ROYAL DELUXE HOLDINGS LIMITED
御佳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3789)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2018

FINANCIAL HIGHLIGHTS

- Revenue was approximately HK$673.3 million for the year ended 31 March 2018, representing an increase of approximately 11.5% as compared with the same for the year ended 31 March 2017.
- Gross profit was approximately HK$109.6 million for the year ended 31 March 2018, representing a decrease of approximately 5.9% as compared with the same for the year ended 31 March 2017.
- Gross profit margin decreased from approximately 19.3% for the year ended 31 March 2017 to approximately 16.3% for the year ended 31 March 2018.
- Profit attributable to the owners of the Company was approximately HK$56.1 million for the year ended 31 March 2018, representing a decrease of approximately 12.1% as compared with the same for the year ended 31 March 2017.
- Basic earnings per share was approximately HK4.67 cents for the year ended 31 March 2018, and approximately HK6.29 cents for the year ended 31 March 2017.
- The Board does not recommend the payment of any final dividend for the year ended 31 March 2018.

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Royal Deluxe Holdings Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*3*	**673,275**	603,839
Direct costs		**(563,636)**	(487,301)
Gross profit		**109,639**	116,538
Other income, other gains and losses, net	*4*	**5,421**	6,233
Administration and other operating expenses		**(44,410)**	(41,496)
Finance costs	*5*	**(2,673)**	(2,895)
Profit before tax	*6*	**67,977**	78,380
Income tax expense	*7*	**(11,917)**	(14,597)
Profit and total comprehensive income for the year attributable to owners of the Company		**56,060**	63,783
		HK cents	*HK cents*
Earnings per share			
– Basic and diluted	*9*	**4.67**	6.29

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2018

	Notes	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**62,567**	3,875
Deposits and prepayments for life insurance policy		**3,829**	3,727
Club membership		**1,188**	–
Deferred tax assets		**104**	–
		67,688	7,602
Current assets			
Trade and other receivables	*10*	**140,571**	129,096
Amounts due from customers for contract work		**111,058**	53,016
Bank balances and cash		**57,066**	119,718
		308,695	301,830
Total assets		**376,383**	309,432
Current liabilities			
Trade and other payables	*11*	**91,193**	99,617
Amounts due to customers for contract work		**10,821**	17,527
Borrowings		**49,374**	20,746
Current tax liabilities		**1,456**	4,134
		152,844	142,024
Net current assets		**155,851**	159,806
Total assets less current liabilities		**223,539**	167,408
Non-current liabilities			
Deferred tax liabilities		**71**	–
Net assets		**223,468**	167,408
Capital and reserves			
Share capital		**12,000**	12,000
Reserves		**211,468**	155,408
Equity attributable to owners of the Company		**223,468**	167,408

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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, 22th Floor, T G Place, 10 Shing Yip Street, Kwun Tong, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The Group is principally engaged in the provision of formwork erection and related ancillary services in Hong Kong.

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 of 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 year ended 31 March 2017. 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 year ended 31 March 2017 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 year ended 31 March 2017, 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 year ended 31 March 2017, or since their respective dates of incorporation where this is a shorter period.

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

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 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 financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

New and revised HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[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[1]
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018.
2 Effective for annual periods beginning on or after 1 January 2019.
3 Effective for annual periods beginning on or after 1 January 2021.
4 Effective for annual periods beginning on or after a date to be determined.

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

3. REVENUE AND SEGMENT INFORMATION

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

Geographical information

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

Information about major customers

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

	2018	2017
	HK$'000	*HK$'000*
Customer A	**N/A** [1]	83,441
Customer B	**271,399**	132,850
Customer C	**101,844**	143,717
Customer D	**81,404**	N/A [1]

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

4. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2018	2017
	HK$'000	*HK$'000*
Other income		
Bank interest income	**66**	86
Interest income on deposits and prepayments for life insurance policy	**115**	114
Income from sale of scrap materials	**3,092**	1,197
Government grants	**–**	250
Sundry income	**2,247**	4,464
	5,520	6,111
Other gains and losses, net		
Net foreign exchange gain	**4**	–
(Loss)/gain on disposal of property, plant and equipment	**(103)**	10
Gain arising on change in fair value of derivative financial instruments	**–**	112
	(99)	122
	5,421	6,233

