御佳控股有限公司

Royal Deluxe Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3789

2017
Annual Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Executive Directors
Mr. Wang Kei Ming *(Chairman and Chief Executive Officer)*
Mr. Wang Yu Hin

Independent Non-executive Directors
Mr. Lai Ah Ming Leon
Mr. Lam Wai Ho
Mr. Kwong Ping Man

AUDIT COMMITTEE
Mr. Kwong Ping Man *(Chairman)*
Mr. Lai Ah Ming Leon
Mr. Lam Wai Ho

REMUNERATION COMMITTEE
Mr. Lai Ah Ming Leon *(Chairman)*
Mr. Lam Wai Ho
Mr. Kwong Ping Man
Mr. Wang Kei Ming

NOMINATION COMMITTEE
Mr. Lam Wai Ho *(Chairman)*
Mr. Lai Ah Ming Leon
Mr. Kwong Ping Man
Mr. Wang Kei Ming

COMPANY SECRETARY
Ms. Yim Sau Ping

AUTHORISED REPRESENTATIVES
Mr. Wang Kei Ming
Ms. Yim Sau Ping

AUDITORS
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REGISTERED OFFICE
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COMPLIANCE ADVISER
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CFN Lawyers in association with Broad and Bright
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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS
Estera Trust (Cayman) Limited
P.O. Box 1350, Clifton House,
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Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
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Hong Kong

PRINCIPAL BANKERS
DBS Bank (Hong Kong) Limited
Dah Sing Bank Limited

WEBSITE
www.royal-deluxe.com

STOCK CODE
3789

CHAIRMAN'S STATEMENT

On behalf of the Board (the "**Board**") of directors (the "**Directors**") of Royal Deluxe Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**"), I am pleased to present our annual report for the year ended 31 March 2017 (the "**Financial Year 2017**").

The Group was founded in 1993. As an experienced formwork subcontractor, we serve the building and construction industry in Hong Kong and provide high quality and flexible solutions for our clients. Over the years, by word of mouth, our client base has been expanding and most of our clients are regular clients. With our ability to solve different complicated problems in various projects, we have gained the trust of our client. It would be difficult for us to achieve the abovementioned results without the support of our working partners who have worked with us over the years. The patented construction technology self-developed by us for project management and the effective construction management methods also enabled us to expand steadily in the market in the past.

In recent years, construction activities in the private sector and the public sector have been very active. Following the Hong Kong Government's implementation of measures to suppress property price, such as various kinds of special stamp duty and control on the mortgage ratio, continuous housing supply in private market is driven by the recently rigid local demand. We are therefore convinced of the potential development momentum of the construction industry. In line with the Hong Kong stock market's increased confidence in construction companies, the time has come for us to be listed for further expansion. Our shares were listed on the Main Board of the Stock Exchange of Hong Kong (the "**Stock Exchange**") on 8 February 2017 (the "**Listing**"). In addition to providing additional financing, the Listing also strengthened our bargaining power to obtain further banking facilities, which will help us to undertake more large-scale projects. We would like to express our sincere gratitude to all employees, working partners and professional advising teams for their contribution to our Listing.

In the Financial Year 2017, we were able to achieve encouraging results, with the Group's profit attributable to owners of the Company rising by 28.1% to HK$63.8 million (including the listing expenses of HK$9.7 million) as compared with HK$49.8 million (including the listing expenses of HK$4.0 million) recorded for the year ended 31 March 2016 (the "**Financial Year 2016**"). By excluding the listing expenses of HK$9.7 million, the profit attributable to owners of the Company for the Financial Year 2017 would be HK$73.5 million as compared to HK$53.8 million for the Financial Year 2016. In the Financial Year 2017, we won the tenders of six formwork subcontracting contracts with an aggregate value of HK$403.9 million. In addition, six subcontracting contract works were completed and contributed to the Group's income. Taking into account of revenue from other subcontracting contracts in progress, revenue rising by 25.3% to HK$603.8 million for the Financial Year 2017 compared with HK$481.9 million recorded for the Financial Year 2016. As at 31 March 2017, there were eleven subcontracting contract works under construction with an aggregate value of approximately HK$701.4 million.

Apart from the financial performance reporting, we are pleased to present our Environmental, Social and Governance Report forming part of this annual report which summarised our performance and effort, in promoting and strengthening corporate social responsibility.

Looking forward, we will continue to focus on the strategies for formwork works and solution design, as well as the optimisation of operational management and the enhancement of technological application and development in order to look for new opportunities while enhancing the competitiveness of the Group. The management team is convinced that we will continue to create maximum value for our shareholders.

Wang Kei Ming
Chairman

Hong Kong, 23 June 2017

HIGHLIGHTS

For the year ended 31 March	2017	2016	Change %
Financial Highlights (HK$' million)			
Revenue	**603.8**	481.9	25.3%
Profit attributable to the owners of the Company	**63.8**	49.8	28.1%
Profit attributable to the owners of the Company (without listing expenses)	**73.5**	53.8	36.6%
Financial Ratios			
Gross profit margin	**19.3%**	19.1%	1.0%
Current ratio	**2.1**	1.8	16.7%
Quick ratio	**2.1**	1.8	16.7%
Gearing ratio	**12.4%**	41.5%	(70.1%)
Debt to equity ratio	**N/A**	23.8%	N/A
Return on equity	**38.1%**	41.7%	(8.6%)
Return on total assets	**20.6%**	19.1%	(7.9%)
Interest coverage	**28.1 times**	30.1 times	(6.6%)
Financial Information per share (HK cents)			
Earnings per share			
– Basic and diluted	**6.29**	5.06	24.3%

BUSINESS AND FINANCIAL REVIEW

The Group is a major subcontractor, given the 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. The formwork business of the Group started since 1994 and has accumulated more than 22 years of experience. The Group has also participated in a number of large-scale construction projects. Through the continuous efforts in improving and refining the workmanship and construction management, the Group has developed the own building construction and coding process systems, which are registered with patents held under the Group. The direct customers of the Group are main contractors of building construction and civil engineering projects while the 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 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 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.

Year of award/project	Role	Nature of contract	Status
Year 2012-2013			
SC056 810B West Kowloon Termination Station (South)	Sub-contractor	Formwork	Completed
Year 2013-2014			
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
Year 2014-2015			
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

Year of award/project	Role	Nature of contract	Status
Year 2015-2016			
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
Year 2016-2017			
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 II, 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 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 the new office premises of 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 and up to the date of this annual report, 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

The 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

Administration 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 costs 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

Profit attributable to owners of the Company 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, profit attributable to owners of the Company was approximately HK$63.8 million for the Financial Year 2017, by excluding the listing expenses of approximately HK$9.7 million, profit attributable to owners of the Company for the Financial Year 2017 was approximately HK$73.5 million. Profit attributable to owners of the Company was approximately HK$49.8 million for the Financial Year 2016, by excluding the listing expenses of approximately HK$4.0 million, profit attributable to owners of the Company 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 the 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 of the Company and estimated listing expenses in connection with the public offer and the placing of the share of the Company (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 of the Company dated 25 January 2017 (the "**Prospectus**").

MANAGEMENT DISCUSSION AND ANALYSIS

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:

	Planned use of net proceeds as stated in the Prospectus HK$'000	**Actual use of net proceeds up to 31 March 2017** HK$'000
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 (note 1)	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	–
	98,642	20,578

Note 1: On 20 April 2017, the Group announced that the Provisional Agreement has been entered 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 the 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.

Principal Risks and Uncertainties

Uncertain external factors

Despite the construction industry is one of the traditional core industries in Hong Kong and it is currently benefitting from strong housing needs and large infrastructure projects by government, the construction industry may suffer adverse impact in the change in government policies, financial crisis and unanticipated natural disasters.

The Group is exposed to market risks relating to changes in the social, political and economic conditions in Hong Kong. Delays in project commencement, particularly projects in the public sector due to late approval of new funding purchase price escalation of construction materials or deployment of labour may affect the project portfolio. The Directors have closely monitored works forecast by the Government, the number of new projects to be undertaken by the Housing Authority, tender results of commercial or residential sites so as to adjust the business strategies to participate in projects from public and private sectors. It is the responsibility of the executive Directors to identify and assess the prevailing economic condition and market risks and adopt different policies from time to time to mitigate market risks. Since the customers of the Group are mostly private sector property developers, the future growth and profitability of the formwork industry largely depends on the continued prosperity of the property market and the construction industry in Hong Kong.

Uncertainty in successful tender

The Group's business relies on successful tenders that determine the award of contracts for formwork erection as well as related ancillary services. Given the non-recurring nature of these contract awards and the Group does not have long-term commitment with its customers, the number of contracts awarded to the Group may vary from year to year.

Upon the completion of its contracts on hand, the Group's financial performance may be adversely affected if the Group is unable to secure new tenders or award new contracts with comparable contract sums or at all. Formwork industry is highly competitive and the Group is required to build up good reputation and track records, maintain good relationship with customers, suppliers and subcontractors, availability of machinery and competitive project pricing. If the competition among formwork construction subcontractors intensifies, the Group may have pressure to reduce the quotation, which would have an adverse impact on financial performance.

Uncertainty in project delay

Any delay in project would affect the Group's cash position. The Group regularly has progress meetings with the main contractors, i.e. the customers, regarding each site's progress. The Group plans the deployment of the labour and other resources accordingly. The Group's accounting and finance department also forecasts the works to be done in the forthcoming months to plan the liquidity and working capital use and report to the executive Directors to consider whether contingency plans are required.

Sustainable labour supply

The labour shortage and ageing problem has taken root in the construction industry for a number of years and the Group has leveraged on the good relationship with the labour and subcontractors to mitigate this risk. The Group has a list of approved subcontractors which the Group has reviewed and updated regularly to ensure they have maintained sufficient work force. The project team has regular meeting to discuss the deployment of labour, including the timing and number of workers required. The Group has early planning in the formwork design stage and recommends system formwork where possible since the assembling of system formwork demands less on workmanship as compared to timber formwork and hence less costly and experienced workers, which in turn is expected to be more in supply.

FINAL DIVIDEND

The Board does not recommend the payment of final dividend for the Financial Year 2017.

During the Financial Year 2017, the Company declared interim dividend of HK$128 million to its then equity owners in January 2017 as set out in note 11 to the consolidated financial statement.

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$20.7 million 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

Save as disclosed in note 19 to the consolidated financial statements, as at 31 March 2017, the Group had restricted bank balances which were charged to bank to the issuance of performance bonds. The Group also had certain motor vehicles acquired under finance leases. As at 31 March 2017, the net book value of the motor vehicles held under finance leases was Nil (2016: approximately 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 Financial Year 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$12.0 million. Save as disclosed for the outstanding performance bonds above, as at 31 March 2017, we did not have any material contingent liabilities. The details of contingent liabilities are set out in note 28 to the consolidated financial statements.

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 material capital commitments of approximately HK$169,000 (2016: HK$1,813,000) contracted but not provided for the acquisition of property, plant and equipment. The details of capital commitments are set out in note 27 to the consolidated financial statements.

SEGMENT INFORMATION

As detailed in note 5 to the consolidated financial statements, the Group's business was regarded as a single operating segment and the Group had no geographical segment information is presented as at 31 March 2017.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

As the date of Listing (i.e. 8 February 2017) is close to the date of financial year end (i.e. 31 March 2017), the Group is in its preliminary stage of implementing its business objectives and strategies as disclosed in the Prospectus. The Group will strive to achieve the milestone events as stated in the Prospectus.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Wang Kei Ming (王麒銘)

Mr. Wang Kei Ming, aged 55, is the chairman, chief executive officer and an executive Director of the Company. Mr. Wang Kei Ming is responsible for the overall strategic management and development of the Group's business operations. Mr. Wang Kei Ming founded the Group in March 1994. He was appointed as Director on 12 April 2016 and re-designated as an executive Director, the chairman and chief executive officer of the Company on 18 July 2016. Mr. Wang Kei Ming is also a member of each of the nomination committee of the Company (the "**Nomination Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Wang Kei Ming was appointed as the director of Ming Tai Civil Engineering Company Limited on 28 March 1994 and the director of Ming Tai Construction Engineering Company Limited on 3 May 1999. Mr. Wang Kei Ming is a director of all other subsidiaries of the Group, namely, MT Construction Limited, MT Engineering Limited, MT Technology Limited and Genuine Treasure Construction Technology Company Limited.

Mr. Wang Kei Ming has over 39 years of experience in the formwork construction industry, having entered the construction industry as a formwork construction apprentice in 1978. From 1981 to 1993, he continued to gather extensive knowledge and expertise in formwork construction industry by participating in different construction projects. Mr. Wang Kei Ming then established Ming Tai Civil Engineering Company Limited in March 1994 and expanded his business by establishing Ming Tai Construction Engineering Company Limited and Genuine Treasure Construction Technology Company Limited over the years. Mr. Wang Kei Ming was a committee member of the Hong Kong Construction Sub-contractors Association (香港建造業分包商聯會有限公司) from July 2012 to June 2015 and has been its vice President since July 2015. He was the vice president of the Hong Kong Formwork Contractors Association Limited (香港模板商會有限公司) from March 2011 to May 2015 and has been its president since May 2015.

Mr. Wang Kei Ming is the father of Mr. Wang Yu Hin, an executive Director of the Company.

Mr. Wang Yu Hin (王宇軒)

Mr. Wang Yu Hin, aged 31, is an executive Director of the Company. Mr. Wang Yu Hin is responsible for overseeing the Group's operation, business development, human resources, and finance and administration. Mr. Wang Yu Hin was appointed as the executive Director on 18 July 2016.

Mr. Wang Yu Hin graduated with a Bachelor of Science with a major in Chemistry from the University of California, Los Angeles in September 2006. Mr. Wang Yu Hin continued to pursue his postgraduate education in biochemical science in the United States from October 2006 to late 2010. Mr. Wang Yu Hin also completed an advanced workshop for general managers (總經理高級研修班) at the Tsinghua University Training Centre of Professional Managers (清華大學職業經理訓練中心) in July 2015. He had worked in Osstem Hong Kong Limited from May 2011 to September 2014 with his last position as assistant sales manager. He then joined Ming Tai Construction Engineering Company Limited as personal assistant to the director in September 2014 and was subsequently promoted to cost controller in January 2016. Mr. Wang Yu Hin obtained a Certificate in Safety and Health for Supervisors (Construction) from the Occupational Safety and Health Council in August 2014. Mr. Wang Yu Hin is currently studying the EMBA-Global Asia programme offered by HKU Business School, Columbia Business School and London Business School.

Mr. Wang Yu Hin is the son of Mr. Wang Kei Ming, the chairman, chief executive officer, an executive Director and a Controlling Shareholder of the Company (the "**Controlling Shareholder**").

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Ah Ming Leon (黎雅明)

Mr. Lai Ah Ming Leon, aged 60, was appointed as independent non-executive Director on 17 January 2017. He is also the chairman of the Remuneration Committee and a member of each of the audit committee of the Company (the "**Audit Committee**") and Nomination Committee.

Mr. Lai Ah Ming Leon obtained a Bachelor of Laws with Honours from the University of Wales, University College, Cardiff in July 1982 and subsequently completed a Postgraduate Certificate in Laws at the University of Hong Kong in July 1986. Mr. Lai Ah Ming Leon has been a practising solicitor in Hong Kong and a member of the Law Society of Hong Kong since August 1988 and is the sole proprietor of a law firm in Hong Kong. He has also been an advocate and solicitor of the Supreme Court of Singapore since February 1995. He is currently an independent non-executive director of Allan International Holdings Limited (stock code: 684), a company listed on the Main Board of the Stock Exchange.

Mr. Lam Wai Ho (林偉豪)

Mr. Lam Wai Ho, aged 50, was appointed as independent non-executive Director on 17 January 2017. He is also the chairman of the Nomination Committee and a member of each of the Audit Committee and Remuneration Committee.

Mr. Lam Wai Ho obtained his Bachelor of Arts in Architectural Studies and Master of Architecture from the University of Hong Kong in December 1990 and November 1995 respectively. Mr. Lam Wai Ho was admitted as a member of the Hong Kong Institute of Architects in September 1999 and a corporate member of the Royal Institute of British Architects in July 2000. In August 2005, Mr. Lam Wai Ho also obtained a PRC Class 1 Registered Architect Qualification (中華人民共和國一級註冊建築師資格), and is currently an Authorized Person (List of Architects), a Registered Architect and a Registered Inspector (List of Architects) in Hong Kong.

