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 2017

FINANCIAL PERFORMANCE HIGHLIGHTS	
Revenue	HK$164.5 million
Profit attributable to owners of the Company	HK$8.5 million
Basic and diluted earnings per share	HK2.05 cents
Equity attributable to owners of the Company per share	HK$0.65

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 2017 as follows:

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	*3*	**164,516**	183,279
Cost of services		**(124,945)**	(104,666)
Gross profit		**39,571**	78,613
Other income	*4*	**2,673**	2,213
Other gains and losses	*5*	**775**	(4,151)
Administrative expenses		**(32,058)**	(36,615)
Listing expenses		**–**	(5,873)
Finance costs		**–**	(85)
Profit before tax		**10,961**	34,102
Income tax expense	*6*	**(2,432)**	(6,900)
Profit for the year	*7*	**8,529**	27,202
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain on transfer of owner-occupied property to investment property, net of deferred taxation		**–**	1,193
Total comprehensive income for the year attributable to owners of the Company		**8,529**	28,395
		HK cents	*HK cents*
Earnings per share	*9*		
Basic and diluted		**2.05**	7.05

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	Notes	**2017** **HK$'000**	2016 *HK$'000*
Non-current assets			
Investment property		**2,310**	2,200
Property, plant and equipment		**8,873**	5,033
		11,183	7,233
Current assets			
Amounts due from customers for contract works		**64,153**	60,471
Debtors, deposits and prepayments	*10*	**49,784**	48,547
Amounts due from joint operations		**8,443**	11,926
Tax recoverable		**2,602**	783
Held-for-trading investments		**5,485**	11,961
Short-term bank deposits		**–**	2,011
Pledged bank deposits		**4,644**	4,733
Bank balances and cash		**181,926**	167,001
		317,037	307,433
Current liabilities			
Amounts due to customers for contract works		**11,481**	19,371
Creditors and accrued charges	*11*	**35,005**	28,742
Amounts due to other partners of joint operations		**7,666**	7,160
Tax liabilities		**225**	2,319
		54,377	57,592
Net current assets		**262,660**	249,841
Total assets less current liabilities		**273,843**	257,074
Non-current liability			
Deferred tax liabilities		**502**	452
Net assets		**273,341**	256,622
Capital and reserves			
Share capital		**4,205**	4,150
Share premium and reserves		**269,136**	252,472
Total equity		**273,341**	256,622

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.

2. SIGNIFICANT ACCOUNTING POLICIES

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.

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.

HKFRS 14	Regulatory Deferral Accounts
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 Amortization
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 27	Equity method in Separate Financial Statements
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

The application of these new and amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

	2017	2016
	HK$'000	*HK$'000*
Civil engineering works	**164,481**	183,251
Consultancy fee income	**35**	28
	164,516	183,279

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

	2017	2016
	HK$'000	*HK$'000*
Bank interest income	**618**	1,406
Rental income from investment property	**78**	46
Dividend income from held-for-trading investments	**687**	–
Sundry income	**1,290**	761
	2,673	2,213

5. OTHER GAINS AND LOSSES

	2017	2016
	HK$'000	*HK$'000*
Net gain on disposal of property, plant and equipment	**500**	131
Change in fair value of held-for-trading investments, net	**1,461**	(2,664)
Change in fair value of investment property	**110**	–
Net exchange losses	**(1,296)**	(1,618)
	775	(4,151)

6. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Hong Kong	**2,389**	6,426
(Over) under provision in prior years	**(7)**	258
	2,382	6,684
Deferred taxation	**50**	216
	2,432	6,900

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2017	2016
	HK$'000	*HK$'000*
Directors' emoluments	**10,605**	9,290
Other staff salaries and other allowances	**39,698**	43,698
Other staff share-based compensation	**975**	1,205
Other staff retirement benefit scheme contributions	**1,296**	1,582
Total staff costs	**52,574**	55,775
Less: amounts included in cost of services	**(31,640)**	(35,097)
	20,934	20,678
Auditor's remuneration	**1,000**	1,100
Depreciation of property, plant and equipment	**1,616**	912
Less: amounts included in cost of services	**(371)**	–
	1,245	912
Operating lease rentals in respect of land and buildings	**1,425**	1,907

8. DIVIDEND

No dividend was paid or proposed for shareholders of the Company during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

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:

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**8,529**	27,202
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of basic and diluted earnings per share	**416,766**	385,779

The weighted average number of ordinary shares in issue of 385,779,000 shares for the year ended 31 March 2016 was calculated on the assumption that the group reorganisation and the capitalisation issue are deemed to have become effective on 1 April 2014.

