Affluent Foundation Holdings Limited
俊裕地基集團有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 1757)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board ("**Board**") of directors (the "**Directors**") of Affluent Foundation Holdings Limited (the "**Company**") is pleased to announce the combined financial statements of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018 as follows:

FINANCIAL HIGHLIGHTS

1. Revenue was approximately HK$367.2 million for the year ended 31 March 2018, representing a decrease of approximately 7.5% as compared with the same for the year ended 31 March 2017.

2. Gross profit was approximately HK$40.7 million for the year ended 31 March 2018, representing an increase of approximately 0.6% as compared with the same for the year ended 31 March 2017.

3. Gross profit margin increased to approximately 11.1% for the year ended 31 March 2018 as compared with 10.2% for the year ended 31 March 2017.

4. Profit attributable to equity holders of the Company was approximately HK$16.0 million for the year ended 31 March 2018, representing a decrease of approximately 37.9% as compared with the same for the year ended 31 March 2017, principally derived from the one-off listing expenses of approximately HK$11.3 million for the year ended 31 March 2018 (2017: HK$2.7 million).

5. Basic earnings per share amounted to approximately HK1.78 cents for the year ended 31 March 2018, representing a decrease of approximately 38.0% as compared with the same for the year ended 31 March 2017.

6. The Board does not recommend the payment of final dividend for the year.

COMBINED 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	**367,220**	396,880
Direct costs		**(326,487)**	(356,375)
Gross profit		**40,733**	40,505
Other income	4	**7,132**	4,224
Administrative expenses		**(25,496)**	(12,070)
Finance costs	5	**(746)**	(1,209)
Profit before income tax	6	**21,623**	31,450
Income tax expense	7	**(5,574)**	(5,625)
Profit and total comprehensive income for the year attributable to equity holders of the Company		**16,049**	25,825
		HK cents	*HK cents*
Earnings per share attributable to equity holders of the Company			
Basic and diluted	9	**1.78**	2.87

COMBINED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	**2018** *HK$'000*	2017 *HK$'000*
Non-current assets			
Property, plant and equipment		**19,128**	25,142
Current assets			
Trade and other receivables	10	**77,688**	86,936
Amounts due from customers for contract work		**77,329**	38,103
Cash and bank balances		**10,995**	25,268
		166,012	150,307
Current liabilities			
Trade and other payables	11	**67,348**	71,895
Bank borrowings, secured		**23,223**	13,308
Obligations under finance leases		**2,996**	4,611
Amounts due to customers for contract work		**2,362**	1,483
Amount due to a director		**1,687**	8,553
Tax payable		**2,401**	2,967
		100,017	102,817
Net current assets		**65,995**	47,490
Total assets less current liabilities		**85,123**	72,632
Non-current liabilities			
Obligations under finance leases		**817**	3,942
Deferred tax liabilities		**2,722**	3,155
		3,539	7,097
Net assets		**81,584**	65,535
Equity			
Share capital	12	**–**	–
Reserves		**81,584**	65,535
Equity attributable to equity holders of the Company		**81,584**	65,535

NOTES TO THE COMBINED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law, (as revised) of the Cayman Islands on 2 June 2017. Its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company and immediate holding company is Oriental Castle Group Limited, a limited company incorporated in the British Virgin Islands ("BVI"). Its ultimate controlling parties are Mr. Chan Siu Cheong and Ms. Chu Wai Ling (Oriental Castle Group Limited, Mr. Chan Siu Cheong and Ms. Chu Wai Ling collectively, the "Controlling Shareholders"). The addresses of the registered office and 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 903–905, 9/F, The Octagon, No. 6 Sha Tsui Road, Tsuen Wan, New Territories, Hong Kong respectively.

The Company is an investment holding company, while its subsidiaries are principally engaged as subcontractor in foundation works in Hong Kong.

The combined financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**"). All values are rounded to the nearest thousand (HK$'000), except where otherwise indicated.

