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WING CHI HOLDINGS LIMITED

榮智控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6080)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board of directors (the “**Board**”) of Wing Chi Holdings Limited (the “**Company**”) is pleased to announce the consolidated 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\$535.5 million for the year ended 31 March 2018, representing an increase of approximately 40.7% as compared with the same for the year ended 31 March 2017.
2. Gross profit was approximately HK\$54.5 million for the year ended 31 March 2018, representing an increase of approximately 17.7% as compared with the same for the year ended 31 March 2017.
3. Gross profit margin decreased to approximately 10.2% for the year ended 31 March 2018 from 12.2% as compared with the same for the year ended 31 March 2017.
4. Profit attributable to owners of the Company was approximately HK\$12.0 million for the year ended 31 March 2018, representing a decrease of approximately 48.7% as compared with the same for the year ended 31 March 2017, principally derived from the one-off listing expenses of approximately HK\$16.4 million for the year ended 31 March 2018 (2017: HK\$4.3 million).
5. Basic earnings per share amounted to approximately HK1.5 cents for the year ended 31 March 2018, representing a decrease of approximately 57.1% 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.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2018

| | <i>Notes</i> | 2018 HK\$'000 | 2017 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue | 3 | 535,507 | 380,657 |
| Cost of sales | | (481,009) | (334,315) |
| Gross profit | | 54,498 | 46,342 |
| Other income | 4 | 1,409 | 1,704 |
| Administrative expenses | | (38,199) | (17,655) |
| Finance costs | 5 | (554) | (847) |
| Profit before taxation | | 17,154 | 29,544 |
| Income tax expense | 6 | (5,165) | (6,161) |
| Profit and total comprehensive income for the year | 7 | <u>11,989</u> | <u>23,383</u> |
| Earnings per share: | | | |
| Basic and diluted | 9 | <u>1.5 cents</u> | <u>3.5 cents</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

| | <i>Notes</i> | 2018 HK\$'000 | 2017 HK\$'000 |
|--|--------------|--------------------------------|------------------|
| Non-current assets | | | |
| Plant and equipment | | 24,902 | 23,914 |
| Investment property | | 6,930 | 6,300 |
| Deposits paid for acquisition of plant and equipment | | 2,222 | – |
| | | 34,054 | 30,214 |
| Current assets | | | |
| Amounts due from customers for contract work | | 83,030 | 35,452 |
| Trade and other receivables | <i>10</i> | 43,215 | 31,213 |
| Restricted bank deposits | | 10,869 | – |
| Bank balances and cash | | 89,496 | 21,328 |
| | | 226,610 | 87,993 |
| Current liabilities | | | |
| Amounts due to customers for contract work | | 1,793 | 3,416 |
| Trade and other payables | <i>11</i> | 41,887 | 23,507 |
| Amount due to a director | | – | 1,059 |
| Bank borrowings | | 2,461 | 12,147 |
| Obligations under finance leases — due within one year | | 1,868 | 735 |
| Tax payable | | 1,084 | 4,100 |
| | | 49,093 | 44,964 |
| Net current assets | | 177,517 | 43,029 |
| Total assets less current liabilities | | 211,571 | 73,243 |
| Non-current liabilities | | | |
| Obligations under finance leases — due after one year | | 2,454 | 1,085 |
| Deferred tax liabilities | | 1,598 | 1,559 |
| | | 4,052 | 2,644 |
| | | 207,519 | 70,599 |
| Capital and reserves | | | |
| Share capital | <i>12</i> | 9,338 | – |
| Reserves | | 198,181 | 70,599 |
| | | 207,519 | 70,599 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 13 March 2017. Its share 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 Colourfield Global Limited, a limited company incorporated in the British Virgin Islands (“**BVI**”). Its ultimate controlling party is Mr. Li Cheuk Kam (the “**Controlling Shareholder**”). 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 Room 3404A, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong respectively.

The Company is an investment holding company, while the principal subsidiaries are principally engaged in the provision of foundation and site formation works and machineries leasing.

The consolidated 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**”).

