 (the “Financial Year 2016”), the Group was awarded five formwork projects and three related ancillary services contracts with an aggregate initial contract sum of approximately HK\$480.5 million, these projects started contributing revenue to the Group during the Financial Year 2016 and three of them were completed. Together with eleven projects awarded in the years ended 31 March 2016, 2015 and 2014 backwards, the Group has completed a total of six projects. Besides, the Group was awarded six formwork projects in the Financial Year 2017 with an aggregate initial contract sum of approximately HK\$403.9 million, these projects started contributing revenue to the Group during the Financial Year 2017.

As at 31 March 2017, there were eleven formwork projects on hand with the outstanding contract sum amounting to approximately HK\$701.4 million. Apart from projects which are expected to be completed in the year ending 31 March 2018, the reminders are expected to be completed in the forthcoming financial years.

<u>Year of award/project</u>	<u>Role</u>	<u>Nature of contract</u>	<u>Status</u>
<b>Year 2012-2013</b>			
SC056 810B West Kowloon Termination Station (South)	Sub-contractor	Formwork	Completed
<b>Year 2013-2014</b>			
SCL1109 Shatin to Central Link, Sung Wong Toi and To Kwa Wan Stations	Sub-contractor	Formwork	Work in progress
SC12106 New World Centre Remodeling Project	Sub-contractor	Formwork for H3 Superstructure	Completed

<u>Year of award/project</u>	<u>Role</u>	<u>Nature of contract</u>	<u>Status</u>
<b>Year 2014-2015</b>			
SC216 810B West Kowloon Termination Station South	Sub-contractor	Formwork	Work in progress
SC12112 Residential Development at Sai Yee Street	Sub-contractor	Formwork	Completed
HK Disneyland Resort (H3) 1st Class Hotel	Sub-contractor	Formwork	Completed
<b>Year 2015-2016</b>			
HK Disneyland Resort (H3) 1st Class Hotel	Sub-contractor	Steel Scaffolding	Completed
HK Disneyland Resort (H3) 1st Class Hotel	Sub-contractor	Plaster to MEP Room & Roof	Completed
J3588 Murray Building Hotel Development	Sub-contractor	Formwork	Completed
M+ Museum project	Sub-contractor	Formwork	Work in progress
C0783 Public Rental Housing Development at Lin Shing Road, Chai Wan	Sub-contractor	Traditional Formwork, system formwork and installation of Facade	Work in progress
J3518 Tuen Mun Chek Lap Kok link Southern Connection Viaduct Section	Sub-contractor	Formwork	Work in progress
<b>Year 2016-2017</b>			
J3628 Taikoo Place Phase 2A Development	Sub-contractor	Design, supply, install and dismantle of System Slab Formwork Construction of Seagull Pier E6, E7 & E12	Work in progress
Pak Tin Estate Phase 7 and 8	Sub-contractor	Formwork	Work in progress
NKIL no. 6525 Kai Tak Area 1I, Site 1	Sub-contractor	Formwork (supply and install)	Work in progress
C28137 No. 18 & 20, Caine Road Project	Sub-contractor	Formwork	Work in progress
Advance works for Shek Wu Hui Sewage Treatment Works	Sub-contractor	Formwork & concreting for MF Building	Work in progress
14102 704-730 King's Road Office Development	Sub-contractor	Formwork	Work in progress

## **Recent Development**

The shares of the Company were listed on the Stock Exchange on 8 February 2017 (the “Listing”). The Listing not only provided additional capital funding for the acquisition of office premises and information system to support business growth but also improved the Group’s financial position as well as additional working capital, allowing the Group to undertake sizable projects in the future.

Subsequent to the Listing, the Group is fulfilling its commitment to acquire its new office premises approximately HK\$53.4 million and repayment of bank borrowings and finance leases amounting to approximately HK\$9.0 million. Since the end of the Financial Year 2017 up to the date of this announcement, the Group has been awarded a new building construction project in Shatin, New Territories, which is expected to be completed in the year ending 31 March 2019.