Pursuant to the reorganisation (the "Reorganisation") as set out in the section headed "History, reorganisation and corporate structure" in the prospectus of the Company dated 23 May 2018 (the "Prospectus"), the Company became the holding company of the companies now comprising the Group on 23 April 2018. The Group is under the common control of Mr. Chan Siu Cheong and Ms. Chu Wai Ling, prior to and after the Reorganisation. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The combined statements of profit or loss and other comprehensive income for the years ended 31 March 2018 and 2017 which include the financial performance, changes in equity and cash flows of the companies now comprising the Group have been prepared using the principles of merger accounting under Hong Kong Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA as if the Company had always been the holding company of the Group and the current group structure had been in existence throughout the years ended 31 March 2018 and 2017, or since their respective dates of incorporation where this is a shorter period. The combined statements of financial position as at 31 March 2018 and 2017 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 as at those respective dates.

2. ADOPTION OF NEW AND AMENDED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amended HKFRSs that are effective for annual periods beginning or after 1 April 2017

In the current year, the Group has applied all the amended HKFRSs issued by the HKICPA, which are relevant to the Group's combined financial statements and effective for the annual period beginning on 1 April 2017.

The Group have not early applied the following new and amended Standards, Amendments and Interpretations ("new and amended HKFRSs") that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
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 HKAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]
HK (IFRIC) Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) Int 23	Uncertainty over Income Tax Treatments[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 date not yet been determined.

3. REVENUE AND SEGMENT INFORMATION

All revenue represents the contracting revenue arising from provision of foundation works for the year.

The chief operating decision-maker has been identified as the executive directors of the Company. The directors regard the Group's business of foundation works as a single operating segment and review the overall results of the Group as a whole to make decision about resources allocation. Accordingly, no segment analysis information is presented.

No separate analysis of segment information by geographical segment is presented as the Group's revenue and non-current assets are principally attributable to a single geographical region, which is Hong Kong.

Information about major customers

Revenue from external customers which individually contributed over 10% of the Group's revenue is as follows:

	2018	2017
	HK$'000	*HK$'000*
Customer A	**99,734**	103,081
Customer B	**98,444**	99,734
Customer C	**61,449**	61,676

4. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Gain on disposal of property, plant and equipment	**2,143**	3,551
Machinery rental income	**2,580**	388
Sundry income	**2,409**	285
	7,132	4,224

5. FINANCE COSTS

	2018	2017
	HK$'000	*HK$'000*
Bank loans interest wholly repayable within five years	**405**	537
Finance charge on obligations under finance leases	**341**	672
	746	1,209

6. PROFIT BEFORE INCOME TAX

	2018	2017
	HK$'000	*HK$'000*
Staff costs (including directors' emoluments) *(note (i))*		
– Salaries, wages and other benefits	**65,932**	65,281
– Contributions to defined contribution retirement plans	**2,060**	2,239
	67,992	67,520
Other items		
Depreciation, included in:		
Direct costs		
– Owned assets	**4,641**	5,134
– Leased assets	**2,808**	3,420
Administrative expenses		
– Owned assets	**565**	585
– Leased assets	**979**	1,086
	8,993	10,225
Subcontracting charges (included in direct costs)	**65,242**	75,271
Auditors' remuneration	**730**	80
Operating lease charges in respect of premises	**1,667**	2,800
Listing expenses	**11,259**	2,713

Note:

(i) Staff costs (including directors' emoluments)

	2018	2017
	HK$'000	*HK$'000*
Direct costs	**60,903**	64,074
Administrative expenses	**7,089**	3,446
	67,992	67,520

7. INCOME TAX EXPENSE

	2018	2017
	HK$'000	*HK$'000*
Provision for Hong Kong Profits Tax		
– Current tax	**6,007**	5,576
– Statutory tax concession	**–**	(20)
	6,007	5,556
Deferred tax	**(433)**	69
	5,574	5,625

8. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2018.