Pursuant to the reorganisation as set out in the section headed “History, Development and Group Structure” in the prospectus of the Company dated 30 September 2017 (the “**Reorganisation**”), the Company became the holding company of the companies now comprising the Group on 31 March 2017. The Group has been under the common control of and beneficially owned by the Controlling Shareholder, throughout the period from 1 April 2016 or since their respective dates of incorporation or establishment up to 31 March 2017. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the consolidated financial statements of the Group has been prepared and presented on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the year ended 31 March 2017, by using the principles of merger accounting with reference to the Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Accordingly, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows including the results and cash flows of the companies now comprising the Group for the year ended 31 March 2017 have been prepared as if the current group structure had been in existence throughout the period from 1 April 2016 or since their respective dates of incorporation or establishment up to 31 March 2017.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

For the purpose of preparing and presenting the consolidated financial statements for the two years ended 31 March 2018, the Group has consistently adopted all the new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“**HKASs**”), amendments and interpretations (“**Ints**”) issued by the HKICPA which are effective for the Group’s financial year beginning on 1 April 2017.

New and revised HKFRSs issued 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 (2014) | Financial Instruments ¹ |
| HKFRS 15 | Revenue from Contracts with Customers ¹ |
| HKFRS 16 | Leases ² |
| HKFRS 17 | Insurance Contracts ³ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2014–2016 Cycle ¹ |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015–2017 Cycle 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 HKAS 19 | Employee Benefits ² |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures ² |
| Amendments to HKAS 40 | Transfers of Investment Property ¹ |
| 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

Revenue represents the revenue arising from provision of foundation and site formation works and machineries leasing for the year. An analysis of the Company's revenue for the year is as follows:

| Revenue from: | 2018 HK\$'000 | 2017 HK\$'000 |
|-------------------------------------|------------------|------------------|
| Foundation and site formation works | 519,064 | 360,481 |
| Machineries leasing | 16,443 | 20,176 |
| | <u>535,507</u> | <u>380,657</u> |

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") (the directors of the Company) in order to allocate resources to segments and to assess their performance.

The Group's operating activity is attributable to a single operating segment focusing on the provision of foundation and site formation works. This operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies which conform to HKFRSs, that is regularly reviewed by the CODM. The CODM monitors the revenue from provision of foundation and site formation works for the purpose of making decisions about resources allocation and performance assessment. The CODM reviews the profit for the year of the Group as a whole for performance assessment. No analysis of segment assets or segment liabilities is presented as they are not regularly provided to the CODM.

Geographical information

The Group's revenue from external customers presented based on the location of the operations is derived solely in Hong Kong (country of domicile). Non-current assets of the Group presented based on the location of the assets are all located in Hong Kong. As a result, geographical information has not been presented.

Information about major customers

Revenues from external customers contributing over 10% of the total revenue of the Group of the corresponding year are as follows:

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|------------|-------------------------|-------------------------|
| Customer A | 271,285 | 43,578 |
| Customer B | 100,447 | 251,974 |
| Customer C | <u>57,725</u> | <u>N/A*</u> |

* The corresponding revenue did not contribute over 10% of total revenue of the Group.

4. OTHER INCOME

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Bank interest income | 153 | – |
| Gain on disposal of plant and equipment | 136 | 1,346 |
| Gain on revaluation of investment property | 630 | – |
| Government subsidy (<i>Note</i>) | 249 | 178 |
| Rental income | 161 | 132 |
| Sundry income | <u>80</u> | <u>48</u> |
| | <u>1,409</u> | <u>1,704</u> |

Note:

Government subsidy was received under the “Ex-gratia Payment Scheme for Phasing Out Pre-Euro IV Diesel Commercial Vehicles” upon disposal of certain motor vehicles.

5. FINANCE COSTS

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|------------------------------------|--------------------------------|-------------------------|
| Interests on: | | |
| — bank borrowings | 324 | 666 |
| — obligations under finance leases | <u>230</u> | <u>181</u> |
| | <u>554</u> | <u>847</u> |

6. INCOME TAX EXPENSE

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|-------------------------|--------------------------------|--------------------------------|
| Current year taxation | | |
| — Hong Kong Profits Tax | 5,126 | 5,594 |
| Deferred taxation | <u>39</u> | <u>567</u> |
| | <u>5,165</u> | <u>6,161</u> |