Between April 2000 and May 2011, Mr. Lam Wai Ho had been a resident architect of various projects, including but not limited to the following:

Name of project	Location	Client	Employer
Departmental Quarters at Lee On Road	Hong Kong	Architectural Services Department of the Hong Kong Government	Hsin Chong-Taylor Woodrow Joint Venture No. 1
New TV City Project at Tsueng Kwan O	Hong Kong	Television Broadcast Limited (a company listed on the Main Board (stock code: 511))	Leigh & Orange Limited
Centralpark Project (新城國際)	Beijing, PRC	The Vantone Group and Hongkong Land	Wong & Tung International Limited (Beijing)
Western Border Crossing Immigration Building Project	Shenzhen, PRC	Architectural Services Department of the Hong Kong Government	LD Asia (Llewelyn-Davies HK Limited)

Mr. Kwong Ping Man (鄺炳文)

Mr. Kwong Ping Man, aged 52, was appointed as independent non-executive Director on 17 January 2017. He is also the chairman of the Audit Committee and a member of each of the Nomination Committee and Remuneration Committee. Mr. Kwong Ping Man possesses over 24 years of experience in accounting and administration. He is currently the managing director of O'park Corporate Services Limited, a company primarily engaged in corporate advisory and company secretarial services.

Mr. Kwong Ping Man's primary working experience also includes:

Name of organisation	Principal business activity	Position	Period of service
China Agroforestry Low-Carbon Holdings Limited (formerly known as "Jiangchen International Holdings Limited") (a company listed on the Main Board (stock code: 1069))	Manufacture and wholesale of original equipment manufacture of branded products and operations and management of forestry	Company secretary	September 2009 – June 2013
Jimei International Entertainment Group Limited (formerly known as "Karce International Holdings Company Limited") (a company listed on the Main Board (stock code: 1159))	Entertainment and gaming business, and trading of chemical products, and energy conservation and environmental protection products	Financial controller and company secretary	June 2008 – January 2009
Polyard Petroleum International Group (formerly known as "Kanstar Environmental Paper Products Holdings Limited") (a company listed on the GEM (stock code: 8011))	Exploitation of oil, natural gas and coal, and trading in petroleum-related products	Financial controller and company secretary	March 2006 – July 2007
Sinobest Technology Holdings Limited	Provision of computer and network system integration services, and application software development	Chief financial officer	September 2000 – April 2003
The World Enterprise (Holdings) Limited	Manufacture and sale of jewellery, optical and fashion products	Accountant	February 1997 – November 1998
Utilux (Asia) Limited	Manufacture of and trade in electronic connector	Accountant	October 1992 – November 1994

Mr. Kwong Ping Man graduated from the Curtin University of Technology in Australia with a Bachelor of Commerce in Accounting in August 1996. He obtained a Postgraduate Diploma in Corporate Administration and a Master of Professional Accounting from the Hong Kong Polytechnic University in November 1998 and November 2003, respectively. He is also a certified practising accountant of the Australian Society of Certified Practising Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants, and an associate member of each of the Hong Kong Institute of Company Secretaries and the Institute of Chartered Secretaries and Administrators.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

In the three years preceding the date of the Prospectus, Mr. Kwong Ping Man has held directorships in the following listed companies:

Name of organisation	Principal business activity	Position	Period of service
Group Sense (International) Limited (a company listed on the Main Board (stock code: 0601))	Design, manufacture and sale of original design manufacturing electronic dictionary products, personal communication products and other magnesium related products	Independent non-executive director	March 2015 – present
Elegance Optical International Holdings Limited (a company listed on the Main Board (stock code: 907))	Manufacture and trading of optical frames and sunglasses	Independent non-executive director	May 2014 – present
Tang Palace (China) Holdings Limited (a company listed on the Main Board (stock code: 1181))	Restaurant operations and food production	Independent non-executive director	March 2011 – present
Century Sunshine Group Holdings Limited (a company listed on the Main Board (stock code: 509))	Trading in fertiliser, magnesium products and metallurgical flux	Independent non-executive director	September 2004 – present
Hao Tian International Construction Investment Group Limited (formerly known as "Clear Lift Holdings Limited") (a company listed on the Main Board (stock code: 1341))	Leasing and trading of construction machinery and parts, and transportation services	Independent non-executive director	October 2015 – March 2017
China Candy Holdings Limited (a company listed on the GEM (stock code: 8182))	Manufacture of candies	Independent non-executive director	October 2015 – February 2016
Yat Sing Holdings Limited (a company listed on the Main Board (stock code: 3708))	Building maintenance and renovation service provider	Independent non-executive director	December 2014 – March 2016

SENIOR MANAGEMENT

Mr. Chan Wing Seng (陳永成)

Mr. Chan Wing Seng, aged 50, is the financial controller of the Group. Mr. Chan Wing Seng is responsible for overseeing the Group's financial operations, legal affairs and strategic management.

Mr. Chan Wing Seng obtained a Certificate in Accountancy from the Tuen Mun Technical Institute in June 1988 and a Higher Certificate in Accountancy and a Post-experience Certificate in Accountancy from the Hong Kong Polytechnic University in November 1991 and October 1995, respectively. He then obtained his Master of Professional Accounting and Master of Corporate Governance through distance learning from The Open University of Hong Kong in June 2004 and June 2009, respectively. Mr. Chan Wing Seng has been an accredited accounting technician of the Hong Kong Association of Accounting Technicians since June 1990. He has been an associate member of the Hong Kong Institute of Certified Public Accountants since September 1996 and each of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators since November 2009. Mr. Chan Wing Seng has also been a fellow member of the Association of Chartered Certified Accountants since June 2001. He completed the Construction Safety Supervisor Course held by the Construction Industry Council in June 2015.

Mr. Chan Wing Seng joined the Group as accounting manager in May 2013 and was subsequently promoted to financial controller in October 2013. His working experience prior to joining the Group includes the following:

Name of company	Principal business activity	Last position	Period of service
Gemdale Properties and Investment Corporation Limited (Formerly known as Frasers Property (China) Limited) (a company listed on the Main Board (stock code: 535))	Property development	Senior Manager-Finance	February 2012 – December 2012
Hung Wan Construction Company Limited	Construction works	Financial Controller	October 2006 – January 2012
Yeebo LCD Limited (a company listed on the Main Board (stock code: 259))	Design, manufacture and sale of LCD (liquid crystal display) products	Financial Controller	February 2005 – October 2006
Diamondlite Limited	Design and manufacture of precious and semi-precious jewelry	Accounting Manager	October 2003 – February 2005
Levi Strauss (Hong Kong) Limited	Design, manufacture and sale of ready-to-wear clothing	Finance Manager-China	August 2002 – October 2003
Le Saunda Management Limited (a company listed on the Main Board (stock code: 738))	Design, manufacture and sale of fashion footwear	Accounting Manager	August 1999 – August 2002
Pacific Telecommunications & Information Limited	Telecommunication operations	Accounting Manager	January 1998 – August 1999
American Dream Parks & Entertainment Company Limited	Theme park, shopping mall and entertainment property developer	Vice President-Finance	June 1995 – May 1997
Rosewood Hotel Group (formerly known as New World Hotels International Limited)	Hotel development and hospitality management	Assistant Accountant	April 1992 – April 1995
Charles Chan, Ip & Fung (Certified Public Accountants)	Accountancy firm	Senior Auditor	August 1989 – March 1992

Mr. Chan Yiu Kwok (陳耀國)

Mr. Chan Yiu Kwok, aged 56, is the commercial director of the Group. He joined the Group as commercial director in August 2011. Mr. Chan Yiu Kwok is primarily responsible for overseeing the Group's quantity surveyance, contract disputes and litigations.

Mr. Chan Yiu Kwok obtained a Certificate in Building Studies from Morrison Hill Technical Institute of Vocational Training Council Hong Kong in July 1983 and a Higher Certificate in Building Studies from the Hong Kong Polytechnic University in November 1987. He then obtained an Associate Diploma in Engineering (Electrical Engineering) from the Southern Sydney Institute of the New South Wales Technical and Further Education Commission in July 1995, and received his Bachelor of Applied Science in Construction Management and Economics from Curtin University of Technology in Australia in April 2001.

Mr. Chan Yiu Kwok has been a Registered Professional Surveyor in the Quantity Surveying Division of the Surveyors Registration Board of Hong Kong since July 2007, and has also obtained several memberships in chartered industry institutions and other bodies, including:

Name of institution	Membership grade	Date of approval of current membership grade
The Society of Surveying Technicians	Associate member, Quantity Surveying Division	April 1990
The Association of Cost Engineers	Member	April 2000
The Association for Project Management	Member	March 2001
The Australian Institute of Building	Member	July 2001
The Chartered Institute of Building	Member	September 2002
The Chartered Institution of Civil Engineering Surveyors	Member	April 2003
The Royal Institution of Chartered Surveyors	Professional member	November 2004
The Hong Kong Institute of Surveyors	Member	August 2005

Mr. Chan Yiu Kwok's working experience prior to joining the Group includes the following:

Name of company	Principal business activity	Position	Period of service
Maeda Corporation	Construction and civil engineering works	Quantity Surveying Manager	November 2001 – August 2011
Chun Wo Construction & Engineering Company Limited	Construction works	Assistant Quantity Surveying Manager	March 1999 – October 2001
Nishimatsu Construction Company Limited	Construction and civil engineering works	Senior Quantity Surveyor	September 1995 – September 1998
H. H. Robertson (Australia) Pty. Limited	Design and manufacture of construction and civil engineering products and systems	Branch Administrator	July 1990 – July 1992
Nishimatsu Construction Company Limited	Construction works	Project Quantity Surveyor	December 1987 – July 1990
Gammon Building Construction Limited	Construction and civil engineering works	Assistant Quantity Surveyor	May 1981 – August 1987
On Lee General Contractors Limited	Construction and civil engineering works	Site Clerk	May 1981 – August 1987

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Wai Kai (王維佳)

Mr. Wong Wai Kai, aged 56, is the project director of the Group. Mr. Wong Wai Kai is primarily responsible for overseeing and monitoring the projects, operations and business development.

Mr. Wong Wai Kai has over 36 years of experience in the construction industry. He started working as a construction worker from 1980 to 1989 in various construction companies in Hong Kong. Mr. Wong Wai Kai had worked for Hopewell Holdings Limited (stock code: 54), a company listed on the Main Board of the Stock Exchange, as general foreman from 1989 to 1993. He then joined China State Construction Engineering (Hong Kong) Limited as general foreman from 1993 to 1994. Mr. Wong Wai Kai had been the general foreman in Junic Construction Company Limited from 1994 to 1997 and Wecon Construction & Engineering Limited from 1997 to 2001. Mr. Wong Wai Kai joined the Group as project manager in May 2001 and was subsequently promoted to senior project manager in September 2012. He was promoted to his current position in January 2014. Mr. Wong Wai Kai also completed the Safety Supervisor Training Course held by Hong Kong Human Resources Limited in January 2009.

Mr. Ng Ho Lam (吳浩霖)

Mr. Ng Ho Lam, aged 41, is the deputy project director of the Group. Mr. Ng Ho Lam is primarily responsible for daily monitoring and management of the projects.

Mr. Ng Ho Lam has over 25 years of experience in the construction industry. He started working as a construction worker from 1991 to 1999 in various construction companies in Hong Kong after completing Form 5 of secondary education. Prior to joining the Group, Mr. Ng Ho Lam worked as a foreman at Shui Wing Engineering Co. Ltd. (瑞榮工程有限公司) from 2000 to 2008 and as a director at Lik Wah Engineering Limited (力華工程有限公司) from 2008 to 2010. Mr. Ng Ho Lam joined the Group as assistant project manager in March 2010 and was subsequently promoted to project manager in April 2011 and senior project manager in September 2013, respectively. He was promoted to his current position in December 2015.

Ms. Yim Sau Ping (嚴秀屏)

Ms. Yim Sau Ping, aged 34, was appointed as the company secretary of the Company (the "**Company Secretary**") on 18 July 2016. Ms. Yim Sau Ping graduated from The Hong Kong Polytechnic University with a Bachelor of Arts in Accountancy in 2007 and has been a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants since 2010. She has accumulated more than 9 years of experience in accounting, auditing and financial management.

Prior to joining the Group, Ms. Yim Sau Ping worked for Ngai Shun Holdings Limited (stock code: 1246), a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for JC Group Holdings Limited (now known as "Tonking New Energy Group Holdings Limited") (stock code: 8326), a company listed on the Growth Enterprise Market of the Stock Exchange, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. She is currently the director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services.

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the Financial Year 2017.

PRINCIPAL ACTIVITIES

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 details of the principal activities of the subsidiaries are set out in note 33 to the consolidated financial statements. There was no significant change in the Group's principal activities during the Financial Year 2017.

CORPORATE REORGANISATION

The Company was incorporated in the Cayman Islands on 12 April 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. In preparation of the Listing, the companies now comprising the Group underwent the corporate reorganisation (the "**Reorganisation**") pursuant to which the Company became the holding company of the Group on 28 June 2016. For details of the Reorganisation, please refer to the section headed "History, Development and Reorganisation" in the Prospectus.

The Company's shares have been listed on the Stock Exchange since 8 February 2017.

RESULTS AND DIVIDEND

The results of the Group for the Financial Year 2017 and the state of affairs of the Company and the Group at that date are set out in the consolidated financial statement on pages 52 to 105 of this annual report.

The Board does not recommend the payment of final dividend for the Financial Year 2017.

CLOSURE OF REGISTER OF MEMBER

In order to quality to attend and voting 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 Wednesday, 16 August 2017.

BUSINESS REVIEW

The review of the Group's business for the Financial Year 2017 is set out in the sections headed "Chairman's Statement" on page 3 and "Management Discussion and Analysis" on pages 5 to 10 of this annual report. Principal financial risks and uncertainties are set out in Note 32 to the consolidated financial statements and sub-section headed "Principal Risks and Uncertainties" in "Management Discussion and Analysis" on pages 8 to 9.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to minimising the adverse impact to the environment caused by business operations. In order to comply with the applicable environmental protection laws and regulations, the Group established an environmental management policy to ensure proper management of environmental protection and compliance of environmental laws and regulations by both employees and workers of the subcontractors on among others, air pollution, noise control and waste disposal. The Group will continue to reduce the impacts of its operation on the environment and continue to make efforts to save energy.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group is highly committed to complying with laws and regulations that govern the businesses for the Financial Year 2017, and, to the best of the Directors' knowledge, has complied with amongst others to the Rules Governing the Listing Securities (the "**Listing Rules**") on the Stock Exchange, the Securities and Futures Ordinance (the "**SFO**") (Chapter 571 of laws of Hong Kong), laws of the Cayman Islands, the Companies Ordinance (Chapter 622 of laws of Hong Kong), Factories and Industrial Undertakings Ordinance (Chapter 59 of laws of Hong Kong), Occupational Safety and Health Ordinance (Chapter 509 of laws of Hong Kong), Immigration Ordinance (Chapter 115 of laws of Hong Kong), Occupier Liability Ordinance (Chapter 314 of laws of Hong Kong), Employees' Compensation Ordinance (Chapter 282 of the laws of Hong Kong), Employment Ordinance (Chapter 57 of the laws of Hong Kong), Air Pollution Control Ordinance (Chapter 311 of laws of Hong Kong), Noise Control Ordinance (Chapter 400 of laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of laws of Hong Kong), Public Health and Municipal Service Ordinance (Chapter 132 of the laws of Hong Kong), Dumping at Sea Ordinance (Chapter 466 of laws of Hong Kong), Construction Workers Registration Ordinance (Chapter 583 of the laws of Hong Kong), Buildings Ordinance (Chapter 123 of laws of Hong Kong), Environmental Impact Assessment Ordinance (Chapter 499 of the laws of Hong Kong) laws and regulations in the PRC regarding property development, and other relevant laws and regulations.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year under review, there were no material and significant dispute between the Group and its suppliers, customers and/or stakeholders.

PROPERTY, PLANT AND EQUIPMENT

Details of movements of the property, plant and equipment of the Group during the Financial Year 2017 are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

The Company's total issued share capital as at 31 March 2017 was 1,200,000,000 ordinary shares of HK$0.01 each.

Details of movements of the share capital of the Company during the Financial Year 2017 are set out in note 24 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and the Group during the Financial Year 2017 are set out in note 34 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 March 2017, the Company's reserves available for distribution to owners comprising the aggregate amount of share premium less accumulated loss, amounted to approximately HK$24.8 million.

GROUP FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on page 106. This summary does not form part of the audited consolidated financial statements of the Group.