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share attributable to equity holders of the Company is based on the following:

	2018	2017
Earnings		
Profit for the year attributable to equity holders of the Company *(in HK$'000)*	**16,049**	25,825
Number of shares		
Weighted average number of ordinary shares *(in '000)*	**900,000**	900,000
Basic earnings per share *(in HK cents)*	**1.78**	2.87

The weighted average number of ordinary shares used to calculate the basic earnings per share for the years ended 31 March 2018 and 2017 includes (i) 1 ordinary share in issue as at 31 March 2018, (ii) 9,999 ordinary shares issued on 23 April 2018 as part of the Reorganisation and (iii) 899,990,000 ordinary shares issued on 7 June 2018 pursuant to the Capitalisation Issue (as defined in the Prospectus), as if all these shares had been in issue since 1 April 2016 and throughout the years ended 31 March 2017 and 2018.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the years ended 31 March 2018 and 2017 and therefore, diluted earnings per share equals to basic earnings per share.

10. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**22,159**	56,257
Retention receivables	**30,983**	18,900
Other receivables and prepayments	**23,346**	10,554
Utility and other deposits	**1,200**	1,225
	77,688	86,936

The Group usually provides customers with a credit term of 30 to 45 days. For the settlement of trade receivables from provision of construction services, the Group usually reaches an agreement on the term of each payment with the customer by taking into account of factors such as, among other things, the credit history of the customer, its liquidity position and the Group's working capital needs, which varies on a case-by-case basis that requires the judgment and experience of the management.

Based on the invoice dates, the ageing analysis of the trade receivables, net of provision for impairment, was as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**15,411**	42,513
31–60 days	**4,127**	8,783
61–90 days	**–**	4,684
Over 90 days	**2,621**	277
	22,159	56,257

At the reporting date, the Group reviewed trade receivables for evidence of impairment on both an individual and collective basis. Based on this assessment, no provision for impairment has been recognised at 31 March 2018 (2017: nil).

Ageing of trade receivables which are past due but not impaired were as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**15,411**	42,513
1–30 days past due	**4,127**	8,783
31–60 days past due	**–**	4,684
61–90 days past due	**953**	–
Over 90 days past due	**1,668**	277
	22,159	56,257

Trade receivables which were past due but not impaired related to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

11. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**40,659**	49,434
Retention payables	**7,180**	4,022
Accruals and other payables	**19,509**	18,439
	67,348	71,895

The ageing analysis of trade payables based on the invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**17,173**	18,738
31–60 days	**7,546**	11,783
61–90 days	**1,742**	7,189
Over 90 days	**14,198**	11,724
	40,659	49,434

12. **SHARE CAPITAL**

	Number of shares	*HK$'000*
Authorised:		
Ordinary shares of HK$0.01 each upon incorporation on 2 June 2017	**10,000,000**	100
As at 31 March 2018	**10,000,000**	100
Issued:		
Ordinary shares of HK$0.01 each upon incorporation on 2 June 2017	**1**	–
As at 31 March 2018	**1**	–
Fully paid:		
Ordinary shares of HK$0.01 each upon incorporation on 2 June 2017	**–**	–
As at 31 March 2018	**–**	–

The Company was incorporated in Cayman Islands as an exempted company under the Company Law of the Cayman Islands with limited liability on 2 June 2017 with an initial authorised share capital of HK$100,000 divided into 10,000,000 ordinary shares of HK$0.01 each and 1 nil-paid share was issued upon incorporation.

MANAGEMENT DISCUSSION AND ANALYSIS BUSINESS REVIEW AND OUTLOOK

We are a subcontractor engaged in the provision of services related to foundation works in Hong Kong including ELS works, pile caps construction, and other services, such as demolition works, underground drainage works, earthworks and structural steelworks. To a lesser extent, we also engage in leasing of machineries to third party construction companies.

According to the research conducted by an independent market research and consulting firm, the gross output value of Hong Kong's foundation industry reached HK$13.9 billion in 2017 with a CAGR of approximately -2.4% between 2013 and 2017. The increasing demand of residential units in Hong Kong as well as Hong Kong Government's plan for increasing public housing supply together will help the foundation industry to keep growing in the future. It is expected that the gross output value of Hong Kong's foundation industry will further reach approximately HK$19.4 billion in 2022, representing a CAGR of approximately 6.9% from 2017 to 2022. The Group believes that more foundation projects will be launched in the near future.