## **FINANCIAL REVIEW**

### **Revenue**

During the Financial Year 2017, there were 18 projects contributing a revenue of approximately HK\$603.8 million, whereas in the Financial Year 2016 a revenue of approximately HK\$481.9 million was contributed by 17 projects. Despite the number of projects is greater in the Financial Year 2017 than that in the Financial Year 2016, the growth was mainly due to a number of major projects in the Financial Year 2016 which were still in the early stage of construction, the huge amount of contract value of these projects had been reflected in the revenue recorded in the Financial Year 2017.

### **Gross profit and gross profit margin**

Our gross profit increased by approximately HK\$24.3 million or 26.4%, from approximately HK\$92.2 million for the Financial Year 2016 to approximately HK\$116.5 million for the Financial Year 2017. During the Financial Year 2017, the gross profit margin was approximately 19.3%, which is closed to the gross profit margin of Financial Year 2016 of approximately 19.1%.

### **Administration and other operating expenses**

Administrative and other operating expenses increased by approximately HK\$8.4 million or 25.3%, from approximately HK\$33.1 million for the Financial Year 2016 to approximately HK\$41.5 million for the Financial Year 2017. The change was mainly due to the listing expenses incurred in the Financial Year 2017. Listing expenses were borne by the Company for the Financial Year 2017 amounted to approximately HK\$18.3 million, of which approximately HK\$9.7 million were charged to the profit or loss of the Group during the Financial Year 2017.

## **Finance costs**

Finance costs increased by approximately HK\$0.8 million or 35.7% from approximately HK\$2.1 million for the Financial Year 2016 to approximately HK\$2.9 million for the Financial Year 2017. Bills payables increased from approximately HK\$13.2 million as at 31 March 2016 to approximately HK\$20.6 million as at 31 March 2017, even though bank loans decreased significantly from approximately HK\$41.5 million as at 31 March 2016 to approximately HK\$20.7 million as at 31 March 2017, but finance cost did not drop accordingly as repayments of bank loans were mainly made in March 2017.

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

Net profit increased by approximately HK\$14.0 million or 28.1% from approximately HK\$49.8 million for the Financial Year 2016 compared to approximately HK\$63.8 million for the Financial Year 2017. The net profit margin increased by approximately 0.23% from 10.33% for the Financial Year 2016 to 10.56% for the Financial Year 2017.

Besides, net profit was approximately HK\$63.8 million for the Financial Year 2017, by excluding the listing expenses of approximately HK\$9.7 million, net profit for the Financial Year 2017 was approximately HK\$73.5 million. Net profit was approximately HK\$49.8 million for the Financial Year 2016, by excluding the listing expenses of approximately HK\$4.0 million, net profit for the Financial Year 2016 was approximately HK\$53.8 million.

Such increase was primarily attributable to the effect of the increase in both revenue and gross profit for the Financial Year 2017, net off with the listing expenses incurred by the Group for its listing during the Financial Year 2017.

## **USE OF NET PROCEEDS FROM LISTING**

The net proceeds from the Listing on 8 February 2017, after deducting the underwriting fees, the Stock Exchange trading fee and SFC transaction levy for the New Shares and estimated listing expenses in connection with the Share Offer, were approximately HK\$98.6 million.

The actual net proceeds from the issue of new shares of the Company under the Share Offer was different from the estimated net proceeds of approximately HK\$107.9 million as set out in the Prospectus.

The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, which is (i) approximately 27.8% of the net proceeds, representing approximately HK\$27.4 million for an existing formwork works project located in Yau Tsim Mong District, (ii) approximately 41.7% of the net proceeds, representing approximately HK\$41.1 million for the acquisition of office premises of around 4,000 sq.ft. in about 12 months following the Listing, (iii) approximately 10.2% of the net proceeds, representing approximately HK\$10.1 million for the investment in the new information system, (iv) approximately 10.6% of the net proceeds, representing approximately HK\$10.4 million to repay part of the outstanding bank borrowings and finance leases, and (v) approximately 9.7% of the net proceeds, representing approximately HK\$9.6 million for working capital of the Group.