DIRECTORS' REPORT

DIRECTORS

The directors of the Company during the year and up to the date of this annual report were as follow:

Executive Directors

Mr. Wang Kei Ming *(Chairman and Chief Executive Officer)*	(Appointed on 12 April 2016)
Mr. Wang Yu Hin	(Appointed on 18 July 2016)

Independent non-executive directors

Mr. Lai Ah Ming Leon	(Appointed on 17 January 2017)
Mr. Lam Wai Ho	(Appointed on 17 January 2017)
Mr. Kwong Ping Man	(Appointed on 17 January 2017)

Information regarding directors' emoluments are set out in note 10 to the consolidated financial statements.

The Directors' biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

In accordance with Article 112 of the memorandum (the "**Memorandum**") and articles of association of the Company (the "**Articles**"), any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Pursuant to Article 108 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Accordingly, Mr. Wang Kei Ming, Mr. Wang Yu Hin, Mr. Lai Ah Ming Leon, Mr. Lam Wai Ho and Mr. Kwong Ping Man will retire from office as Directors at the forthcoming annual general meeting of the Company be held on Wednesday, 23 August 2017. All Directors being eligible and will offer themselves for re-election.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company for a term of three years commencing on the 8 February 2017 unless terminated by not less than three months' notice in writing served by either party on the other, and is subject to termination provisions on retirement by rotation of Directors as set out in the Memorandum and the Articles.

None of the Directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company and/or any of its subsidiaries, which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Financial Year 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective associates, or were any such rights exercised them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire the rights in any other body corporate.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, there was no equity-linked agreement entered into by the Company during the Financial Year 2017.

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

As at 31 March 2017, the interests or short positions of each of the Directors and the chief executive in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required pursuant to the Model Code to be notified to the Company and the Stock Exchange are set out as follows:

Long Position in shares and underlying shares of the Company

Name of Director	Capacity/ Nature of interest	Number of underlying shares held	Approximate percentage of shareholding
Mr. Wang Kei Ming (note 1)	Interested in a controlled corporation	801,600,000	66.8%

Note:

1. Mr. Wang Kei Ming beneficially owns the entire issued share capital of Wang K M Limited ("**Wang K M**"), which directly holds 66.8% of the shares of the Company. Therefore, Mr. Wang Kei Ming is deemed to be interested in all the shares of the Company held by Wang K M for the purpose of the SFO. Mr. Wang Kei Ming is the sole director of Wang K M.

Save as disclosed above, as at 31 March 2017, none of the Directors or chief executive of the Company had registered an interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which he was taken or deemed to have under provision of the SFO) or which were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2017, so far as is known to the Directors or chief executive of the Company, the following persons (other than Directors or chief executive of the Company), who had interests or short positions in the shares of the Company, the underlying shares and debentures of the Company and its associated corporation within the meaning of Part XV of the SFO which were required to be disclosed pursuant to the provision of Division 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein, were as follows:

Long positions in shares and underlying shares of the Company

Name of shareholder	Capacity/ Nature of interest	Number of shares/ underlying shares held	Approximate percentage of shareholding
Wang K M (Note 1)	Beneficial owner	801,600,000	66.8%
Ms. Chao Lai Heng (Note 2)	Interest of Spouse	801,600,000	66.8%

Note:

1. Wang K M is 100% owned by Mr. Wang Kei Ming. Therefore, Mr. Wang Kei Ming is deemed to be interested in all the shares of the Company held by Wang K M for the purpose of the SFO. Mr. Wang Kei Ming is the sole director of Wang K M.

2. Ms. Chao Lai Heng is the spouse of Mr. Wang Kei Ming. Accordingly, Ms. Chao Lai Heng is deemed, or taken to be, interested in all the shares of the Company in which Mr. Wang Kei Ming is interested for the purpose of the SFO.

Save as disclosed above, as at 31 March 2017, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interest or short positions in the shares or underlying shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register referred to therein.

SHARE OPTION SCHEME

The Company's share option scheme ("**Share Option Scheme**") was conditionally adopted on 17 January 2017. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contribution to it. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions. This will be in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Further details of the Share Option Scheme are set forth in the section headed "Statutory and General Information – D. Share Option Scheme" in Appendix IV to the Prospectus and note 25 of the consolidated financial statements.

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, upon date of Listing, two non-exempt continuing connected transactions have been entered into and will continue to be carried out between the Company and Genuine Treasure Access and Scaffolding Limited ("**GT Scaffolding**") and Genuine Treasure Construction Material Limited ("**GT Material**"). GT Scaffolding and GT Material are both companies wholly-owned by Ms. Wang Mung Nien Ann, the sister of Mr. Wang Kei Ming, and is therefore a connected person of the Company under the Listing Rules. The principal business activities of GT Material and GT Scaffolding are trading of construction materials and letting of scaffolding equipment, respectively.

GT Scaffolding Framework Agreement

The agreement entered into between the Company and GT Scaffolding prior to the Listing for a term ending 31 March 2019, pursuant to which GT Scaffolding has agreed to provide metal scaffold rental services, together with the necessary supporting equipment, technical support and transport services from time to time to the Group as request. Taking into account that the Group has established a long-term relationship with GT Material and GT Scaffolding (the "**Genuine Treasure Group**"), and has enjoyed better bulk purchase discount from GT Scaffolding than that from independent third parties, the Directors consider that it is in the interest of the Group to continue the business relationship with GT Scaffolding upon Listing.

GT Material Framework Agreement

The Group entered into the agreement between the Company and GT Material prior to the Listing for a term ending on 31 March 2019, pursuant to which GT Material agreed to provide timber materials to the Group from time to time as request. Timber materials which the Group purchases from GT Material are used to build the timber formwork and the timber purchased from GT Material in the past could be tailor-made to the specification, satisfied the quality requirement and was delivered in accordance with the specified time without major delay.

The Directors, including the independent non-executive Directors, consider that all of the continuing connected transactions above and their respective annual caps are fair and reasonable, and that such transactions have been and will be entered into in the ordinary and usual course of the business of the Group, on normal commercial terms, are fair and reasonable, and in the interests of the Group and holder(s) of the Share(s) (the "**Shareholder(s)**") as a whole. The details of all the fully exempted and non-exempted continuing connected transaction set out in note 29 to the consolidated financial statements.

RETIREMENT BENEFIT SCHEME

Details of the Group's retirement benefit scheme are set out in note 26 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the sub-section headed "Continuing connected transactions" in "Directors' Report" on page 22 and note 29 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contracts of the significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Financial Year 2017.

CONTRACTS OF SIGNIFICANCE BETWEEN THE GROUP AND THE CONTROLLING SHAREHOLDERS AND THEIR RESPECTIVE SUBSIDIARIES

For particulars of the contracts of significance between the Group and Wang K M Limited and Mr. Wang Kei Ming (the "**Controlling Shareholders**") or their respective subsidiaries or the contracts of significance for the provision of services to the Group by the Controlling Shareholders or their respective subsidiaries, please refer to the paragraph headed "Continuing Connected Transaction" in "Directors' Report" on page 22 and note 29 to the consolidated financial statements.

MANAGEMENT CONTRACTS

Save for service contracts, no other contracts, relating to the management and/or administration of the whole or any substantial part of the business of the Company were entered into or subsisting during the Financial Year 2017.

COMPETING BUSINESS

During the Financial Year 2017, none of the Directors or the Controlling Shareholders and their respective associated had any interests in a business, apart from the business of the Group, which competes or may compete with the business of the Group or has any other conflict of interest with the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

Non-Competition Undertaking

In order to avoid any possible future competition between the Group and the Controlling Shareholders, Mr. Wang Kei Ming and Wang K M Limited (each a "**Covenantor**" and collectively the "**Covenantors**") have entered into the Deed of Non-competition with the Company (for itself and for the benefit of each other member of the Group) on 17 January 2017. Pursuant to the Deed of Non-competition, each of the Covenantors has irrevocably and unconditionally undertaken to the Company (for itself and as trustee for its subsidiaries) that, during the period that the Deed of Non-competition remains effective, he/it shall not, and shall procure that his/its close associates (other than any member of the Group) not to develop, acquire, invest in, participate in, carry on or be engaged, concerned or interested or otherwise be involved, whether directly or indirectly, in any business in competition with or likely to be in competition with the existing business activity of any member of the Group.

Each of the convenantors also gave certain non-competition undertakings under the Deed of Non-competition as set out in the paragraph headed "Relationship with our controlling shareholders – Non-competition undertaking" in the Prospectus.

PERMITTED INDEMNITY PROVISION

Pursuant to Article 191 of the Articles, the Director, secretary and other officers for the time being of the Company for the time being acting in relation to any of the affairs of the Company, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reasons of any act execution of their duty to the Company.

Such provision was in force during the course of the Financial Year 2017 and remained force as of the date of this annual report. The Company has taken out and maintained Directors' and officers' liabilities insurance throughout the year, which provides appropriate cover for the Directors.

EMOLUMENT POLICY

The emolument policy of the employees of the Group was set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a Share Option Scheme as an incentive to eligible persons, details are set out under heading "Share Option Scheme" in this annual report.

EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 10 to the consolidated financial statements.

The remuneration of the senior management of the Group for the Financial Year 2017 falls within the following bands:

Remuneration Band	Number of Senior Management
Up to HK$1,000,000	–
HK$1,000,001 to HK$2,000,000	1
Above HK$2,000,000	3

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands being the jurisdiction in which the Company was incorporated which would oblige the Company to offer new shares of the Company on a pro rata basis to existing shareholders of the Company.

DONATION

Charitable donations were made by the Group during the Financial Year 2017 amounted to HK$1,005,000 (2016: HK$43,000).

SUFFICIENCY OF PUBLIC FLOAT

To the best knowledge of the Directors and based on information available in the public domain concerning the Company, at least 25% of the Company's issued share capital were held by the public as at the date of this annual report.

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 Financial Year 2017.

MAJOR CUSTOMERS

During the Financial Year 2017, the Group's five largest customers accounted for approximately 78.5% (2016: 97.8%) of the total revenue of the Group and the largest customer of the Group accounted for approximately 23.8% (2016: 40.8%) of the total revenue.

None of the Directors or any of their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

MAJOR SUPPLIERS

During the Financial Year 2017, the Group's five largest suppliers accounted for 71.2% (2016: 69.0%) of the total purchases of the Group and the largest supplier of the Group accounted for 28.3% (2016: 21.3%) of the total purchases.

None of the Directors or any of their close associates, or any shareholder of the Company (which to the knowledge of the Directors own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest suppliers.

CORPORATE GOVERNANCE

Details of the Corporate Governance Report are set out on pages 27 to 35 of this annual report.

EVENT 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.

DIRECTORS' REPORT

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

AUDITORS

The consolidated financial statements of the Group for the Financial Year 2017 were audited by HLB Hodgson Impey Cheng Limited. A resolution for the re-appointment of HLB Hodgson Impey Cheng Limited as auditors of the Company is to be proposed at the forthcoming annual general meeting.

On behalf of the Board
Wang Kei Ming
Chairman and Executive Director

Hong Kong, 23 June 2017

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 obtain and maintain the trust and safeguarding interest of the shareholders and other stakeholders of the Company. 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 (i.e. 8 February 2017) to 31 March 2017 except for the derivation from provision A.2.1 of the CG Code as set out in the sub-section "Chairman and Chief Executive Officer" in "Corporate Governance Report" on page 29.

The key corporate governance practices of the Group are summarised as follows:

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 throughout the date of Listing (i.e. 8 February 2017) to 31 March 2017.

DIRECTORS' RESPONSIBILITIES AND DELEGATION

The Board is responsible for leading and controlling the business operations of the Group. It formulates strategic directions, oversees the operations and monitors the financial performance of the Group. The management is delegated power and authority given by the Board for the day-to-day management and operations of the Group. The management is accountable to the Board for the Company's overall operation. Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

1) To develop and review the policies and practices on corporate governance of the Group and make recommendations;

2) To review and monitor the training and continuous professional development of the Directors and the senior management;

3) To review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

4) To develop, review and monitor the code of conduct applicable to the Directors and the employees of the Group; and

5) To review the Company's compliance with the Code as set out in Appendix 14 to the Listing Rules and disclosure in the corporate governance report of the Company.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION

The Board currently comprises two executive Directors and three independent non-executive Directors and the Board is accountable to shareholders. The management and control of the business of the Company is vested in its Board. It is the duty of the Board to create value to the shareholders of the Company.

Executive Directors

Mr. Wang Kei Ming *(Chairman and Chief Executive Officer)*	(Appointed on 12 April 2016)
Mr. Wang Yu Hin	(Appointed on 18 July 2016)

Independent Non-executive Directors

Mr. Lai Ah Ming Leon	(Appointed on 17 January 2017)
Mr. Lam Wai Ho	(Appointed on 17 January 2017)
Mr. Kwong Ping Man	(Appointed on 17 January 2017)

Specific enquiry has been made by the Company to each of the independent non-executive Directors to confirm their independence. In this connection, the Company is of the view that all independent non-executive Directors are independent under the Listing Rules.

Saved as disclosed in the section headed "Biographical Details of the Directors and Senior Management" in this annual report, the executive Director, chairman and chief executive officer of the Company, Mr. Wang Kei Ming is the father of the executive Director, Mr. Wang Yu Hin. Apart from the above, there is no financial, business, family or other material or relevant relationship among members of the Board and senior management.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company on 18 July 2016 and signed letters of appointment with each of independent non-executive Directors on 17 January 2017. The service contracts with the executive Directors and the letter of appointment with each of independent non-executive Directors are for an initial fixed term of three years commencing from the date of Listing. The service contracts and letters of appointment are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with the Articles and the applicable Listing Rules.

Pursuant to Article 108 of the Articles, one-third of the Directors shall retire from office by rotation at each annual general meeting and every Director shall be subject to retirement by rotation at least once every 3 years. A retiring Director shall be eligible for re-election.

In accordance with Article 112 of the Articles, any director appointed by the Board either to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

All Directors will retire from office at the forthcoming annual general meeting of the Company to be held on Wednesday, 23 August 2017. All Directors, being eligible, will offer themselves for re-election.

At the forthcoming annual general meeting of the Company, separate ordinary resolutions will be put forward to the shareholders of the Company in relation to the proposed re-election of all Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under paragraph A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organisation structure of the Company, Mr. Wang Kei Ming is the chairman and chief executive officer of the Company. With his extensive experience in the industry, the Board believes that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, allows for effective and efficient planning and implementation of business decisions and strategies, and is beneficial to the business prospects and management of the Group. Although Mr. Wang Kei Ming performs both the roles of chairman and chief executive officer, the division of responsibility between the chairman and chief executive officer is clearly established. In general, the chairman is responsible for supervising the functions and performance of the Board, while the chief executive officer is responsible for the management of the business of the Group. The Company also consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

DIRECTORS' AND OFFICERS' LIABILITIES

The Company has arranged for appropriate insurance covering the liabilities in respect of legal action against the Directors and officers that may arise out of its corporate activities. The insurance coverage is reviewed on an annual basis.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board as they bring an impartial view on the Company's strategies, performance and control, as well as ensure that the interests of all shareholders are taken into account. The representation of independent non-executive Directors is more than one-third of the members of the Board with at least one of whom has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each independent non-executive Directors an annual confirmation of his independence for the Financial Year 2017 pursuant to Rule 3.13 of the Listing Rules and the Company considers all independent non-executive Directors to be independent during the date of Listing (i.e. 8 February 2017) to the 31 March 2017. None of the independent non-executive Directors held any other offices in the Company or any of its subsidiaries or is interested in any shares of the Company.

DIRECTORS' CONTINUING PROFESSIONAL DEVELOPMENT PROGRAMME

The Group acknowledges the importance of adequate and ample continuing professional development for the Directors to a sound and effective internal control system and corporate governance. In this regard, the Group has always encouraged the Directors to attend relevant training courses to receive the latest new and knowledge regarding corporate governance.

The Company updates Directors on the latest developments and changes to the Listing Rules and the applicable legal and regulatory requirements concerning good corporate governance practices. Reading materials on regulatory updates were also provided to the Directors for updating their knowledge on the relevant issues. The Company will, if necessary, provide timely and regular trainings to the Directors to ensure that they keep abreast of the current requirements under the Listing Rules. The Group has also adopted a policy to reimburse the Directors for any relevant training costs and expenses incurred concerning corporate governance and internal control.

BOARD COMMITTEES

The Board has established three Board committees, namely, the Remuneration Committee, the Nomination Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the HKEx's website www.hkex.com.hk and the Company's website at www.royal-deluxe.com. All Board committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expenses.

The Board is responsible for performing the corporate governance duties set out in the CG Code which included developing and reviewing the Company's policies and practices on corporate governance, training and continuous professional development of Directors, and reviewing the Company's compliance with the code provision in the Code and disclosures in this annual report.