7. PROFIT FOR THE YEAR

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Profit for the year has been arrived at after charging | | |
| Directors' and chief executive's emoluments | 2,836 | 718 |
| Staff costs (excluding directors' and chief executive's emoluments) | | |
| — Salaries, wages, allowances and other benefits | 66,239 | 59,717 |
| — Contributions to retirement benefits scheme | <u>2,226</u> | <u>2,042</u> |
| Total staff costs | <u>68,465</u> | <u>61,759</u> |
| Auditor's remuneration | 750 | 228 |
| Depreciation of plant and equipment | 9,127 | 8,814 |
| Loss on revaluation of investment property | — | 90 |
| Minimum lease payments paid under operating lease in respect of rental office premises | 856 | 692 |
| Listing expenses | <u>16,408</u> | <u>4,269</u> |

8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2018, nor has any dividend been proposed since the end of the reporting period (2017: nil).

9. EARNINGS PER SHARE

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

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--|--------------------------------|-------------------------|
| Earnings: | | |
| — Profit for the year attributable to the owners of the Company | <u>11,989</u> | <u>23,383</u> |
| Number of shares | | |
| — Weighted average number of ordinary shares for the purpose of basic earnings per share (<i>Note</i>) | <u>789,503,425</u> | <u>675,000,000</u> |

Note:

The weighted average number of ordinary shares for the purpose of basic earnings per share during the years ended 31 March 2018 and 2017 have been retrospectively adjusted for the effects of the capitalisation issue of the ordinary shares of the Company as disclosed in notes 12(a) to note 12(d).

Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2018 and 2017.

10. TRADE AND OTHER RECEIVABLES

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---|--------------------------------|-------------------------|
| Trade receivables | 11,984 | 12,505 |
| Retention receivables (<i>Note</i>) | 26,204 | 16,202 |
| Prepaid listing expenses | – | 1,239 |
| Prepayments, deposits and other receivables | <u>5,027</u> | <u>1,267</u> |
| | <u>43,215</u> | <u>31,213</u> |

Note:

Except for the amounts of approximately HK\$5,757,000 (2017: HK\$2,005,000) as at 31 March 2018, which were expected to be recovered or settled after one year, all of the remaining balances are expected to be recovered within one year. All retention receivables are included under current assets as the Group expects to realise these within its normal operating cycle.

The Group does not hold any collateral over these balances.

The Group allows an average credit period of 15 to 60 days to its trade customers. The following is an aged analysis of trade receivables, presented based on the certified date which approximates the respective revenue recognition dates and invoice dates at the end of the reporting period:

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--------------------|--------------------------------|-------------------------|
| 0 to 30 days | 6,064 | 11,359 |
| 31 to 60 days | 807 | – |
| 61 to 180 days | 1,243 | 812 |
| 181 to 365 days | 3,536 | 334 |
| More than 365 days | 334 | – |
| | <u>11,984</u> | <u>12,505</u> |

Trade receivables that were neither past due nor impaired related to customers that have no recent history of default payment.

As at 31 March 2018, included in the Group's trade receivable balances were debtors with aggregate carrying amount of approximately HK\$5,920,000 (2017: HK\$1,146,000) which were past due at the end of the reporting period for which the Group has not provided for impairment loss.

The directors of the Company consider that there has not been a significant change in credit quality of the relevant customers and there is no recent history of default, therefore the amounts are considered to be recoverable.

The aged analysis of trade receivables which were past due but not impaired is set out below:

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|--------------------|--------------------------------|-------------------------|
| Past due: | | |
| 1 to 30 days | 807 | – |
| 31 to 60 days | 640 | – |
| 61 to 180 days | 645 | 812 |
| 181 to 365 days | 3,494 | 334 |
| More than 365 days | 334 | – |
| | <u>5,920</u> | <u>1,146</u> |

11. TRADE AND OTHER PAYABLES

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|-------------------------------------|--------------------------------|-------------------------|
| Trade payables | 18,740 | 13,595 |
| Retention payables | 12,812 | 1,931 |
| Accrued expenses and other payables | 10,335 | 7,981 |
| | <u>41,887</u> | <u>23,507</u> |

Trade payables represented payables to suppliers and subcontractors. The credit terms granted by subcontractors were stipulated in the relevant contracts and the payables were usually due for settlement within 30–45 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is the aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

| | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
|---------------|--------------------------------|-------------------------|
| 0 to 30 days | 18,740 | 10,443 |
| 31 to 60 days | – | 421 |
| 61 to 90 days | – | 2,731 |
| | <u>18,740</u> | <u>13,595</u> |