The below table sets out the utilisation of the net proceeds from the Listing as at 31 March 2017:

	<b>Planned use of net proceeds as stated in the Prospectus HK\$'000</b>	<b>Actual use of net proceeds up to 31 March 2017 HK\$'000</b>
Funding the initial costs for an existing formworks project located in Yau Tsim Mong District	27,433	11,278
Used for acquisition of office premises ( <i>note 1</i> )	41,101	–
Used for the investment in the new information system	10,102	303
Used for repayment part of our outstanding bank borrowings and finance leases	10,399	8,997
Used as general working capital	9,607	–
	<u>98,642</u>	<u>20,578</u>

*Note 1:* On 20 April 2017, the Group has announced that we have entered into the Provisional Agreement to acquire the new office premises from an independent third party at a total consideration of HK\$53,388,000. The Group intends to settle the consideration by way of its net proceeds from the Listing and credit facilities available to the Group. Subsequent to 28 April 2017, the Group has signed the formal agreement with the vendor. Further details have been disclosed in the Announcement of Disclosable Transaction in relation to the Acquisition of Properties on 20 April 2017.

## **FUTURE PROSPECTS**

Looking forward, the Group continues to adhere to our business strategy, by expanding our capacity to capture more business opportunities, and also, we shall continue to focus on formwork erection, formwork engineering design and related ancillary services in order to optimize operational management and enhance technology application development. The Directors are convinced that the Group shall continue to create long-term value for our shareholders.

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

The capital structure of the Group consisted of equity of approximately HK\$167.4 million and debts of approximately HK\$20.7million as at 31 March 2017.

The Group adopts a prudent approach in cash management. Apart from certain debts including obligations under finance leases, bank overdrafts and bank loans, the Group did not have any material outstanding debts as at 31 March 2017. Payment to settle trade payable represented the significant part of the cash outflow of the Group. Taking into account the light debt leverage and the net proceeds from the Listing, the Group is able to generate cash and meet upcoming cash requirements. In any case, the Group may utilise its banking facilities of approximately HK\$47.2 million, of which the unutilised and unrestricted banking facilities amounted to approximately HK\$5.9 million.

## **GEARING RATIO**

The gearing ratio of the Group as at 31 March 2017 was approximately 12.4% (31 March 2016: approximately 41.5%), which decreased significantly as the Group partially repaid approximately HK\$22.1 million of bank borrowings and obligations under finance leases during the year in order to improve the capital structure and reduce the finance costs.

The gearing ratio is calculated based on the total debt (summation of amounts due to related parties, bank borrowings and obligations under finance leases) divided by total equity as at the respective reporting date.

## **CHARGE OVER ASSETS**

As at 31 March 2017, the Group had certain motor vehicles acquired under finance leases, the net book value of the machinery held under finance leases was nil (2016: HK\$1,676,000).

## **SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Apart from the reorganisation in relation to the Listing, there were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the year ended 31 March 2017. Save for the business plan as disclosed in the Prospectus, there is no other plan for material investments or capital assets as at 31 March 2017.

## **FOREIGN CURRENCY RISK**

The Group has no significant exposure to foreign currency risk because almost all the Group's transactions are denominated in Hong Kong dollars. The management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

## **TREASURY POLICIES**

The Directors will continue to follow a prudent policy in managing the Group's cash balances and maintain a strong and healthy liquidity position to ensure that the Group is well placed to take advantage of future growth opportunities.

## **CONTINGENT LIABILITIES**

As at 31 March 2017, we had outstanding performance bonds in favour of a customer in respect of one of our formwork projects given by the bank amounting to HK\$12,000,000. Save as disclosed for the outstanding performance bonds above, as at 31 March 2017, we did not have any material contingent liabilities.

## **EMPLOYEES AND REMUNERATION POLICY**

The Group had 91 full-time employees as at 31 March 2017. The Group offers competitive remuneration package that is based on overall market rates and employee performance, as well as the performance of the Group. Remuneration package is comprised of salary, a performance-based bonus, and other benefits including training and provident funds.