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Interest on bank borrowings and overdrafts	**2,673**	2,848
Interest on obligations under finance leases	**–**	47
	2,673	2,895

6. PROFIT BEFORE TAX

	2018	2017
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging:		
Employee benefits expense *(Note)*:		
Salaries and other benefits in kind	**438,026**	327,431
Discretionary bonuses	**4,613**	10,975
Contributions to retirement benefit scheme	**12,943**	11,171
Total employee benefits expense, including directors' emoluments	**455,582**	349,577
Amortisation of premium and other expenses charged on life insurance policy	**13**	104
Auditors' remuneration	**1,050**	950
Depreciation of property, plant and equipment	**3,466**	2,257
Listing expenses	**–**	9,732
Net foreign exchange loss	**–**	4
Operating lease rentals in respect of:		
– Land and buildings	**1,365**	1,412
– Plant and equipment	**16,431**	13,577

Note:

During the years ended 31 March 2018 and 2017, total employee benefits expense amounting to approximately HK$427,543,000 and HK$335,019,000 respectively was included in direct costs and amounting to approximately HK$28,039,000 and HK$14,558,000 respectively was included in administration and other operating expenses.

7. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Current income tax:		
– Hong Kong Profits Tax	**11,950**	14,597
Deferred tax	**(33)**	–
Total income tax expense recognised in profit or loss	**11,917**	14,597

8. DIVIDEND

During the year ended 31 March 2017, the Company declared an 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 of these consolidated financial statements.

No final dividend was proposed by the Board for the year ended 31 March 2018 (2017: Nil).

9. EARNINGS PER SHARE

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**56,060**	63,783

	2018	2017
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,200,000**	1,014,773

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 March 2018 was derived from 1,200,000,000 ordinary shares in issue throughout the year.

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 pursuant to the Listing.

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 2018 and 2017.

10. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**88,805**	81,595
Retention receivables	**47,950**	40,689
Deposits, prepayments and other receivables	**3,816**	6,812
	140,571	129,096

The Group allows a credit period ranging from 7 to 56 days (2017: 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:

	2018	2017
	HK$'000	*HK$'000*
0-30 days	**50,864**	61,403
31-60 days	**25,526**	19,310
61-90 days	**12,162**	882
91-180 days	**253**	–
	88,805	81,595

11. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**21,346**	25,700
Bills payables	**36,371**	20,621
Retention payables	**5,540**	1,689
Other payables and accruals	**27,936**	43,662
Deposits received	**–**	7,945
	91,193	99,617

The credit period on trade payables is generally 30 to 60 days (2017: 7 to 60 days).

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

	2018	2017
	HK$'000	*HK$'000*
0-30 days	**5,363**	10,283
31-60 days	**4,776**	9,502
61-90 days	**7,805**	5,495
91-180 days	**3,262**	322
Over 180 days	**140**	98
	21,346	25,700

MANAGEMENT DISCUSSION AND ANALYSIS

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 23 years of experience. 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 operators and property developers. The Group adopted the continuing improvement approach in refining the workmanship and construction management process, developed several construction technology applications and system patents, as well as applied innovative software for measurement, costing and tendering, so as to ready for Hong Kong's building information modelling (BIM) applications.

Business Review

During the year ended 31 March 2018 (the "**Financial Year 2018**"), the Group was awarded six formwork building projects and one formwork civil project with an aggregate initial contract sum of approximately HK$461.8 million, compared with the aggregate initial contract sum of approximately HK$403.9 million for six new projects in the year ended 31 March 2017 (the "**Financial Year 2017**"), representing an increase of approximately 14.3%.

As at 31 March 2018, there were thirteen subcontracting works projects in progress with an estimated total outstanding value of approximately HK$646.0 million, compared with the estimated total outstanding value of approximately HK$701.4 million for the Financial Year 2017, representing a decrease of approximately 7.9%. Nevertheless, the remaining value to contract-on-hand would still provide the Group a steady business revenue for the coming years.