BOARD AND GENERAL MEETINGS

The Board meet regularly for considering, reviewing and/or approving matters relating to, among others, the financial and operating performance, as well as, the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

As the Company was first listed on Main Board on 8 February 2017, only 3 Board meetings was held from the date of Listing to the date of this annual report. The individual attendance record of the Board meeting are set out as follows:

	Number of Board meetings attended/ eligible to attend:
Executive Directors:	
Mr. Wang Kei Ming	3/3
Mr. Wang Yu Hin	3/3
Independent non-executive Directors:	
Mr. Lai Ah Ming Leon	3/3
Mr. Lam Wai Ho	3/3
Mr. Kwong Ping Man	3/3

Other than the above Shareholder's resolutions, for the Financial Year 2017, no general meeting was held.

AUDIT COMMITTEE

The Company has established the Audit Committee on 17 January 2017 with written terms of reference in compliance with paragraph C.3 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, the risk management and internal control system of the Group. The Audit Committee comprises three members, namely Mr. Lai Ah Ming Leon, Mr. Lam Wai Ho and Mr. Kwong Ping Man. Mr. Kwong Ping Man is the chairman of the Audit Committee.

The principal role and functions of the Audit Committee are (i) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors; (ii) review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process; (iii) to monitor integrity of the Company's financial statements, annual reports and accounts and half year report.

From the date of Listing to the date of this annual report, the Audit Committee mainly has (i) reviewed the reports from the Auditors, accounting principles and practices adopted by the Group, management representation letters and management's response in relation to the annual results for the Financial Year 2017; (ii) reviewed the consolidated financial statements for the Financial Year 2017 and recommended the same to the Board for approval.

As the Company was newly listed on 8 February 2017, the Audit Committee has held one meeting from date of Listing to the date of this annual report. The attendance record of each member of the Audit Committee is set out below:

	Attendance/ Number of meetings from the date of Listing to the date of this annual report
Mr. Lai Ah Ming Leon	1/1
Mr. Lam Wai Ho	1/1
Mr. Kwong Ping Man *(Chairman)*	1/1

There had been no disagreement between the Board and the Audit Committee from the date of Listing to 31 March 2017.

REMUNERATION COMMITTEE

The Company has established the Remuneration Committee on 17 January 2017 with written terms of reference in compliance with paragraph B.1.2 of the CG Code. The Remuneration Committee comprises four members, namely Mr. Lai Ah Ming Leon, Mr. Lam Wai Ho, Mr. Kwong Ping Man and Mr. Wang Kei Ming. Mr. Lai Ah Ming Leon is the chairman of the Remuneration Committee.

The principle role and functions of the Remuneration Committee are to review the remuneration packages of individual executive Directors and key executives, including salaries, bonuses, benefits in kind and the terms of which they participate in any share options and other plans considering factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and key executives, employment conditions elsewhere in the Group and desirability of performance-based remuneration and making recommendations to the Board from time to time.

As the Company was newly listed on 8 February 2017, the Remuneration Committee has held two meetings as at the date of this annual report. The attendance record of each member of the Remuneration Committee is set out below:

	Attendance/ Number of meetings from the date of Listing to the date of this annual report
Mr. Wang Kei Ming	2/2
Mr. Lai Ah Ming Leon *(Chairman)*	2/2
Mr. Lam Wai Ho	2/2
Mr. Kwong Ping Man	2/2

NOMINATION COMMITTEE

The Company has established the Nomination Committee on 17 January 2017 with written terms of reference in compliance with paragraph A.5 of the CG Code. The Nomination Committee comprises four members, namely Mr. Lai Ah Ming Leon, Mr. Lam Wai Ho, Mr. Kwong Ping Man and Mr. Wang Kei Ming. Mr. Lam Wai Ho is the chairman of the Nomination Committee.

The main duties of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and to identify individuals suitably qualified to become Board members. It is also responsible for assessing the independence of independent non-executive Directors and making recommendations to the Board on relevant matters relating to the appointment or re-appointment of Director and succession planning for Directors. The Nomination Committee reviewed the board diversity policy and the progress on achieving the objectives set for implementing the said policy. The recommendations of the Nomination Committee are then put forward for consideration and adoption where appropriate, by the Board.

As the Company was newly listed on 8 February 2017, the Nomination Committee has held one meeting from date of Listing to the date of this annual report. The attendance record of each member of the Nomination Committee is set out below:

	Attendance/ Number of meetings from the date of Listing to the date of this annual report
Mr. Wang Kei Ming	1/1
Mr. Lai Ah Ming Leon	1/1
Mr. Lam Wai Ho *(Chairman)*	1/1
Mr. Kwong Ping Man	1/1

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy in relation to the nomination and appointment of Directors. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Nomination Committee will consider a number of factors relating to the candidates, including but not limited to their gender, age, cultural and educational background, ethnicity, professional experience and knowledge.

COMPANY SECRETARY

The Company Secretary assists the Board by ensuring the Board policy and procedures are followed. The Company Secretary is also responsible for advising the Board on corporate governance matters.

The Company Secretary is Ms. Yim Sau Ping whose biographical details are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

Ms. Yim Sau Ping has been informed of the requirement of the Rule 3.29 of the Listing Rules, and she confirmed that she had attained no less than 15 hours of relevant professional training during the Financial Year 2017.

RISK MANAGEMENT AND INTERNAL CONTROL

The Directors acknowledge that they have overall responsibility for overseeing the Company's internal control, financial control and risk management system and shall monitor its effectiveness on an ongoing basis. A review of the effectiveness of the risk management and internal control systems has been conducted by the Board at least annually.

Aimed at providing reasonable assurance against material errors, losses or fraud, the Company has established a risk management procedures which comprised the following steps:

- Identify risks: Identify major and significant risks that could affect the achievement of goals of the Group;

- Risk assessment: Assess and evaluate the identified risk according to its likely impact and the likelihood of occurrence;

- Risk mitigation: Develop effective control activities to mitigate the risks.

Risk identification and assessment is performed or updated annually, and the results of risk assessment, evaluation and mitigation of each functions or operation are documented in the Risk Registry to communicate to the Board and Management for reviews.

The Group's risk management and internal control systems are, however, designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

A review on the internal control systems of the Company, including financial, operational and compliance controls and risk management functions has been carried out by an independent consultancy company with staff in possession of relevant expertise to conduct an independent review.

The Company's audit committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the Financial Year 2017 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the audit committee and concurred the same.

Under Code Provision C.2.5, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the audit committee and the Board. In addition, the audit committee has communicated with external auditors of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.

AUDITORS' REMUNERATION

During the year, the remuneration paid or payable to the external auditors of the Company, HLB Hodgson Impey Cheng Limited, in respect of the audit and non-audit services were as follows:

Services rendered	Remuneration paid/payable HK$'000
Audit services	
– Statutory audit services	950
Non-audit services	
– Acting as reporting accountants for the listing of the shares of the Company on the Main Board of the Stock Exchange	1,800
	2,750

SHAREHOLDERS' RIGHT

As one of the measures to safeguard shareholders' interest and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions put forward at shareholders' meeting will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the website of the Stock Exchange and the Company after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "**Requisitionists**") (as the case may be) pursuant to Article 64 of the Articles. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals with general meeting of the Company by sending the same to the Company at the principal office of the Company in Hong Kong.

For putting forward any enquiries to the Board, shareholders may send written enquiries to the Company. Shareholders may send their enquiries or requests in respect of their rights to the Company's principal place of business in Hong Kong.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted shareholders communication policy with objective of ensuring that the shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company.

The Company has established several channels to communicate with the shareholders as follows:

(i) Corporate communications such as annual reports, interim reports and circulars are issued in printed form and are available on the website of the Stock Exchange and the Company at "www.royal-deluxe.com";

(ii) Periodic announcements are made through the Stock Exchange and published on the respective websites of the Stock Exchange and the Company;

(iii) Corporate information is made available on the Company's website;

(iv) Annual and extraordinary general meetings provide a forum for the shareholders to make comments and exchange views with the Directors and senior management; and

(v) The Hong Kong share registrar of the Company serves the shareholders in respect of share registration, dividend payment and related matters.

The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquires to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong.

During the Financial Year 2017, there is no significant change in the Company's memorandum and the Articles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. About this Report

This is the first year of Royal Deluxe Holdings Limited (together with its subsidiaries, the "**Group**") to prepare and publish the Environmental, Social, and Governance (the "**ESG**") Report in Hong Kong after the Group was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 8th February 2017. The Group will illustrate and highlight its efforts and performance in both environment and social aspects for the Group's business operations in Hong Kong in achieving sustainable development.

2. The Scope and Reporting Period of this Report

The Group is principally engaged in the construction sector specialising in large scale formwork erection projects for the construction of reinforced concrete structures in Hong Kong. This report demonstrates the ESG performance of the Group's business operation in achieving sustainable development. The report content covers the period from 1st April 2016 to 31st March 2017 unless otherwise stated.

3. Vision on Environmental, Social, and Governance

The Company understands that the success of its business must build upon on a clear set of goals, good quality management and a good planning for the future in order to be competitive and to develop its business responsibly and sustainably. At the same time, being a socially responsible enterprise, the Company should have the conscience and a sense of mission to contribute to the community. By consciously caring for the environment and community members and actively participating in public welfare or charity events, the Group could act as a role model in building a harmonious society.

By incorporating environmental protection consciousness into the decision-making processes of the Group's innovation, management, and operation strategies, it would result in the improvement of the Group's environmental protection performance in resources consumption, materials and waste recycling and reduction, energy saving, pollution prevention, and lower carbon emission to benefit the Group and the community in the long term.

4. Stakeholders' Engagement

Long-term and stable relationships with stakeholders is important in understanding their views and expectation, as well as communicating to them regarding the Group's business development plan and strategies. By conducting regular meetings and communication events, the Group can obtain information, ideas, and comments which are valuable in the course of its future development. The following chart highlights the channels of the Group's stakeholders' engagement activities.

Community

- Media coverage and press releases
- Corporate website

Customers

- Service Contracts
- Site visit and inspection
- Comments and complaint channels
- Corporate website

Employees

- Trainings and briefings
- Company handbook, company rules and regulations
- Company sponsored informal gathering
- Performance appraisals
- Awards

Investors and Shareholders

- Annual general meeting and notices
- Annual reports, consolidated financial statements and announcements
- Investors briefings

Subcontractors/Suppliers

- Service contracts
- Supplier guidelines
- Site inspection
- Suppliers assessment and reassessment

5. Environmental Performance

5.1 Industry Segment

The Group's principal operating subsidiary is a major subcontractor specialising in providing formwork erection as well as related ancillary services in Hong Kong. In addition to traditional timber formwork erection, aluminium or steel assembly system formwork is also the Group's quality services for both building construction and civil engineering projects. Formwork design and erection services are one of the essential steps for the construction of reinforced concrete structures and a large number of raw materials such as timbers, iron, aluminium and steel alloy are required for formwork erection.

The Group is registered as a subcontractor under the Subcontractor Registration Scheme under the Construction Industry Council and is approved to carry out construction related works in Hong Kong. The Group has completed a number of formwork erection and construction projects during the reporting period. With the growing awareness of environmental protection from the Group's major clients and the members of the community, the Group has been establishing and implementing environmental management policies in improving the environmental awareness of its employees and the environmental performance of the Group.

The Group is in compliance with the following environmental protection requirement in accordance with the related laws and regulations of Hong Kong. In addition, the Group's operations do not involve in production-related air, water and land pollutions which are regulated under national laws and regulations and there was no hazardous waste being generated during the reporting period.

Environmental related Laws and Regulations
Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong)
Dumping at Sea Ordinance (Chapter 466 of the Laws of Hong Kong)
Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong)
Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong)
Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong)
Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong)
Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong)

5.2 Emissions

To provide meaningful information to this ESG report, the Group is systematically collecting its carbon footprint data for disclosure. The carbon footprint is defined as the total amount of direct and indirect emissions of greenhouse gas (GHG) expressed in terms of equivalent amount of carbon dioxide (CO2) emission.

Comprising the Group's headquarter office and active projects for the reporting period, the Group's operations in Hong Kong covered a total floor area of 499.55 m^2 and accounted for 100% of the Group's emissions.

5.2.1 Greenhouse Gas Emission

There were 182.28 tonnes of carbon dioxide equivalent (tCO_2-eq) GHG (mainly carbon dioxide, methane and nitrous oxide) emitted from the Group's operation during the reporting period. With the total operation area of 499.55 m^2, the total GHG emission intensity due to energy usage was 0.069 tCO_2-eq/m^2. The major emission was contributed by the use of motor vehicles which accounted for 121.69 tCO_2-eq GHG.

Scope	Sources of emission	GHG* emission (in tCO_2-eq)	GHG* emission by scope (in tCO_2-eq)	Distribution
1	Stationary combustion	N/A		
	Mobile combustion	121.69	121.69	66.76%
	Refrigeration/Air-conditioning	N/A		
2	Purchased electricity	34.59	34.59	18.97%
	Purchased energy	N/A		
3	Disposal of paper waste	25.93	26.01	14.27%
	Fresh water processing	0.06		
	Sewage water processing	0.02		
	Total GHG* emission	**182.28**		**100%**

* The GHG is calculated according to the 'Guiltiness to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong' jointly published by EPD and EMSD.

The major emission source of the Group was scope 1 emission: direct emission from mobile source which attributed to the use of motor vehicles, it contributed to 66.76% of total GHG emission. The second major emission source was scope 2 emission: electricity usage in the headquarter office generated by the use of electricity originated from electrical appliances including lightings, air conditioning, and office equipment, it contributed to 18.97% of total GHG emission. The third emission source was scope 3 emission: the disposal of paper waste that accounted for 14.27% of the Group's total GHG emission.

The following table summarised the GHG emission contributed from the headquarter office:

Scope	Source of GHG emission	GHG emission (in tCO_2-eq)	GHG emission by scope (in tCO_2-eq)	Distribution
2	Purchased electricity	34.59	34.59	80.12%
3	Disposal of paper waste	8.50	8.58	19.88%
	Fresh water processing	0.06		
	Sewage water processing	0.02		
	Total GHG emission	**43.17**		**100.00%**

The headquarter office contributed to a total of 43.17 tCO_2-eq GHG emission which was 23.68% of the total GHG generated by the Group. The electricity usage already represented the total electricity used by the Group and contributed to over 80% of the office total, while the disposal of paper waste at the office accounted for 32.78% of the total paper waste generated by the Group.

5.2.2 *Air Emission*

Construction works conducted in Hong Kong must comply with the relevant Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Construction Dust) Regulation. During construction and demolition process, dust generated by various activities could make a significant contribution to local air pollution. The formwork erection works and other auxiliary construction works are conducted outdoor and do not require any onsite burning of fuels or the use of volatile chemical substance; thus, the relevant air emission is not significant. However, dust or respirable suspended particulates (RSP) matters generated by various activities on construction sites may contribute to some local air pollution. The Group is considering measuring the outdoor particulate emission and the level of exposure to particulate matter in its project locations in the future.

Another major source of air emission was the use of petrol and diesel vehicles for transportation. A total of 121.69 tCO_2-eq GHG were generated during the reporting period. Motor vehicles, especially the diesel powered, generate a considerable amount of RSP and nitrogen dioxide (NO2) to the environment. Hence the use of more energy efficient transportation method or electric vehicles will be considered to minimise air emission to the environment.

5.2.3 *Water Emission*

Construction operations usually involve the discharge of wastewater in construction sites and the wastewater is usually contaminated with silt and mud. Untreated wastewater not only caused flooding as a result of blockage of drainage but also polluted the ecosystem of fresh water bodies or marine water. The usage of water and the treatment facilities of wastewater in formwork construction sites are generally provided by the main contractor of the projects, the Group will also implement monitoring system to reduce water use and ensure proper wastewater treatment is in place to minimise wastewater discharge.

Apart from the above emission that was already accounted for, other possible GHG emission information shall be identified in the future:

Scope 1:

– emission from the transportation of material/waste by vehicles;

– emission from the disposal of refrigerants from air conditioners or refrigerators during operation;

– emission from generators use in construction sites for backup or other purposes;

Scope 3:

– emission from the biogenic waste (wood, timber, food waste) being disposed at landfills;

5.3 Use of Natural Resources and Non-Hazardous Waste Generations

5.3.1 Electricity

The consumption of electricity has a significant effect on the environment and natural resources as most electricity is produced by the burning of fossil fuel that will release carbon dioxide. The total electricity consumption by the Group was 64,049.76 Kilowatt-hour (kWh), with the total operation area of 499.55 m^2, the energy intensity was 128.21 kWh/m^2. However, it could not represent the total electricity used by the Group as the usage of electricity in the formwork construction sites was not included in this report. It is noteworthy that electricity is generally provided by the main contractor of the projects but the Group is considering to obtain the related data from the main contractor in the future for disclosure purpose.