Despite keen competition in the foundation industry and the increase in cost of production, the Group is still optimistic about the construction industry in Hong Kong. The Group will continue to strengthen its market position and look forward to achieving continuous growth of business.

FINANCIAL REVIEW

During the year ended 31 March 2018, the Group had been awarded 16 new contracts, with an aggregate original contract sum of approximately HK$645.6 million and had completed 2 projects with an aggregate original contract sum of approximately HK$35.0 million.

As at 31 March 2018, the Group had 32 projects on hand (including projects in progress as well as projects that have been awarded to us but not yet commenced) with a total original contract sum of approximately HK$1,037.1 million.

Revenue

The revenue from foundation works of the Group for the year ended 31 March 2018 amounted to approximately HK$367.2 million, representing a decrease of approximately HK$29.7 million, or 7.5% compared to approximately HK$396.9 million for the year ended 31 March 2017. The decrease was primarily due to a significant project located in Wan Chai contributed reveue of HK$103.1 million during the year ended 31 March 2017 whereas some sizable projects were in early stage and not in full swing during the year ended 31 March 2018.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2018 amounted to approximately HK$40.7 million, representing an increase of approximately HK$0.2 million, or 0.6%, compared to approximately HK$40.5 million for the year ended 31 March 2017. The increase in gross profit was primary due to the increase of gross profit margin contributed by projects newly operated during the year ended 31 March 2018. The gross profit margin has increased from 10.2% for the year ended 31 March 2017 to 11.1% for the year ended 31 March 2018. The increase in the gross profit margin was mainly attributable to the pricing of new projects awarded to the Group is better under the higher demand of our service in the market during the year ended 31 March 2018.

The Group prices its services based on various factors, including but not limited to the scope of works and the complexity of the projects. In this regard, the Group's profitability depends on the nature of projects engaged by the Group.

Other Income

The other income of the Group for the year ended 31 March 2018 amounted to approximately HK$7.1 million, representing an increase of approximately HK$2.9 million or 68.8% compared to approximately HK$4.2 million for the year ended 31 March 2017. The increase was primarily due to increase of machinery rental income and sales of construction wastes for the year ended 31 March 2018.

Administrative Expenses

The administrative expenses of the Group for the year ended 31 March 2018 amounted to approximately HK$25.5 million, representing an increase of approximately HK$13.4 million or 111.2% compared to approximately HK$12.1 million for the year ended 31 March 2017. The increase was primarily due to the one-off listing expenses of approximately HK$11.3 million for the year ended 31 March 2018 (2017: HK$2.7 million) and increase of salaries for the year ended 31 March 2018.

Finance Costs

The finance costs of the Group for the year ended 31 March 2018 amounted to approximately HK$0.7 million, representing a decrease of approximately HK$0.5 million or 38.3% compared to approximately HK$1.2 million for the year ended 31 March 2017. The decrease was primarily due to the decrease in obligation under finance lease during the year ended 31 March 2018.

Profit attributable to equity holders of the Company

The Group reported profit attributable to equity holders of the Company of approximately HK$16.0 million for the year ended 31 March 2018 as compared to approximately HK$25.8 million for the year ended 31 March 2017, representing a decrease of approximately HK$9.8 million or 37.9%. Excluding the listing expenses of approximately HK$11.3 million for the year ended 31 March 2018 (2017: HK$2.7 million), the Group would have an adjusted net profit of approximately HK$27.3 million for the year ended 31 March 2018 (2017: HK$28.5 million).

LIQUIDITY, FINANCIAL POSITION AND CAPITAL STRUCTURE

The Group has funded its liquidity and capital requirements primarily through capital contributions from shareholders, bank borrowings, cash inflows from operating activities and proceeds received from the listing on the Main Board of the Stock Exchange (the "**Listing**").

The shares of the Company (the "**Shares**") were successfully listed on the Main Board of the Stock Exchange on 7 June 2018 (the "**Lising Date**") and there has been no change in the capital structure of the Group since then.

As at 31 March 2018, the Group had in total cash and cash equivalents of approximately HK$11.0 million (31 March 2017: approximately HK$25.3 million). The decrease was primarily due to the repayment of finance leases and amount due to a director, and payment of listing expenses during the year ended 31 March 2018.