Year of award/project	**Role**	**Nature of contract**	**Status**
Year 2013-2014			
SCL1109 Shatin to Central Link, Sung Wong Toi and To Kwa Wan Stations	Sub-contractor	Formwork	Substantially completed
Year 2014-2015			
SC216 810B Western Kowloon Termination Station South	Sub-contractor	Formwork	Substantially completed
Year 2015-2016			
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 Façade	Work in progress
J3518 Tuen Mun Chek Lap Kok link Southern Connection Viaduct Section	Sub-contractor	Formwork	Completed
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 6525 Kai Tak Area 1 I, 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

Year of award/project	Role	Nature of contract	Status
Year 2017-2018			
French International School of Hong Kong at Tseung Kwan O	Sub-contractor	Installation of precast concrete Façade Unit to GYM Formwork	Substantially completed
C0783-079 Public Housing at Chai Wan Lin Shing Road	Sub-contractor	Hacking off and make good to existing reinforced concrete	Work in progress
SC2101 Global Switch Hong Kong 1 (GSHK) – Building 3, 4 & 5 Data Centre at Tseung Kwan O	Sub-contractor	Traditional timber formwork (For early works)	Work in progress
SC2105 Global Switch Hong Kong 1 (GSHK) – Building 3, 4 & 5 Data Centre at Tseung Kwan O	Sub-contractor	Formwork for superstructure and external works	Work in progress
14105-0072 Tai Wai Station property development project	Sub-contractor	Design and supply of column steel formwork	Substantially completed
14105 Tai Wai Station property development project (Zone B platform & tower T5-6)	Sub-contractor	Formwork	Work in progress
SCL1123/SC231 Exhibition Station and Western Approach Tunnel	Sub-contractor	Station formwork and concrete	Work in progress

Recent development

The Listing of the shares of the Company on the Stock Exchange not only provided additional working capital funding for the acquisition of office premises and information system but also improved the Group's financial position, provided additional working capital and allowed the Group to undertake sizable projects.

In view of the growth prospects for both public projects and private development, with the Group's reputation and strengthened experience in the formwork erection industry, the Group is well-positioned to compete with its competitors. Going forward, the Group will continue to provide high-quality and innovative construction works services to customers, and develop construction information technologies to enhance the Group's overall competitiveness to sustain business growth.

FINANCIAL REVIEW

Revenue

During the Financial Year 2018, the Group's revenue increased by approximately 11.5% to approximately HK$673.3 million was contributed by 18 projects, whereas in the Financial Year 2017 a revenue of approximately HK$603.8 million was contributed by 18 projects, driven mainly by the Group's recognised revenue from the completion of a major civil project and the substantial progress achieved in an ongoing formworks project located in the Yau Tsim Mong District.

Gross profit and gross profit margin

Despite the increase in revenue, gross profit decreased by approximately HK$6.9 million, or 5.9%, from approximately HK$116.5 million for the Financial Year 2017 to approximately HK$109.6 million for the Financial Year 2018. The decrease in gross profit was mainly due to additional labour costs incurred in completion of a major civil project in order to satisfy a more tightened progress from the customer which was urged by the public sector.

Gross profit margin for the Financial Year 2018 amounted to approximately 16.3%, which was slightly lower when compared to that of approximately 19.3% for the Financial Year 2017. The profitability was partly attributable to the lower gross profit margin for new projects as a result of a more competitive pricing environment, and partly to the decrease in the gross margins from the completed civil project as mentioned above.

Administration and other operating expenses

Administration and other operating expenses primarily comprise staff costs (including directors' remuneration), depreciation, office expenses and professional charges. The administration and other operating expenses increased by approximately HK$2.9 million or 7.0%, from approximately HK$41.5 million for the Financial Year 2017 to approximately HK$44.4 million for the Financial Year 2018. By excluding the listing expenses of approximately HK$9.7 million incurred during the Financial Year 2017, the increase was mainly due to the increase in directors' remuneration and administrative salaries expenses of approximately HK$13.4 million. For the Financial Year 2018, the directors' remuneration and administrative staff salaries expenses amounted to approximately HK$28.0 million, compared to that of approximately HK$14.6 million for the Financial Year 2017.

