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**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 2019**

**FINANCIAL PERFORMANCE HIGHLIGHTS**

Revenue	HK\$184.6 million
Loss attributable to owners of the Company	(HK\$2.6 million)
Basic loss per share	(HK0.63 cents)
Equity attributable to owners of the Company per share	HK\$0.56

## 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 2019 together with the comparative figures for the corresponding period for the year ended 31 March 2018 as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Revenue	3	<b>184,635</b>	232,157
Cost of services		<b>(162,183)</b>	(197,632)
Gross profit		<b>22,452</b>	34,525
Other income	4	<b>2,384</b>	1,460
Other gains and losses	5	<b>163</b>	2,236
Administrative expenses		<b>(27,416)</b>	(29,084)
Finance costs		<b>(81)</b>	(27)
Share of loss of an associate		<b>(207)</b>	–
(Loss) profit before tax		<b>(2,705)</b>	9,110
Income tax credit (expense)	6	<b>71</b>	(2,103)
<b>(Loss) profit and other comprehensive (expense) income for the year</b>	7	<b>(2,634)</b>	7,007
		<i>HK cents</i>	<i>HK cents</i>
<b>(Loss) earnings per share</b>	9		
— Basic		<b>(0.63)</b>	1.67
— Diluted		<b>N/A</b>	1.67

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 MARCH 2019**

	<i>Notes</i>	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>16,159</b>	18,479
Interest in an associate	<i>10</i>	<b>74,469</b>	–
Held-to-maturity investment		–	3,500
		<u><b>90,628</b></u>	<u>21,979</u>
<b>Current assets</b>			
Inventories		<b>8,063</b>	–
Contract assets	<i>11</i>	<b>49,781</b>	–
Amounts due from customers for contract works		–	86,736
Debtors, deposits and prepayments	<i>12</i>	<b>35,022</b>	57,951
Amounts due from joint operations		<b>21,844</b>	19,974
Tax recoverable		<b>310</b>	1,881
Financial assets at fair value through profit or loss (“FVTPL”)		<b>4,486</b>	7,829
Debt investment		<b>3,500</b>	–
Pledged bank deposits		<b>5,206</b>	5,206
Bank balances and cash		<b>96,909</b>	153,624
		<u><b>225,121</b></u>	<u>333,201</u>
<b>Current liabilities</b>			
Contract liabilities	<i>13</i>	<b>2,889</b>	–
Amounts due to customers for contract works		–	22,449
Creditors and accrued charges	<i>14</i>	<b>61,656</b>	32,606
Amounts due to other partners of joint operations		<b>13,364</b>	14,082
Tax liabilities		<b>19</b>	803
Bank borrowing		<b>1,873</b>	3,026
		<u><b>79,801</b></u>	<u>72,966</u>
<b>Net current assets</b>		<u><b>145,320</b></u>	<u>260,235</u>
<b>Total assets less current liabilities</b>		<b>235,948</b>	282,214
<b>Non-current liability</b>			
Deferred tax liabilities		<b>401</b>	1,292
<b>Net assets</b>		<u><b>235,547</b></u>	<u>280,922</u>
<b>Capital and reserves</b>			
Share capital		<b>4,198</b>	4,198
Share premium and reserves		<b>231,349</b>	276,724
<b>Total equity</b>		<u><b>235,547</b></u>	<u>280,922</u>

Notes:

## 1. BASIS OF PREPARATION

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

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

## 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

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

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

The new and amendments to HKFRSs and an interpretation have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures as described below.

### **Impacts and changes in accounting policies of application on HKFRS 15 *Revenue from Contracts with Customers***

The Group has applied HKFRS 15 for the first time in current year. HKFRS 15 superseded *HKAS 18 Revenue*, *HKAS 11 Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 April 2018. Any difference at the date of initial application is recognised in the opening retained earnings and comparative information has not been restated. Accordingly, certain comparative information may not be comparable as comparative information was prepared under *HKAS 18 Revenue* and *HKAS 11 Construction Contracts* and the related interpretations.

***Key changes in accounting policies resulting from application of HKFRS 15***

- (1) Under HKFRS 15, the Group recognises revenue over time when (or as) the control of an underlying performance obligation, i.e. goods or services (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same, is transferred to the customer.