As at 31 March 2018, the gearing ratio of the Group, calculated by the total debts (defined as the sum of the amount due to a director, bank borrowings and obligations under finance leases) divided by the total equity is approximately 35.2% (31 March 2017: 46.4%). The decrease was primarily due to increase in total equity and repayment of amount due to a director.

TREASURY POLICY

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Group's liquidity position to ensure that the Group can meet its funding requirements for business development.

PLEDGE OF ASSETS

As at 31 March 2018, the Group's property, plant and equipment with an aggregate net book value of approximately HK$6.6 million (31 March 2017: HK$12.3 million) were pledged under finance lease.

EXPOSURE TO FOREIGN EXCHANGE RATE RISKS

As the Group only operates in Hong Kong and almost all of the revenue and transactions arising from its operations were settled in Hong Kong dollar, the Board is of the view that the Group's foreign exchange rate risks are insignificant. Thus, the Group has not entered into any derivative contracts to hedge against the foreign exchange rate risk during the year ended 31 March 2018.

CAPITAL EXPENDITURE

During the year ended 31 March 2018, the Group invested approximately HK$4.8 million on acquisition of plant and equipment, motor vehicles and computer equipment. Capital expenditure was principally funded by finance leases and internal resources.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in this announcement, the Group had no material capital commitments or contingent liabilities.

EVENTS AFTER THE REPORTING PERIOD

The Company's shares are listed on the Main Board of the Stock Exchange on 7 June 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 March 2018, the Group did not have any material acquisitions or disposals of subsidiaries or associated companies apart from the Reorganisation in relation to the Listing as disclosed in the Prospectus.

SIGNIFICANT INVESTMENT HELD

During the year ended 31 March 2018, the Group had no significant investment held.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the Group does not have other plans for material investments and capital assets.

The receipts of the proceeds, net of listing expenses (including underwriting fee), including both recognised in the consolidated statement of profit or loss and other comprehensive income and deducted from the share premium ("**Net Proceeds**") from the Listing were approximately HK$70.6 million. The Group intends to apply the Net Proceeds in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" in the Prospectus.

The Net Proceeds were not yet received during the period under review.

An analysis of the utilisation of the Net Proceeds up to the date of this announcement is set out below:

		Planned	**Actual use of Net Proceeds up to the date of this announcement**
		HK$'000	*HK$'000*
1	Acquire additional machineries and equipment	39,996	–
2	Strengthen the Group's manpower	14,000	–
3	Secure more contracts the Group intends to tender	10,000	–
4	General working capital	6,554	–
		70,550	–

As at the date of this announcement, the unutilised proceeds were placed in interest-bearing deposits with authorised financial institutions or licensed banks in Hong Kong.

The Directors regularly evaluates the Group's business objective and may change or modify plans against the changing market condition to ascertain the business growth of the Group. During the period under review, the Directors considered that no modification of the use of proceeds described in the Prospectus was required.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group employed a total of 200 employees (including Executive Directors), as compared to a total of 155 employees as at 31 March 2017. Total staff costs which include Directors' emoluments for the year ended 31 March 2018 was approximately HK$68.0 million (year ended 31 March 2017: approximately HK$67.5 million). The salary and benefit level of the employees of the Group are competitive and individual performance is rewarded through the Group's salary and bonus system. The Group conducts annual review on salary increase, discretionary bonuses and promotions based on the performance of each employee.

The emoluments of the Directors of the Company are decided by the Board after recommendation from the Remuneration Committee of the Company, having considered the factors such as the Group's financial performance and the individual performance of the Directors, etc.

The Company has adopted a share option scheme as an incentive to Directors and eligible employees.

During the year ended 31 March 2018, the Group has not experienced any significant problems with its employees due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff.

FINAL DIVIDEND

The Board has resolved not to recommend the declaration of final dividend to shareholders of the Company for the year ended 31 March 2018.