Finance costs

Finance costs decreased by approximately HK$0.2 million or 7.7% from approximately HK$2.9 million for the Financial Year 2017 to approximately HK$2.7 million for the Financial Year 2018. The decrease was mainly due to the Group succeeded in negotiating with its banks on reducing the interest rates of bank borrowings so as to reduce the interest expenses.

Income tax expenses

Income tax expenses decreased by approximately HK$2.7 million or 18.4% from approximately HK$14.6 million for the Financial Year 2017 to approximately HK$11.9 million for the Financial Year 2018 primarily due to the decrease in profit before tax this year.

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

Profit attributable to owners of the Company decreased by approximately HK$7.7 million or 12.1% from approximately HK$63.8 million for the Financial Year 2017 compared to approximately HK$56.1 million for the Financial Year 2018. The net profit margin decreased by approximately 2.3% from 10.6% for the Financial Year 2017 to 8.3% for the Financial Year 2018.

USE OF PROCEEDS

The net proceeds from the Listing have been and will be utilised subsequent to the Listing in accordance with the proposed applications set out in the section "Future Plans and Use of Proceeds" of the Prospectus and the announcement of the Company dated 7 February 2017.

The below table sets out the utilisation of the net proceeds from the Listing as at 31 March 2018:

	Planned use of net proceeds as stated in the Prospectus	**Actual use of net proceeds up to 31 March 2018**	**Unutilised balance as at 31 March 2018**
	HK$'000	*HK$'000*	*HK$'000*
Funding the initial costs for an existing formworks project located in Yau Tsim Mong District	27,433	27,433	–
Used for acquisition of office premises	41,101	41,101	–
Used for the investment in the new information system	10,102	2,391	7,711
Used for repayment part of our outstanding bank borrowings and finance leases	10,399	10,399	–
Used as general working capital	9,607	9,607	–
	98,642	90,931	7,711

The unutilised amount of the net proceeds of approximately HK$7.7 million was deposited into licensed banks in Hong Kong.

FUTURE PROSPECTS

Looking forward, the Group's construction business will continuously be operated in a stable way in order to achieve a steady and healthy development. Meanwhile, we will keep looking for channels to expand our businesses into different constructions and geographical areas to capture new business opportunities.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

	As at 31 March 2018	As at 31 March 2017
Current ratio[1]	2.0	2.1
Gearing ratio[2]	22.1%	12.4%
Debt to equity ratio[3]	N/A	N/A
Interest coverage[4]	26.4 times	28.1 times

Notes:

1. Current ratio based on the total current assets divided by the total current liabilities.

2. Gearing ratio based on the total debt (summation of bank borrowings) divided by total equity and multiplied by 100%.

3. Debt to equity ratio is calculated as total debt (summation of bank borrowings) less cash and cash equivalents divided by total equity and multiplied by 100%.

4. Interest coverage based on the profit before interest and taxation divided by the total interest expenses incurred.

Current ratio was 2.0 and 2.1 as at 31 March 2018 and 31 March 2017 respectively. Debt to equity ratio figures as at 31 March 2018 and 31 March 2017 represent that we were in a net cash position. Interest coverage decreased from 28.1 times for the Financial Year 2017 to 26.4 times for the Financial Year 2018, mainly due to the effect of decreased profit before interest and tax, compared with finance costs.

As at 31 March 2018, the capital structure of the Group consisted of equity of approximately HK$223.5 million (31 March 2017: approximately HK$167.4 million) and debts of approximately HK$49.4 million (31 March 2017: approximately HK$20.7 million).

The Group adopts a prudent approach in cash management. Apart from certain debts including bank loans, the Group did not have any material outstanding debts as at 31 March 2018. The Group maintains a variety of credit facilities to meet requirements for working capital, payment to settle trade payable and wages represented the significant part of the cash outflow of the Group. As of 31 March 2018, the Group has available banking facilities of approximately HK$95.4 million (31 March 2017: approximately HK$47.2 million), of which the unutilised and unrestricted banking facilities amounted to approximately HK$9.6 million (31 March 2017: approximately HK$5.9 million).