12. SHARE CAPITAL

| | Number of shares | | Share capital | |
|---|-----------------------------|-------------------|-------------------------|-------------------------|
| | 2018 | 2017 | 2018 <i>HK\$'000</i> | 2017 <i>HK\$'000</i> |
| Ordinary shares of HK\$0.01 each | | | | |
| Authorised | | | | |
| At the beginning of the year | 38,000,000 | – | 380 | – |
| At the date of incorporation (<i>Note a</i>) | – | 38,000,000 | – | 380 |
| Increase on 21 September 2017 (<i>Note c</i>) | 1,962,000,000 | – | 19,620 | – |
| At the end of the year | <u>2,000,000,000</u> | <u>38,000,000</u> | <u>20,000</u> | <u>380</u> |
| Issued and fully paid | | | | |
| At the beginning of the year | 1,000 | – | – | – |
| Issue of shares at the date of incorporation (<i>Note a</i>) | – | 1 | – | – |
| Issue in consideration for the acquisition of the issued share capital of Infinite Merit Global Limited (“ Infinite Merit ”) (<i>Note b</i>) | – | 999 | – | – |
| Capitalisation issues of shares (<i>Note d</i>) | 674,999,000 | – | 6,750 | – |
| Issue of ordinary shares in connection with the share offer of the Company (<i>Note e</i>) | 225,000,000 | – | 2,250 | – |
| Issue of ordinary shares in connection with the exercise of over-allotment options (<i>Note f</i>) | 33,750,000 | – | 338 | – |
| At the end of the year | <u>933,750,000</u> | <u>1,000</u> | <u>9,338</u> | <u>–</u> |

Notes:

- (a) On 13 March 2017, the Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. At the date of incorporation, one nil-paid ordinary share of HK\$0.01 was allotted and issued.
- (b) On 31 March 2017, the Company acquired the entire issued share capital of Infinite Merit by allotting and issuing 999 ordinary shares of HK\$0.01 each as consideration to Colourfield Global Limited.
- (c) Pursuant to the special resolution in writing passed by the shareholders of the Company on 21 September 2017, the authorised share capital of the Company was increased from HK\$380,000 to HK\$20,000,000 by the creation of an additional 1,962,000,000 shares of HK\$0.01 each.
- (d) Pursuant to the special resolutions in writing passed by the shareholder of the Company on 21 September 2017, it was approved to allot and issue 674,999,000 ordinary shares of HK\$0.01 each to the Company's shareholder by way of capitalisation of approximately HK\$6,750,000 standing to the credit of the share premium account of the Company on 19 October 2017.
- (e) In connection with the Company's placing and the public offer shares on 19 October 2017, the Company issued under a share offer a total of 225,000,000 ordinary shares of HK\$0.01 each at a price of HK\$0.52 per share resulting in gross proceeds amounting to HK\$117,000,000, HK\$2,250,000 representing the par value of the share issued credited to the Company's share capital, and approximately HK\$114,750,000, before the share issue expense credited to the share premium account.
- (f) On 7 November 2017, the Company issued a total of 33,750,000 ordinary shares of HK\$0.01 each at a price of HK\$0.52 per share as a result of exercise of the over-allotment options by the underwriter resulting in gross proceeds amounting to HK\$17,550,000, approximately HK\$338,000 representing the par value of the share issued was credited to the Company's share capital, and approximately HK\$17,212,000 were credited to the share premium account.
- (g) All shares issued rank pari passu with all the existing shares in all respects.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

The Group has more than 10 years' history in the Hong Kong foundation industry, especially in foundation and site formation works. The foundation and site formation works provided by the Group represent the projects undertaken by it, the nature of which is broadly classified as excavation and lateral support (ELS) works, pile caps construction and site formation works for both public and private sector projects. To a lesser extent, the Group also leases some of its machinery. Lik Shing Engineering Company Limited, the Group's principal operating subsidiary, is registered with the Construction Industry Council as a registered subcontractor since May 2008.