5.3.2 Water

The total fresh water consumption was 134.40 cubic meters (m^3) during the reporting period, but it could not represent the total water used by the Group as water usage was included in the management fee of the headquarter office. Furthermore, similar to the electricity usage, the water usage data in the formwork construction sites was not available for calculation as it is a common practice that water is normally provided by the main contractor or property owner of the project. Nevertheless, the Group is conscientious in the conservation of water as it is one of the most precious natural resources on earth.

5.3.3 Fossil Fuel – Petroleum and Diesel

The use of petroleum and diesel for motor vehicles accounted for the major GHG emission source for the Group. A total of eleven vehicles comprised of light goods vehicles and private cars consumed 7,612.47 litre (L) and 38,146.13L of diesel and unleaded petroleum respectively.

5.3.4 Material Use and Construction Waste Generation

Formworks erection requires different raw materials including timber and metal components procured from a number of suppliers, the following table summarised the amount of timber used from major suppliers in the reporting period:

	Types of material (in m^3)				
Supplier	**Plywood**	**Lumber**	**Siding & Others**	**Total**	**%**
*Supplier 1	1,267.38	2,281.10	0.00	3,548.48	1.92%
*Supplier 2	720.11	8,612.14	17.91	9,350.16	5.07%
*Supplier 3	2,317.69	29,496.34	2.10	31,816.14	17.24%
*Supplier 4	0.00	260.00	0.00	260.00	0.14%
*Supplier 5	282.35	132,429.20	0.00	132,711.55	71.92%
*Supplier 6	237.60	6,606.14	0.99	6,844.73	3.71%
	4,825.13	**179,684.92**	**21.00**	**184,531.06**	**100%**

* Certified PEFC Supplier

There was a total of 184,531.06 m^3 of timber material being purchased and used during the reporting period. Since the density of timber material varies, the weight cannot be accurately deduced. With the growing awareness towards the environmental impact from using timber material, the Group is committed to purchase timber material that is certified under the Programme for the Endorsement of Forest Certification (PEFC). PEFC is a programme to promote sustainable forest management to ensure the timber products are produced with respect to the highest ecological, social and ethical standards. All timber materials purchased by the Group were procured from certified PEFC suppliers demonstrating the Group' commitment to conserve the environment and develop its business in a sustainable manner.

It is difficult for timber material to be reused or recycled after used; thus, most of the timber material was being disposed of at landfill eventually. Similar to the use of electricity and water in the construction site, waste disposal is also handled and managed by the main contractor, the related quantity of waste disposal was not accurately recorded. Nevertheless, the Group is planning to establish a waste management policy to record, manage and reduce the amount of timber waste, and seek ways to enhance the reuse and recycling of timber waste.

On the other hand, formwork erection also requires the use of different metal frameworks, the following table summarised the amount of metal procured from major suppliers:

	Type of metals (kg)			
Supplier	**Iron**	**Aluminium**	**Others**	**Total**
Supplier 1	0.00	143,938.48	0.00	143,938.48
Supplier 2	543,790.32	275,344.80	290,760.93	1,109,896.05
Total Weight (kg)	543,790.32	419,283.28	290,760.93	1,253,834.53
% of Total	43.37%	33.44%	23.19%	100.00%
Total Recycled	398,820.00	88,932.00	0.00	487,752.00
Recycling Rate	73.34%	21.21%	0.00%	38.90%

There were about 1,254 tons of metals being used for operation, comprised with 43.37% iron, 33.44% aluminium and the remaining of other metals and alloy components during the reporting period. As compared to timber materials, metals and its components have a greater possibility to be reused; however, the high labour cost incurred on repairing for reuse and a considerable amount of space required for storage hinder the overall reuse ability. Subsequently, they were being disposed of in the waste stream. In general, metals can be easily recycled, but the recycling record showed that about 73% of iron, 22% of aluminium and no mixed metals and alloy were recycled during the reporting period, and as a result, the overall recycling rate for all the metals were less than 40% of the total metals used. The reasons behind the low recycling rate on aluminium and the mixed metals and alloy could be attributed to the bulky, light weight nature, and low value of aluminium recycling and the difficulties in the dissembling and sorting of mixed metals and alloy parts.

The reduction and recycling of construction waste (timbers and metals) is becoming more important to the construction industry due to the increase in public awareness and waste disposal charges under the Construction Waste Disposal Charging Scheme. Thus, the Group is continuously making its effort to design and research for better construction methods to build its formworks with less usage of raw materials so as to improve reuse and recycling rate. The development and achievement of owning a number of patents substantiated the Group's commitment in environmental protection.

5.4 The Environment-Conservation of Resources

Various measures were adopted to reduce electricity and paper use:

- Involve all employees to trim electricity usage by switching off lights and air-conditioners when not in use;
- Set the thermostat of the air conditioners to 25.5°C for best energy saving effect and thermal comfort;
- Replace high electricity consumption lighting and lamps with the installation of electricity saving lighting;
- Set duplex printing as the default mode for network printers;
- Email footnote was made to remind employees and recipients to consider the environment before printing;
- Recycle paper waste instead of direct disposal in landfill;
- Separate paper from other waste for easier recycling;
- Boxes and trays are placed beside photocopiers as containers to collect single-sided paper for reuse purpose.

6. Social Aspects Performance

6.1 Employment

As at 31st March 2017, the total number of employees being employed by the Group was 3,491. The Company understands that its success and development in the construction industry is highly dependent on its employees due to the labour intensive nature of the formwork projects; therefore, it has developed a competitive remuneration and benefit package to identify, recruit, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Employees' remuneration is commensurate with their educational qualifications, industry experience and skills. Apart from the basic package, for instance, severance payment, mandatory provident fund, employment compensation insurance, medical insurance, annual leaves, sick leaves, additional remuneration and benefits to reward and recognise performing employees such as overtime pay, variable annual bonuses and performance based bonus are implemented. Recruitment of employees is based upon annual analysis of human resource requirement and budget in coping with the Group's business development, while salaries and wages are reviewed annually based on performance appraisals, qualifications and experience.

The Group has devised a Company Handbook/Company Rules and Regulations for its employees to understand important information related to the Group's policies and rules, remuneration and benefits, and important laws and work ethics surrounding employment. It is an essential tool in helping to define the expectations of both the management and the employees, and also to protect them from unfair and/or inconsistent treatment and discrimination. During the reporting period, there was no incidence of labour disputes or litigation regarding the compliance of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Mandatory Provident Fund Schemes Ordinance against the Group.

6.2 Employee Health and Work Safety

The Company understands that employees' health and work safety are of ultimate importance and priority so it has established related policies and procedures to ensure in maintaining the well-being of its employees. Various occupational health and safety trainings are developed to improve the safety awareness of employees; specific instructions and guidelines on employees' health and safety procedure are adopted and communicated to maintain a healthy and safety working environment for employees. Monetary and non-monetary awards to raise and encourage employees' safety awareness and performance are implemented. The management of the Group is also responsible for the overall health and safety performance of employees to ensure work safety.

The Group's management is committed to the overall safety and hygiene performance of employees to ensure work safety. As stipulated in the Construction Sites (Safety) Regulations of the Factories and Industrial Undertakings Ordinance (Chapter 59 of the Laws of Hong Kong), and Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), the Group is in compliance with ensuring the health and safety at work of employees employed for the constructional services. The Group is practicing the provision and maintenance of its work systems that they do not endanger safety or health; making arrangements for ensuring safety and health in connection with the use, handling, storage and transport of articles and substances; providing all necessary information, instructions, training and supervision for ensuring safety and health; providing and maintaining safe access to and egress from the workplaces; and providing and maintaining a safe and healthy working environment.

Formwork carpenters and construction workers are required to register at the Construction Workers Registration (Chapter 583 of the Laws of Hong Kong) of the Construction Industry Council. In other words, the Group only employs registered formwork carpenters for its projects to comply with the provision of designated workers for designated skills to warrant safe and proper work practice. The Group also demands its subcontractors to comply with the Ordinance to protect the interest of the workers.

During the reporting period, the Group has not violated any related safety and health ordinance and provisions.

Occupational Health and Safety Data

Work related Fatality	0
Work injury cases with leave of absence >3 days	45
Work injury cases with leave of absence <3 days	5
Lost days due to work injury	3,404
Work injury rate	5.67

There had been 50 work injury accidents occurred during the reporting period and the relevant compensation claims were submitted to the Labour Department. These accidents were caused during usual and ordinary business operations. The work injury rate of the Group was 5.67 and the total days lost as a result of an injured employee was 3,404 days. Construction is a sector that has very specific hazards, such as working at heights in outdoor environment, working with power tools, more than one employee/contractor/subcontractor on a single site which needs a lot of coordination effort. As such, the Group has been providing ongoing health and safety trainings, safety tips in internal communications and briefings and personal protective equipment (PPE) in the construction site to promote and enhance safety awareness and practice among employees. Besides, safety award programme was implemented to encourage and recognise employees for their safety performance. During the reporting period, there was 21 cases of litigation, claims, administrative action or arbitration relating to labour disputes against the Group. Nevertheless, the Group is committed to reduce the number of occupational injuries by continuously establishing and adopting various methods to improve the safety awareness and performance of the employees.

6.3 Employee Development and Training

The Group believes that employees are the most valuable asset in service provision as formwork construction works are generally labour intensive and require a large number of personnel with different skills (or of different trades) for various projects. To ensure experienced and skilled labour are sufficient for the projects' needs, a series of formal trainings are provided to ensure employees are trained skilfully and professionally. Various training programs are developed and implemented to enhance employees' knowledge, skills, as well as health and safety practices in different stages, processes and procedures in formwork operations.

6.4 Labour Standards

There is no child, forced nor illegal labour in the Group as it is in compliance with the Employment Ordinance, Employees' Compensation Ordinance, Immigration Ordinance of Hong Kong in terms of employment management. The recruitment process is strictly abided by the Group's Staff Requisition and Recruitment Policy (SRRP) which is administered by the Human Resources and Administration Department. An employment application form is used to collect personal, academic, professional, educational, employment and skills information from job applicants, and as such all necessary data related to employment is verified and the proper and right candidate would be hired in accordance to the job requirement and candidates' expectation for a harmonious and sustainable workforce.

6.5 Equal Opportunity

The Company provides equal opportunities for employees in respect of recruitment, remuneration and benefits, internal job change, and progression. The employees would not be discriminated or deprived of such opportunities on the basis of gender, nationality, marital status, disability and religious belief, or any other discrimination prohibited by applicable law. The Group also appreciates cultural diversity in the development and employs people with a wide range of ages and ethnicities as it is believed that the experience, skill set and techniques of the employees are more important among different cultures to build trust and relationship for a friendly and harmonious workforce.

6.6 Supply Chain Management

The quality and safety of the final project works are among the top priorities of the Group. To ensure product safety and service quality and standard, the Group's supply chain management is to ensure all goods and service are procured in a honest, competitive, fair, and transparent manner that delivers the best value for money results. The Group's project design, materials used and final products are of ultimate importance, its project management team oversees and manages processes from materials selection, quality management system, and the work on project locations. The Group is committed to ensure its supply chain is operating as efficiently as possible to ensure the Group's final products are safe and standardised. In other words, to ensure that its materials suppliers maintain the desired quality of production and engage in ethical business practices, transportation vendors deliver goods and products timely with protocols controlled, and employees work safely to ensure the quality of product standard.

6.6.1 Group Procurement

The Group's procurement policy is to screen, select, and assess quality suppliers for the provision of the best available quality products for its operation. At the same time, the Group recognises the importance of using reputable suppliers who offer reliable, stable, cost-effective and high-quality products to meet the needs and requirements of its customers. Formworks projects are highly dependent on timber and metal formwork materials, any shortage or delay of supply, or deterioration in the quality, could materially and adversely affect operations efficiency and quality. Since it is difficult to find alternative sources of stable supply with acceptable quality and price, good and collaborative suppliers are critical for stable and timely delivery of quality timber and metal materials. Subsequently, the Group could be more competitive in the industry when good relationships are maintained with its raw material suppliers and subcontractors so that high-quality work and on-time project completion could be enforced and guaranteed. Furthermore, establishing long-term business relationships with raw material suppliers provides a formwork operator with more flexibility in negotiating prices, allocating resources and execution of projects as compared with competitors.

6.6.2 Quality Control and Product Responsibility – Project Management

The Company is one of the few formwork erection operators in Hong Kong that is capable of providing traditional formwork and system formwork in large-sized construction projects with design capacity (i.e. "**design-and-build**") in both building construction and civil engineering sectors. The overall success of a construction project depends on the design and use of a suitable formwork system to meet the specification of different construction requirement, as well as implementation of an effective resource planning strategy to control and maximise the use of the formwork system. The group's efforts in devising innovative construction method and improving the technical skills of employees have successfully contributed to the registration of a number of patents, and as a result, distinguishes it from the common "build-only" contractors.

As stipulated in the Group's Quality Manual, systematic and standardised policies, processes and procedure must be followed to ensure the quality of its formwork products are maintained and guaranteed. Based on the design and quality requirement of customers, quality control and product responsibility are ensured through the forming of a project management team for each project, planning and arranging the proper labour, machinery and equipment to be delivered to the construction site, followed by procuring and arranging with suppliers for the required materials for the project; and negotiating and finalising on the subcontracting arrangement if necessary. Furthermore, the project manager of the project management team is responsible for the on-site supervision and inspection works to monitor the progress to ensure quality performance and non-conformity avoidance.

6.7 Intellectual Property

The Group has registered various trademarks, patents, and domain names in Hong Kong and is applying for the registration in various jurisdictions. During the reporting period, there was not any material infringement of the intellectual property rights and the Group is confident that all reasonable measures have been taken to prevent any infringement of its own intellectual property rights.

6.8 Data Protection

The Group properly manages and protects the data of its employees, customers, subcontractors, suppliers to ensure their privacy and confidentiality. All sales contracts, service contracts, related licenses, employees' personal data are neatly organized and archived. The Group is in compliance with the Personal Data (Privacy) Ordinance and is strictly abided by the regulation in the collection, disclosure, usage, retention, and storage of data to ensure data integrity and safety.

6.9 Code of Conduct

The Company has regarded fairness, honesty and integrity as its core value that must be uphold by all directors and employees of the Group at all times. To formalise the commitments, the Group's Code of Conduct clearly stated the requirement expected of all employees, and the Group's policy on corruption, conflict of interest and fraudulent activities when dealing with the Group's business. Employees should not offer, solicit or accept anything of material value to or from their colleagues, customers, suppliers or other business partner of the Group unless the Group has given its consent. However, gifts or favours of a token nature or generally available to others are acceptable. With regards to corruption and fraudulent activities, employees are required to promptly report the suspected cases to management through their department manager or the Human Resources and Administration Department. Neither directors nor employees shall commit in any kind of fraudulent activities including the action to request, obtain, or provide an advantage to customers, contractors, suppliers, or people with business relationship with the Group or to avoid an obligation that will cause a loss to other parties. All suspected frauds will be fully investigated by the Audit Committee confidentially. The Group will also conduct periodic and systematic risk assessment and communicate related anti-fraud policy and procedures to employees on a regular basis. During the reporting period, there was no related legal cases concluded against the Group in Hong Kong.

6.10 Conflict of Interest

The Code of Conduct policy stated that all directors and employees should avoid the conflict between personal financial interest and the professional official duties in the Group. A situation in which employees exercise authority, influences decisions and actions or gain access to valuable information over the contractual or transactional activities of the Group's with his profession to achieve financial and personal gain is strictly prohibited. The policy also requires employees to declare any potential conflict of interest to the Group through Human Resources and Administration Department in writing. The Group encourages whistleblowing whereas an employee or a third party could report suspected conflict of interest conduct or irregularity. During the reporting period, there was no related legal cases concluded against the Group in Hong Kong.

6.11 Community Investment

The Group has made a number of charitable donations such as to the Community Chest of Hong Kong and PMA Music Foundation during the reporting period. The Group is also committed to training the construction industry professionals, including the provision of industry advice to the Construction Industry Council curriculum and the participation in the construction industry apprenticeship program. The Group is actively supporting the younger generation and the members of the community who require help and assistance, by providing monetary or non-monetary resources, the Group would act as a role model in the industry with the goal to build a better and more sustainable Hong Kong.