## **CAPITAL COMMITMENTS**

As at 31 March 2017, the Group had capital commitments of approximately HK\$169,000 (2016: HK\$1,813,000) contracted but not provided for the acquisition of property, plant and equipment.

## **SEGMENT INFORMATION**

The Group's business was regarded as a single reportable and operating segment and no segment information is presented. In addition, all of the Group's revenue is sourced in Hong Kong and assets and liabilities are located in Hong Kong. Accordingly, no geographical information is presented.

## **RESULTS AND DIVIDEND**

The results of the Group for the year ended 31 March 2017 and the state of affairs of the Company and the Group at that date are set out in the consolidated statement of profit or loss and other comprehensive income in this announcement.

The Board does not recommend the payment of any dividend in respect of the year ended 31 March 2017.

## **CLOSURE OF REGISTER OF MEMBER**

In order to qualify to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from Thursday, 17 August 2017 to Wednesday, 23 August 2017, both days inclusive, during which period no transfer of shares will be registered. All transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on 16 August 2017.



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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2017.

## **EVENTS AFTER THE REPORTING PERIOD**

### **Acquisition of properties**

The Company announced on 20 April 2017, the Purchaser, being an indirect wholly-owned subsidiary of the Company, has entered into the Provisional Agreement with the Vendor, independent third party, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire the Properties at a total consideration of HK\$53,388,000. For further details, please refer to the announcement of the Company dated 20 April 2017.

There are no significant events subsequent to 31 March 2017 which would materially affect the Group's operating and financial performance as of the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICE**

The Company and the Board are devoted to achieve and maintain the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhance the shareholder value and safeguarding interest of the shareholders and other stakeholders. Accordingly, the Company has adopted sound corporate governance principles that emphasise a quality Board, effective internal control stringent disclosure practices and transparency and accountability to all stakeholders.

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules on the Stock Exchange. The Company has fully complied with the CG Code since the date of Listing, 8 February 2017, to 31 March 2017 except for the deviation from provision A.2.1 of the Code which is explained below:

According to provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Kei Ming is the chairman and chief executive officer of the Company, responsible for overall strategic planning and development, project management and client management of the Group.

The Board believes that vesting the roles of both chairman and chief executive officer of the Company in Mr. Wang Kei Ming 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by directors. Having made specific enquiry, all Directors have fully complied with the required standards set out in the Model Code since the date of Listing, 8 February 2017, to 31 March 2017.

## **AUDIT COMMITTEE**

Our Company has established the Audit Committee on 17 January 2017 with written terms of reference in compliance with paragraphs C.3.3 and C.3.7 of the CG Code as set out in Appendix 14 of the Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee comprises three members, all are our independent non-executive Directors, namely Mr. Lai Ah Ming Leon, Mr. Lam Wai Ho and Mr. Kwong Ping Man, of whom Mr. Kwong Ping Man is the chairman of the Audit Committee. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 March 2017.

## **REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT**

The financial information has been reviewed by the Audit Committee.

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 Financial Year 2017 as set out in the preliminary announcement have been agreed by the Group’s auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group’s consolidated financial statements for the Financial Year 2017. The work performed by HLB Hodgson Impey Cheng Limited 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 HLB Hodgson Impey Cheng Limited on the preliminary announcement.

## **APPRECIATION**

The Company would like to thank our customers, suppliers, business partners for their support. Also, the Company would like to offer my highest gratitude to our shareholders for their devotion and to our employees for their loyalty and contributions made during the year.

By order of the Board  
**Royal Deluxe Holdings Limited**  
**Wang Kei Ming**  
*Chairman and Executive Director*

Hong Kong, 23 June 2017

*As at the date of this announcement, the Board comprises Mr. Wang Kei Ming and Mr. Wang Yu Hin as executive Directors; and Mr. Lai Ah Ming Leon, Mr. Lam Wai Ho and Mr. Kwong Ping Man as independent non-executive Directors.*