

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



MAN KING HOLDINGS LIMITED

萬景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2193)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2018**

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue	HK\$232.2 million
Profit attributable to owners of the Company	HK\$7.0 million
Basic and diluted earnings per share	HK1.67 cents
Equity attributable to owners of the Company per share	HK\$0.67
Final dividend per share	HK3.5 cents

RESULTS

The board of directors (the “Board”) of Man King Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	3	232,157	164,516
Cost of services		<u>(197,632)</u>	<u>(124,945)</u>
Gross profit		34,525	39,571
Other income	4	1,460	2,673
Other gains and losses	5	2,236	775
Administrative expenses		(29,084)	(32,058)
Finance costs		<u>(27)</u>	<u>–</u>
Profit before tax		9,110	10,961
Income tax expense	6	<u>(2,103)</u>	<u>(2,432)</u>
Profit and other comprehensive income for the year	7	<u><u>7,007</u></u>	<u><u>8,529</u></u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
Basic and diluted		<u><u>1.67</u></u>	<u><u>2.05</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2018**

	<i>Notes</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Non-current assets			
Investment property		–	2,310
Property, plant and equipment		18,479	8,873
Held-to-maturity investment		3,500	–
		<u>21,979</u>	<u>11,183</u>
Current assets			
Amounts due from customers for contract works		86,736	64,153
Debtors, deposits and prepayments	<i>10</i>	57,951	49,784
Amounts due from joint operations		19,974	8,443
Tax recoverable		1,881	2,602
Held-for-trading investments		7,829	5,485
Pledged bank deposits		5,206	4,644
Bank balances and cash		153,624	181,926
		<u>333,201</u>	<u>317,037</u>
Current liabilities			
Amounts due to customers for contract works		22,449	11,481
Creditors and accrued charges	<i>11</i>	32,606	35,005
Amounts due to other partners of joint operations		14,082	7,666
Tax liabilities		803	225
Bank borrowing		3,026	–
		<u>72,966</u>	<u>54,377</u>
Net current assets		<u>260,235</u>	<u>262,660</u>
Total assets less current liabilities		282,214	273,843
Non-current liability			
Deferred tax liabilities		1,292	502
Net assets		<u>280,922</u>	<u>273,341</u>
Capital and reserves			
Share capital		4,198	4,205
Share premium and reserves		276,724	269,136
Total equity		<u>280,922</u>	<u>273,341</u>

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements included applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment property, which are measured at fair values at the end of the reporting period.

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, certain new and amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group’s consolidated financial statements.

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle

Except as described below, 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.

Amendments to HKAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financial activities.

3. REVENUE AND SEGMENT INFORMATION

	2018 <i>HK\$’000</i>	2017 <i>HK\$’000</i>
Civil engineering works	232,146	164,481
Consultancy fee income	11	35
	<u>232,157</u>	<u>164,516</u>

Information reported to the management of the Group, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance is on a project by project basis. Each individual project constitutes an operating segment. For operating segments that have similar economic characteristics, they are produced using similar production process, distributed and sold to similar classes of customers and under similar regulatory environment, and their segment information is aggregated into civil engineering works as single reportable segment. The management of the Group assesses the performance of the reportable segment based on the revenue and gross profit for the year of the Group as presented in the consolidated statement of profit or loss and other comprehensive income. No analysis of the Group’s assets and liabilities is disclosed as such information is not regularly provided to the management of Group for review.

4. OTHER INCOME

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Bank interest income	613	618
Interest income from held-to-maturity investment	87	–
Gross rental income from investment property	33	78
Dividend income from held-for-trading investments	438	687
Others	289	1,290
	<u>1,460</u>	<u>2,673</u>

5. OTHER GAINS AND LOSSES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Net gain on disposal of property, plant and equipment	231	500
Change in fair value of held-for-trading investments, net	878	1,461
Change in fair value of investment property	40	110
Net exchange gains (losses)	1,087	(1,296)
	<u>2,236</u>	<u>775</u>

6. INCOME TAX EXPENSE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Hong Kong:		
Current year	894	2,389
Under (over) provision in prior years	419	(7)
	<u>1,313</u>	<u>2,382</u>
Deferred taxation	790	50
	<u>2,103</u>	<u>2,432</u>