In line with HKFRS 15, the Group adopts the output method in recognising the revenue over time by reference to the progress towards complete satisfaction of the relevant performance obligation. The progress towards complete satisfaction of a relevant performance obligation is measured by reference to the certificates issued by the external surveyors on the performance completed to date. The current practice adopted by the Group is consistent with output method in recognising value over time under HKFRS 15. Hence, there were no adjustments made to the recognised revenue.

- (2) Under HKAS 11, the Group charged the incurred construction costs to profit or loss account by reference to the stage of completion of the contract activity at the end of relevant reporting date. Under HKFRS 15, those incurred construction costs qualified to be recognised as assets are amortised to profit or loss on a systematic basis that is consistent with the transfer to customer of the performance obligation to which the assets are related. Accordingly, construction costs that incurred but deferred to be recognised in profit or loss and included in amounts due from customers under HKAS 11 were charged to retained earnings. The related tax effects are recognised in tax liabilities and retained earnings.
- (3) Under HKFRS 15 deferred materials that were included in amounts due from/to customers for contract works under HKAS 11 were reclassified to inventories.
- (4) Under HKFRS 15, unbilled revenue and retention receivables, arising from the construction contracts that are conditional on issuance of payment certificates by customers and included in amounts due from customers for contract works and trade and other receivables under HKAS 11 were reclassified to contract assets.
- (5) Under HKFRS 15, the Group's obligation to transfer services to the customers for which the assets relate and the Group has received consideration from the customers that was classified as amounts due to customers for contract works under HKAS 11 was reclassified to contract liabilities.

The following table summarises the impact of transition to HKFRS 15 on retained earnings at 1 April 2018.

	<b>Impact of adopting HKFRS 15 at 1 April 2018 HK\$'000</b>
<b>Impact on retained earnings at 1 April 2018</b>	
Adjustments of amounts due from/to customers for contract works	27,776
Tax effect	271
	<hr/>
Impact at 1 April 2018	<u>28,047</u>

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 April 2018. Line items that were not affected by the changes have not been included.

	<b>Carrying amounts previously reported at 31 March 2018 HK\$'000</b>	<b>Reclassifications HK\$'000</b>	<b>Adjustments HK\$'000</b>	<b>Carrying amounts under HKFRS 15 at 1 April 2018 HK\$'000</b>
<b>Current assets</b>				
Inventories	–	7,575	–	7,575
Contract assets	–	58,782	–	58,782
Amounts due from customers for contract works	86,736	(55,581)	(31,155)	–
Debtors, deposits and prepayments	57,951	(10,686)	–	47,265
<b>Current liabilities</b>				
Contract liabilities	–	19,160	–	19,160
Amounts due to customers for contract works	22,449	(19,070)	(3,379)	–
Tax liabilities	803	–	486	1,289
<b>Non-current liability</b>				
Deferred tax liabilities	1,292	–	(215)	1,077
<b>Capital and reserves</b>				
Share premium and reserves	276,724	–	(28,047)	248,677

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 March 2019 and its consolidated statement of profit or loss and other comprehensive income for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

*Impact on the consolidated statement of financial position*

	<b>As reported HK\$'000</b>	<b>Reclassifications HK\$'000</b>	<b>Adjustments HK\$'000</b>	<b>Amounts without application of HKFRS 15 HK\$'000</b>
<b>Current assets</b>				
Inventories	8,063	(8,063)	–	–
Contract assets	49,781	(49,781)	–	–
Amounts due from customers for contract works	–	48,293	38,280	86,573
Debtors, deposits and prepayments	35,022	9,641	–	44,663
Tax recoverable	310	–	493	803
<b>Current liabilities</b>				
Contract liabilities	2,889	(2,889)	–	–
Amounts due to customers for contract works	–	2,979	18,409	21,388
Tax liabilities	19	–	(19)	–
<b>Non-current liability</b>				
Deferred tax liabilities	401	–	(401)	–
<b>Capital and reserves</b>				
Share premium and reserves	231,349	–	20,784	252,133

*Impact on the consolidated statement of profit or loss and other comprehensive income*

	<b>As reported</b> <i>HK\$'000</i>	<b>Adjustments</b> <i>HK\$'000</i>	<b>Amounts without application of HKFRS 15</b> <i>HK\$'000</i>
Cost of services	(162,183)	(7,905)	(170,088)
Gross profit	22,452	(7,905)	14,547
<b>Loss before tax</b>	<b>(2,705)</b>	<b>(7,905)</b>	<b>(10,610)</b>
Income tax credit	71	642	713
<b>Loss and other comprehensive expense for the year</b>	<b>(2,634)</b>	<b>(7,263)</b>	<b>(9,897)</b>

Note: Without applying HKFRS 15, the loss for the year attributable to the owners of the Company and loss for the purpose of loss per share is HK\$9,897,000.