According to the announcement of the Hong Kong SAR Financial Secretary's 2018-19 Budget, land supply and housing remain important issues in the society. The Hong Kong SAR Government will continue to increase the land supply by rezoning sites, increasing development density, urban renewal and reclamation works. 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 29 new contracts, with an aggregate original contract sum of approximately HK\$347.3 million and had completed 26 projects with an aggregate original contract sum of approximately HK\$290.8 million.

As at 31 March 2018, the Group had 20 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\$439.1 million.

Revenue

The revenue from foundation and site formation works of the Group for the year ended 31 March 2018 amounted to approximately HK\$519.1 million, representing an increase of approximately HK\$158.6 million, or 44% compared to approximately HK\$360.5 million for the year ended 31 March 2017. The increase was primarily due to the more sizable projects were commence during the year ended 31 March 2017 which were substantially completed during the year ended 31 March 2018.

The revenue from machinery leasing of the Group for the year ended 31 March 2018 amounted to approximately HK\$16.4 million, representing a decrease of approximately HK\$3.8 million, or 18.8%, compared to approximately HK\$20.2 million for the year ended 31 March 2017. This amount represents the revenue contributed by the Group's leasing of its machinery to contractors and/or subcontractors under operating leases.

Gross Profit and Gross Profit Margin

The gross profit of the Group for the year ended 31 March 2018 amounted to approximately HK\$54.5 million, representing an increase of approximately HK\$8.2 million, or 17.7%, compared to approximately HK\$ 46.3 million for the year ended 31 March 2017. The increase in gross profit is in line with the substantial increase in revenue. The gross profit margin has decreased from 12.2% for the year ended 31 March 2017 to 10.2% for the year ended 31 March 2018. The decrease in the gross profit margin was mainly attributable to the decrease in the gross profit margin of our construction works, due to the lower gross profit derived from new projects and the increase in cost of production during the year ended 31 March 2018.

The Group prices its services based on various factors, among others, 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. On the other hand, the Group prices its leasing machinery based on the procurement cost and the expected profit margin.

Other Income

The other income of the Group for the year ended 31 March 2018 amounted to approximately HK\$1.4 million, representing a decrease of approximately HK\$0.3 million or 17.6% compared to approximately HK\$1.7 million for the year ended 31 March 2017. The decrease was primarily due to the non-recurrent gain on disposal of plant and equipment of approximately HK\$1.3 million for the year ended 31 March 2017 partly offset by fair value gain on investment property of approximately HK\$0.6 million 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\$38.2 million, representing an increase of approximately HK\$20.5 million or 115.8% compared to approximately HK\$17.7 million for the year ended 31 March 2017. The increase was primarily due to the one-off listing expenses of approximately HK\$16.4 million for the year ended 31 March 2018 (2017: HK\$4.3 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\$0.6 million, representing a decrease of approximately HK\$0.2 million or 25% compared to approximately HK\$0.8 million for the year ended 31 March 2017. The decrease was primarily due to the decrease in borrowings during the year ended 31 March 2018 as compared to 2017.

Profit attributable to owners of the Company

The Group reported profit attributable to owners of the Company of approximately HK\$12.0 million for the year ended 31 March 2018 as compared to approximately HK\$23.4 million for the year ended 31 March 2017, representing a decrease of approximately HK\$11.4 million or 48.7%. Excluding the listing expenses of approximately HK\$16.4 million for the year ended 31 March 2018 (2017: HK\$4.3 million), the Group would have an adjusted net profit of approximately HK\$28.4 million for the year ended 31 March 2018 (2017: HK\$27.7 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 20 October 2017 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\$89.5 million (31 March 2017: approximately HK\$21.3 million). The increase was primarily due to the net proceeds received from the Listing by the Company on 20 October 2017.

As at 31 March 2018, the gearing ratio of the Group, calculated by the total debts (defined as the sum of the amounts due to a Director, bank borrowings and obligations under finance leases) divided by the total equity is approximately 3.3% (31 March 2017: 21.3%). The decrease was primarily due to repayment of borrowings and amounts 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 plant and equipment with an aggregate net book value of approximately HK\$5.3 million (31 March 2017: HK\$2.4 million) were pledged under finance lease, while investment property of approximately HK\$6.9 million (31 March 2017: HK\$6.3 million) was pledged to secure banking facilities granted to the Group.

