ROYAL DELUXE HOLDINGS LIMITED
御佳控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3789)

PROFIT WARNING

This announcement is made by Royal Deluxe Holdings Limited (the "**Company**", together with its subsidiaries as the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the potential investors and shareholders of the Company (the "**Shareholders**") that, based on a preliminary review on the unaudited consolidated management accounts of the Group for the six months ended 30 September 2018 and other information currently available to the Board, the Group is expected to record a decrease in net profit as compared to the same corresponding period in 2017. The Board considers that the decrease in net profit was primarily attributable to the following factors:

a. The decrease in revenue recognised by the Group for the six months ended 30 September 2018 due to (i) temporary suspension of construction work for M+ Museum Project until the novation arrangement was completed in early October 2018 (references are made to the announcement dated 15 June 2018 and 20 August 2018); (ii) the completion of most of the construction projects as reported in annual report for the year ended 31 March 2018; and (iii) the results from the delay of the Group's new major civil project on Exhibition Station & Western Approach Tunnel (the "**SCL1123 Project**") which commenced in March 2018. Such delay was due to MTR Corporation Limited (the "**MTRC**") and the Government requiring the main contractor to suspend the excavation works of the construction site until the settlement monitoring points have reached the pre-set trigger levels as well as the construction works could meet design and statutory requirements, the MTRC had proposed to resume the excavation work at the end of September 2018. The Company aims to complete the SCL1123 Project within schedule.

b. The increase in cost recognised by the Group for the six months ended 30 September 2018 mainly due to (i) additional construction costs incurred towards the completion stage of certain projects; and (ii) the cumulative effect of construction costs recognised in the profit and loss account arising from the application of the HKFRS 15.

The application of the HKFRS 15 entailed changes of recognition method of revenue and cost. The Group had before recognised revenue and cost in profit or loss account by reference to the stage of completion of the contract activity at the end of reporting period as measured by proportion by which the value of work performed to date bears to the estimated total contract value. However, with effect from 1 April 2018, upon application of HKFRS 15, the Group recognises in the profit or loss account construction costs based on actual construction cost incurred and revenue over time during the course of construction adopting the output method to measure the progress towards complete satisfaction of performance obligations under contracts.

The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the information currently available and the unaudited consolidated management accounts of the Group for the six months ended 30 September 2018, which have not been audited or reviewed by the Group's independent auditor or audit committee of the Company and may be subject to adjustment.

The interim results announcement of the Group for the six months ended 30 September 2018 is expected to be announced by the end of November 2018. Potential investors and Shareholders are advised to read carefully the interim results announcement of the Company when it is published.

Potential investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 19 November 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. Kwong Ping Man, Mr. Lai Ah Ming Leon and Mr. Sio Kam Seng as independent non-executive Directors.