**Impacts and changes in accounting policies of application on HKFRS 9 *Financial Instruments***

In the current period, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses (“ECL”) for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9. i.e. applied the classification and measurement requirements (including impairment) retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018, if any, are recognised in the opening retained earnings and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

**Key changes in accounting policies resulting from application of HKFRS 9**

*(1) Classification and measurement of financial assets*

All recognised financial assets that are within the scope of HKFRS 9 are classified according to specified conditions into (i) financial assets measured at amortised cost; and (ii) financial assets measured at fair value through profit or loss.

The Directors reviewed and assessed the Group’s financial assets as at 1 April 2018 based on the facts and circumstances that existed at that date. The Directors considered that the changes in classification and measurement of the financial assets under HKFRS 9 have no material impact to the Group.

(2) *Impairment under ECL model*

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including debt investment, trade receivables, other debtors and deposits, contract assets, amounts due from joint operations, pledged bank deposits and bank balances). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

As at 1 April 2018, the Directors reviewed and assessed the Group's existing financial assets and contract assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. The adoption has not resulted in any additional impairment for financial assets as at 1 April 2018 and 31 March 2019 and the results for the year ended 31 March 2019.

**3. REVENUE AND SEGMENT INFORMATION**

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Civil engineering works	<b>184,074</b>	232,146
Service income from trading of construction materials	<b>561</b>	–
Consultancy fee income	–	11
	<u><b>184,635</b></u>	<u>232,157</u>

**4. OTHER INCOME**

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Bank interest income	<b>1,256</b>	613
Interest income from debt investment	<b>210</b>	87
Gross rental income from investment property	–	33
Dividend income from financial assets at FVTPL	<b>442</b>	438
Others	<b>476</b>	289
	<u><b>2,384</b></u>	<u>1,460</u>

**5. OTHER GAINS AND LOSSES**

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net gain on disposal of property, plant and equipment	–	231
Change in fair value of financial assets at FVTPL	<b>400</b>	878
Change in fair value of investment property	–	40
Net exchange (losses) gains	<b>(237)</b>	1,087
	<u><b>163</b></u>	<u>2,236</u>



## 6. INCOME TAX (CREDIT) EXPENSE

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Income tax:		
Current year	<b>438</b>	894
Underprovision in prior years	<b>167</b>	419
	<hr/>	<hr/>
	<b>605</b>	1,313
Deferred taxation	<b>(676)</b>	790
	<hr/>	<hr/>
	<b>(71)</b>	2,103
	<hr/> <hr/>	<hr/> <hr/>

## 7. (LOSS) PROFIT FOR THE YEAR

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Directors' emoluments	<b>8,399</b>	9,291
Other staff salaries and other allowances	<b>54,418</b>	49,761
Other staff share-based compensation	–	674
Other staff retirement benefit scheme contributions	<b>1,618</b>	1,528
	<hr/>	<hr/>
Total staff costs	<b>64,435</b>	61,254
	<hr/>	<hr/>
Auditor's remuneration	<b>1,070</b>	1,000
Depreciation of property, plant and equipment	<b>4,834</b>	3,373
Written off of property, plant and equipment	<b>3</b>	7
Operating lease rentals in respect of land and buildings	<b>1,813</b>	1,218
Gross rental income from investment property	–	(33)
Less: direct expenses incurred	–	6
	<hr/>	<hr/>
	<b>–</b>	(27)
	<hr/> <hr/>	<hr/> <hr/>

## 8. DIVIDEND

During the current year, a final dividend of HK3.5 cents per share in respect of the year ended 31 March 2018 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current year amounted to HK\$14,694,000 based on 419,818,000 shares (2018: nil).

No final dividend was paid, declared or proposed by the Company in respect of the year ended 31 March 2019.

## 9. (LOSS) EARNINGS PER SHARE

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
<b>(Loss) earnings</b>		
(Loss) earnings for the purpose of basic and diluted (loss) earnings per share	<u>(2,634)</u>	<u>7,007</u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	<u><b>419,818</b></u>	<u>420,131</u>

For the year ended 31 March 2019, no diluted loss per share was presented as there were no potential ordinary shares in issue.