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\$11.4 million on acquisition of plant and equipment, motor vehicles and computer equipment. Capital expenditure was principally funded by finance leases, internal resources and proceeds from the new shares offer through the Listing.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

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

As at the 31 March 2018, the Group had capital commitments of approximately HK\$5.5 million on acquisition of plant and equipment contracted for but not yet accounted for in the financial statements.

EVENTS AFTER THE REPORTING PERIOD

As disclosed in the announcement of the Company dated 31 May 2018, Mr. Li Kun Yee has resigned as Executive Director of the Company with effect from 1 June 2018.

Save as disclosed as above, the Group had no material events after the reporting period.

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 corporate reorganisation in relation to the Listing as disclosed in the prospectus of the Company dated 30 September 2017 (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.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2018, the Group employed a total of 224 employees (including Executive Directors), as compared to a total of 230 employees as at 31 March 2017. Total staff costs which include Directors' emoluments for the year ended 31 March 2018 was approximately HK\$71.3 million (year ended 31 March 2017: approximately HK\$62.5 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.

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS AND USE OF PROCEEDS

The net proceeds of the share offer received by the Company in relation to the Listing on 20 October 2017 and full exercise of the over-allotment option on 7 November 2017 were approximately HK\$103.9 million in aggregate, after deducting listing related expenses. The Board consider that these proceeds are intended to be applied in accordance with the proposed application set out in the paragraph headed "Future plans and use of proceeds" in the Prospectus. The table below sets out the proposed applications of the net proceeds and usage as at 31 March 2018:

| | Planned use of net proceeds <i>HK\$' million</i> | Actual usage up to 31 March 2018 <i>HK\$' million</i> | Unutilised amount as at 31 March 2018 <i>HK\$' million</i> |
|--|--|---|--|
| Acquire new machinery and equipment | 40.6 | 11.0 | 29.6 |
| Reserve more capital to satisfy the potential requirement for surety bond | 31.3 | 7.9 | 23.4 |
| Strengthen the manpower | 23.1 | 1.9 | 21.2 |
| General working capital | 8.9 | 8.9 | – |
| | <u>103.9</u> | <u>29.7</u> | <u>74.2</u> |

The planned use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus while the proceeds were applied based on the actual development of the Group's business and industry.

The unutilised amounts of the net proceeds from the Listing will be applied in the manner consistent with that mentioned in the Prospectus. The unutilised amount had been deposited with licensed banks in Hong Kong.

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 our competitive edge and maintain our 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 20 October 2017 (the "**Listing Date**") to 31 March 2018 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. Li Cheuk Kam is the Chairman and the Chief Executive Officer of the Company. In view of the in-depth knowledge and substantial experience of Mr. Li Cheuk Kam in the operations of the Group and his solid experience in foundation and site formation works, the Board believes it is in the best interests of the Company for Mr. Li Cheuk Kam 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 31 March 2018.

ANNUAL GENERAL MEETING (“AGM”)

The 2018 AGM will be held on Friday, 10 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 Friday, 10 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 Tuesday, 7 August 2018 to Friday, 10 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 Standard Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 6 August 2018.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S SECURITIES

The shares of the Company were listed on the Stock Exchange on 20 October 2017. Since the Listing Date and up to the year ended 31 March 2018, except for the full exercise of over-allotment option on 7 November 2017 by the Company, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities. Details of the full exercise of the over-allotment option are set out in the announcement of the Company dated 7 November 2017.

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.Chan Chung Kik Lewis, Mr. Wong Chik Kong and Mr. Lee Kwok Lun. Mr. Chan Chung Kik Lewis 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 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, SHINEWING (HK) CPA Limited (“**SHINEWING**”), 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 consolidated statement of financial position, consolidated 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, SHINEWING, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING 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 SHINEWING 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.wingchiholdings.com> 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
Wing Chi Holdings Limited
Li Cheuk Kam
Chairman

Hong Kong, 15 June 2018

As at the date of this announcement, the Executive Directors are Mr. Li Cheuk Kam, Mr. Li Wai Fong and Mr. Liauw Hung, and the Independent Non-executive Directors are Mr. Wong Chik Kong, Mr. Chan Chung Kik Lewis and Mr. Lee Kwok Lun.