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Directors' emoluments	9,291	10,605
Other staff salaries and other allowances	49,761	39,698
Other staff share-based compensation	674	975
Other staff retirement benefit scheme contributions	1,528	1,296
	<hr/>	<hr/>
Total staff costs	61,254	52,574
Less: amounts included in cost of services	(40,718)	(31,640)
	<hr/>	<hr/>
	20,536	20,934
	<hr/>	<hr/>
Auditor's remuneration	1,000	1,000
Depreciation of property, plant and equipment	3,373	1,616
Less: amounts included in cost of services	(2,443)	(371)
	<hr/>	<hr/>
	930	1,245
	<hr/>	<hr/>
Operating lease rentals in respect of land and buildings	1,218	1,425
	<hr/>	<hr/>
Gross rental income from investment property	(33)	(78)
Less: direct expenses incurred	6	14
	<hr/>	<hr/>

8. DIVIDEND

A final dividend for the year ended 31 March 2018 of HK3.5 cents (2017: nil) per ordinary share, totaling approximately HK\$14,694,000 based on 419,818,000 shares (2017: nil) has been proposed by the Board of Directors of the Company and is subject to approval by the shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<u>7,007</u>	<u>8,529</u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>420,131</u>	<u>416,766</u>

The diluted earnings per share did not assume the effect from the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares during the current and prior years.

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables	33,616	22,284
Retention receivables	10,686	14,512
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses	12,619	11,698
— Others	<u>1,030</u>	<u>1,290</u>
	<u>57,951</u>	<u>49,784</u>

The Group allows credit period up to 60 days to certain customers. The aged analysis of the Group's trade receivables based on certification/invoice date at the end of each reporting period are as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade receivables:		
0 to 30 days	15,089	21,882
31 to 60 days	17,689	402
Over 60 days	<u>838</u>	<u>—</u>
	<u>33,616</u>	<u>22,284</u>
Retention receivables:		
Due within one year	5,707	10,451
Due after one year	<u>4,979</u>	<u>4,061</u>
	<u>10,686</u>	<u>14,512</u>

11. CREDITORS AND ACCRUED CHARGES

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Trade payables (aged analysis based on invoice date):		
0 to 30 days	7,428	16,332
31 to 60 days	8,789	8,510
61 to 90 days	2,510	143
Over 90 days	3,610	2,016
	<hr/>	<hr/>
	22,337	27,001
Retention payables	8,692	6,674
Other payables and accruals	1,577	1,330
	<hr/>	<hr/>
	32,606	35,005
	<hr/> <hr/>	<hr/> <hr/>
Retention payables:		
Due within one year	2,790	3,731
Due after one year	5,902	2,943
	<hr/>	<hr/>
	8,692	6,674
	<hr/> <hr/>	<hr/> <hr/>

DIVIDEND

The Board recommends the payment of a final dividend of HK3.5 cents (2017: nil) per ordinary share payable to shareholders whose names appear in the register of members of the Company on Friday, 14 September 2018.

Subject to the approval of shareholders at the forthcoming annual general meeting, it is expected that the payment of final dividend will be made on or before 28 September 2018.

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Monday, 20 August 2018 (the “2018 Annual General Meeting”), the register of members of the Company will be closed from Wednesday, 15 August 2018 to Monday, 20 August 2018, both days inclusive, during which period no transfer of the shares of the Company (the “Shares”) will be registered. In order to be eligible to attend and vote at the 2018 Annual General Meeting, the unregistered holders of shares of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 14 August 2018.

The proposed final dividend is subject to the approval of the shareholders at the 2018 Annual General Meeting. The record date for the proposed final dividend is on Friday, 14 September 2018. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on Friday, 14 September 2018 if and only if the proposed final dividend is approved by the shareholders at the 2018 Annual General Meeting, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Thursday, 13 September 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in providing civil engineering services in Hong Kong as main contractor.

The engineering works undertaken by the Group are mainly related to (i) roads and drainage (including associated building works and electrical and mechanical works); (ii) site formation (including associated infrastructure works); and (iii) port works. The Group undertakes engineering projects in both public and private sectors and, being a main contractor, participates in the procurement of materials, machineries and equipment, selection of subcontractors, carrying out on-site supervision, monitoring work progress and overall co-ordination of day-to-day work of the projects.