GEARING RATIO

The gearing ratio of the Group as at 31 March 2018 was approximately 22.1% (31 March 2017: approximately 12.4%), mainly due to the increase in bank borrowings for financing new subcontracts and loan for financing the acquisition of the group office premises and the decrease in cash.

CHARGE OVER ASSETS

As at 31 March 2018, the Group's bank borrowings and general banking facilities were secured by the office premise (newly acquired during the Financial Year 2018) with an aggregate net carrying value of approximately HK$46.8 million (31 March 2017: Nil) and insurance prepayment with an aggregate net book value of approximately HK$3.8 million (31 March 2017: HK$3.7 million). As at 31 March 2018, the Group and had no restricted bank balances (31 March 2017: HK$3.0 million).

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

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies during the Financial Year 2018. Save as disclosed herein, there was no other plan for material investments or capital assets as at 31 March 2018.

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 and when appropriate.

TREASURY POLICIES

The Group will continue to follow a prudent policy in managing the Group's cash balances and maintain a healthy liquidity position throughout the Financial Year 2018. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Directors closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

CONTINGENT LIABILITIES

During the Financial Year 2018, the performance bonds had been early released as the subcontract works were completed. As at 31 March 2018, the Group did not have any material contingent liabilities (31 March 2017: performance bond of HK$12.0 million).

EMPLOYEES AND REMUNERATION POLICY

The Group had 76 full-time employees as at 31 March 2018 (31 March 2017: 91 full-time employee). 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 comprised salary, a performance-based bonus, and other benefits including training and mandatory provident funds.

CAPITAL COMMITMENTS

As at 31 March 2018, the Group had capital commitments of approximately HK$1,808,000 (2017: approximately HK$169,000) contracted but not provided for the acquisition of property, plant and equipment.

SEGMENT INFORMATION

Save as disclosed in note 3 in this announcement, the Group's business was regarded as a single operating segment and the Group had no geographical segment information presented as at and for the year ended 31 March 2018.

RESULTS AND DIVIDEND

The results of the Group for the Financial Year 2018 and the state of affairs of the Company and the Group at that date are set out in the consolidated statement of profit or loss and other comprehensive income in this announcement.

The Board does not recommend the payment of any final dividend in respect of the Financial Year 2018.

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 2018.

CORPORATE GOVERNANCE PRACTICE

The Company and the Board are devoted to achieve and maintain high standards of corporate governance, as the Board believes that good and 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 principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Listing Rules. The Company has complied with the CG Code except for the derivation from provision A.2.1 of the CG Code as at 17 January 2018 which is explained below:

Pursuant to the code 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.

Under the organisation structure of the Company as at 17 January 2018, Mr. Wang Kei Ming was the chairman and chief executive officer of the Company. With his extensive experience in the industry, the Board believed that vesting the roles of both chairman and chief executive officer in the same person provides the Company with strong and consistent leadership, allowed for effective and efficient planning and implementation of business decisions and strategies, and was beneficial to the business prospects and management of the Group. Although Mr. Wang Kei Ming performed both the roles of chairman and chief executive officer, the division of responsibility between the chairman and chief executive officer was clearly established. However, it was the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

On 18 January 2018, the Company appointed Ms. Chao Lai Heng as the chief executive officer of the Company. The role of chairman remains separate from that of the chief executive officer to enhance their respective independence, accountability and responsibility. In the opinion of the Board, at the date of this announcement, the Company has fully complied with the CG Code.

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 during the Financial Year 2018.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established on 17 January 2017. The chairman of the Audit Committee is Mr. Kwong Ping Man, an independent non-executive Director, and other members included Mr. Lai Ah Ming Leon and Mr. Sio Kam Seng, each an independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Audit Committee are to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The financial information has been reviewed by the Audit Committee.

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the Financial Year 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's consolidated financial statements for the Financial Year 2018. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on the preliminary announcement.

APPRECIATION

On behalf of the Board, the Chairman of the Company, Mr. Wang Kei Ming, would like to take this opportunity to extend his sincere appreciation to our shareholders, customers, subcontractors and suppliers for their continuous support, as well as the management team and the staff of the Group for their hard work and dedication.

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

Hong Kong, 22 June 2018

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