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

10. DEBTORS, DEPOSITS AND PREPAYMENTS

	2017	2016
	HK$'000	*HK$'000*
Trade receivables	**22,284**	17,097
Retention receivables	**14,512**	21,193
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses	**11,698**	9,385
— Others	**1,290**	872
	49,784	48,547

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 dates at the end of each reporting period are as follows:

	2017	2016
	HK$'000	*HK$'000*
Trade receivables:		
0 to 30 days	**21,882**	7,628
31 to 60 days	**402**	6,770
61 to 90 days	**–**	1,586
Over 90 days	**–**	1,113
	22,284	17,097
Retention receivables:		
Due within one year	**10,451**	3,440
Due after one year	**4,061**	17,753
	14,512	21,193

11. CREDITORS AND ACCRUED CHARGES

	2017	2016
	HK$'000	*HK$'000*
Trade payables (aged analysis based on invoice dates):		
0 to 30 days	**16,332**	10,084
31 to 60 days	**8,510**	7,000
61 to 90 days	**143**	157
Over 90 days	**2,016**	15
	27,001	17,256
Retention payables	**6,674**	8,967
Other payables and accruals	**1,330**	2,519
	35,005	28,742
Retention payables:		
Due within one year	**3,731**	2,935
Due after one year	**2,943**	6,032
	6,674	8,967

DIVIDEND

No dividend was paid or proposed for shareholders of the Company (the "Shareholders") during the year ended 31 March 2017, nor has any dividend been proposed since the end of the reporting period (2016: nil).

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Monday, 21 August 2017 (the "2017 Annual General Meeting"), the register of members of the Company will be closed from Wednesday, 16 August 2017 to Monday, 21 August 2017, 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 2017 Annual General Meeting, the Shareholders 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, 15 August 2017.

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 2017, the Group secured six new contracts with a total value of approximately HK$604.6 million. As at 31 March 2017, 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$527.0 million.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2017 was approximately HK$164.5 million representing a decrease of approximately 10.3% from approximately HK$183.3 million in the same period of the last financial year. This decrease was mainly due to the combined effect of:

(i) lower revenue of approximately HK$61.7 million recognised for four civil engineering projects completed during the year ended 31 March 2017;

(ii) lower revenue of approximately HK$27.4 million for projects for the year ended 31 March 2017 as compared to the revenue of approximately HK$59.1 million recognised for the same projects which had been completed before 2016; and

(iii) higher revenue of approximately HK$70.6 million for the projects in progress during the year ended 31 March 2017, including approximately HK$62.1 million contributed by the five new projects commenced during the year ended 31 March 2017.

Gross profit margin

Gross profit margin decreased from approximately 42.9% for the year ended 31 March 2016 to approximately 24.1% for the year ended 31 March 2017, primarily due to projects on hand with high profit margin being substantially completed and less additional contract sums agreed at the final stage being recognised for the year ended 31 March 2017. Further, the new contracts entered this year are in preliminary construction stage and thus have not contributed much profit to the Group yet.

Other income

Other income was approximately HK$2,673,000 and HK$2,213,000 for the years ended 31 March in 2017 and 2016 respectively. The increase was mainly due to dividend income received from the securities investments.

Other gains and losses

Other gains and losses switched from a loss of approximately HK$4,151,000 for the year ended 31 March 2016 to a gain of approximately HK$775,000 for the year ended 31 March 2017, primarily due to net change in fair value of held-for-trading investments of approximately HK$1,461,000, change in fair value of investment property of HK$110,000, net gain on disposal of property, plant and equipment of approximately HK$500,000, offset with net exchange losses recognised of approximately HK$1,296,000 as a result of the depreciation of Renminbi and British Pound.

Administrative expenses

Administrative expenses for the year ended 31 March 2017 were approximately HK$32.1 million, representing a decrease of 12.4% from approximately HK$36.6 million in the last financial year. This was mainly attributable to the decrease in insurance and motor vehicle expenses as a result of the completion of several projects during the year ended 31 March 2017.