For the year ended 31 March 2018, the diluted earnings per share did not assume the effect from the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares during the prior years.

## 10. INTEREST IN AN ASSOCIATE

On 18 January 2019, Rich Partner Global Limited ("Rich Partner"), a direct wholly-owned subsidiary of the Company and a nominee designated by the Company, entered into the subscription agreement pursuant to which Rich Partner agreed to subscribe for 20.3% of the enlarged issued share capital of River King Management Holdings Limited ("River King") for the purpose of the investment in bareboat charter hire and coal transshipment services project in Pakistan for a term of 15 years commencing from the second half of 2019.

Pursuant to the terms of the subscription agreement, the subscription price of the subscription shares by Rich Partner is US\$9,552,000. As at 31 March 2019, an amount of US\$5,853,000 (or HK\$45,656,000) was paid to the River King. The remaining balance of US\$3,699,000 (or HK\$29,020,000) which included in "creditors and accrued charges" was subsequently fully settled on 31 May 2019.

## 11. CONTRACT ASSETS

	As at 31 March 2019 <i>HK\$'000</i>	As at 1 April 2018* <i>HK\$'000</i>
Analysed as current:		
Unbilled revenue of civil engineering works	40,140	48,096
Retention receivables of civil engineering works	9,641	10,686
	<u>49,781</u>	<u>58,782</u>
Retention receivables of civil engineering works		
Due within one year	5,351	5,707
Due after one year	4,290	4,979
	<u>9,641</u>	<u>10,686</u>

\* The amounts in this column are after the adjustments from the application of HKFRS 15.

## 12. DEBTORS, DEPOSITS AND PREPAYMENTS

	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables	11,754	33,616
Retention receivables*	–	10,686
Other debtors, deposits and prepayments		
— Deposits and prepaid expenses	22,273	12,619
— Others	995	1,030
	<u>35,022</u>	<u>57,951</u>

\* Amounts were reclassified to contract assets as at 31 March 2019.

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

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade receivables:		
0 to 30 days	<b>7,652</b>	15,089
31 to 60 days	<b>3,902</b>	17,689
Over 60 days	<b>200</b>	838
	<u><b>11,754</b></u>	<u>33,616</u>
Retention receivables:		
Due within one year	–	5,707
Due after one year	–	4,979
	<u>–</u>	<u>10,686</u>

### 13. CONTRACT LIABILITIES

	<b>As at</b> <b>31 March</b> <b>2019</b> <i>HK\$'000</i>	As at 1 April 2018* <i>HK\$'000</i>
Advances from customers of civil engineering works, current	<u><b>2,889</b></u>	<u>19,160</u>

\* The amount is after the adjustment from the application of HKFRS 15.

### 14. CREDITORS AND ACCRUED CHARGES

	<b>2019</b> <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Trade payables (aging analysis based on invoice date):		
0 to 30 days	<b>6,930</b>	7,428
31 to 60 days	<b>7,881</b>	8,789
61 to 90 days	<b>1,050</b>	2,510
Over 90 days	<b>198</b>	3,610
	<u><b>16,059</b></u>	<u>22,337</u>
Retention payables	<b>11,284</b>	8,692
Consideration payable for acquisition of an associate	<b>29,020</b>	–
Other payables and accruals	<b>5,293</b>	1,577
	<u><b>61,656</b></u>	<u>32,606</u>
Retention payables:		
Due within one year	<b>3,744</b>	2,790
Due after one year	<b>7,540</b>	5,902
	<u><b>11,284</b></u>	<u>8,692</u>

## **DIVIDEND**

During the current year, a final dividend of HK3.5 cents per share in respect of the year ended 31 March 2018 was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current year amounted to HK\$14,694,000 based on 419,818,000 shares (2018: nil).

No final dividend was paid, declared or proposed by the Company during the year ended 31 March 2019.

## **CHANGE OF ADDRESS OF HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

With effect from 11 July 2019, the Hong Kong Branch Share Registrar and Transfer Office of the Company, Tricor Investor Services Limited (the “Branch Share Registrar”), will change its address from Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong to

**Level 54, Hopewell Centre  
183 Queen’s Road East  
Hong Kong**

All telephone and facsimile numbers of the Branch Share Registrar will remain unchanged.