During the year ended 31 March 2018, the Group secured two new contracts with total contract sum of approximately HK\$592.7 million. As at 31 March 2018, the Group had seven projects in progress, and several completed projects which are yet to receive the final contract sum, with a total estimated outstanding contract sum and work order value of approximately HK\$677.2 million.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2018 was approximately HK\$232.2 million, representing an increase of approximately 41.1% from approximately HK\$164.5 million in the same period of the last financial year. This increase was mainly due to the combined effect of:

- (i) higher revenue of approximately HK\$35.9 million for three projects commenced in the mid of 2017 or early 2018;
- (ii) higher revenue of approximately HK\$108.3 million for five projects in progress during the year ended 31 March 2018;
- (iii) lower revenue of approximately HK\$51.0 million for projects for the year ended 31 March 2018 as compared to the revenue of approximately HK\$63.4 million recognised for the same projects which had been completed in the prior years; and
- (iv) lower revenue of approximately HK\$25.5 million for one project commenced in 2012 and completed during the year ended 31 March 2018; and another project commenced in 2015 and substantially completed during the year ended 31 March 2018.

Gross profit margin

The gross profit margin decreased from approximately 24.1% for the year ended 31 March 2017 to approximately 14.9% for the year ended 31 March 2018, primarily due to projects on hand with higher profit margin being substantially completed and less additional contract sums agreed at the final stage were recognised for the year ended 31 March 2018. The expected gross profit margin for new projects is lower than those undertaken in previous years which reflects keen competition in the construction industry and the new NEC form of contract mentioned in "Future Outlook" section below.

Other income

Other income was approximately HK\$1,460,000 and HK\$2,673,000 for the years ended 31 March 2018 and 2017, respectively. The decrease was mainly due to less dividend income received from held-for-trading investments and decrease in other sundry income.

Other gains and losses

Other gains were approximately HK\$2,236,000 and HK\$775,000 for the years ended 31 March 2018 and 2017, respectively. The increase was mainly due to the exchange gain as a result of the appreciation of foreign currencies offset with the decreasing gain on disposal of property, plant and equipment and net change in fair value of held-for-trading investments.

Administrative expenses

Administrative expenses for the year ended 31 March 2018 were approximately HK\$29.1 million, representing a decrease of 9.3% from approximately HK\$32.1 million in the last financial year. This was mainly attributable to the decrease in the share-based compensation as a result of the lapse of share options in July 2017 and January 2018, and the decrease in insurance and motor vehicle expenses during the year ended 31 March 2018.

Finance costs

The Group has obtained new bank borrowing during the year ended 31 March 2018 and accordingly finance costs increased to approximately HK\$27,000 (2017: nil).

Income tax expense

The effective tax rates for the years ended 31 March 2017 and 2018 were approximately 22.2% and 23.1% respectively. The effective tax rate for the year ended 31 March 2018 was higher than the statutory profit tax rate of 16.5% which was mainly due to the increase in tax effect of tax losses not recognised by the Company during the year.

Profit for the year

For the year ended 31 March 2018, the Group recorded net profit of approximately HK\$7.0 million, a decrease of 17.6% as compared to the net profit of approximately HK\$8.5 million for the corresponding period in the last financial year. This was mainly due to the decrease in gross profit, as mentioned in the paragraph headed “Gross profit margin” above, for the year ended 31 March 2018.

Liquidity and Financial Resources

As at 31 March 2018, the Group had bank balances and cash of approximately HK\$153.6 million (2017: HK\$181.9 million), which were mainly denominated in Hong Kong dollars. There is no major exposure to foreign exchange rate fluctuations. The Group has not adopted any currency hedging policy or other hedging instruments.

As at 31 March 2018, the Group had a total of interest bearing bank borrowing of approximately HK\$3.0 million (2017: nil).

The Group has available unutilised bank borrowing facilities of approximately HK\$11.7 million as at 31 March 2018 (2017: HK\$15.2 million).

Capital Structure and Gearing Ratio

As at 31 March 2018, total equity was approximately HK\$280.9 million (2017: HK\$273.3 million) comprising ordinary share capital, share premium and reserves.

The gearing ratio of the Group, defined as a percentage of interest bearing liabilities divided by the total equity, has approximately 1.1% at 31 March 2018 (2017: nil).

Pledge of Assets

As at 31 March 2018, bank deposits of the Group of approximately HK\$5.2 million (2017: HK\$4.6 million) were pledged to banks for securing the performance bonds issued by the banks to the Group's customers on behalf of the Group as guarantee. Deposits of approximately HK\$25,000 (2017: HK\$2.5 million) has been placed and pledged to an insurance institution to secure obligations under the performance bonds issued by the institution to customers of the Group.

Capital Commitments

The Group had no capital commitments as at 31 March 2018 (2017: nil).

Performance Bonds and Contingent Liabilities

Certain customers of construction contracts undertaken by the Group require the group entities to issue guarantees for the performance of contract works in the form of performance bonds and secured either by other deposits or pledged bank deposits. The performance bonds are released when the construction contracts are completed or substantially completed.