Finance costs

There was no new borrowings and no finance costs incurred during the year ended 31 March 2017.

Income tax expense

The effective tax rates for the years ended 31 March 2016 and 2017 were approximately 20.2% and 22.2% respectively. The effective tax rate for the year ended 31 March 2017 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 2017, the Group recorded net profit of approximately HK$8.5 million, a decrease of 68.6% as compared to the net profit of approximately HK$27.2 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 2017.

Liquidity and Financial Resources

As at 31 March 2017, the Group had bank balances and cash of approximately HK$181.9 million (2016: HK$167.0 million), which were mainly denominated in Hong Kong dollars, Renminbi and British Pound. The Group is exposed to the currency risks for fluctuation in exchange rates of Renminbi and British Pound. The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates and has not adopted any currency hedging policy or other hedging instruments. The Group will continue to monitor its exposure to the currency risks closely.

The Group adopts a prudent approach in cash management and there was no interest bearing borrowings as at 31 March 2017 (2016: nil).

The Group has available unutilised bank borrowings facilities of HK$15.2 million as at 31 March 2017 (2016: HK$15.0 million).

Capital Structure and Gearing Ratio

As at 31 March 2017, total equity was approximately HK$273.3 million (2016: HK$256.6 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, is nil at 31 March 2017 (2016: nil).

Pledge of Assets

As at 31 March 2017, bank deposits of the Group of approximately HK$4.6 million (2016: HK$4.7 million) are 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 and prepaid expenses of approximately HK$2.5 million (2016: HK$3.4 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 2017 (2016: 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 2017, the Group had outstanding performance bonds issued by banks of approximately HK$14.1 million (2016: HK$14.9 million) and issued by an insurance institution of approximately HK$2.5 million (2016: HK$3.4 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2017, the Group had an aggregate of 125 full-time employees (2016: 116 full-time employees). Employee costs excluding directors' emoluments totalled approximately HK$42.0 million for the year ended 31 March 2017 (2016: HK$46.5 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

The Group has secured 6 contracts of about HK$604.6 million during the year ended 31 March 2017 providing a resilient backdrop for the year ahead, and there are a few other tenders pending final results. The Group is, however, in a transition period from the completion of previous highly profitable projects to less contribution from the new contracts at this preliminary stage, which results in a significant drop of gross profit for the year ended 31 March 2017.

The Hong Kong's public spending on infrastructure has been maintained at high levels, with about HK$85 billion for the year 2017/18 and a huge public expenditure programme in the coming decade. Key major infrastructure projects in the coming years include the Kai Tak Sports Park, Central Kowloon Route and the Tung Chung New Town Extension. The Hong Kong Airport Authority is spending about HK$120 billion for its Third Runway construction over the coming three years. This underpins the resilient of our business focusing on public works. Although operating expenses and compensation of employees of the construction sector remain high, the hard time of recruiting qualified engineers and workers has been eased. The prices for supply of major materials such as concrete, rebars and fuels were under our expectation throughout the year. This helped inhibit the ever rising trend of the overall construction cost in the past few years.

Despite these encouraging market conditions, the Legislative Council has been very slow in their progress of approving funding for public projects. There was only few new works project that have obtained approved funding totalling approximately HK$1.1 billion out of the total estimated funding of approximately HK$90 billion from the Finance Committee of Legislative Council up to March 2017 which brings not only uncertainties and difficulties in tendering and award of tenders in the construction industry but also the financial performance in terms of revenue and profit margins.

We remain focused on further improving our operation efficiency and investment in new technology and human resources to support our operation with reasonable profit margins. It is foreseeable that the Hong Kong construction environment is likely to remain challenging, but it is not insurmountable. We continue cautiously to maintain a healthy reserve of finance and work force of the Group for the year ending 31 March 2018 for effective operation and further expansion and development of our business.

SIGNIFICANT INVESTMENTS

During the year ended 31 March 2017, the Company did not hold any significant investment.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2017, 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

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

CORPORATE GOVERNANCE

The Company has adopted, applied and complied with the code provisions of Corporate Governance 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 2017, 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 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 Code will be set out in Annual Report 2016/2017.

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 2017.

REVIEW OF FINAL RESULTS

The Audit Committee 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 2017.

ANNUAL GENERAL MEETING

The notice of the 2017 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 2016/2017 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, 16 June 2017

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.