7. The Future of Sustainable Development

There are many challenges ahead of the Group in the sustainable development of its business with the increasing concern over the impact of constructions related activities to the environment. Furthermore, the construction industry is under severe pressure in adopting environmentally friendly approaches in the environmental aspect and reducing occupationally injury in the social aspect. Environmental responsibility is getting favouritism to win in the industry's fierce competition. In view of the situation, the Group will leverage on its designing strength in the industry, continue to research and explore on innovative construction methods of formworks erection to minimise the use of raw materials, reduce the amount of wastage, recycle usable materials and conserve natural resources to protect the environment and achieve sustainable development of its business in Hong Kong.

8. Stakeholders' Feedback

Stakeholders' comments and feedbacks regarding this ESG report and the Group's performance and approach on environmental, social, and governance aspects are welcomed and valued. Questions, suggestions and recommendations could be sent via the 'contact us' link in the Group's official website at http://www.royal-deluxe.com.

INDEPENDENT AUDITORS' REPORT

國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF ROYAL DELUXE HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Royal Deluxe Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 52 to 105, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue and costs from construction contracts and amounts due from/(to) customers for contract work	
Refer to key sources of estimation uncertainty in Note 4 and the disclosures of revenue and amounts due from/(to) customers for contract works in Notes 5 and 16 respectively to the consolidated financial statements. We identified the contract revenue, costs of construction contracts, amounts due from/(to) customers for contract work as a key audit matter due to significant judgements involved in the management's assessment process.	Our audit procedures in relation to recognition of revenue and costs from construction contracts and amounts due from/(to) customers for contract work mainly included: • Reviewing the contract sum and budgeted costs to respective signed contracts and budgets prepared by management.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue and costs from construction contracts and amounts due from/(to) customers for contract work (Continued)	
The Group recognised contract revenue and costs of construction contracts according to the management's estimation of the progress and outcome of the project. As disclosed in Note 4 to the consolidated financial statements, the management estimated contract revenue with reference to the terms of the relevant contracts or, in case of variation orders, based on contract terms or other forms of agreements, and estimated the total contract costs, which mainly comprise direct labour costs, subcontracting charges and costs of materials, based on quotations from time to time provided by the major subcontractors/suppliers/vendors and the experience of the management of the Group, which involve the management's best estimates and judgements, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.	• Understanding from management how the budgets were prepared and the respective stage of completion were determined. • Assessing the reasonableness of the budgets by comparing the actual outcome against management's estimation of completed contracts. • Testing the actual costs incurred on construction works during the reporting period. • Evaluating the reasonableness of percentage of completion by obtaining the certificates issued by customers. • Checking the amounts due from/(to) customers for contract work by agreeing the actual costs incurred and progress billings acknowledged by the customers to the invoices/payment certificates.
Impairment of trade receivables and retention receivables	
Refer to key sources of estimation uncertainty in Note 4 and the disclosures of trade receivables and retention receivables in Note 15 to the consolidated financial statements. We identified the impairment of trade receivables and retention receivables as a key audit matter due to the use of judgement and estimates in assessing the recoverability of trade receivables and retention receivables. In determining whether there is objective evidence of impairment loss, the Group takes into consideration the credit quality of the receivables and the past collection history of the customer which may require management judgement.	Our audit procedures in relation to impairment of trade receivables and retention receivables mainly included: • Obtaining an understanding and evaluating the methodologies and assumptions used by the Group in assessing impairment allowances. • Testing the accuracy of ageing analysis of the receivables. • Assessing the reasonableness of recoverability of trade receivables and retention receivables with reference to the credit history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of each individual customer.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditors' report thereon ("Other Information").

Our opinion on the consolidated financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other Information and, in doing so, consider whether the Other Information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement director on the audit resulting in this independent auditors' report is Chan Ching Pang.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Chan Ching Pang
Practising Certificate Number: P05746

Hong Kong, 23 June 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2017

	Notes	**2017** **HK$'000**	2016 HK$'000
Revenue	5	**603,839**	481,943
Direct costs		**(487,301)**	(389,711)
Gross profit		**116,538**	92,232
Other income, other gains and losses, net	6	**6,233**	5,026
Administration and other operating expenses		**(41,496)**	(33,126)
Finance costs	7	**(2,895)**	(2,134)
Profit before tax	8	**78,380**	61,998
Income tax expense	9	**(14,597)**	(12,207)
Profit and total comprehensive income for the year attributable to owners of the Company		**63,783**	49,791
		HK cents	HK cents
Earnings per share			
– Basic and diluted	12	**6.29**	5.06

Details of dividend are disclosed in Note 11 to the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	13	**3,875**	3,796
Deposits and prepayments for life insurance policy	14	**3,727**	3,717
		7,602	7,513
Current assets			
Trade and other receivables	15	**129,096**	62,252
Amounts due from customers for contract work	16	**53,016**	28,632
Amount due from a director	17	**–**	94,869
Amounts due from related parties	18	**–**	46,180
Bank balances and cash	19	**119,718**	21,043
		301,830	252,976
Total assets		**309,432**	260,489
Current liabilities			
Trade and other payables	20	**99,617**	57,384
Derivative financial instruments	21	**–**	200
Amounts due to customers for contract work	16	**17,527**	22,911
Amounts due to related parties	18	**–**	6,619
Borrowings	22	**20,746**	41,500
Obligations under finance leases	23	**–**	572
Current tax liabilities		**4,134**	10,996
		142,024	140,182
Net current assets		**159,806**	112,794
Total assets less current liabilities		**167,408**	120,307
Non-current liabilities			
Derivative financial instruments	21	**–**	272
Obligations under finance leases	23	**–**	754
		–	1,026
Net assets		**167,408**	119,281

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Capital and reserves			
Share capital	24	**12,000**	1,020
Reserves		**155,408**	118,261
Equity attributable to owners of the Company		**167,408**	119,281

The consolidated financial statements on pages 52 to 105 were approved and authorised for issue by the board of directors on 23 June 2017 and signed on its behalf by:

Mr. Wang Kei Ming
Director

Mr. Wang Yu Hin
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2017

	Share capital HK$'000 (Note 24)	**Share premium** HK$'000	**Special reserve** HK$'000 (Note)	**Retained profits** HK$'000	**Total equity** HK$'000
Balance at 1 April 2015	1,010	–	–	71,420	72,430
Profit and total comprehensive income for the year	–	–	–	49,791	49,791
Dividend paid (Note 11)	–	–	–	(2,950)	(2,950)
Issue of shares of a subsidiary	10	–	–	–	10
Balance at 31 March 2016	1,020	–	–	118,261	119,281
Profit and total comprehensive income for the year	**–**	**–**	**–**	**63,783**	**63,783**
Dividend recognised as distribution (Note 11)	**–**	**–**	**–**	**(128,000)**	**(128,000)**
Reorganisation	**(1,020)**	**–**	**1,020**	**–**	**–**
Capitalisation issue	**9,840**	**(9,840)**	**–**	**–**	**–**
Issue of shares under share offer	**2,160**	**118,800**	**–**	**–**	**120,960**
Transaction costs attributable to issue of shares	**–**	**(8,616)**	**–**	**–**	**(8,616)**
Balance at 31 March 2017	**12,000**	**100,344**	**1,020**	**54,044**	**167,408**

Note:

Special reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiaries acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interests in the subsidiaries as part of the Reorganisation (as defined in Note 1 to the consolidated financial statements).

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	2017 **HK$'000**	2016 HK$'000
Cash flows from operating activities		
Profit before tax	**78,380**	61,998
Adjustments for:		
Depreciation of property, plant and equipment	**2,257**	1,697
Amortisation of premium and other expenses charged on life insurance policy	**104**	106
(Gain)/loss arising on change in fair value of derivative financial instruments	**(112)**	681
Gain on disposal of property, plant and equipment	**(10)**	(46)
Interest expense	**2,895**	2,134
Interest income	**(86)**	–
Interest income on deposits and prepayments for life insurance policy	**(114)**	(113)
Operating cash flows before movements in working capital	**83,314**	66,457
Increase in trade and other receivables	**(67,381)**	(20,410)
Increase in amounts due from customers for contract work	**(24,384)**	(1,715)
Decrease/(increase) in amount due from a director	**14,006**	(43,466)
Decrease/(increase) in amounts due from related parties	**5,815**	(29,028)
Increase in trade and other payables	**41,991**	8,473
(Decrease)/increase in amounts due to customers for contract work	**(5,384)**	16,935
Decrease in amounts due to related parties	**(2)**	(3,513)
Cash generated from/(used in) operations	**47,975**	(6,267)
Interest received	**86**	–
Interest paid	**(2,705)**	(2,134)
Hong Kong Profits Tax paid	**(21,459)**	(7,452)
Net cash generated from/(used in) operating activities	**23,897**	(15,853)
Cash flows from investing activities		
Net cash outflow for derivatives financial instruments	**(360)**	(209)
Proceeds from disposal of property, plant and equipment	**10**	241
Purchases of property, plant and equipment	**(2,336)**	(624)
Increase in restricted bank deposits	**(3,000)**	–
Net cash used in investing activities	**(5,686)**	(592)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2017

	Notes	2017 HK$'000	2016 HK$'000
Cash flows from financing activities			
Dividend paid		**(12,800)**	(2,950)
Proceeds from issue of shares of a subsidiary		**–**	10
Proceeds from share offer		**120,960**	–
Transaction costs on issue of shares		**(8,616)**	–
Proceeds from borrowings		**47,000**	84,414
Repayment of borrowings		**(67,754)**	(60,556)
Repayment of obligations under finance leases		**(1,326)**	(840)
Net cash generated from financing activities		**77,464**	20,078
Net increase in cash and cash equivalents		**95,675**	3,633
Cash and cash equivalents at the beginning of year		**21,043**	17,410
Cash and cash equivalents at the end of year	19	**116,718**	21,043

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Royal Deluxe Holdings Limited ("the Company") was incorporated in the Cayman Islands on 12 April 2016 as an exempted company with limited liability. 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 (the "Listing"). 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 ("Mr. Joseph Wang"), an executive director of the Company.

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 Company and its subsidiaries (collectively referred to as the "Group") is principally engaged in the provision of formwork erection and related ancillary services in Hong Kong.

Prior to the corporate reorganisation undertaken in preparation for the Listing of the Company's shares on the Main Board of the Stock Exchange (the "Reorganisation"), the group entities were under the control by Mr. Joseph Wang. Through the Reorganisation, the Company became the holding company of the companies now comprising the Group on 28 June 2016. Accordingly, 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. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Joseph Wang prior to and after the Reorganisation.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle[5]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers[2]
Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKAS 40	Transfers of Investment Property[2]

1 Effective for annual periods beginning on or after 1 January 2017.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after 1 January 2019.
4 Effective for annual periods beginning on or after a date to be determined.
5 Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9:

- all recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The Group is assessing the impact of HKFRS 9 but anticipate that the application of HKFRS 9 in the future will have no material impact on the Group's consolidated financial statements.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company do not expect the adoption of HKFRS 15 would result in significant impact on the amounts reported on the Group's consolidated financial statements. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 *Leases* and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

New and amendments to HKFRSs in issue but not yet effective (Continued)

HKFRS 16 Leases (Continued)

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exception) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under HKAS 17 are presented as operating cash flows; whereas under the HKFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 March 2017, the Group as lessee has non-cancellable operating lease commitments of approximately HK$987,000 as disclosed in Note 27. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The directors of the Company do not expect the adoption of HKFRS 16 would result in significant impact on the Group's result but it is expected that certain portion of these lease commitments will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 below.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of consolidation (Continued)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Merger accounting for business combination involving entities under common control

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the ordinary course of business. Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group; and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from contract work is recognised based on the stage of completion of the contracts, provided that the stage of contract completion and the gross billing value of contracting work can be measured reliably. The stage of completion of a contract is established by reference to surveys of work performed.

Dividend income from investments are recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts for variation orders, claims and incentive payments. Contract costs comprise direct materials, costs of subcontracting, direct labour and an appropriate portion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of each of the reporting period.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that will probably be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as amounts due to customers for contract work.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as amounts due from customers for contract work.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as obligations under finance leases.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the 'other income, other gains and losses, net' line item.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits and prepayments for life insurance policy, trade and other receivables, amount due from a director, amounts due from related parties and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For all other financial assets, objective evidence of impairment of financial assets could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods (see the accounting policy below).

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to related parties, borrowings and obligations under finance leases) are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control of the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts (if any).

Government grant

Government grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the futures, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Construction contracts revenue recognition

The Group recognises contract revenue and cost of a construction contract according to the management's estimation of the progress and outcome of the project. Estimated contract revenue is determined with reference to the terms of the relevant contracts or, in case of variation order, based on contract terms or other forms of agreements. Estimated contract cost, which mainly comprises direct labour cost, subcontracting charges and costs of materials, is variable and estimated by the management on the basis of estimated cost of direct labour, subcontracting charges and costs of materials from time to time based on quotations provided by the major subcontractors/suppliers/vendors involved and the experience of the management. Notwithstanding that management frequently reviews and revises the estimates of both estimated contract revenue and costs for the construction contract as the contract progresses, the actual outcome of the contract in terms of its total revenue and costs may be higher or lower than the estimates and this will affect the revenue and profit recognised.

Impairment of trade receivables and retention receivables

The Group makes impairment loss for doubtful debts based on an assessment of the recoverability of trade receivables and retention receivables. Provisions are applied to trade receivables and retention receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful debts requires the use of judgement and estimates based on the credit quality of the receivables and the past collection history of each customer. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables and doubtful debt expenses in the period in which such estimate has been changed.

5. 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 of the Company) 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.

5. REVENUE AND SEGMENT INFORMATION (Continued)

Information about major customers

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

	2017 HK$'000	2016 HK$'000
Customer A	**83,441**	196,397
Customer B	**N/A[1]**	132,712
Customer C	**N/A[1]**	98,789
Customer D	**132,850**	N/A[1]
Customer E	**143,717**	34,946

[1] The corresponding revenue did not contribute over 10% of the Group's total revenue.

6. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2017 HK$'000	2016 HK$'000
Other income		
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
	6,111	5,660
Other gains and losses, net		
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)
	122	(634)
	6,233	5,026

7. FINANCE COSTS

	2017 HK$'000	2016 HK$'000
Interest on bank borrowings and overdrafts	**2,848**	2,072
Interest on obligations under finance leases	**47**	62
	2,895	2,134

8. PROFIT BEFORE TAX

	2017 **HK$'000**	2016 HK$'000
Profit before tax has been arrived at after charging:		
Employee benefits expense (Note):		
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
Total employee benefits expense, including directors' emoluments (Note 10)	**349,577**	228,684
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

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.

9. INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
Current income tax:		
– Hong Kong Profits Tax	**14,597**	12,207
Total income tax expense recognised in profit or loss	**14,597**	12,207

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 the year ended 31 March 2017.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2017 HK$'000	2016 HK$'000
Profit before tax	**78,380**	61,998
Tax at Hong Kong Profits Tax rate of 16.5% (2016: 16.5%)	**12,933**	10,230
Tax effect of temporary differences not recognised	**(609)**	(391)
Tax effect of income not taxable for tax purpose	**(49)**	(8)
Tax effect of expenses not deductible for tax purpose	**2,448**	940
Tax effect of tax losses not recognised	**59**	1,456
Utilisation of tax losses previously not recognised	**(145)**	–
Tax reduction	**(40)**	(20)
Income tax expense for the year	**14,597**	12,207

No deferred tax assets and liabilities are recognised in the consolidated financial statements as the Group did not have material temporary differences arising between the tax bases of assets and liabilities and their carrying amounts at 31 March 2017 and 2016.

As at 31 March 2017, the Group had unused tax losses of approximately HK$355,000 that are available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised in relation to tax losses due to the unpredictability of future profit streams. The unused tax losses may be carried forward indefinitely.

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Details of the emoluments paid or payable to each of the directors of the Company are as follows:

	Fees HK$'000	Salaries and other benefits in kind HK$'000	Discretionary bonuses HK$'000	Contributions to retirement benefit scheme HK$'000	Total HK$'000
For the year ended 31 March 2017					
Executive directors					
Mr. Joseph Wang (Note (i))	**–**	**8,400**	**–**	**18**	**8,418**
Mr. Wang Yu Hin (Note (ii))	**–**	**648**	**90**	**18**	**756**
Independent non-executive directors					
Mr. Kwong Ping Man (Note (iii))	**90**	**–**	**–**	**–**	**90**
Mr. Lai Ah Ming Leon (Note (iii))	**90**	**–**	**–**	**–**	**90**
Mr. Lam Wai Ho (Note (iii))	**90**	**–**	**–**	**–**	**90**
	270	**9,048**	**90**	**36**	**9,444**
For the year ended 31 March 2016					
Executive directors					
Mr. Joseph Wang (Note (i))	–	4,350	–	18	4,368
Mr. Wang Yu Hin (Note (ii))	–	438	–	18	456
	–	4,788	–	36	4,824

Notes:

(i) Mr. Joseph Wang was appointed as executive director of the Company on 12 April 2016. He was also a director of certain subsidiaries of the Company and the Group paid emoluments to him in his capacity as directors of these subsidiaries prior to becoming the director of the Company for the years ended 31 March 2017 and 2016.