## **CLOSURES OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the forthcoming annual general meeting to be held on Monday, 19 August 2019 (the “2019 Annual General Meeting”), the register of members of the Company will be closed from Wednesday, 14 August 2019 to Monday, 19 August 2019, 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 2019 Annual General Meeting, the unregistered holders of shares of the Company are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 13 August 2019.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Overview**

The Group is principally engaged in providing civil engineering services in Hong Kong as a 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 (including barging facilities for marine logistics of construction materials). 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.

As at 31 March 2019, the Group had eight projects in progress, and several completed projects yet to receive the final contract sum, with a total estimated outstanding contract sum and work order value of approximately HK\$689.7 million. Subsequent to 31 March 2019, a joint venture established by a wholly-owned subsidiary of the Company and an independent third party (the “JV”) has entered into a contract with a customer, who is also an independent third party of the Group and the JV. Total contract sum thereunder is approximately HK\$155.0 million.

## **FINANCIAL REVIEW**

### **Revenue**

The Group’s revenue for the year ended 31 March 2019 was approximately HK\$184.6 million, representing a decrease of approximately 20.5% from approximately HK\$232.2 million in the same period of the last financial year. This decrease was mainly due to the combined effect of:

- (i) higher revenue of approximately HK\$3.9 million for three projects commenced in late 2018 or early 2019;
- (ii) higher revenue of approximately HK\$14.7 million for five projects in progress during the year ended 31 March 2019;
- (iii) lower revenue of approximately HK\$43.2 million for projects for the year ended 31 March 2019 as compared to the revenue of approximately HK\$46.1 million recognised for the same projects which had been completed in the prior years;
- (iv) lower revenue of approximately HK\$23.6 million for projects substantially completed during the year ended 31 March 2019; and
- (v) service income from trading of construction materials of approximately HK\$0.6 million from April to July 2018.

### **Gross profit and gross profit margin**

The Group’s gross profit for the year ended 31 March 2019 was approximately HK\$22.4 million, representing a decrease of approximately 35.0% from approximately HK\$34.5 million in the same period of the last financial year.

The gross profit margin decreased from approximately 14.9% for the year ended 31 March 2018 to approximately 12.2% for the year ended 31 March 2019. The expected gross profit margin for new projects is lower than those undertaken in previous years which reflects keen competition in the construction industry.

### **Other income**

Other income was approximately HK\$2,384,000 and HK\$1,460,000 for the years ended 31 March 2019 and 2018, respectively. The increase was mainly due to more bank interest income during the year.

### **Other gains and losses**

Other gains were approximately HK\$163,000 and HK\$2,236,000 for the years ended 31 March 2019 and 2018, respectively. The decrease was mainly due to the exchange loss as a result of the depreciation of foreign currencies and the decreasing of net change in fair value of financial assets at fair value through profit or loss.

### **Administrative expenses**

Administrative expenses for the year ended 31 March 2019 were approximately HK\$27.4 million, representing a decrease of 5.7% from approximately HK\$29.1 million in the last financial year. This was mainly attributable to the decrease in the share-based payment transactions and the decrease in motor vehicle expenses and tender expenses during the year ended 31 March 2019.

### **Finance costs**

The Group has obtained new bank borrowing since late 2017 and accordingly finance costs increased to approximately HK\$81,000 (2018: HK\$27,000).

### **Income tax expense**

The effective tax rate for the year ended 31 March 2018 was approximately 23.1%. The Group recorded income tax credit of approximately HK\$71,000 for the year ended 31 March 2019.

### **Loss for the year**

For the year ended 31 March 2019, the Group recorded net loss of approximately HK\$2.6 million, as compared to a net profit of approximately HK\$7.0 million in the last financial year. This was mainly due to the decrease in revenue and gross profit for the year ended 31 March 2019 as mentioned in the paragraphs headed “Revenue” and “Gross profit and gross profit margin” above.

## **Liquidity and Financial Resources**

As at 31 March 2019, the Group had bank balances and cash of approximately HK\$96.9 million (2018: HK\$153.6 million), which were mainly denominated in Hong Kong dollars. There is no major exposure to foreign exchange rate fluctuations. The Group has not adopted any currency hedging policy or other hedging instruments.

As at 31 March 2019, the Group had a total of interest bearing bank borrowing of approximately HK\$1.9 million (2018: HK\$3.0 million).