As at 31 March 2018, the Group had outstanding performance bonds issued by banks of approximately HK\$13.3 million (2017: HK\$14.1 million) and issued by an insurance institution of approximately HK\$25,000 (2017: HK\$2.5 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group had an aggregate of 135 full-time employees (2017: 125 full-time employees). Employee costs excluding directors' emoluments totalled approximately HK\$52.0 million for the year ended 31 March 2018 (2017: HK\$42.0 million). The Group recruited and promoted the employees according to their strength and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

FUTURE OUTLOOK

As we head into the new financial year 2018/2019, we take a look at how the construction industry has fared in 2017 and what we can expect for 2018/2019.

In the last interim report, we have mentioned that the growth of local construction industry is driven by several mega infrastructure development projects, which demand tremendous technical resources and financial funding, and impose challenges to local contractors to compete with international and Mainland Chinese contractors. We expect this situation remains unchanged in the near future. As such, we continue to seek cooperation with other local and international contractors in form of joint venture to optimize our competitive strength. This strategy was well achieved by award of a public works by the HKSAR Water Supplies Department in November 2017 which complements our construction capability and expertise to include waterworks in addition to site formation, roads & drainages and port works.

While the capital works expenditure for infrastructures, housings, hospitals and etc. is expected to remain at similar levels of HK\$80–90 billion in the coming few years, labour shortages, coupled with the new legislation of Mandatory Provident Fund being proposed by the Hong Kong Government, will continue to plague the construction industry in 2018 and the years to come.

A key change of the construction industry is the introduction of new NEC form of contract by the Hong Kong Government on public contracts, which is on a ‘Gain and Pain’ share basis with the clients and will be fully implemented from this year onwards. This new contract form aims at balancing the risk and profit for the parties entered into the contract. We have been working on three NEC contracts of various options since May 2015 and our project teams have been adequately trained in advance to take up this challenge and their practical experience in NEC contracts becomes an essential of our operation asset.

With the adoption of NEC form of contract, we see that, among the increasing construction and labour costs, the gross profits for certain new public works contracts need to be so re-aligned that they may not be as high as those similar contracts undertaken in previous years. While we continue to tender projects in both public and private sectors in Hong Kong, we also seek opportunity to diversify our business into trading of construction materials and expansion of client base outside Hong Kong. Considering these market conditions, the Group remains prudent and continues cautiously to maintain a healthy liquidity position and would only consider significant investment or expansion when the Group has secured certain large scale projects.

SIGNIFICANT INVESTMENT

During the year ended 31 March 2018, the Company did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2018, there was no material acquisition or disposal of subsidiaries and associated companies by the Company.

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

During the year ended 31 March 2018, 684,000 shares of HK\$0.01 each were repurchased by the Company at prices ranging from HK\$0.80 to HK\$0.92 per share on the Stock Exchange.

CORPORATE GOVERNANCE

The Company has adopted, applied and complied with the code provisions of Corporate Governance Code ("CG Code") set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange for the year ended 31 March 2018, except for provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

According to provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lo Yuen Cheong is the Chairman and Chief Executive Officer of the Company, responsible for the financial and operational aspects of the Group, and is jointly responsible for the formulation of business development strategies of the Group. The Board believes that vesting the roles of both Chairman and Chief Executive Officer has the benefit of managing the Group's business and overall operation in an efficient manner. The Board considers that the balance of power and authority under the present arrangement will not be impaired in light of the operations of the Board with half of them being independent non-executive Directors. The Company will review the structure from time to time and shall adjust the situation when suitable circumstance arises.

Details of corporate governance principles and practices of the Company will be set out in Annual Report 2017/2018.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors.

Upon specific enquiry with all the Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 March 2018.

REVIEW OF FINAL RESULTS

The audit committee of the Company and the Company's external auditor have reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 March 2018.

ANNUAL GENERAL MEETING

The notice of the 2018 Annual General Meeting will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the Company's website (www.manking.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Annual Report 2017/2018 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange, and despatched to the shareholders of the Company in due course.

By order of the Board
Man King Holdings Limited
Lo Yuen Cheong
Chairman and Executive Director

Hong Kong, 15 June 2018

As at the date of this announcement, the Board comprises Mr. Lo Yuen Cheong, Mr. Lo Yick Cheong, as executive Directors; Ms. Chan Wai Ying as non-executive Director; and Mr. Leung Wai Tat Henry, Prof. Lo Man Chi, Ms. Chau Wai Yung as independent non-executive Directors.