(ii) Mr. Wang Yu Hin was appointed as executive director of the Company on 18 July 2016. He was also a senior management of a subsidiary of the Company and the Group paid emoluments to him in his capacity as an employee prior to becoming the director of the Company for the years ended 31 March 2017 and 2016.

(iii) Mr. Kwong Ping Man, Mr. Lai Ah Ming Leon and Mr. Lam Wai Ho were appointed as independent non-executive directors of the Company on 17 January 2017.

Mr. Joseph Wang is the chief executive officer of the Company.

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Neither the chief executive officer nor any of the directors waived or agreed to waive any emoluments during the year ended 31 March 2017 (2016: Nil).

10. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, one (2016: one) of them was a director of the Company whose emoluments are disclosed above. The emoluments in respect of the remaining four (2016: four) highest paid individuals are as follows:

	2017 HK$'000	2016 HK$'000
Salaries and other benefits in kind	**4,827**	6,371
Discretionary bonuses	**7,374**	1,350
Contributions to retirement benefit scheme	**72**	68
	12,273	7,789

The emoluments of the highest paid employees who are non-director and non-chief executive whose emoluments fell within the following bands are as follows:

	Number of individuals	
	2017	2016
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**1**	1
HK$2,000,001 to HK$2,500,000	**1**	1
HK$2,500,001 to HK$3,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**2**	–
	4	4

During the years ended 31 March 2017 and 2016, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

11. 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 ("Ming Tai Civil"), an indirect wholly-owned 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 of directors for the year ended 31 March 2017.

12. EARNINGS PER SHARE

	2017 HK$'000	2016 HK$'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**63,783**	49,791

	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,014,773**	984,000

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 as set out in Note 24.

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.

13. PROPERTY, PLANT AND EQUIPMENT

	Metal column, timber and scaffolds HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Office equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
Balance at 1 April 2015	32,255	5,954	1,978	1,923	1,788	4,036	47,934
Additions	–	–	143	187	313	645	1,288
Disposals	–	(5,954)	(619)	(1,048)	(591)	(778)	(8,990)
Balance at 31 March 2016	32,255	–	1,502	1,062	1,510	3,903	40,232
Additions	**–**	**–**	**–**	**464**	**25**	**1,847**	**2,336**
Disposals	**(32,255)**	**–**	**–**	**(22)**	**–**	**(155)**	**(32,432)**
Balance at 31 March 2017	**–**	**–**	**1,502**	**1,504**	**1,535**	**5,595**	**10,136**
Accumulated depreciation							
Balance at 1 April 2015	32,255	5,954	1,163	1,456	1,125	1,581	43,534
Depreciation expense	–	–	340	175	323	859	1,697
Eliminated on disposals	–	(5,954)	(619)	(1,048)	(591)	(583)	(8,795)
Balance at 31 March 2016	32,255	–	884	583	857	1,857	36,436
Depreciation expense	**–**	**–**	**375**	**194**	**380**	**1,308**	**2,257**
Eliminated on disposals	**(32,255)**	**–**	**–**	**(22)**	**–**	**(155)**	**(32,432)**
Balance at 31 March 2017	**–**	**–**	**1,259**	**755**	**1,237**	**3,010**	**6,261**
Carrying amounts							
Balance at 31 March 2017	**–**	**–**	**243**	**749**	**298**	**2,585**	**3,875**
Balance at 31 March 2016	–	–	618	479	653	2,046	3,796

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Metal column, timber and scaffolds	50%
Plant and machinery	25%
Leasehold improvements	25%
Office equipment	20%
Furniture and fixtures	25%
Motor vehicles	25%

As at 31 March 2017, motor vehicles were held under finance leases with carrying amount of Nil (2016: HK$1,676,000).

14. DEPOSITS AND PREPAYMENTS FOR LIFE INSURANCE POLICY

The Group entered into a life insurance policy with an insurance company to insure Mr. Joseph Wang. Under the policy, Ming Tai Construction Engineering Company Limited ("Ming Tai Construction"), an indirect wholly-owned subsidiary of the Company, is the beneficiary and policy holder and the total insured sum is United States Dollars ("US$") 1,033,000 (equivalent to approximately HK$8,021,000). Ming Tai Construction is required to pay upfront deposits of approximately US$500,000 (equivalent to approximately HK$3,883,000). Ming Tai Construction can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront payments of approximately US$500,000 (equivalent to approximately HK$3,883,000) plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge. In addition, if withdrawal is made at any time during the first to the twentieth policy year, as appropriate, a pre-determined specified amount of surrender charge would be imposed. The insurance company will pay Ming Tai Construction a minimum guaranteed interest of 3% per annum for the insured period.

The directors of the Company consider that the possibility of terminating the policy during the first to twentieth policy year was low and the expected life of the life insurance policy remains unchanged since its initial recognition. The deposits and prepayments for life insurance policy are denominated in US$.

15. TRADE AND OTHER RECEIVABLES

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

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 **HK$'000**	2016 HK$'000
0 – 30 days	**61,403**	24,044
31 – 60 days	**19,310**	8,104
61 – 90 days	**882**	509
Over 180 days	**–**	274
	81,595	32,931

Trade receivables disclosed above include amounts which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

15. TRADE AND OTHER RECEIVABLES (Continued)

Ageing of trade receivables which are past due but not impaired

	2017 HK$'000	2016 HK$'000
Overdue by:		
1 – 30 days	**18,371**	9,755
31 – 60 days	**–**	1,191
Over 180 days	**–**	274
	18,371	11,220

The Group's policy for impairment loss on trade receivables is based on an evaluation of collectability and ageing analysis of the receivables which requires the use of judgement and estimates. Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balances may not be collectible. The management closely reviews the trade receivables balances and any overdue balances on an ongoing basis and assessments are made by the management on the collectability of overdue balances.

Except for retention receivables of approximately HK$34,391,000 (2016: HK$22,711,000) as at 31 March 2017 which are expected to be recovered after one year, all of the remaining retention receivables are expected to be recovered within one year.

The other classes within trade and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

16. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	2017 HK$'000	2016 HK$'000
Contract costs incurred plus recognised profits less recognised losses	**1,605,584**	1,139,714
Less: Progress billings received and receivables	**(1,570,095)**	(1,133,993)
	35,489	5,721
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**53,016**	28,632
Amounts due to customers for contract work	**(17,527)**	(22,911)
	35,489	5,721

As at 31 March 2017, retentions held by customers for contract work amounted to approximately HK$40,689,000 (2016: HK$24,227,000), as set out in Note 15. Retention monies withheld by customers for contract works are released after the completion of maintenance period of the relevant contracts or in accordance with the terms specified in the relevant contracts.

17. AMOUNT DUE FROM A DIRECTOR

Name	2017 HK$'000	2016 HK$'000
Mr. Joseph Wang	–	94,869
Maximum amount outstanding during the year	**128,670**	110,448

The amount due was non-trade in nature, unsecured, interest-free and had no fixed terms of repayment.

18. AMOUNTS DUE FROM/(TO) RELATED PARTIES

The amounts due from/(to) related parties are non-trade in nature, unsecured, interest-free and repayable on demand which are analysed as follows:

	2017 HK$'000	2016 HK$'000
Amounts due from related parties:		
First Land Enterprises Limited (Note (i))	–	1,752
Genuine Treasure Construction Material Limited (Note (ii))	–	39,909
Ho San Construction Materials Company Limited (Note (iii))	–	113
Kingsly Limited (Note (iv))	–	4,406
	–	46,180

	2017 HK$'000	2016 HK$'000
Maximum amount outstanding during the year:		
First Land Enterprises Limited	**1,752**	2,570
Genuine Treasure Construction Material Limited	**39,909**	39,909
Ho San Construction Materials Company Limited	**114**	4,375
Kingsly Limited	**4,406**	4,406

	2017 HK$'000	2016 HK$'000
Amounts due to related parties:		
Ming Tai (Macau) Construction Engineering Limited (Note (v))	–	4,258
King On Construction Engineering Company Limited (Note (vi))	–	776
Kingly Investments Limited (Note (vii))	–	1,585
	–	6,619

18. AMOUNT DUE FROM/(TO) RELATED PARTIES (Continued)

Notes:

(i) Mr. Joseph Wang and a close family member were shareholders and directors of First Land Enterprises Limited.

(ii) Mr. Joseph Wang's close family member was the substantial shareholder and director of Genuine Treasure Construction Material Limited.

(iii) Mr. Joseph Wang had material beneficial interest in Ho San Construction Materials Company Limited before February 2016. Prior to the Reorganisation, Mr. Joseph Wang disposed of his shares in the company and Mr. Joseph Wang ceased control over the company in February 2016.

(iv) Mr. Joseph Wang was a substantial shareholder and director of Kingsly Limited.

(v) Mr. Joseph Wang had material beneficial interest in Ming Tai (Macau) Construction Engineering Limited.

(vi) Mr. Joseph Wang was the substantial shareholder and director of King On Construction Engineering Company Limited.

(vii) Mr. Joseph Wang and two close family members were shareholders and directors of Kingly Investments Limited.

19. BANK BALANCES AND CASH

	2017 HK$'000	2016 HK$'000
Bank balances and cash in the consolidated statement of financial position	**119,718**	21,043
Less: Restricted bank balances	**(3,000)**	–
Cash and cash equivalents in the consolidated statement of cash flows	**116,718**	21,043

Restricted bank balances are deposits placed in bank to secure the issuance of performance bonds (Note 28).

Bank balances earn interests at floating rate based on daily bank deposit rates and is placed with creditworthy banks with no recent history of default.

20. TRADE AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
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
	99,617	57,384

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

As at 31 March 2016, included in trade payables was approximately HK$495,000 payable to a related company, Genuine Treasure Construction Material Limited.

20. TRADE AND OTHER PAYABLES (Continued)

As at 31 March 2017 and 2016, included in trade payables was approximately HK$2,499,000 and HK$1,069,000 respectively payable to a related company, Genuine Treasure Access and Scaffolding Limited. Mr. Joseph Wang's close family member was the substantial shareholder and director of Genuine Treasure Access and Scaffolding Limited.

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

	2017 HK$'000	2016 HK$'000
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**	–
	25,700	6,718

As at 31 March 2017 and 2016, bills payables have original maturities of ranging from 77 days to 122 days and 120 days respectively.

Except for retention payables of approximately HK$957,000 (2016: Nil) as at 31 March 2017 which are expected to be settled after one year, all of the remaining retention payables are expected to be settled within one year.

21. DERIVATIVE FINANCIAL INSTRUMENTS

	2017 HK$'000	2016 HK$'000
Financial liabilities		
Interest rate swap contracts	**–**	472
Represented by:		
Current portion	**–**	200
Non-current portion	**–**	272
	–	472

The notional principal amount of derivative financial instruments outstanding as at 31 March 2017 and 2016 was Nil and approximately HK$10,000,000 respectively for interest rate swap contracts.

22. BORROWINGS

	2017 HK$'000	2016 HK$'000
Bank loans – secured	**20,746**	41,500

Notes:

(i) All bank loans of the Group as at 31 March 2017 and 2016 contain repayment on demand clauses and are included in current liabilities.

(ii) During the year ended 31 March 2017, the bank loans bear interest at floating rates ranging from 2.24% to 7.50% per annum (2016: 2.24% to 7.50% per annum).

(iii) The Group's banking facilities granted by certain banks were secured/guaranteed by:

- Unlimited corporate guarantee by the Company as at 31 March 2017;
- Leasehold properties owned by related companies of which Mr. Joseph Wang has beneficial interests in as at 31 March 2017 and 2016;
- Assignment of life insurance policy of Mr. Joseph Wang (Note 14) as at 31 March 2017 and 2016;
- Unlimited personal guarantee by Mr. Joseph Wang as at 31 March 2016;
- Unlimited joint and several personal guarantee executed by Mr. Joseph Wang and his close family member as at 31 March 2016;
- Unlimited corporate guarantee by Kingly Investments Limited as at 31 March 2016;
- Letter of guarantee for HK$19,000,000 plus interest and charges duly executed by Ming Tai (Macau) Construction Engineering Limited as at 31 March 2016;
- Unlimited cross corporate guarantee by First Land Enterprises Limited as at 31 March 2016; and
- Guarantee by The Hong Kong Mortgage Corporation Limited under the SME Financing Guarantee Scheme as at 31 March 2016.

23. OBLIGATIONS UNDER FINANCE LEASES

The Group leased certain of its motor vehicles under finance leases. The original lease terms entered by the Group for the leases outstanding as at 31 March 2017 is Nil (2016: ranged from 2 to 5 years). The remaining lease terms as at 31 March 2017 is Nil (2016: ranged from 1 to 5 years). Interest rate underlying all obligations under finance leases at the respective contract dates ranging from 1.8% to 2.5% per annum (2016: 2% to 2.5% per annum). No arrangements have been entered into for contingent rental payments.

At 31 March 2017, the total future minimum lease payments under finance leases and their present values are as follows:

	2017 **HK$'000**	2016 HK$'000
Total minimum lease payments		
Within one year	–	619
After one year but within two years	–	425
After two years but within five years	–	374
	–	1,418
Future finance charges on finance leases	–	(92)
Present value of finance lease liabilities	–	1,326
Present value of minimum lease payments		
Within one year	–	572
After one year but within two years	–	401
After two years but within five years	–	353
	–	1,326

Certain of the Group's obligations under finance leases were secured by personal guarantee provided by Mr. Joseph Wang and his close family member as at 31 March 2016. Obligations under finance leases are denominated in HK$.

24. SHARE CAPITAL

	Number of ordinary shares	Share capital HK$
Ordinary share of HK$0.01 each		
Authorised:		
At 12 April 2016 (date of incorporation) (Note (ii))	**38,000,000**	**380,000**
Increase on 17 January 2017 (Note (iv))	**1,962,000,000**	**19,620,000**
At 31 March 2017	**2,000,000,000**	**20,000,000**
Issued and fully paid:		
At 12 April 2016 (date of incorporation) (Note (ii))	**1**	**–**
Issue of shares pursuant to Reorganisation (Note (iii))	**9,999**	**100**
Issue of shares upon capitalisation issue (Note (v))	**983,990,000**	**9,839,900**
Issue of shares under share offer (Note (vi))	**216,000,000**	**2,160,000**
At 31 March 2017	**1,200,000,000**	**12,000,000**

Notes:

(i) The balance of the Group's share capital at 31 March 2016 represents the aggregate of the paid up share capital of the subsidiaries comprising the Group prior to the completion of the Reorganisation.

(ii) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 April 2016 with an initial authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of HK$0.01 each. One nil-paid ordinary share was allotted and issued to the initial subscriber on 12 April 2016, and was subsequently transferred to Wang K M Limited on the same date.

(iii) Pursuant to the Reorganisation and as consideration for the acquisition by MT Construction Limited, MT Engineering Limited and MT Technology Limited of the entire share capital of Ming Tai Construction, Ming Tai Civil and Genuine Treasure Construction Technology Company Limited, respectively from Mr. Joseph Wang, 9,999 nil-paid ordinary shares of the Company were allotted and issued to Wang K M Limited on 27 June 2016. On 28 June 2016, pursuant to the Reorganisation and as consideration by the Company of the entire issue share capital of MT Construction Limited, MT Engineering Limited and MT Technology Limited from Wang K M Limited, 10,000 nil-paid ordinary shares held by Wang K M Limited were credited as fully paid.

(iv) Pursuant to the written resolution passed by the shareholders on 17 January 2017, the authorised share capital of the Company was increased from HK$380,000 to HK$20,000,000 by the creation of 1,962,000,000 ordinary shares of HK$0.01 each which, upon issue shall rank pari passu in all aspects with the existing issued ordinary shares.

(v) Pursuant to the written resolutions of the shareholders passed on 17 January 2017, subject to the share premium account of the Company being credited as a result of the share offer, the directors of the Company are authorised to allot and issue a total of 983,990,000 ordinary shares, by way of capitalisation of the sum of approximately HK$9,839,900 standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders on the register of members of the Company at the close of business on 17 January 2017 in proportion to their then existing shareholdings in the Company.