FUTURE PROSPECTS

The Hong Kong Government remain focus on the Hong Kong's land supply for private and residential housing and commercial buildings. Therefore, the Group remains positive with the construction industry in Hong Kong even we are facing keen competition in the industry and increase in the cost of production. The Group will continue to focus on its competitive edge and maintain its competitive position in the market.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted as its own corporate governance code the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. The Company has complied with the CG Code during the period from the Listing Date to the date of this announcement with the exception of code provision A.2.1 as explained below.

According to code provision A.2.1 of the CG Code, the roles of the chairman of the Company (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**") should be separate and performed by different individuals. Mr. Chan Siu Cheong is the Chairman and the Chief Executive Officer of the Company. In view of the in-depth knowledge and substantial experience of Mr. Chan Siu Cheong in the operations of the Group and his solid experience in foundation works, the Board believes it is in the best interests of the Company for Mr. Chan Siu Cheong to assume both the roles of the Chairman and the Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiries by the Company, all the Directors have confirmed to the Company that they have fully complied with the required standard set out in the Model Code period from the Listing Date to the date of this announcement.

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "**Share Option Scheme**") on 14 May 2018. The principal terms of the Share Option Scheme is summarised in Appendix V to the Prospectus. The main purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide 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. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption on 14 May 2018, and there is no outstanding share option as at 31 March 2018.

COMPETING INTERESTS

The Directors confirm that neither the Controlling Shareholders nor their respective close associates is interested in a business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the Group's business during the period under review, and is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

COMPLIANCE ADVISER'S INTERESTS

As notified by the Company's compliance adviser, Dakin Capital Limited ("**Dakin**"), as at 31 March 2018, except for the compliance adviser agreement entered into between the Company and Dakin dated 14 May 2018, Dakin nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

ANNUAL GENERAL MEETING ("AGM")

The 2018 AGM will be held on Tuesday, 28 August 2018. The notice of the AGM will be published and dispatched to shareholders of the Company in the manner as required by the Listing Rules and the articles of association of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company is scheduled to be held on Tuesday, 28 August 2018. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Thursday, 23 August 2018 to Tuesday, 28 August 2018 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 22 August 2018.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S SECURITIES

The shares of the Company were listed on the Stock Exchange on 7 June 2018. Since the Listing Date and up to the date of this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company has maintained a sufficient amount of public float for its Shares as required under the Listing Rules since the Listing Date and up to the date of this announcement.

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company (the "**Audit Committee**") consists of three members who are all independent non-executive Directors, namely, Mr. Ho Chi Wai, Mr. Cheung Kwok Yan Wilfred and Mr. Lau Leong Ho. Mr. Ho Chi Wai is the Chairman of the Audit Committee. The Company's annual results for the year ended 31 March 2018 have been reviewed by the Audit Committee, which takes the view that the applicable accounting standards and requirements as well as the Listing Rules have been complied with by the Company and that adequate disclosures have been made. The Audit Committee has met the external auditors of the Company, Grant Thornton Hong Kong Limited ("**Grant Thornton**"), and reviewed the Group's results for the year ended 31 March 2018.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITORS

The figures in respect of the Group's combined statement of financial position, combined statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2018 as set out in the preliminary announcement have been agreed by the Group's auditors, Grant Thornton, to the amounts set out in the Group's audited combined financial statements for the year. The work performed by Grant Thornton 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 Grant Thornton on the preliminary announcement.

GENERAL

A circular containing, inter alia, the information required by the Listing Rules, together with the notice of the upcoming AGM, will be despatched to the shareholders of the Company in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND 2018 ANNUAL REPORT

The annual results announcement is published on the Company's website at http://www.hcho.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The 2018 annual report of the Company for the year ended 31 March 2018 will be despatched to shareholders and published on the respective websites of the Company and the Stock Exchange in due course.

By order of the Board
Affluent Foundation Holdings Limited
Chan Siu Cheong
Chairman

Hong Kong, 29 June 2018

As at the date of this announcement, the executive Directors are Mr. Chan Siu Cheong and Mr. Sin Ka Pong, and the independent non-executive Directors are Mr. Ho Chi Wai, Mr. Cheung Kwok Yan Wilfred and Mr. Lau Leong Ho.