The Group has available unutilised bank borrowing facilities of approximately HK\$49.3 million as at 31 March 2019 (2018: HK\$11.7 million).

## **Capital Structure and Gearing Ratio**

As at 31 March 2019, total equity was approximately HK\$235.5 million (2018: HK\$280.9 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, was approximately 0.8% at 31 March 2019 (2018: 1.1%).

## **Pledge of Assets**

As at 31 March 2019, bank deposits of the Group of approximately HK\$5.2 million (2018: HK\$5.2 million) were pledged to banks for securing the performance bonds issued by the banks to the Group's customers on behalf of the Group as guarantee. Deposits of approximately HK\$25,000 (2018: HK\$25,000) 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 2019 (2018: 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 2019, the Group had outstanding performance bonds issued by banks of approximately HK\$16.6 million (2018: HK\$13.3 million) and issued by an insurance institution of approximately HK\$25,000 (2018: HK\$25,000).



## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 March 2019, the Group had an aggregate of 130 full-time employees (2018: 135 full-time employees). Employee costs excluding directors' emoluments totalled approximately HK\$56.0 million for the year ended 31 March 2019 (2018: HK\$52.0 million). The Group recruited and promoted the employees according to their strength and development potential. The Group determined the remuneration packages of all employees including the directors with reference to individual performance and current market salary scale.

## **FUTURE OUTLOOK**

As we move into 2019 the global market is grappling with the uncertain outcomes from the ongoing US-China trade war which are expected to have an impetuous impact on the economic performance and growth in Hong Kong. This global trade conflict together with the challenges in the local construction market that the contracting sector has had to address during the year, it is important we remain fit and healthy for future growth.

Given the continuous supportive HKSAR government policies in infrastructure development, namely sustained road network development and comprehensive strategy in flood prevention, demand for civil engineering services is expected to be maintained during the coming years. In the year, we have focused on fostering a collaborative culture to cope with adoption of New Engineering Contracts by the HKSAR for public works. We continued to work collaboratively with chosen partners in form of joint venture to optimize our competitive strength with minimized risk and had successfully secured a contract of approximately HK\$155.0 million in April 2019.

Our business delivered a consistent gross profit margin between 12% and 15% during the year. However, the amount of revenue and gross profit decreased which resulted a net loss on our principal business. Our order book is at approximately HK\$689.7 million and we expect the level will be recovered in the coming years.

Further, we have managed to diversify and expand our business outside Hong Kong by investing in an One Belt One Road project in January 2019 which is principally engaged in bareboat charter and coal transshipment services for a coal-fired power plant in Pakistan for a term of 15 years commencing from the mid-September 2019 this year. The key business initiative of the Group is to develop its business in One Belt One Road, such as the China Pakistan Economic Corridor, and seek further opportunity arising therefrom the economic and infrastructure developments. With 20.3% interest in the project, we have a key play role on technical and financial management of the project. Given the expected affirmative prospect of One Belt One Road, we believe the investment will not only be beneficial to our Group financial performance but also a robot platform for building our experience and strength in the worldwide transshipment business.

## **SIGNIFICANT INVESTMENT**

During the year ended 31 March 2019, the Company did not hold any significant investment.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

During the year ended 31 March 2019, the Group had entered into the subscription agreement to subscribe for shares of River King Management Holdings Limited (“River King”) which constituted a discloseable transaction of the Company pursuant to Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). The completion of the share subscription of River King took place on 20 February 2019 whereby River King became an associated company of the Company. Details of the subscription are set out in Note 10 to the Financial Information contained in this announcement, and were disclosed in the announcements of the Company dated 18 January 2019, 20 February 2019 and 31 May 2019, respectively.

## **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 2019.

## **CORPORATE GOVERNANCE**

The Company has adopted, applied and complied with the code provisions of Corporate Governance Code (“CG Code”) set out in Appendix 14 of the Listing Rules for the year ended 31 March 2019, except for provision A.2.1 in respect of the separate roles of the chairman and chief executive officer.

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

Details of corporate governance principles and practices of the Company will be set out in Annual Report 2018/2019.

## **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 2019.

## **REVIEW OF FINAL RESULTS**

The audit committee of the Company and the Company's external auditor have reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31 March 2019.

## **ANNUAL GENERAL MEETING**

The notice of the 2019 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](http://www.manking.com.hk)) and the Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The Annual Report 2018/2019 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, 18 June 2019

*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.*