(vi) On 8 February 2017, the Company issued 216,000,000 ordinary shares of HK$0.01 each pursuant to the Company's Listing on the Main Board of the Stock Exchange by way of the share offer at a price of HK$0.56 per ordinary share.

25. SHARE OPTION SCHEME

The Company has adopted a share option scheme ("Scheme") pursuant to a resolution passed on 17 January 2017. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group and to promote the success of the business of the Group.

Under the Scheme, the board of directors may, at their absolute discretion and subject to the terms of the Scheme, grant any employees (full-time or part-time), directors, consultants or advisers of the Group, or any substantial shareholders of the Group, or any distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, options to subscribe for shares of the Company. The basis of eligibility of any participant to the grant of any option shall be determined by the board of directors (or as the case may be, the independent non-executive directors) from time to time on the basis of the contribution or potential contribution to the development and growth of the Group.

Under the Scheme, the maximum number of shares issuable upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company as from the adoption date (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Scheme or any other share option schemes of the Company) must not in aggregate exceed 10% of the shares in issue upon the date of which the shares are listed and permitted to be dealt in the Stock Exchange.

The 10% limit as mentioned above may be refreshed at any time by approval of the Company's shareholders in general meeting provided that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Scheme and any other share option schemes of the Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit. The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 30% of the Company's shares in issue from time to time. No options may be granted under the Scheme or any other share option schemes of the Company if this will result in such 30% limit being exceeded.

The total number of shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Scheme or any other share option schemes of the Company in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue. Any further grant of options in excess of such limit must be separately approved by the Company's shareholders in general meeting with such grantee and his close associates abstaining from voting. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Company's shareholders and the date of board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

25. SHARE OPTION SCHEME (Continued)

Share options granted to a director, chief executive or substantial shareholder of the Company (or any of their respective close associates) must be approved by the independent non-executive directors (excluding any independent non-executive director who is the grantee of the option). Where any grant of options to a substantial shareholder or an independent non-executive director (or any of their respective close associates) will result in the total number of shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Scheme and any other share option schemes of the Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant representing in aggregate over 0.1% of the shares in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK$5 million, such further grant of options is required to be approved by the Company's shareholders at general meeting of the Company, with voting to be taken by way of poll. Any change in the terms of an option granted to a substantial shareholder or an independent non-executive director or any of their respective close associates is also required to be approved by the Company's shareholders in the aforesaid manner.

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK$1. An option may be exercised in accordance with the terms of the Scheme at any time during a period as the board of directors may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The subscription price of a share in respect of any particular option granted under the Scheme shall be a price solely determined by the board of directors and notified to a participant and shall be at least the higher of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a share on the date of grant of the option.

The Scheme will remain in force for a period of ten years commencing on 17 January 2017 and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Company's shareholders in general meeting.

There was no share option granted to eligible participants during the year ended 31 March 2017. There was no outstanding share options as at 31 March 2017.

26. RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution scheme which is registered under the Mandatory Provident Fund Scheme (the "MPF scheme") established under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of an independent trustees.

For members of the MPF Scheme, the Group contributes at the lower of HK$1,500 per month or 5% of relevant payroll costs each month to the MPF Scheme, which contribution is matched by the employee.

The only obligation of the Group with respect of the MPF Scheme is to make the specified contributions. The total expenses recognised in the consolidated statement of profit or loss and other comprehensive income amounted to approximately HK$11,171,000 (2016: HK$7,473,000) and represent contributions paid or payable to the MPF Scheme by the Group for the year ended 31 March 2017.

27. COMMITMENTS

(a) Capital commitments

Capital commitments outstanding at the end of the reporting period not provided for in the consolidated financial statements are as follows:

	2017 **HK$'000**	2016 HK$'000
Contracted but not provided for:		
Property, plant and equipment	**169**	1,813

(b) Operating lease commitments – Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2017 **HK$'000**	2016 HK$'000
Within one year	**987**	1,320
In the second to fifth years inclusive	**–**	987
	987	2,307

Operating lease relates to office premises with lease term of 2 years (2016: between 1 to 2 years) and the rentals are fixed throughout the lease period.

28. PERFORMANCE BONDS AND CONTINGENT LIABILITIES

A construction contract customer undertaken by the Group require Ming Tai Construction, an indirect wholly-owned subsidiary of the Company, to issue guarantees for the performance of contract works in the form of performance bonds of HK$12,000,000 (2016: Nil) as at 31 March 2017. The performance bonds will be released until Ming Tai Construction submits a copy of the notification of the completion of the sub-contract works which is accepted formally by the customer or until March 2019 whichever shall be first occurred.

29. RELATED PARTY TRANSACTIONS

(a) Outstanding balances with related parties

Details of outstanding balances with related parties are set out in Notes 17, 18 and 20.

(b) Material related party transactions

The Group entered into the following material related party transactions during the year:

Name of related parties	Nature	2017 HK$'000	2016 HK$'000
Ho San Construction Materials Company Limited (Note (iv))	Purchase of construction materials	–	20,249
Right Choice Construction Engineering Limited (Note (v))	Subcontracting charge	–	5,578
First Land Enterprises Limited (Note (i))	Rental charge	343	311
Genuine Treasure Construction Material Limited (Note (iii))	Purchase of construction materials and scaffolding equipment rental	7,318	4,941
	Scrap sales of materials	–	274
	Transportation and plant hiring charge	589	1,150
Genuine Treasure Access and Scaffolding Limited (Note (ii))	Scaffolding & equipment rental paid	11,766	13,057
	Transportation and plant hiring charge	602	900
	Purchase of construction materials	622	–

Notes:

(i) Mr. Joseph Wang and a close family member were shareholders and directors of First Land Enterprises Limited.

(ii) Mr. Joseph Wang's close family member was the substantial shareholder and director of Genuine Treasure Access and Scaffolding Limited.

(iii) Mr. Joseph Wang's close family member was the substantial shareholder and director of Genuine Treasure Construction Material Limited.

(iv) Mr. Joseph Wang had material beneficial interest in Ho San Construction Materials Company Limited before February 2016. Prior to the Reorganisation, Mr. Joseph Wang disposed of his shares in the company and Mr. Joseph Wang ceased control over the company in February 2016.

(v) Mr. Joseph Wang was a substantial shareholder and director of Right Choice Construction Engineering Limited.

(vi) The transactions were conducted on terms and conditions mutually agreed between the relevant parties. The directors of the Company are of the opinion that these related party transactions were conducted in the ordinary course of business of the Group.

The related party transactions in respect of items (i), (ii) and (iii) above also constitute connected transactions and/or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

29. RELATED PARTY TRANSACTIONS (Continued)

(c) Guarantees provided to a related party

Ming Tai Construction has executed a corporate guarantee for banking facilities granted by a bank to First Land Enterprises Limited as at 31 March 2016. The fair value of the financial guarantee at initial recognition is not significant and therefore the directors are of the opinion that no provision for financial guarantee should be made. The corporate guarantee was released during the year ended 31 March 2017.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the years ended 31 March 2017 and 2016 are as follows:

	2017 **HK$'000**	2016 HK$'000
Short-term employee benefits	**21,609**	12,043
Post-employment benefits	**108**	105
	21,717	12,148

30. MAJOR NON-CASH TRANSACTION

During the year ended 31 March 2017, dividend amounting to HK$128,000,000 declared by the Company, of which approximately HK$12,800,000 was settled by cash and the remaining balance of approximately HK$115,200,000 was set off against the outstanding balances of the amount due from a director and amounts due from/to related parties.

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes borrowings and obligations under finance leases, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company reviews the capital structure on a regular basis by considering the cost of capital and the risks associated with the capital. In view of this, the Group manages its overall capital structure through the payment of dividends and the issue of new shares.

31. CAPITAL RISK MANAGEMENT (Continued)

The net debt to equity ratio at the end of reporting period is as follows:

	2017 HK$'000	2016 HK$'000
Debts (Note (i))	**20,746**	42,826
Less: Cash and cash equivalents (Note (ii))	**(116,718)**	(21,043)
Net debt	**(95,972)**	21,783
Equity (Note (iii))	**167,408**	119,281
Net debt-to-equity ratio	**N/A**	18%

Notes:

(i) Debts represent borrowings and obligations under finance leases as detailed in Notes 22 and 23 respectively.

(ii) Cash and cash equivalents as detailed in Note 19.

(iii) Equity includes all capital and reserves attributable to owners of the Company.

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2017 HK$'000	2016 HK$'000
Financial assets		
Loans and receivables (including bank balances and cash)	**251,936**	225,968
Financial liabilities		
Financial liabilities at amortised cost	**120,363**	106,829
Financial liabilities at FVTPL	**–**	472

(b) Financial risk management objectives and policies

The Group's major financial instruments include deposits and prepayments for life insurance policy, trade and other receivables, amount due from a director, amounts due from related parties, bank balances and cash, trade and other payables, amounts due to related parties, borrowings, derivative financial instruments and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risks (foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

32. FINANCIAL INSTRUMENTS (Continued)

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

Market risk

(i) Foreign currency risk management

The majority of the Group's transactions and balances for the years ended 31 March 2017 and 2016 were denominated in Hong Kong dollars. The directors consider that the currency risk is not significant and the Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

In virtue of the exposure on foreign currency risk being minimal, the respective quantitative disclosures have not been prepared.

(ii) Interest rate risk management

The Group's exposure to cash flow interest rate risk in relation to variable-rate bank borrowing (see Note 22 for details of the borrowings). In relation to the variable-rate borrowings, the Group aims at keeping certain proportion of its borrowings at fixed rates. In order to limit its exposure to interest rate fluctuation, variable to fixed interest rate swaps have been utilised from time to time when appropriate, to fix a portion of interest costs over a period of time. The Group continuously evaluates its debt portfolio, including interest rate swaps to achieve a desired proportion of variable and fixed rate debt based on its review of interest rate movement.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates arising from the Group's bank borrowings.

The directors of the Company consider the Group's exposure of the short-term bank deposits to interest rate risk is not significant as interest bearing bank balances are within short maturity period and the interest rates of bank deposits are not expected to change significantly.

Sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates for interest bearing bank borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis points increase and decrease are used and represents management's assessment of the reasonably possible change in interest rates.

If the interest rate on borrowings had been 100 basis points higher and all other variables were held constant, the Group's post-tax profit for the years ended 31 March 2017 and 2016 would decrease by approximately HK$152,000 and HK$406,000 respectively as a result of the Group's exposure to interest rates on its variable-rate bank borrowings. If HIBOR/Prime Rate/Standard Bills Rate had been 100 basis points lower and all other variables were held constant, there would be an equal and opposite impact on the post-tax profit.

In the opinion of directors of the Company, the sensitivity analysis is unrepresentative of inherent interest rate risk as the year ended exposure does not reflect the exposure during the year.

32. FINANCIAL INSTRUMENTS (Continued)

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

Market risk (Continued)

(iii) Price risk

As the Group has no significant investments in financial assets at fair value through profit or loss or available-for-sale financial assets, the Group is not exposed to significant equity price risk.

In virtue of the exposure on equity price risk being minimal, the respective quantitative disclosures have not been prepared.

Credit risk management

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group monitored on an ongoing basis and follow-up action is taken to recover overdue debts. In addition, the management reviews the recoverable amount of each individual receivable at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management consider that the Group's credit risk is significantly reduced.

The Group's credit risk exposure is spread over a number of customers, accordingly, the Group has no significant concentration of credit risk on a single customer in this respect.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with good reputation. Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework to meet the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

32. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

Liquidity tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

	Weighted average effective interest rate	On demand or within one year HK$'000	One to five years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
As at 31 March 2017					
Non-derivative financial liabilities					
Trade and other payables	**–**	**99,617**	**–**	**99,617**	**99,617**
Borrowings	**4.7%**	**20,746**	**–**	**20,746**	**20,746**
		120,363	**–**	**120,363**	**120,363**
As at 31 March 2016					
Non-derivative financial liabilities					
Trade and other payables	–	57,384	–	57,384	57,384
Amounts due to related parties	–	6,619	–	6,619	6,619
Borrowings	6.7%	41,500	–	41,500	41,500
Obligations under finance leases	3.8%	619	799	1,418	1,326
		106,122	799	106,921	106,829

32. FINANCIAL INSTRUMENTS (Continued)

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

Liquidity risk management (Continued)

For the purpose of managing liquidity risk, the management reviews the expected cash flow information of the Group's bank loans based on the scheduled repayment dates set out in the loan agreements as set out in the table below:

	Weighted average effective interest rate	Within one year HK$'000	One to five years HK$'000	Over five years HK$'000	Total undiscounted cash flow HK$'000	Total carrying amount HK$'000
Bank loans – secured						
As at 31 March 2017	**4.7%**	**15,427**	**4,299**	**2,121**	**21,847**	**20,746**
As at 31 March 2016	6.7%	27,858	12,562	3,029	43,449	41,500

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

	Within one year HK$'000	One to five years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
Derivative financial liabilities				
As at 31 March 2016				
– Interest rate swap contracts	200	272	472	472

32. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

– The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices respectively; and

– The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The following table presents the Group's financial liabilities that are measured at fair value as at 31 March 2016.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 31 March 2016				
Financial liabilities				
Derivative financial instruments				
– Interest rate swap contracts	–	472	–	472

There were no investments classified under Level 3 and there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 during the years ended 31 March 2017 and 2016.

33. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 March 2017 are set out as follows:

Name of subsidiary	Place of incorporation/ operations	Issued and fully paid up share capital	Proportion ownership interest held by the Company	Principal activities
MT Construction Limited	British Virgin Islands (the "BVI")	US$1	100% (direct)	Investment holding
MT Engineering Limited	BVI	US$1	100% (direct)	Investment holding
MT Technology Limited	BVI	US$1	100% (direct)	Investment holding
Ming Tai Construction	Hong Kong	HK$1,000,000	100% (indirect)	Provision of formwork erection and related ancillary services
Ming Tai Civil	Hong Kong	HK$10,000	100% (indirect)	Provision of formwork erection and related ancillary services
Genuine Treasure Construction Technology Company Limited	Hong Kong	HK$10,000	100% (indirect)	Development of construction technology and related consultancy services

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2017 HK$'000
Non-current assets	
Investments in subsidiaries	62,584
Current assets	
Prepayments	228
Amount due from a subsidiary	31,314
Bank balances and cash	72,459
	104,001
Total assets	166,585
Current liabilities	
Other payables and accruals	596
Net current assets	103,405
Net assets	165,989
Capital and reserves	
Share capital	12,000
Reserves	153,989
Total equity	165,989

Mr. Wang Kei Ming	**Mr. Wang Yu Hin**
Director	Director

34. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

MOVEMENT IN THE COMPANY'S RESERVES

	Share premium HK$'000	Special reserve HK$'000	Accumulated loss HK$'000	Total HK$'000
Balance at 12 April 2016 (date of incorporation)	–	–	–	–
Profit and total comprehensive income for the year	–	–	52,431	52,431
Dividend recognised as distribution	–	–	(128,000)	(128,000)
Reorganisation	–	129,214	–	129,214
Capitalisation issue	(9,840)	–	–	(9,840)
Issue of shares under share offer	118,800	–	–	118,800
Transaction costs attributable to issue of shares	(8,616)	–	–	(8,616)
Balance at 31 March 2017	100,344	129,214	(75,569)	153,989

Special reserve

Special reserve represents the difference between the nominal value of shares issued by the Company pursuant to the Reorganisation and the aggregate net asset value of the subsidiaries acquired.

35. EVENT AFTER THE REPORTING PERIOD

Subsequent to 31 March 2017, Harvest Full Properties Limited, an indirect wholly-owned subsidiary of the Company (the "Purchaser") has entered into a provisional agreement with an independent third party (the "Vendor") pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire a property as the Group's office premises at a total consideration of HK$53,388,000.

FINANCIAL SUMMARY

RESULTS

	For the year ended 31 March			
	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**603,839**	481,943	287,660	318,287
Direct costs	**(487,301)**	(389,711)	(231,644)	(257,586)
Gross profit	**116,538**	92,232	56,016	60,701
Profit before tax	**78,380**	61,998	40,087	47,119
Income tax expense	**(14,597)**	(12,207)	(5,817)	(7,953)
Profit and total comprehensive income for the year attributable to owners of the Company	**63,783**	49,791	34,270	39,166

ASSETS AND LIABILITIES

	As at 31 March			
	2017	2016	2015	2014
	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**309,432**	260,489	162,834	135,434
Total liabilities	**(142,024)**	(141,208)	(90,404)	(97,274)
	167,408	119,281	72,430	38,160
Equity attributable to owners of the Company	**167,408**	119,281	72,430	38,160